

Bureau of Economic Analysis

Survey of Current Business

Table of Contents
June 1998

Regular features

1. Business Situation

Real GDP increased 4.8 percent in the first quarter of 1998 after increasing 4.2 percent in the fourth quarter of 1997; the price index for gross domestic purchases was unchanged after increasing 1.4 percent. Corporate profits increased \$4.4 billion in the first quarter after decreasing \$9.2 billion in the fourth. For the year 1997, property income's rate of return for domestic non-financial corporations increased to 9.8 percent, the highest in nearly 30 years. The fiscal position of the Federal Government shifted from a current deficit of \$12.1 billion in the fourth quarter to a current surplus of \$49.0 billion in the first quarter, the first surplus in nearly 30 years; the State and local government current surplus decreased \$2.5 billion, to \$107.6 billion.

15. Gross State Product by Industry, 1977–96

BEA's estimates of gross state product (GSP) have been updated to reflect the most recent annual revisions of the NIPA's, of the national estimates of gross product by industry, and of the estimates of State personal income. In 1996, real GSP increased in all States except Alaska and Hawaii; the five States with the fastest growth rates were Utah, Nevada, Delaware, Oregon, and New Hampshire. In 1996, the five States with the largest shares of nominal GSP were California, New York, Texas, Illinois, and Florida. From 1989 to 1996, the per capita GSP estimates by region show the same trend of convergence toward the U.S. average that was evident in the estimates of per capita personal income by region.

39. Foreign Direct Investment in the United States: New Investment in 1997 and Affiliate Operations in 1996

Outlays by foreign investors to acquire or establish businesses in the United States decreased from a record \$79.9 billion in 1996 to \$70.8 billion in 1997, the first decrease since 1992; the decrease reflected a reduction in the number of very large investments and a sharp decline in new investment from Japan. In 1996, most measures of the operations of U.S. affiliates of foreign companies increased. The gross product of affiliates increased 5 percent after increasing 3 percent in 1995, and employment by affiliates increased 1 percent after increasing 2 percent.

Reports and statistical presentations

68. Subject Guide: Volume 78 (1998), Numbers 1–6

70. Errata: National Income and Product Accounts

D-1. BEA Current and Historical Data

BUSINESS SITUATION

This article was prepared by Larry R. Moran, Daniel Larkins, Ralph W. Morris, Deborah Y. Sieff, and Benyan Tsehaye.

REAL GROSS domestic product (GDP) increased 4.8 percent in the first quarter of 1998, according to the “preliminary” estimates of the national income and product accounts (NIPAs), after increasing 3.7 percent in the fourth quarter (table 1 and chart 1); the “advance” NIPA estimate of real GDP, reported in the May “Business Situation,” had shown a 4.2-percent first-quarter increase.¹ The upward revision to real GDP reflected a sharp upward revision to inventory investment that was partly offset by an upward revision to imports, which are subtracted in the calculation of GDP. (The sources of the revisions are discussed in the “Revisions” section.)

The picture of the economy presented by the preliminary estimates is somewhat changed from

1. Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates, and quarterly changes are differences between these rates. Quarter-to-quarter percent changes are annualized. Real estimates are expressed in chained (1992) dollars. Price indexes are chain-type indexes.

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Seasonally adjusted at annual rates]

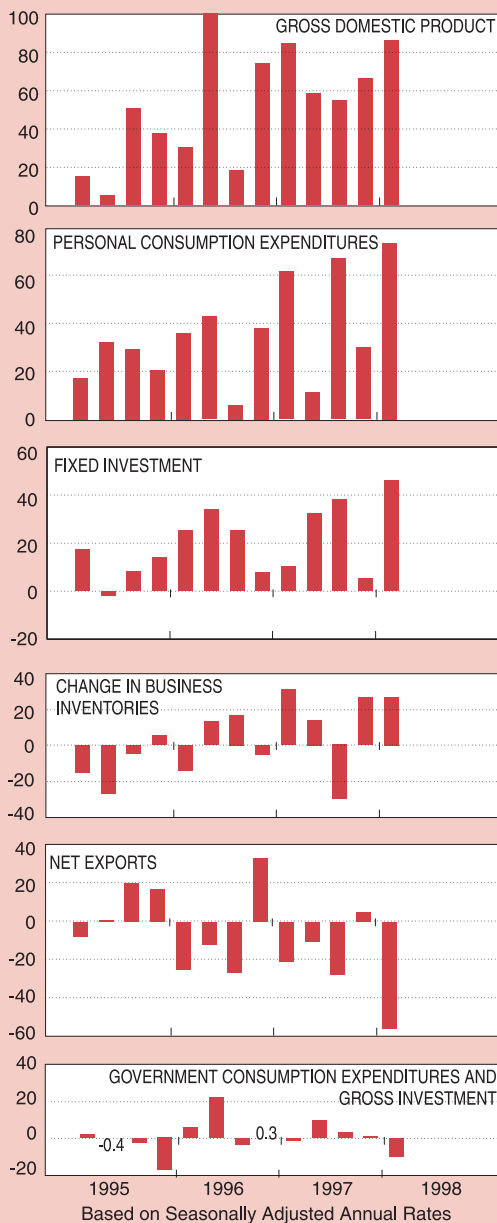
	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level		Change from preceding quarter						
	1998		1997			1997		1998	
	I	II	III	IV	I	II	III	IV	
Gross domestic product	7,365.6	58.0	54.4	66.0	85.6	3.3	3.1	3.7	4.8
Less: Exports of goods and services	985.0	39.8	10.5	19.7	-7.7	18.4	4.4	8.3	-3.0
Plus: Imports of goods and services	1,199.8	50.2	38.0	14.7	48.0	20.5	14.6	5.3	17.7
Equals: Gross domestic purchases	7,558.8	66.0	77.7	61.5	132.7	3.7	4.3	3.4	7.3
Less: Change in business inventories	100.7	13.9	-30.1	26.5	26.7				
Equals: Final sales to domestic purchasers	7,453.4	51.6	106.2	36.0	106.5	2.9	6.0	2.0	5.9
Personal consumption expenditures	4,999.5	11.3	66.8	29.9	73.4	.9	5.6	2.5	6.1
Nonresidential fixed investment	908.0	28.1	37.5	-1.8	35.3	14.6	19.2	-8	17.2
Residential investment	297.2	4.9	1.9	6.2	10.9	7.4	2.7	9.1	16.1
Government consumption expenditures and gross investment	1,264.6	9.6	3.3	1.0	-9.8	3.1	1.1	.3	-3.0
Federal	444.5	7.3	-1.3	-2.7	-11.6	6.6	-1.1	-2.3	-9.8
State and local	820.2	2.4	4.6	3.6	1.9	1.2	2.3	1.8	.9
Addendum: Final sales of domestic product	7,260.9	43.6	82.6	40.8	59.8	2.5	4.7	2.3	3.4

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are found in NIPA tables 1.2, 1.4 and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are in NIPA table 8.1. Contributions of the major components to the quarter-to-quarter percent change in real GDP are in table 8.2.

CHART 1

**Real Product:
Change from Preceding Quarter**

Billion chained (1992) \$



U.S. Department of Commerce, Bureau of Economic Analysis

that presented by the advance estimates. As in the advance estimates, real GDP growth accelerated in the first quarter, and the acceleration was more than accounted for by a sharp step-up in consumer spending and by an upturn in business spending for equipment.² However, the “preliminary” estimates show faster accelerations in real GDP and in real gross domestic purchases and a slower acceleration in real final sales of domestic product than were shown by the advance estimates.³ According to the preliminary estimates, real gross domestic purchases increased 7.3 percent after increasing 3.4 percent, and real final sales of domestic product increased 3.4 percent after increasing 2.3 percent; the advance first-quarter estimates had indicated a 6.1-percent increase in real gross domestic purchases and a 4.1-percent increase in real final sales of domestic product.

The price index for gross domestic purchases was unchanged in the first quarter after increasing 1.4 percent in the fourth. The price index for GDP increased 1.0 percent after increasing 1.4 percent. The major reason for the difference in

the first-quarter changes in these price measures was a large decrease in the prices for imports of goods and services, which are included in gross domestic purchases prices but not in GDP prices.

Personal consumption expenditures

Real personal consumption expenditures (PCE) increased 6.1 percent in the first quarter after increasing 2.5 percent in the fourth (table 2). The large first-quarter increase continues a pattern of strong growth that began in the first quarter of 1997 after modest growth in 1995 and 1996. Over the past five quarters, real PCE increased at an annual rate of 4.1 percent, compared with a 2.4-percent rate over the preceding 2 years.

The recent strength in real PCE reflects strength in several of the factors usually considered in analyses of PCE. Since the fourth quarter of 1996, real disposable personal income has increased at an annual rate of 3.9 percent, compared with a 2.2-percent rate over the preceding 2 years. The unemployment rate fell to 4.7 percent in the first quarter of 1998—the lowest rate in more than 25 years—from 5.3 percent in the fourth quarter of 1996; 2 years earlier, the unemployment rate was 5.6 percent. The Index of Consumer Sentiment (prepared by the University of Michigan’s Survey Research Center) has increased at an annual rate of 8.4 percent since the fourth quarter of 1996, compared with a 2.3-percent rate over

Table 2.—Real Personal Consumption Expenditures
[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997			1998				
	I	II	III	IV	I	II	III	IV	I
Personal consumption expenditures	4,999.5	11.3	66.8	29.9	73.4	0.9	5.6	2.5	6.1
Durable goods	684.1	-8.8	27.1	3.2	24.8	-5.4	18.4	1.9	15.9
Motor vehicles and parts	241.9	-10.3	15.6	-1.4	4.6	-16.6	31.2	-2.4	8.0
Of which: New autos	79.4	-5.9	8.6	-3.0	.1	-26.6	55.7	-13.6	.4
New trucks	62.0	-2.7	5.8	3.5	.8	-18.1	52.9	25.8	5.8
Furniture and household equipment	324.5	4.9	8.8	3.8	19.6	7.0	12.7	5.1	28.3
Other	125.5	-1.7	2.0	1.4	2.4	-5.3	6.7	4.7	8.2
Nondurable goods	1,484.2	-7.8	15.5	-4.6	23.3	-2.1	4.3	-1.2	6.5
Food	690.7	-6.4	1.3	-2.9	4.1	-3.6	.8	-1.7	2.4
Clothing and shoes	291.6	-3.3	7.5	-1.7	12.0	-4.7	11.5	-2.4	18.3
Gasoline and oil	118.1	1.4	.1	.8	1.1	5.3	.4	2.6	3.7
Fuel oil and coal	9.1	.7	.3	-5	-8	32.5	13.4	-17.9	-30.0
Other	377.6	-3	6.6	-2	7.8	-3	7.5	-2	8.7
Services	2,834.0	25.9	26.3	30.3	27.6	3.9	3.9	4.4	4.0
Housing	723.4	3.7	3.6	3.7	4.1	2.1	2.0	2.1	2.3
Household operation	297.1	6.2	1.5	4.4	-3.0	8.9	2.1	6.1	-3.9
Electricity and gas	111.4	4.0	-2.1	1.2	-5.5	14.7	-6.9	4.2	-17.5
Other household operation	185.1	2.2	3.5	3.2	2.2	5.3	8.2	7.2	5.0
Transportation	209.3	1.6	3.0	2.9	2.5	3.3	6.1	5.6	5.0
Medical care	722.0	4.4	5.4	2.7	5.1	2.5	3.1	1.5	2.9
Other	882.4	10.2	12.6	16.9	18.4	5.1	6.2	8.2	8.8

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA tables 2.3, 8.5 (autos), and 8.7 (trucks). Percent changes in major aggregates are in NIPA table 8.1.

the preceding 2 years (chart 2). In addition, consumer spending may have been stimulated by the large increases in stock market prices that have increased consumer wealth.

In the first quarter of 1998, expenditures for durable goods accelerated sharply, and expenditures for nondurable goods turned up; in contrast, expenditures for services increased somewhat less than in the fourth quarter. Expenditures for durable goods jumped 15.9 percent in the first quarter after increasing 1.9 percent in the fourth. Motor vehicles and parts increased after decreasing; the upturn mainly reflected upturns in used and new autos, as trucks increased less than in the fourth quarter. Furniture and household equipment increased substantially more than in the fourth quarter; most of the acceleration was accounted for by consumer electronics, including computers.

Expenditures for nondurable goods increased 6.5 percent after decreasing 1.2 percent. The upturn mainly reflected an upturn in clothing and

shoes, but “other” nondurable goods and food also turned up.

Expenditures for services increased 4.0 percent after increasing 4.4 percent. The deceleration reflected a downturn in household operation, particularly in electricity and gas; the decrease in electricity and gas reflected a decrease in demand for heating services due to warmer-than-normal winter weather. In contrast, medical care and “other” services, primarily brokerage and investment counseling, increased more than in the fourth quarter.

Nonresidential fixed investment

Real private nonresidential fixed investment jumped 17.2 percent in the first quarter after edging down 0.8 percent in the fourth (table 3). Producers’ durable equipment (PDE) more than accounted for the upturn; structures decreased more than in the fourth quarter.

Factors that affect investment spending have been generally favorable over the past four quarters: Real final sales of domestic product increased 3.2 percent; long-term interest rates decreased—for example, the yield on high-grade corporate bonds decreased to 6.64 percent from 7.67 percent; domestic corporate profits increased 6.1 percent; and the capacity utilization rate in manufacturing was little changed at 81.5 percent.

PDE jumped 27.5 percent in the first quarter after edging down 0.3 percent in the fourth. All components except trucks, buses, and truck trailers contributed to the upturn, but by far the largest contribution was from computers and peripheral equipment, which accelerated sharply to a record quarterly increase.

Structures decreased 7.4 percent after decreasing 2.3 percent. The larger first-quarter decrease was more than accounted for by a downturn in “other” structures that reflected the fourth-quarter sale of the Naval Petroleum Reserve at Elk Hills, California, by the Federal Government to a private business. (For more information on this sale, see the “Business Situation” in the March 1998 SURVEY OF CURRENT BUSINESS.) Nonresidential buildings and mining exploration, shafts, and wells decreased less than in the fourth quarter, and utilities increased more than in the fourth quarter.

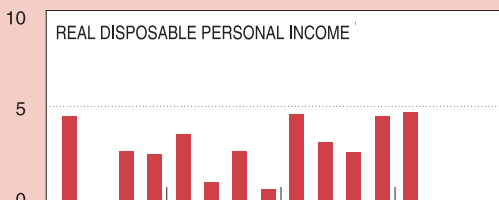
Residential investment

Real residential investment increased 16.1 percent in the first quarter after increasing 9.1 percent in the fourth (table 3). The acceleration was accounted for by single-family structures and by

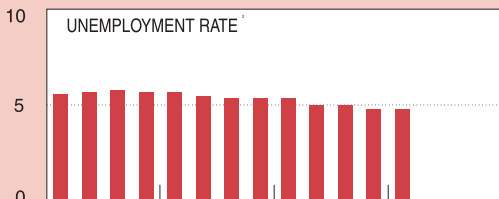
CHART 2

Selected Factors Affecting Consumer Spending

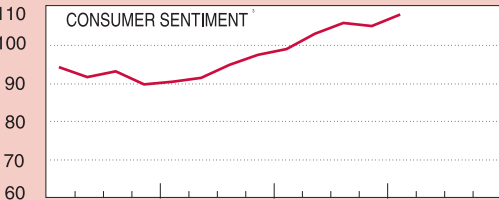
Percent change



Percent



Index



1. Disposable personal income in chained (1992) dollars; seasonally adjusted annual rates.
 2. All civilian workers, seasonally adjusted.
 Data: U.S. Department of Labor, Bureau of Labor Statistics
 3. Data: University of Michigan's Survey Research Center.
 U.S. Department of Commerce, Bureau of Economic Analysis

“other” residential investment, both of which increased more than in the fourth quarter.⁴

Single-family structures increased 22.2 percent after increasing 8.4 percent. Single-family housing starts increased more than in the fourth

quarter, to a level of 1.20 million units (seasonally adjusted annual rate) (chart 3).⁵

“Other” residential investment increased 9.4 percent after increasing 6.3 percent. The acceleration was accounted for by step-ups in home

4. “Other” residential investment includes home improvements, new mobile home sales, brokers’ commissions on home sales, residential equipment, and other residential structures (which consists primarily of dormitories, fraternity and sorority houses, and nurses’ homes).

5. The estimate of single-family structures for a quarter largely reflects starts in the first 2 months of that quarter and in the last 2 months of the preceding quarter; therefore, structures in the first quarter largely reflected starts from November 1997 through February 1998, and structures in the fourth quarter largely reflected starts from August 1997 through November 1997.

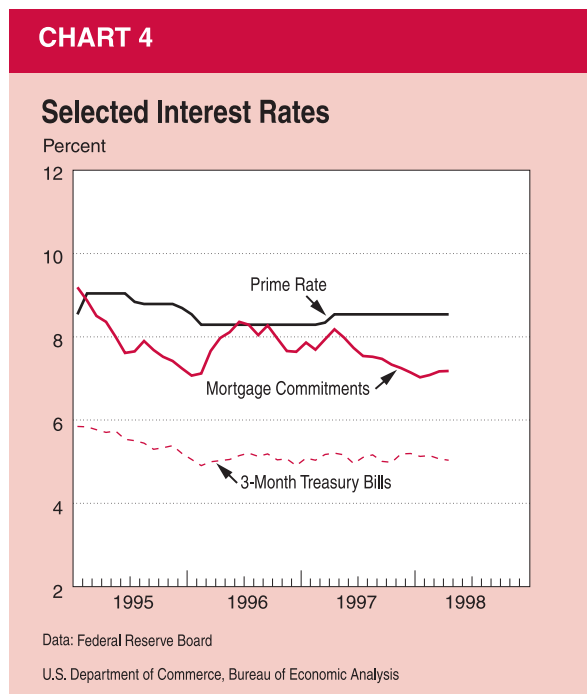
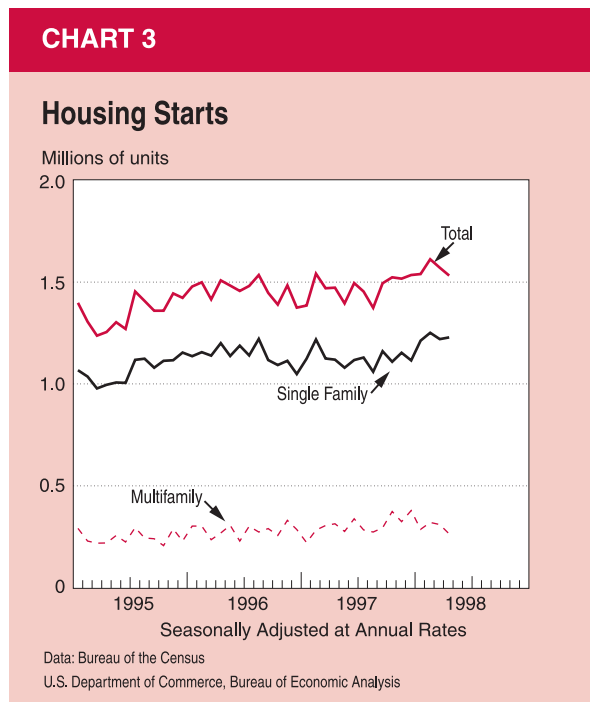


Table 3.—Real Gross Private Domestic Fixed Investment
[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			
		1998	1997			1998	1998		
		I	II	III	IV	I	II	III	IV	I
Gross private domestic fixed investment	1,200.5	32.4	37.9	5.3	45.9	12.6	14.4	1.8	16.9
Nonresidential	908.0	28.1	37.5	-1.8	35.3	14.6	19.2	-0.8	17.2
Structures	191.8	-2.4	3.2	-1.2	-3.7	-4.7	6.7	-2.3	-7.4
Nonresidential buildings, including farm	144.9	-3.0	3.0	-3.2	-2.0	-7.6	8.3	-8.1	-5.4
Utilities	29.2	1.2	-7	2	1.0	17.4	-8.2	2.8	14.8
Mining exploration, shafts, and wells	12.6	-6	.4	-6	-2	-18.3	13.9	-15.8	-6.5
Other	5.0	.1	.4	2.4	-2.5	11.3	34.0	372.9	-80.0
Producers’ durable equipment	727.7	32.7	36.0	-5	42.9	23.0	24.1	-3	27.5
Information processing and related equipment	357.9	15.5	23.6	5.4	32.0	24.0	35.8	6.9	45.5
Computers and peripheral equipment	299.8	20.3	24.4	9.0	50.3	48.4	53.3	16.0	108.4
Other	136.2	2.9	7.1	4	4.3	9.8	25.0	1.2	13.8
Industrial equipment	129.4	6.7	2.1	1.0	2.8	24.8	7.2	3.2	8.9
Transportation and related equipment	151.1	8.5	10.8	-3.7	8.0	29.5	35.8	-9.6	24.4
Of which: Motor vehicles	123.5	-2.1	5.4	0	3.5	-7.0	20.5	-2	12.3
Other	117.0	3.0	3.0	-1.1	6.0	12.1	11.4	-3.6	23.2
Residential	297.2	4.9	1.9	6.2	10.9	7.4	2.7	9.1	16.1
Single-family structures	145.5	.3	-8	2.7	7.1	.7	-2.3	8.4	22.2
Multifamily structures	21.9	.8	-8	1.5	.8	17.6	-15.6	34.8	17.0
Other	130.3	4.0	3.6	1.9	2.9	14.4	12.4	6.3	9.4

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA tables 5.5, 8.5 (autos), and 8.7 (trucks). Percent changes in major aggregates are in NIPA table 8.1.

improvements and in brokers' commissions. The step-up in brokers' commissions reflected an acceleration in home sales to a level of 5.42 million units (seasonally adjusted annual rate)—4.57 million-unit sales of existing residences and 0.85 million-unit sales of new residences. The commitment rate on 30-year, fixed-rate mortgages decreased slightly to 7.10 percent from 7.20 percent (chart 4).

Multifamily construction increased 17.0 percent after increasing 34.8 percent.

Inventory investment

Real inventory investment—that is, the change in business inventories—increased \$26.7 billion in the first quarter, as inventory accumulation picked up to \$100.7 billion from \$74.0 billion (table 4). Inventory investment had increased virtually the same amount in the fourth quarter, as accumulation had picked up from \$47.5 billion in the third quarter.

Manufacturing inventories increased \$38.3 billion in the first quarter after increasing \$21.5 billion in the fourth. Most of the step-up was in durable goods industries, reflecting an upturn in motor vehicles and step-ups in fabricated metals, in electronic machinery, and in industrial machinery. In the nondurable goods industries, the largest step-ups were in petroleum and in chemicals.

Wholesale trade inventories increased \$29.3 billion after increasing \$19.7 billion. Among merchant wholesalers, a sharp step-up in durable goods was partly offset by a slowdown in nondurable goods. In durable goods, sizable increases followed relatively small decreases in professional and commercial equipment (which includes computers), in motor vehicles, and in electrical goods. In nondurable goods, inventories turned down in farm products, in

apparel, and in "other nondurables." Among nonmerchant wholesalers, a step-up was mainly accounted for by an upturn in durable goods.⁶

Retail trade inventories increased \$16.3 billion after increasing \$17.0 billion, as a slowdown in durable goods was nearly offset by a step-up in nondurable goods. The slowdown in durable goods was dominated by inventories of motor vehicle dealers. The step-up in nondurable goods was widespread.

"Other" nonfarm inventories increased somewhat more than in the fourth quarter.⁷

Farm inventories increased \$8.9 billion after increasing \$9.8 billion. As in the fourth quarter, an increase in crop inventories more than offset a small decrease in livestock inventories.

The ratio of real nonfarm inventories to real final sales of domestic businesses increased from 2.29 in the fourth quarter to 2.31 in the first, its highest level since the fourth quarter of 1991; the ratio has trended up over the past six quarters, increasing 0.06 over that time. A ratio in which final sales include only goods and structures increased to 4.17 from 4.14. This ratio has also trended up over the past six quarters, increasing 0.10 over that time; however, this ratio was no higher in the first quarter than it had been in the second quarter of 1995.

Exports and imports

Real exports of goods and services decreased 3.0 percent in the first quarter after increasing 8.3 percent in the fourth (table 5). Real imports

6. Nonmerchant wholesalers, in contrast to merchant wholesalers, do not take title to the goods they sell; nonmerchant wholesalers include sales offices and branches of manufacturing, refining, or mining enterprises that are separate from their plants and mines, as well as agents, brokers, and commission merchants.

7. "Other" nonfarm inventories includes inventories held by the following industries: Mining; construction; public utilities; transportation; communication; finance, insurance, and real estate; and services.

Table 4.—Real Change in Business Inventories
[Billions of chained (1992) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter			
	1997				1998	1997			1998
	I	II	III	IV	I	II	III	IV	I
Change in business inventories	63.7	77.6	47.5	74.0	100.7	13.9	-30.1	26.5	26.7
Farm	5.3	7.5	9.5	9.8	8.9	2.2	2.0	.3	-9
Nonfarm	58.3	70.1	38.3	64.5	91.8	11.8	-31.8	26.2	27.3
Manufacturing	20.9	29.0	14.8	21.5	38.3	8.1	-14.2	6.7	16.8
Wholesale trade	22.9	24.6	14.9	19.7	29.3	1.7	-9.7	4.8	9.6
Retail trade .....	.6	7.7	2.8	17.0	16.3	7.1	-4.9	14.2	-7
Of which: Motor vehicle dealers	-2.5	-3.7	-6	10.6	-5.2	-1.2	3.1	11.2	-15.8
Other	13.7	8.9	5.7	6.3	8.1	-4.8	-3.2	.6	1.8

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 5.11.

of goods and services jumped 17.7 percent after increasing 5.3 percent.

Real exports of goods decreased 5.4 percent after jumping 14.1 percent; exports of both nonagricultural and agricultural goods turned down. The weakness in nonagricultural exports was widespread among all goods except computers, peripherals, and parts. Exports of services increased 3.3 percent after decreasing 5.1 percent; most of the upturn was accounted for by upturns in transfers under U.S. military agency sales contracts and in "other private services" (which includes education, financial, and telecommunications services).

Real imports of goods jumped 17.3 percent after increasing 6.2 percent; imports of nonpetroleum products accelerated, and imports of petroleum and products turned up. Most of the acceleration in nonpetroleum products was accounted

for by computers, peripherals, and parts; by automotive vehicles, engines, and parts; and by industrial supplies and materials. Imports of services jumped 20.0 percent after edging up 0.3 percent; most of the acceleration was accounted for by upturns in "other private services" and in royalties and license fees, primarily reflecting payments for the Winter Olympics.

Government spending

Real government consumption expenditures and gross investment decreased 3.0 percent in the first quarter after edging up 0.3 percent in the fourth (table 6). Federal Government spending decreased more than in the fourth quarter, and State and local government spending increased less.

Table 5.—Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997							
		I	II	III	IV	I	II	III	IV	I
Exports of goods and services	985.0	39.8	10.5	19.7	-7.7	18.4	4.4	8.3	-3.0
Goods	745.8	39.6	6.0	24.5	-10.5	25.1	3.4	14.1	-5.4
Agricultural goods	49.8	-5	2.3	3.5	-3.2	-4.2	20.6	31.9	-21.7
Nonagricultural goods	699.9	41.2	3.3	20.6	-6.8	28.2	1.9	12.5	-3.8
Services	243.8	1.9	4.2	-3.2	2.0	3.2	7.2	-5.1	3.3
Imports of goods and services	1,199.8	50.2	38.0	14.7	48.0	20.5	14.6	5.3	17.7
Goods	1,027.8	47.1	34.3	14.9	40.2	22.9	15.4	6.2	17.3
Petroleum and products	68.4	5.9	1.1	-1.7	.9	44.5	6.3	-9.5	5.4
Nonpetroleum products	959.9	40.6	33.4	16.8	39.4	21.1	16.2	7.7	18.2
Services	173.6	3.4	4.0	.1	7.7	8.9	10.1	.3	20.0
Addendum: Net exports of goods and services	-214.7	-10.3	-27.5	5.0	-55.6				

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 4.4. Percent changes in major aggregates are in NIPA table 8.1.

Table 6.—Real Government Consumption Expenditures and Real Gross Investment by Type

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997							
		I	II	III	IV	I	II	III	IV	I
Government consumption expenditures and gross investment	1,264.6	9.6	3.3	1.0	-9.8	3.1	1.1	.3	-3.0
Federal	444.5	7.3	-1.3	-2.7	-11.6	6.6	-1.1	-2.3	-9.8
National defense	295.6	5.5	.9	.8	-15.5	7.5	1.2	1.0	-18.4
Consumption expenditures	261.0	3.6	-3	.3	-12.9	5.4	-4	.4	-17.5
Gross investment	34.6	1.9	1.3	.5	-2.6	25.3	15.3	5.2	-25.2
Nondefense	148.3	1.7	-2.2	-3.2	3.5	4.9	-5.7	-8.6	10.1
Consumption expenditures	127.7	.5	-4	-1.2	1.1	1.7	-1.5	-3.7	3.5
Gross investment	20.7	1.4	-1.9	-2.5	2.9	29.8	-31.1	-39.9	80.8
State and local	820.2	2.4	4.6	3.6	1.9	1.2	2.3	1.8	.9
Consumption expenditures	676.4	3.2	4.3	3.9	3.9	1.9	2.6	2.3	2.3
Gross investment	143.8	-8	.3	-3	-2.0	-2.4	.9	-6	-5.4

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 3.8B. Percent changes in major aggregates are in NIPA table 8.1.

Federal defense spending fell 18.4 percent after increasing 1.0 percent. Both consumption expenditures and investment decreased after increasing. The downturn in consumption expenditures was mostly accounted for by contractual services other than compensation of employees. The downturn in investment spending was accounted for by equipment, primarily aircraft.

Federal nondefense spending increased 10.1 percent after decreasing 8.6 percent. Both consumption expenditures and investment increased after decreasing. The upturn in investment spending was attributable to structures.

State and local government spending increased 0.9 percent after increasing 1.8 percent. Investment spending decreased more than in the fourth quarter, reflecting a larger decrease in structures in the first quarter than in the fourth. Consumption expenditures increased the same amount in both quarters.

Revisions

As noted earlier, the preliminary estimate of a 4.8-percent increase in real GDP in the first quarter is 0.6 percentage point higher than the advance estimate (table 7); for 1976–97, the average revision, without regard to sign, from the advance estimate to the preliminary estimate was 0.5 percentage point. The upward revision to GDP in the first quarter reflected a sharp upward revision to inventory investment that was partly offset by an upward revision to imports. Revisions to other components of GDP were relatively small.

The upward revision to inventory investment primarily reflected the incorporation of newly available Census Bureau inventory data for February (revised) and March, which showed a large increase; for the advance estimates, BEA had assumed a small decrease. In addition, the revision reflected the incorporation of revised Census Bureau inventory data for wholesale and retail trade that are based on annual surveys for 1996; BEA incorporates data from such surveys on a “best-change” basis, which allows the use of newly available data for the preceding quarter in the calculation of change from that quarter to the current quarter. The revised Census Bureau data for 1995–97 will be incorporated at the time of the annual NIPA revision at the end of July.

The upward revision to imports reflected the incorporation of newly available Census Bureau data for imports of goods for March, which showed a large increase; for the advance estimates, BEA had assumed little change.

The preliminary estimate of the price index for gross domestic purchases shows no change from the fourth quarter, the same as the advance estimate, and the preliminary estimate of the increase in the GDP price index was 1.0 percent, 0.1 percentage point higher than the advance estimate.

The preliminary estimate of the increase in real disposable personal income (DPI) was 4.7 percent, 2.1 percentage points lower than the advance estimate. Current-dollar personal income was revised down slightly; current-dollar DPI was revised down more, reflecting a large upward revision to personal tax and nontax payments that reflected the incorporation of newly available data from the *Monthly Treasury Statement* on

Table 7.—Revisions to Real Gross Domestic Product and Prices, First Quarter 1998
[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Preliminary estimate minus advance estimate	
	Advance estimate	Preliminary estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	4.2	4.8	0.6	9.6
<i>Less:</i> Exports of goods and services	-3.4	-3.0	.4	.9
Goods	-6.1	-5.4	.7	1.2
Services	3.7	3.3	-.4	-.3
<i>Plus:</i> Imports of goods and services	11.6	17.7	6.1	16.0
Goods	10.2	17.3	7.1	16.0
Services	19.2	20.0	.8	.3
Equals: Gross domestic purchases	6.1	7.3	1.2	22.1
Personal consumption expenditures	5.7	6.1	.4	4.9
Durable goods	18.4	15.9	-2.5	-3.6
Nondurable goods	5.2	6.5	1.3	4.6
Services	3.5	4.0	.5	3.5
Fixed investment	17.6	16.9	-.7	-1.7
Nonresidential	17.6	17.2	-.4	-.7
Structures	-8.9	-7.4	1.5	.8
Producers' durable equipment	28.8	27.5	-1.3	-1.8
Residential	17.6	16.1	-1.5	-1.0
Change in business inventories .....	.....	.....	.....	23.7
Nonfarm .....	.....	.....	.....	24.8
Farm .....	.....	.....	.....	-1.4
Government consumption expenditures and gross investment	-2.0	-3.0	-1.0	-3.5
Federal	-8.3	-9.8	-1.5	-1.9
National defense	-16.7	-18.4	-1.7	-1.6
Nondefense	11.0	10.1	-.9	-.3
State and local	1.7	.9	-.8	-1.7
Addenda:				
Final sales of domestic product	4.1	3.4	-.7	-12.5
Gross domestic purchases price index ¹	0	0	0	.....
GDP price index ¹ .....	.9	1.0	.1	.....

1. Based on chained-type annual (1992) weights.

NOTE.—The preliminary estimates for the first quarter of 1998 incorporate the following revised or additional major source data that were not available when the advance estimates were prepared.

Personal consumption expenditures: Revised retail sales for January through March, consumers' share of new-car purchases for March, revised average unit value for domestic new autos for March, consumers' share of new-truck purchases for March, and residential electricity usage for January.

Nonresidential fixed investment: Construction put in place for January and February (revised) and March, manufacturers' shipments of machinery and equipment for February and March (revised), and exports and imports of machinery and equipment for February (revised) and March.

Residential fixed investment: Construction put in place for January and February (revised) and March.

Change in business inventories: Manufacturing inventories for February (revised) and March; and retail trade and wholesale trade inventories for October 1997 through February (revised) and March.

Exports and imports of goods and services: Exports and imports of goods for February (revised) and March.

Government consumption expenditures and gross investment: Monthly Treasury Statement detailed data for March, Department of Defense detailed financial reports for the quarter, State and local government construction put in place for January and February (revised) and March.

Wages and salaries: Employment, average hourly earnings, and average weekly hours for February and March (revised).

GDP prices: Detailed merchandise export and import price indexes for January through March (revised), values and quantities of petroleum imports for February (revised) and March, and housing prices for the first quarter.

Federal nonwithheld income taxes through April. The preliminary estimate of the personal saving rate—personal savings as a percentage of current-dollar DPI—was 3.7 percent, 0.5 percentage point lower than the advance estimate.

Corporate Profits

Profits from current production increased \$4.4 billion in the first quarter after decreasing \$9.2 billion in the fourth (table 8).⁸ Profits of domestic industries increased \$1.7 billion after decreasing \$5.7 billion. Profits of domestic nonfinancial corporations edged up \$0.7 billion after decreasing \$10.7 billion, as an increase in real product offset a decrease in unit profits; the decrease in unit profits resulted from an increase in unit labor costs, while unit prices changed little. Profits of domestic financial corporations increased \$1.0 billion after increasing \$5.0 billion. Profits from the rest of the world increased \$2.7 billion after decreasing \$3.6 billion; receipts turned up,

8. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in NIPA tables 1.9, 1.14, 1.16, and 6.16C (see "Selected NIPA Tables," which begin on page D-2 of this issue) as corporate profits with inventory valuation and capital consumption adjustments.

Table 8.—Corporate Profits

[Seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	1998		1997		1998
	I	II	III	IV	I
	Billions of dollars				
Profits from current production	822.5	15.5	32.2	-9.2	4.4
Domestic industries	723.5	12.2	33.1	-5.7	1.7
Financial	115.3	.9	1.6	5.0	1.0
Nonfinancial	608.2	11.3	31.5	-10.7	.7
Rest of the world	99.0	3.4	-.9	-3.6	2.7
Receipts (inflows)	146.0	8.4	2.2	-5.5	1.0
Payments (outflows)	47.0	5.0	3.1	-1.9	-1.7
IVA	30.2	2.4	-2.3	5.6	21.0
CCAadj	73.9	1.7	.9	1.3	2.3
Profits before tax	718.4	11.4	33.6	-16.1	-18.9
Profits tax liability	245.4	3.3	13.7	-4.6	-8.2
Profits after tax	473.0	8.1	19.9	-11.5	-10.7
Cash flow from current production	714.6	11.3	17.7	-4.5	11.2
Corporate profits with IVA	748.6	13.8	31.4	-10.6	2.1
Domestic industries	649.7	10.4	32.3	-7.0	-.5
Financial	125.7	1.0	1.9	5.1	1.2
Nonfinancial	524.0	9.4	30.4	-12.1	-1.7
Rest of the world	99.0	3.4	-.9	-3.6	2.7
	Dollars				
Unit price, costs, and profits of nonfinancial corporations:					
Unit price	1.073	0.003	0	0.001	0
Unit labor cost .....	.705	.001	-.003	.007	.003
Unit nonlabor cost .....	.226	0	-.001	-.001	-.001
Unit profits from current production .....	.142	.001	.005	-.004	-.003

NOTE.—Levels of these and other profits series are in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

IVA Inventory valuation adjustment
CCAadj Capital consumption adjustment

while payments decreased about as much as in the fourth quarter.⁹

Cash flow from current production, a profits-related measure of internally generated funds available for investment, increased \$11.2 billion after decreasing \$4.5 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, decreased for the fourth consecutive quarter, to 79.7 percent from 81.0 percent. This ratio, which averaged 84.7 percent in 1990-97, was last below 80 percent in the first quarter of 1995.

Industry profits and related measures.—Industry profits increased \$2.1 billion after decreasing \$10.6 billion.¹⁰ Profits of domestic nonfinancial corporations decreased less than in the fourth quarter, largely reflecting an upturn in trade profits. In contrast, profits of domestic financial corporations increased less than in the fourth quarter. As already noted, profits from the rest of the world turned up.

Profits before tax (PBT) decreased \$18.9 billion after decreasing \$16.1 billion. The difference between the \$18.9 billion decrease in PBT and the \$4.4 billion increase in profits from current production mainly reflected a \$21.0 billion decrease in inventory profits.¹¹

Rates of Return for Domestic Nonfinancial Corporations, 1960-97

For domestic nonfinancial corporations, property income's rate of return increased to 9.8 percent in 1997 from 9.5 percent in 1996, and property income's share of domestic income edged up to 19.2 percent from 19.1 percent (chart 5 and table 9). For both measures, the 1997 levels were the highest in almost 30 years.

9. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. These estimates are derived from BEA's international transactions accounts.

10. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16C (on page D-16 of this issue). Estimates of the capital consumption adjustment are available only for total financial and total nonfinancial industries.

11. As prices change, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits—a capital-gains-like element in profits—result from an increase in inventory prices, and inventory losses—a capital-loss-like element in profits—result from a decrease in inventory prices. In the NIPA's, inventory profits or losses are shown as adjustments to business income (corporate profits and nonfarm proprietors' income), as reported on tax returns of businesses; they are shown as the inventory valuation adjustment with the sign reversed.

The rate of return is defined here as the ratio of property income to the stock of net reproducible tangible assets—the replacement-cost value of structures, equipment, and inventories. For purposes of this article, property income is defined as the sum of profits from current production—corporate profits with inventory valuation and capital consumption adjustments—and net interest payments (table 10).¹² In other contexts, different definitions may be appropriate. For

example, in “Foreign Direct Investment in the United States” in this issue, rates of return for nonfinancial U.S. affiliates are calculated on the basis of all assets, not just reproducible tangible assets, and in “Gross State Product, 1977–96,” property income is defined to include proprietors’ income, rent, and consumption of fixed capital.

This measure of rate of return has several useful features. First, it captures the total return to investment, regardless of the mix of equity and debt used to finance the investment. Second,

12. Corporate profits and net interest are based on tabulations of “company” data rather than “establishment” data. As a result, property income for domestic nonfinancial corporations may include income earned by financial establishments of those corporations; similarly, it may exclude income earned by nonfinancial units of financial corporations.

For a discussion of the industrial distribution of NIPA series, see Eugene P. Seskin and Robert P. Parker, “A Guide to the NIPAs,” SURVEY 78 (March 1998): 42–43. For a discussion of the wealth estimates, which are on an establishment basis, see Arnold J. Katz and Shelby W. Herman, “Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95,” SURVEY 77 (May 1997): 69–92.

Table 9.—Rate of Return and Income Share, Domestic Nonfinancial Corporations, 1960–97

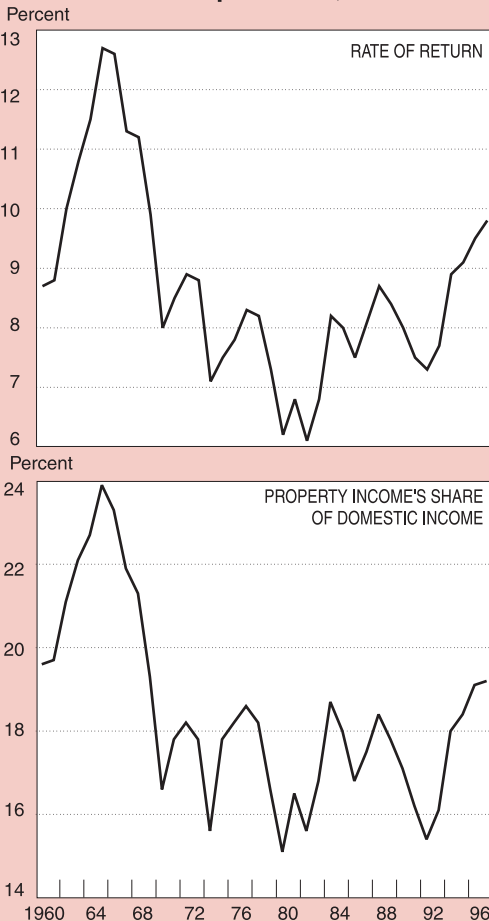
[Percent]

Year	Rate of return					Share of domestic income		
	Property income					Property income		
	Total	Profits from current production			Net interest	Total	Profits from current production	Net interest
		Total	Profits tax liability	Profits after tax				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1960	8.7	8.0	3.8	4.2	0.7	19.6	18.1	1.5
1961	8.8	8.0	3.8	4.3	.8	19.7	18.0	1.7
1962	10.0	9.2	3.9	5.3	.9	21.1	19.3	1.8
1963	10.8	9.9	4.1	5.8	.9	22.1	20.3	1.8
1964	11.5	10.6	4.2	6.5	.9	22.7	20.9	1.8
1965	12.7	11.7	4.4	7.2	1.0	23.9	22.0	1.9
1966	12.6	11.5	4.5	7.0	1.1	23.3	21.3	2.1
1967	11.3	10.1	3.9	6.3	1.2	21.9	19.5	2.3
1968	11.2	9.9	4.3	5.6	1.3	21.3	18.9	2.5
1969	9.9	8.4	3.9	4.5	1.5	19.3	16.3	3.0
1970	8.0	6.2	2.9	3.3	1.8	16.6	12.8	3.8
1971	8.5	6.7	2.9	3.8	1.8	17.8	14.1	3.7
1972	8.9	7.2	3.0	4.2	1.7	18.2	14.7	3.5
1973	8.8	7.0	3.2	3.8	1.8	17.8	14.2	3.7
1974	7.1	5.1	2.9	2.2	1.9	15.6	11.3	4.3
1975	7.5	5.8	2.5	3.3	1.7	17.8	13.8	4.1
1976	7.8	6.4	2.8	3.5	1.5	18.2	14.7	3.4
1977	8.3	6.8	2.9	3.9	1.5	18.6	15.3	3.4
1978	8.2	6.7	2.9	3.8	1.6	18.2	14.8	3.5
1979	7.3	5.6	2.6	2.9	1.7	16.6	12.7	3.9
1980	6.2	4.3	2.2	2.1	1.9	15.1	10.4	4.7
1981	6.8	4.7	1.9	2.8	2.1	16.5	11.4	5.1
1982	6.1	3.9	1.3	2.6	2.2	15.6	9.9	5.7
1983	6.8	4.8	1.6	3.2	2.0	16.8	11.8	5.0
1984	8.2	6.0	1.9	4.2	2.2	18.7	13.7	5.0
1985	8.0	5.8	1.7	4.2	2.2	18.0	13.1	4.9
1986	7.5	5.2	1.7	3.5	2.3	16.8	11.7	5.1
1987	8.1	5.7	2.1	3.7	2.3	17.5	12.4	5.1
1988	8.7	6.2	2.1	4.0	2.5	18.4	13.0	5.4
1989	8.4	5.5	2.0	3.5	2.9	17.8	11.7	6.2
1990	8.0	5.2	1.8	3.4	2.8	17.1	11.1	6.0
1991	7.5	5.0	1.6	3.4	2.5	16.2	10.8	5.4
1992	7.3	5.4	1.7	3.7	1.9	15.4	11.4	4.0
1993	7.7	6.1	1.8	4.2	1.7	16.1	12.7	3.5
1994	8.9	7.3	2.1	5.1	1.6	18.0	14.8	3.3
1995	9.1	7.5	2.2	5.3	1.6	18.4	15.2	3.3
1996	9.5	8.2	2.3	5.9	1.3	19.1	16.5	2.7
1997	9.8	8.6	2.4	6.2	1.2	19.2	16.8	2.4
Average:								
1960–69	10.8	9.7	4.1	5.7	1.0	21.5	19.5	2.0
1970–79	8.0	6.4	2.9	3.5	1.7	17.5	13.8	3.7
1980–89	7.5	5.2	1.9	3.4	2.3	17.1	11.9	5.2
1990–97	8.5	6.7	2.0	4.7	1.8	17.4	13.7	3.8

Source: Table 10.
NOTE.—Columns 1–5 are percentages of the stock of net reproducible assets (averages of end-of-year values for adjacent years) valued at current-replacement cost. (Rates of return shown in the June 1997 SURVEY, which are generally 0.1 or 0.2 percentage point lower than shown here, were inadvertently based on end-of-year values.) Columns 6–8 are percentages of domestic income.

CHART 5

Rate of Return and Property Income's Share of Domestic Income, Domestic Nonfinancial Corporations, 1960-97



the numerator is not affected by inventory profits or by depreciation schedules used in preparing the underlying tax returns; rather, it reflects the current-replacement costs of inventory withdrawals and of capital used up in production. Third, because assets in the denominator are also measured at current-replacement cost, the ratio is an estimate of the current average profitability of investment. (Alternative measures of rate of return were described in the June 1997 SURVEY, page 10.)

The ratio of property income to domestic income is property income's "share"—that is, the portion of domestic income that is not used to compensate labor.

Table 10.—Property Income and Related Series, Domestic Nonfinancial Corporations, 1960-97

(Billions of dollars)

Year	Property income					Domestic income	Net reproducible tangible assets ¹
	Total	Profits from current production			Net interest		
		Total	Profits tax liability	Profits after tax			
1960	44.1	40.7	19.2	21.5	3.5	225.3	512.8
1961	45.6	41.6	19.5	22.2	4.0	230.9	524.6
1962	53.6	49.1	20.6	28.4	4.5	253.7	542.5
1963	59.7	54.9	22.8	32.1	4.8	270.8	561.2
1964	66.5	61.2	24.0	37.2	5.3	293.2	590.5
1965	77.5	71.4	27.2	44.2	6.1	324.0	632.2
1966	83.4	76.1	29.5	46.6	7.4	357.4	692.0
1967	81.8	73.0	27.8	45.2	8.8	374.1	750.6
1968	87.6	77.5	33.6	43.9	10.1	410.8	819.6
1969	85.6	72.5	33.3	39.1	13.2	444.5	902.8
1970	75.4	58.3	27.2	31.1	17.1	454.0	983.7
1971	86.9	68.8	29.9	38.8	18.1	488.9	1,067.8
1972	99.5	80.4	33.8	46.6	19.2	546.6	1,164.7
1973	109.6	87.1	40.2	46.9	22.5	615.5	1,327.6
1974	103.1	74.8	42.2	32.6	28.3	659.9	1,597.4
1975	126.0	97.3	41.5	55.8	28.7	706.3	1,772.7
1976	145.9	118.4	53.0	65.4	27.5	803.3	1,950.1
1977	170.1	139.4	59.9	79.5	30.6	912.6	2,170.7
1978	190.3	154.0	67.1	86.9	36.3	1,043.2	2,457.9
1979	192.3	147.2	69.6	77.6	45.1	1,160.4	2,825.3
1980	188.3	130.1	67.0	63.1	58.2	1,246.8	3,223.9
1981	232.3	160.3	63.9	96.4	71.9	1,403.7	3,589.1
1982	224.6	142.1	46.3	95.8	82.5	1,441.6	3,764.8
1983	258.1	181.5	59.4	122.0	76.6	1,538.6	3,860.3
1984	326.9	239.0	73.7	165.4	87.8	1,748.6	4,085.0
1985	334.1	243.5	69.9	173.6	90.6	1,856.0	4,264.1
1986	324.1	226.0	75.6	150.5	98.1	1,927.3	4,388.8
1987	363.8	258.6	93.5	165.1	105.3	2,079.3	4,619.9
1988	415.3	294.3	101.7	192.6	121.0	2,262.0	4,902.6
1989	422.7	276.7	98.8	178.0	145.9	2,372.7	5,149.6
1990	422.8	275.3	95.7	179.6	147.5	2,478.8	5,377.0
1991	403.4	269.7	85.4	184.3	133.7	2,493.9	5,439.4
1992	399.8	295.6	91.1	204.5	104.2	2,595.1	5,574.7
1993	441.0	346.4	105.0	241.4	94.5	2,731.6	5,845.2
1994	533.4	437.1	128.8	308.3	96.3	2,960.1	6,178.6
1995	576.6	474.6	139.4	335.2	102.0	3,132.1	6,506.1
1996	634.3	545.8	154.8	391.0	88.5	3,317.2	6,810.6
1997	683.1	596.9	165.4	431.5	86.2	3,549.9	7,130.0

1. Structures, equipment, and inventories, valued at current-replacement cost at end of year. Structures and equipment are from U.S. Department of Commerce, Bureau of Economic Analysis, *Fixed Reproducible Tangible Wealth of the United States, 1925-96*, CD-ROM (Washington, DC: Bureau of Economic Analysis, 1998). Inventories are from legal-form and industry detail underlying NIPA table 5.13.

NOTE.—Property income is profits from current production plus net interest. Profits from current production is corporate profits with inventory valuation adjustment and capital consumption adjustment. Profits after tax is also shown with inventory valuation adjustment and capital consumption adjustment.

Q-type ratios

A related ratio of analytical interest is "Tobin's Q," or simply "Q," which compares the valuation of assets in financial markets with the replacement cost of assets.

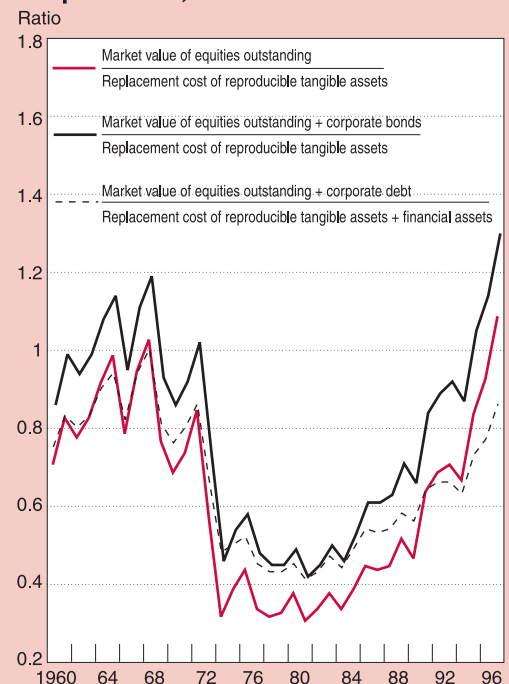
In principle, the par value of the q-ratio is 1. At that value, financial markets would simply be reflecting the current prices of the assets to which stocks and bonds are titles. Values above 1 would encourage, and values below 1 discourage, companies' acquisitions of newly produced physical assets, especially assets similar to the existing ones the markets are evaluating.¹³

The precise formula for calculating Q varies from analyst to analyst (but the general pattern of the ratio over time is relatively insensitive to the fine points of measurement). All analysts would include the market value of equities outstanding in the numerator; estimates for these

13. James Tobin, "Clinton's Bull Market," *Wall Street Journal*, November 30, 1993, page A16. Q was developed in a series of articles in professional journals; see especially the following: William C. Brainard and James Tobin, "Pitfalls in Financial Model Building," *American Economic Review* 58 (2), May 1968: 99-122; James Tobin, "A General Equilibrium Approach to Monetary Theory," *Journal of Money, Credit, and Banking* 1 (1), February 1969: 15-29; James Tobin, "Monetary Policies and the Economy: The Transmission Mechanism," *Southern Economic Journal* 44 (1), January 1978: 421-31.

CHART 6

Q-type Ratios, Domestic Nonfinancial Corporations, 1960-97



U.S. Department of Commerce, Bureau of Economic Analysis

data are readily available in the flow of funds accounts maintained by the Federal Reserve Board. Many analysts (Tobin included) would also include the value of corporate bond obligations in the numerator; including bonds makes the ratio invariant to shifts in the mix of equity and debt used to finance investment. Alternatively, the numerator could include all corporate debt, not just bonds.¹⁴

The denominator of Q should certainly include reproducible tangible assets valued at replacement cost; estimates for this series were used in calculating the rate of return.¹⁵ The denominator might also include other assets, such as land and financial assets; it might also include intellectual property (including software), which is not, in general, capitalized.

However, these additional series, which might be used to augment the market value of equities (in the numerator) and the replacement-cost value of reproducible tangible assets (in the denominator), are generally available only on a historical-cost basis. The use of historical-cost estimates is obviously inconsistent with the underlying rationale for Q—a comparison of market valuation and replacement costs. However, analysts may differ on whether it is preferable to use some historical-cost components or to omit them and thereby exclude some potentially important variables.

Fortunately, ratios constructed from various definitions all display quite similar patterns, and, in light of measurement problems for both numerators and denominators, the patterns of movement may be more important than the levels of the ratios. Three variants of the measure for domestic nonfinancial corporations are shown in [chart 6](#); others could be added without changing the overall picture. All the ratios drop sharply in the early 1970's, stay relatively low until the early 1980's, and then increase more or less rapidly through 1997. In 1997, two of the ratios were at historic highs, and all three describe dramatic improvements in recent years in the climate for business investment in newly produced tangible assets.

14. The market value of equities outstanding and other financial measures mentioned in this paragraph are available from the Federal Reserve Board, *Flow of Funds*, release z.1.

15. In calculating Q, it is appropriate to use yearend estimates of the stock of assets because the numerator consists of stocks at the end of the year. In contrast, in calculating rate of return, it is appropriate to use the average stock of assets for the year (approximated by the average of yearend estimates) because the numerator consists of income flows over entire years.

Government Sector

The combined current surplus, which measures the net saving of the Federal Government and State and local governments, grew \$58.6 billion, to a record \$156.6 billion, in the first quarter after declining \$2.6 billion in the fourth ([table 11](#)).¹⁶ The strong first-quarter rebound was attributable to the Federal sector, which also registered a record surplus¹⁷. The State and local government current surplus decreased slightly.

Federal

Fueled by a sharp downturn in current expenditures and an acceleration in receipts, the fiscal position of the Federal Government shifted from a current deficit of \$12.1 billion to a current surplus of \$49.0 billion—the first current surplus since the first quarter of 1969. In the fourth quarter, the deficit had edged up \$1.3 billion.

Receipts.—Federal receipts increased \$43.0 billion in the first quarter after increasing \$25.6 billion in the fourth. The acceleration resulted from accelerations in personal tax and nontax receipts and in contributions for social insurance that more than offset a larger decrease in corporate profits tax accruals in the first quarter than in the fourth.

Personal tax and nontax receipts increased \$34.8 billion after increasing \$19.1 billion. Receipts from income taxes increased \$32.9 billion after increasing \$18.4 billion; the acceleration was attributable to a pickup in “estimated income tax payments and final settlements, less refunds” that more than offset a deceleration in withheld income taxes.¹⁸ “Estimated income tax payments and final settlements, less refunds” increased \$22.5 billion after increasing \$1.5 billion; the pickup was tempered only slightly by the effect of provisions of the Taxpayer Relief Act of 1997—primarily the provision that modified the estimated-tax requirements for high-income taxpayers. The deceleration in withheld income taxes mainly reflected the effect of the annual

16. Net government saving equals gross saving, less consumption of fixed capital. Estimates of gross saving are shown in [NIPA table 5.1](#).

17. The NIPA estimates for the government sector are derived from financial statements for the Federal Government and for State and local governments but differ from them in several respects. The major differences are shown in [NIPA tables 3.18B and 3.19](#), which reconcile the NIPA estimates with government financial statements; these tables were published in the October 1997 *SURVEY* on pages 11–13.

18. The first-quarter estimate for “estimated income tax payments and final settlements, less refunds” is based on data for January through April from the Department of the Treasury in conjunction with projections for the rest of 1998 that are based on historical relationships between monthly and annual collections. Earlier first-quarter estimates were largely based on information from the Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1999* (Washington, DC: U.S. Government Printing Office, 1998).

indexation for inflation on the 1998 withholding tables and the effect of certain provisions of the Taxpayer Relief Act of 1997—primarily the provisions that established child tax credits.

Contributions for social insurance increased \$15.0 billion after increasing \$10.4 billion. The acceleration primarily reflected the effect of an increase in the social security taxable wage base that boosted contributions by employers, employees, and the self-employed to the old-age, survivors, and disability insurance trust funds.

Corporate profits tax accruals decreased \$6.8 billion after decreasing \$3.8 billion, reflecting

a larger decrease in domestic corporate profits before tax.

Current expenditures.—Current expenditures fell \$18.1 billion in the first quarter after increasing \$26.9 billion in the fourth.¹⁹ The downswing was accounted for by downturns in consumption expenditures, in grants-in-aid to State and local governments, and in net interest paid and by a deceleration in transfer payments (net).

Consumption expenditures dropped \$11.8 billion, the largest decrease since the fourth quarter of 1995, after increasing \$3.7 billion. The downturn was accounted for by defense consumption expenditures, which dropped \$13.0 billion after increasing \$2.8 billion, reflecting a downturn in “other” services. Within “other” services, defense expenditures for research and development turned down. Compensation of employees increased \$2.1 billion after decreasing \$1.0 billion; it was boosted by the January 1998 pay raise for defense employees. In contrast, consumption expenditures for nondefense increased \$1.2 billion after increasing \$0.9 billion. The slight acceleration mainly resulted from an upturn in compensation for nondefense employees, who also received a pay raise in January.

Transfer payments (net) increased \$1.9 billion after increasing \$15.7 billion. A sharp downturn in transfer payments to the rest of the world more than offset an acceleration in transfer payments to persons. Transfer payments to the rest of the world fell \$11.8 billion after increasing \$11.6 billion; the fourth-quarter increase was attributable to the yearly payment to Israel of \$3.0 billion—\$12.0 billion at an annual rate—in economic support and other payments. Transfer payments to persons increased \$13.7 billion after increasing \$4.1 billion. The step-up mainly reflected a 2.1-percent cost-of-living adjustment in January that boosted social security (old-age, survivors, and disability insurance), Federal employee pension, veterans pension, and supplemental security income benefits by \$9.9 billion.

Grants-in-aid to State and local governments fell \$4.7 billion after increasing \$6.4 billion. The downturn was mostly accounted for by grants for medicaid, which decreased \$4.0 billion after increasing \$6.1 billion. Grants for family assistance and health care also turned down, and grants for highways decreased more in the first quarter than in the fourth. In contrast, grants for education and other programs turned up.

Table 11.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
	1998	1997				1998
	I	I	II	III	IV	I
Receipts	2,703.5	47.6	40.2	49.9	31.8	55.0
Current expenditures	2,546.9	21.6	21.3	17.4	34.4	-3.6
Current surplus or deficit (-)	156.6	26.0	18.9	32.5	-2.6	58.6
Social insurance funds	147.2	-2.1	2.1	3.8	7.0	4.4
Other	9.4	28.1	16.8	28.8	-9.7	54.2
Federal Government						
Receipts	1,810.4	33.7	34.0	32.5	25.6	43.0
Personal tax and nontax receipts	835.8	29.4	21.0	14.0	19.1	34.8
Corporate profits tax accruals	208.7	12.9	2.8	11.6	-3.8	-6.8
Indirect business tax and nontax accruals	92.3	-22.0	4.0	.2	-1	0
Contributions for social insurance	673.6	13.3	6.2	6.7	10.4	15.0
Current expenditures	1,761.4	12.0	15.2	6.6	26.9	-18.1
Consumption expenditures	456.6	4.4	6.2	.5	3.7	-11.8
National defense	301.4	-1.2	4.9	.3	2.8	-13.0
Nondefense	155.2	5.7	1.2	.2	.9	1.2
Transfer payments (net)	812.1	8.6	5.5	3.1	15.7	1.9
To persons	802.3	21.1	5.0	4.0	4.1	13.7
To the rest of the world	9.8	-12.4	.3	-8	11.6	-11.8
Grants-in-aid to State and local governments	225.9	2.1	2.9	1.7	6.4	-4.7
Net interest paid	228.1	-2.9	.9	1.4	.1	-3.2
Subsidies less current surplus of government enterprises	38.7	-1	-3	-2	1.1	-3
Subsidies	34.8	.4	.5	0	.2	.3
Of which: Agricultural subsidies	8.3	0	.1	0	.5	.3
Less: Current surplus of government enterprises	-4.0	.4	.8	.3	-9	.5
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	49.0	21.6	18.7	26.0	-1.3	61.1
Social insurance funds	75.4	-1.9	1.7	4.0	6.9	4.1
Other	-26.4	23.5	17.0	22.0	-8.2	57.0
State and local governments						
Receipts	1,119.0	16.0	9.1	19.1	12.6	7.3
Personal tax and nontax receipts	223.8	3.6	2.6	4.8	5.0	2.7
Corporate profits tax accruals	36.8	2.4	.4	2.1	-8	-1.3
Indirect business tax and nontax accruals	542.5	6.9	2.0	9.0	.5	9.0
Contributions for social insurance	90.0	1.1	1.2	1.4	1.6	1.6
Federal grants-in-aid	225.9	2.1	2.9	1.7	6.4	-4.7
Current expenditures	1,011.4	11.6	9.0	12.6	13.8	9.9
Consumption expenditures	782.7	8.4	5.7	8.7	10.3	6.3
Transfer payments to persons	323.5	4.5	4.4	4.5	4.7	4.8
Net interest paid	-67.0	-1.0	-9	-7	-7	-7
Less: Dividends received by government	15.3	.3	.4	0	.2	.4
Subsidies less current surplus of government enterprises	-12.5	.2	.1	.1	.3	-.1
Subsidies .....	.3	0	0	0	0	0
Less: Current surplus of government enterprises	12.8	-1	-2	-1	.3	.1
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	107.6	4.3	.2	6.5	-1.3	-2.5
Social insurance funds	71.8	-1	.3	-2	.1	.3
Other	35.8	4.6	-2	6.7	-1.4	-2.8

19. For information on the definition of current expenditures as well as of other major NIPA components, see “A Guide to the NIPAs,” SURVEY 78 (March 1998): 27-36.

Net interest paid decreased \$3.2 billion after increasing \$0.1 billion. The downturn mainly reflected a downturn in gross interest paid, which decreased \$3.8 billion after increasing \$0.3 billion.


State and local

The State and local government current surplus decreased \$2.5 billion, to \$107.6 billion, in the first quarter after decreasing \$1.3 billion in the fourth. The larger decrease was accounted for by a larger deceleration in receipts than in current expenditures.

Receipts increased \$7.3 billion after increasing \$12.6 billion. The deceleration was more than accounted for by the downturn in Federal grants-in-aid; indirect business tax and nontax accruals accelerated sharply.

Federal grants-in-aid fell \$4.7 billion after increasing \$6.4 billion. Personal tax and nontax receipts increased \$2.7 billion after increasing \$5.0 billion; the deceleration was primarily attributable to State tax law changes that reduced income taxes in several States. Corporate profits tax accruals decreased \$1.3 billion after decreas-

ing \$0.8 billion; the larger decrease reflected the pattern of domestic corporate profits before tax. Indirect business tax and nontax accruals increased \$9.0 billion after increasing \$0.5 billion; the pickup was largely attributable to an upturn in "other tax and nontax accruals" and to an acceleration in sales taxes. "Other tax and nontax accruals" increased \$2.6 billion after decreasing \$2.8 billion; the turnaround was partly caused by out-of-court settlement payments of \$1.4 billion (annual rate) by tobacco companies to three States. Settlement payments of \$3.7 billion were made in the third quarter, but none were made in the fourth. Sales taxes increased \$3.8 billion after increasing \$0.9 billion; the acceleration primarily reflected an acceleration in retail sales.

Current expenditures increased \$9.9 billion after increasing \$13.8 billion; the deceleration was accounted for by a slowdown in consumption expenditures. Consumption expenditures increased \$6.3 billion after increasing \$10.3 billion; the deceleration reflected a downturn in nondurable goods, mainly in petroleum, and a deceleration in services. Transfer payments to persons increased \$4.8 billion after increasing \$4.7 billion. 

BUSINESS SITUATION

This article was prepared by Larry R. Moran, Daniel Larkins, Ralph W. Morris, Deborah Y. Sieff, and Benyan Tsehaye.

REAL GROSS domestic product (GDP) increased 4.8 percent in the first quarter of 1998, according to the “preliminary” estimates of the national income and product accounts (NIPA’s), after increasing 3.7 percent in the fourth quarter (table 1 and chart 1); the “advance” NIPA estimate of real GDP, reported in the May “Business Situation,” had shown a 4.2-percent first-quarter increase.¹ The upward revision to real GDP reflected a sharp upward revision to inventory investment that was partly offset by an upward revision to imports, which are subtracted in the calculation of GDP. (The sources of the revisions are discussed in the “Revisions” section.)

The picture of the economy presented by the preliminary estimates is somewhat changed from

1. Quarterly estimates in the NIPA’s are expressed at seasonally adjusted annual rates, and quarterly changes are differences between these rates. Quarter-to-quarter percent changes are annualized. Real estimates are expressed in chained (1992) dollars. Price indexes are chain-type indexes.

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Seasonally adjusted at annual rates]

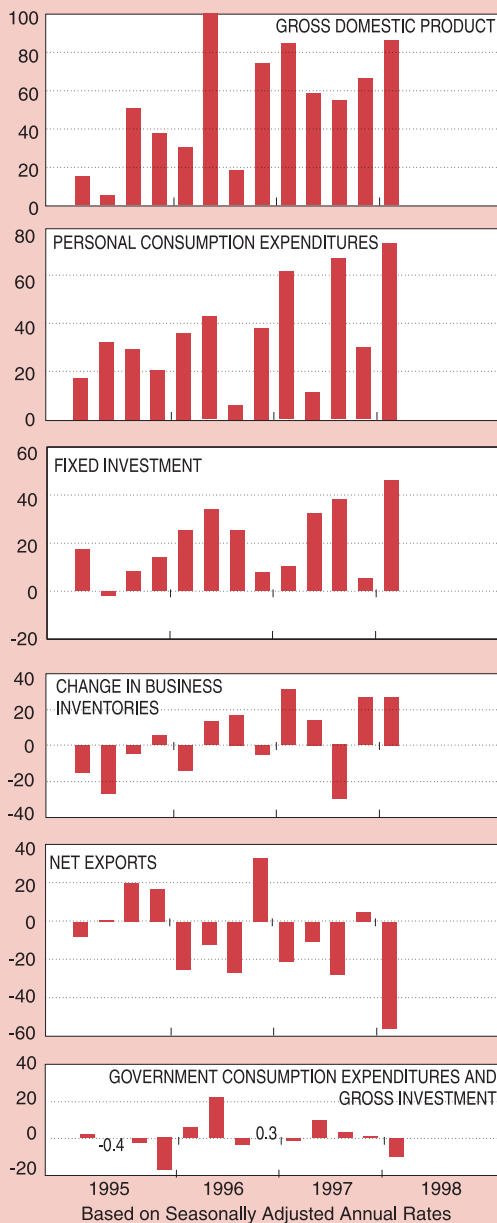
	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level		Change from preceding quarter						
	1998		1997			1997			
	I	II	III	IV	I	II	III	IV	I
Gross domestic product	7,365.6	58.0	54.4	66.0	66.0	3.3	3.1	3.7	4.8
Less: Exports of goods and services	985.0	39.8	10.5	19.7	-7.7	18.4	4.4	8.3	-3.0
Plus: Imports of goods and services	1,199.8	50.2	38.0	14.7	48.0	20.5	14.6	5.3	17.7
Equals: Gross domestic purchases	7,558.8	66.0	77.7	61.5	132.7	3.7	4.3	3.4	7.3
Less: Change in business inventories	100.7	13.9	-30.1	26.5	26.7				
Equals: Final sales to domestic purchasers	7,453.4	51.6	106.2	36.0	106.5	2.9	6.0	2.0	5.9
Personal consumption expenditures	4,999.5	11.3	66.8	29.9	73.4	.9	5.6	2.5	6.1
Nonresidential fixed investment	908.0	28.1	37.5	-1.8	35.3	14.6	19.2	-8	17.2
Residential investment	297.2	4.9	1.9	6.2	10.9	7.4	2.7	9.1	16.1
Government consumption expenditures and gross investment	1,264.6	9.6	3.3	1.0	-9.8	3.1	1.1	.3	-3.0
Federal	444.5	7.3	-1.3	-2.7	-11.6	6.6	-1.1	-2.3	-9.8
State and local	820.2	2.4	4.6	3.6	1.9	1.2	2.3	1.8	.9
Addendum: Final sales of domestic product	7,260.9	43.6	82.6	40.8	59.8	2.5	4.7	2.3	3.4

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are found in NIPA tables 1.2, 1.4 and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are in NIPA table 8.1. Contributions of the major components to the quarter-to-quarter percent change in real GDP are in table 8.2.

CHART 1

**Real Product:
Change from Preceding Quarter**

Billion chained (1992) \$



Based on Seasonally Adjusted Annual Rates
U.S. Department of Commerce, Bureau of Economic Analysis

that presented by the advance estimates. As in the advance estimates, real GDP growth accelerated in the first quarter, and the acceleration was more than accounted for by a sharp step-up in consumer spending and by an upturn in business spending for equipment.² However, the “preliminary” estimates show faster accelerations in real GDP and in real gross domestic purchases and a slower acceleration in real final sales of domestic product than were shown by the advance estimates.³ According to the preliminary estimates, real gross domestic purchases increased 7.3 percent after increasing 3.4 percent, and real final sales of domestic product increased 3.4 percent after increasing 2.3 percent; the advance first-quarter estimates had indicated a 6.1-percent increase in real gross domestic purchases and a 4.1-percent increase in real final sales of domestic product.

The price index for gross domestic purchases was unchanged in the first quarter after increasing 1.4 percent in the fourth. The price index for GDP increased 1.0 percent after increasing 1.4 percent. The major reason for the difference in

the first-quarter changes in these price measures was a large decrease in the prices for imports of goods and services, which are included in gross domestic purchases prices but not in GDP prices.

Personal consumption expenditures

Real personal consumption expenditures (PCE) increased 6.1 percent in the first quarter after increasing 2.5 percent in the fourth (table 2). The large first-quarter increase continues a pattern of strong growth that began in the first quarter of 1997 after modest growth in 1995 and 1996. Over the past five quarters, real PCE increased at an annual rate of 4.1 percent, compared with a 2.4-percent rate over the preceding 2 years.

The recent strength in real PCE reflects strength in several of the factors usually considered in analyses of PCE. Since the fourth quarter of 1996, real disposable personal income has increased at an annual rate of 3.9 percent, compared with a 2.2-percent rate over the preceding 2 years. The unemployment rate fell to 4.7 percent in the first quarter of 1998—the lowest rate in more than 25 years—from 5.3 percent in the fourth quarter of 1996; 2 years earlier, the unemployment rate was 5.6 percent. The Index of Consumer Sentiment (prepared by the University of Michigan’s Survey Research Center) has increased at an annual rate of 8.4 percent since the fourth quarter of 1996, compared with a 2.3-percent rate over

Table 2.—Real Personal Consumption Expenditures

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997			1998				
	I	II	III	IV	I	II	III	IV	I
Personal consumption expenditures	4,999.5	11.3	66.8	29.9	73.4	0.9	5.6	2.5	6.1
Durable goods	684.1	-8.8	27.1	3.2	24.8	-5.4	18.4	1.9	15.9
Motor vehicles and parts	241.9	-10.3	15.6	-1.4	4.6	-16.6	31.2	-2.4	8.0
Of which: New autos	79.4	-5.9	8.6	-3.0	.1	-26.6	55.7	-13.6	.4
New trucks	62.0	-2.7	5.8	3.5	.8	-18.1	52.9	25.8	5.8
Furniture and household equipment	324.5	4.9	8.8	3.8	19.6	7.0	12.7	5.1	28.3
Other	125.5	-1.7	2.0	1.4	2.4	-5.3	6.7	4.7	8.2
Nondurable goods	1,484.2	-7.8	15.5	-4.6	23.3	-2.1	4.3	-1.2	6.5
Food	690.7	-6.4	1.3	-2.9	4.1	-3.6	.8	-1.7	2.4
Clothing and shoes	291.6	-3.3	7.5	-1.7	12.0	-4.7	11.5	-2.4	18.3
Gasoline and oil	118.1	1.4	.1	.8	1.1	5.3	.4	2.6	3.7
Fuel oil and coal	9.1	.7	.3	-5	-8	32.5	13.4	-17.9	-30.0
Other	377.6	-3	6.6	-2	7.8	-3	7.5	-2	8.7
Services	2,834.0	25.9	26.3	30.3	27.6	3.9	3.9	4.4	4.0
Housing	723.4	3.7	3.6	3.7	4.1	2.1	2.0	2.1	2.3
Household operation	297.1	6.2	1.5	4.4	-3.0	8.9	2.1	6.1	-3.9
Electricity and gas	111.4	4.0	-2.1	1.2	-5.5	14.7	-6.9	4.2	-17.5
Other household operation	185.1	2.2	3.5	3.2	2.2	5.3	8.2	7.2	5.0
Transportation	209.3	1.6	3.0	2.9	2.5	3.3	6.1	5.6	5.0
Medical care	722.0	4.4	5.4	2.7	5.1	2.5	3.1	1.5	2.9
Other	882.4	10.2	12.6	16.9	18.4	5.1	6.2	8.2	8.8

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA tables 2.3, 8.5 (autos), and 8.7 (trucks). Percent changes in major aggregates are in NIPA table 8.1.

the preceding 2 years (chart 2). In addition, consumer spending may have been stimulated by the large increases in stock market prices that have increased consumer wealth.

In the first quarter of 1998, expenditures for durable goods accelerated sharply, and expenditures for nondurable goods turned up; in contrast, expenditures for services increased somewhat less than in the fourth quarter. Expenditures for durable goods jumped 15.9 percent in the first quarter after increasing 1.9 percent in the fourth. Motor vehicles and parts increased after decreasing; the upturn mainly reflected upturns in used and new autos, as trucks increased less than in the fourth quarter. Furniture and household equipment increased substantially more than in the fourth quarter; most of the acceleration was accounted for by consumer electronics, including computers.

Expenditures for nondurable goods increased 6.5 percent after decreasing 1.2 percent. The upturn mainly reflected an upturn in clothing and

shoes, but “other” nondurable goods and food also turned up.

Expenditures for services increased 4.0 percent after increasing 4.4 percent. The deceleration reflected a downturn in household operation, particularly in electricity and gas; the decrease in electricity and gas reflected a decrease in demand for heating services due to warmer-than-normal winter weather. In contrast, medical care and “other” services, primarily brokerage and investment counseling, increased more than in the fourth quarter.

Nonresidential fixed investment

Real private nonresidential fixed investment jumped 17.2 percent in the first quarter after edging down 0.8 percent in the fourth (table 3). Producers’ durable equipment (PDE) more than accounted for the upturn; structures decreased more than in the fourth quarter.

Factors that affect investment spending have been generally favorable over the past four quarters: Real final sales of domestic product increased 3.2 percent; long-term interest rates decreased—for example, the yield on high-grade corporate bonds decreased to 6.64 percent from 7.67 percent; domestic corporate profits increased 6.1 percent; and the capacity utilization rate in manufacturing was little changed at 81.5 percent.

PDE jumped 27.5 percent in the first quarter after edging down 0.3 percent in the fourth. All components except trucks, buses, and truck trailers contributed to the upturn, but by far the largest contribution was from computers and peripheral equipment, which accelerated sharply to a record quarterly increase.

Structures decreased 7.4 percent after decreasing 2.3 percent. The larger first-quarter decrease was more than accounted for by a downturn in “other” structures that reflected the fourth-quarter sale of the Naval Petroleum Reserve at Elk Hills, California, by the Federal Government to a private business. (For more information on this sale, see the “Business Situation” in the March 1998 SURVEY OF CURRENT BUSINESS.) Nonresidential buildings and mining exploration, shafts, and wells decreased less than in the fourth quarter, and utilities increased more than in the fourth quarter.

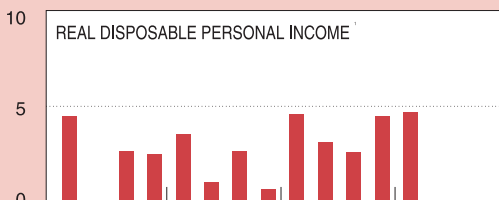
Residential investment

Real residential investment increased 16.1 percent in the first quarter after increasing 9.1 percent in the fourth (table 3). The acceleration was accounted for by single-family structures and by

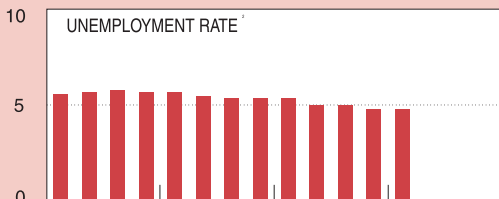
CHART 2

Selected Factors Affecting Consumer Spending

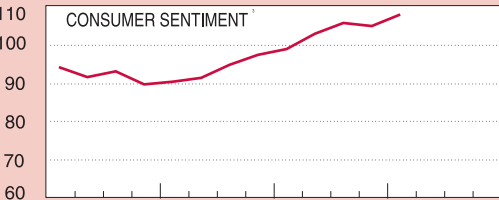
Percent change



Percent



Index



1. Disposable personal income in chained (1992) dollars; seasonally adjusted annual rates.
 2. All civilian workers, seasonally adjusted.
 Data: U.S. Department of Labor, Bureau of Labor Statistics
 3. Data: University of Michigan's Survey Research Center.
 U.S. Department of Commerce, Bureau of Economic Analysis

“other” residential investment, both of which increased more than in the fourth quarter.⁴

Single-family structures increased 22.2 percent after increasing 8.4 percent. Single-family housing starts increased more than in the fourth

quarter, to a level of 1.20 million units (seasonally adjusted annual rate) (chart 3).⁵

“Other” residential investment increased 9.4 percent after increasing 6.3 percent. The acceleration was accounted for by step-ups in home

4. “Other” residential investment includes home improvements, new mobile home sales, brokers’ commissions on home sales, residential equipment, and other residential structures (which consists primarily of dormitories, fraternity and sorority houses, and nurses’ homes).

5. The estimate of single-family structures for a quarter largely reflects starts in the first 2 months of that quarter and in the last 2 months of the preceding quarter; therefore, structures in the first quarter largely reflected starts from November 1997 through February 1998, and structures in the fourth quarter largely reflected starts from August 1997 through November 1997.

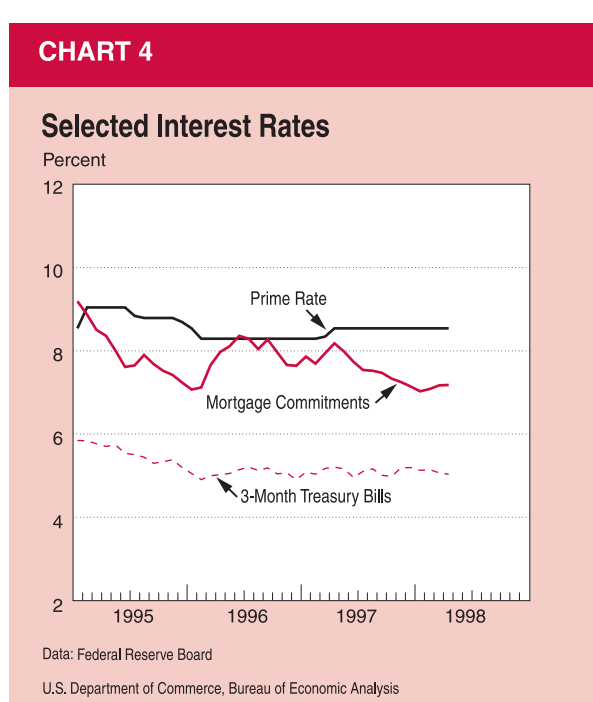
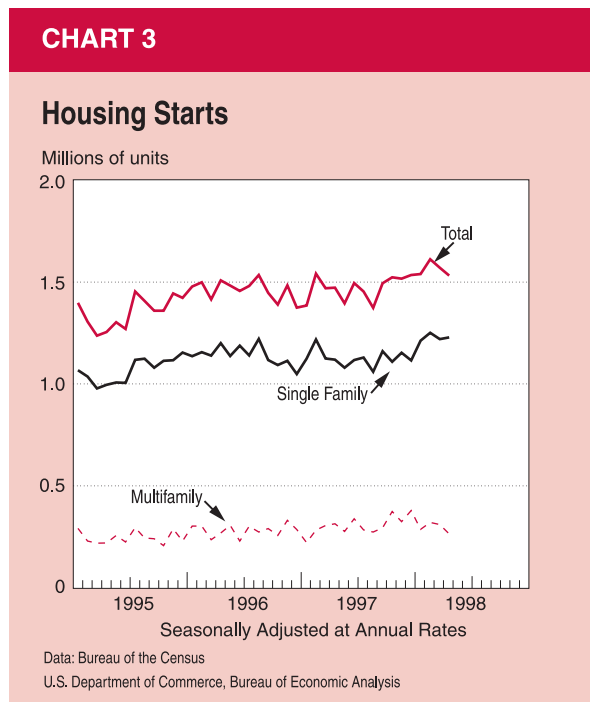


Table 3.—Real Gross Private Domestic Fixed Investment
[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
		1998	1997			1998	II	III	IV
		I	II	III	IV	I			
Gross private domestic fixed investment	1,200.5	32.4	37.9	5.3	45.9	12.6	14.4	1.8	16.9
Nonresidential	908.0	28.1	37.5	-1.8	35.3	14.6	19.2	-0.8	17.2
Structures	191.8	-2.4	3.2	-1.2	-3.7	-4.7	6.7	-2.3	-7.4
Nonresidential buildings, including farm	144.9	-3.0	3.0	-3.2	-2.0	-7.6	8.3	-8.1	-5.4
Utilities	29.2	1.2	-7	2	1.0	17.4	-8.2	2.8	14.8
Mining exploration, shafts, and wells	12.6	-6	.4	-6	-2	-18.3	13.9	-15.8	-6.5
Other	5.0	.1	.4	2.4	-2.5	11.3	34.0	372.9	-80.0
Producers’ durable equipment	727.7	32.7	36.0	-5	42.9	23.0	24.1	-3	27.5
Information processing and related equipment	357.9	15.5	23.6	5.4	32.0	24.0	35.8	6.9	45.5
Computers and peripheral equipment	299.8	20.3	24.4	9.0	50.3	48.4	53.3	16.0	108.4
Other	136.2	2.9	7.1	4	4.3	9.8	25.0	1.2	13.8
Industrial equipment	129.4	6.7	2.1	1.0	2.8	24.8	7.2	3.2	8.9
Transportation and related equipment	151.1	8.5	10.8	-3.7	8.0	29.5	35.8	-9.6	24.4
Of which: Motor vehicles	123.5	-2.1	5.4	0	3.5	-7.0	20.5	-2	12.3
Other	117.0	3.0	3.0	-1.1	6.0	12.1	11.4	-3.6	23.2
Residential	297.2	4.9	1.9	6.2	10.9	7.4	2.7	9.1	16.1
Single-family structures	145.5	.3	-8	2.7	7.1	.7	-2.3	8.4	22.2
Multifamily structures	21.9	.8	-8	1.5	.8	17.6	-15.6	34.8	17.0
Other	130.3	4.0	3.6	1.9	2.9	14.4	12.4	6.3	9.4

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA tables 5.5, 8.5 (autos), and 8.7 (trucks). Percent changes in major aggregates are in NIPA table 8.1.

improvements and in brokers' commissions. The step-up in brokers' commissions reflected an acceleration in home sales to a level of 5.42 million units (seasonally adjusted annual rate)—4.57 million-unit sales of existing residences and 0.85 million-unit sales of new residences. The commitment rate on 30-year, fixed-rate mortgages decreased slightly to 7.10 percent from 7.20 percent (chart 4).

Multifamily construction increased 17.0 percent after increasing 34.8 percent.

Inventory investment

Real inventory investment—that is, the change in business inventories—increased \$26.7 billion in the first quarter, as inventory accumulation picked up to \$100.7 billion from \$74.0 billion (table 4). Inventory investment had increased virtually the same amount in the fourth quarter, as accumulation had picked up from \$47.5 billion in the third quarter.

Manufacturing inventories increased \$38.3 billion in the first quarter after increasing \$21.5 billion in the fourth. Most of the step-up was in durable goods industries, reflecting an upturn in motor vehicles and step-ups in fabricated metals, in electronic machinery, and in industrial machinery. In the nondurable goods industries, the largest step-ups were in petroleum and in chemicals.

Wholesale trade inventories increased \$29.3 billion after increasing \$19.7 billion. Among merchant wholesalers, a sharp step-up in durable goods was partly offset by a slowdown in nondurable goods. In durable goods, sizable increases followed relatively small decreases in professional and commercial equipment (which includes computers), in motor vehicles, and in electrical goods. In nondurable goods, inventories turned down in farm products, in

apparel, and in "other nondurables." Among nonmerchant wholesalers, a step-up was mainly accounted for by an upturn in durable goods.⁶

Retail trade inventories increased \$16.3 billion after increasing \$17.0 billion, as a slowdown in durable goods was nearly offset by a step-up in nondurable goods. The slowdown in durable goods was dominated by inventories of motor vehicle dealers. The step-up in nondurable goods was widespread.

"Other" nonfarm inventories increased somewhat more than in the fourth quarter.⁷

Farm inventories increased \$8.9 billion after increasing \$9.8 billion. As in the fourth quarter, an increase in crop inventories more than offset a small decrease in livestock inventories.

The ratio of real nonfarm inventories to real final sales of domestic businesses increased from 2.29 in the fourth quarter to 2.31 in the first, its highest level since the fourth quarter of 1991; the ratio has trended up over the past six quarters, increasing 0.06 over that time. A ratio in which final sales include only goods and structures increased to 4.17 from 4.14. This ratio has also trended up over the past six quarters, increasing 0.10 over that time; however, this ratio was no higher in the first quarter than it had been in the second quarter of 1995.

Exports and imports

Real exports of goods and services decreased 3.0 percent in the first quarter after increasing 8.3 percent in the fourth (table 5). Real imports

6. Nonmerchant wholesalers, in contrast to merchant wholesalers, do not take title to the goods they sell; nonmerchant wholesalers include sales offices and branches of manufacturing, refining, or mining enterprises that are separate from their plants and mines, as well as agents, brokers, and commission merchants.

7. "Other" nonfarm inventories includes inventories held by the following industries: Mining; construction; public utilities; transportation; communication; finance, insurance, and real estate; and services.

Table 4.—Real Change in Business Inventories
[Billions of chained (1992) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter			
	1997				1998	1997			1998
	I	II	III	IV	I	II	III	IV	I
Change in business inventories	63.7	77.6	47.5	74.0	100.7	13.9	-30.1	26.5	26.7
Farm	5.3	7.5	9.5	9.8	8.9	2.2	2.0	.3	-9
Nonfarm	58.3	70.1	38.3	64.5	91.8	11.8	-31.8	26.2	27.3
Manufacturing	20.9	29.0	14.8	21.5	38.3	8.1	-14.2	6.7	16.8
Wholesale trade	22.9	24.6	14.9	19.7	29.3	1.7	-9.7	4.8	9.6
Retail trade .....	.6	7.7	2.8	17.0	16.3	7.1	-4.9	14.2	-7
Of which: Motor vehicle dealers	-2.5	-3.7	-6	10.6	-5.2	-1.2	3.1	11.2	-15.8
Other	13.7	8.9	5.7	6.3	8.1	-4.8	-3.2	.6	1.8

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 5.11.

of goods and services jumped 17.7 percent after increasing 5.3 percent.

Real exports of goods decreased 5.4 percent after jumping 14.1 percent; exports of both nonagricultural and agricultural goods turned down. The weakness in nonagricultural exports was widespread among all goods except computers, peripherals, and parts. Exports of services increased 3.3 percent after decreasing 5.1 percent; most of the upturn was accounted for by upturns in transfers under U.S. military agency sales contracts and in "other private services" (which includes education, financial, and telecommunications services).

Real imports of goods jumped 17.3 percent after increasing 6.2 percent; imports of nonpetroleum products accelerated, and imports of petroleum and products turned up. Most of the acceleration in nonpetroleum products was accounted

for by computers, peripherals, and parts; by automotive vehicles, engines, and parts; and by industrial supplies and materials. Imports of services jumped 20.0 percent after edging up 0.3 percent; most of the acceleration was accounted for by upturns in "other private services" and in royalties and license fees, primarily reflecting payments for the Winter Olympics.

Government spending

Real government consumption expenditures and gross investment decreased 3.0 percent in the first quarter after edging up 0.3 percent in the fourth (table 6). Federal Government spending decreased more than in the fourth quarter, and State and local government spending increased less.

Table 5.—Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997							
		I	II	III	IV	I	II	III	IV	I
Exports of goods and services	985.0	39.8	10.5	19.7	-7.7	18.4	4.4	8.3	-3.0
Goods	745.8	39.6	6.0	24.5	-10.5	25.1	3.4	14.1	-5.4
Agricultural goods	49.8	-5	2.3	3.5	-3.2	-4.2	20.6	31.9	-21.7
Nonagricultural goods	699.9	41.2	3.3	20.6	-6.8	28.2	1.9	12.5	-3.8
Services	243.8	1.9	4.2	-3.2	2.0	3.2	7.2	-5.1	3.3
Imports of goods and services	1,199.8	50.2	38.0	14.7	48.0	20.5	14.6	5.3	17.7
Goods	1,027.8	47.1	34.3	14.9	40.2	22.9	15.4	6.2	17.3
Petroleum and products	68.4	5.9	1.1	-1.7	.9	44.5	6.3	-9.5	5.4
Nonpetroleum products	959.9	40.6	33.4	16.8	39.4	21.1	16.2	7.7	18.2
Services	173.6	3.4	4.0	.1	7.7	8.9	10.1	.3	20.0
Addendum: Net exports of goods and services	-214.7	-10.3	-27.5	5.0	-55.6				

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 4.4. Percent changes in major aggregates are in NIPA table 8.1.

Table 6.—Real Government Consumption Expenditures and Real Gross Investment by Type

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			1998
	1998	1997							
		I	II	III	IV	I	II	III	IV	I
Government consumption expenditures and gross investment	1,264.6	9.6	3.3	1.0	-9.8	3.1	1.1	.3	-3.0
Federal	444.5	7.3	-1.3	-2.7	-11.6	6.6	-1.1	-2.3	-9.8
National defense	295.6	5.5	.9	.8	-15.5	7.5	1.2	1.0	-18.4
Consumption expenditures	261.0	3.6	-3	.3	-12.9	5.4	-4	.4	-17.5
Gross investment	34.6	1.9	1.3	.5	-2.6	25.3	15.3	5.2	-25.2
Nondefense	148.3	1.7	-2.2	-3.2	3.5	4.9	-5.7	-8.6	10.1
Consumption expenditures	127.7	.5	-4	-1.2	1.1	1.7	-1.5	-3.7	3.5
Gross investment	20.7	1.4	-1.9	-2.5	2.9	29.8	-31.1	-39.9	80.8
State and local	820.2	2.4	4.6	3.6	1.9	1.2	2.3	1.8	.9
Consumption expenditures	676.4	3.2	4.3	3.9	3.9	1.9	2.6	2.3	2.3
Gross investment	143.8	-8	.3	-3	-2.0	-2.4	.9	-6	-5.4

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are in NIPA table 3.8B. Percent changes in major aggregates are in NIPA table 8.1.

Federal defense spending fell 18.4 percent after increasing 1.0 percent. Both consumption expenditures and investment decreased after increasing. The downturn in consumption expenditures was mostly accounted for by contractual services other than compensation of employees. The downturn in investment spending was accounted for by equipment, primarily aircraft.

Federal nondefense spending increased 10.1 percent after decreasing 8.6 percent. Both consumption expenditures and investment increased after decreasing. The upturn in investment spending was attributable to structures.

State and local government spending increased 0.9 percent after increasing 1.8 percent. Investment spending decreased more than in the fourth quarter, reflecting a larger decrease in structures in the first quarter than in the fourth. Consumption expenditures increased the same amount in both quarters.

Revisions

As noted earlier, the preliminary estimate of a 4.8-percent increase in real GDP in the first quarter is 0.6 percentage point higher than the advance estimate (table 7); for 1976–97, the average revision, without regard to sign, from the advance estimate to the preliminary estimate was 0.5 percentage point. The upward revision to GDP in the first quarter reflected a sharp upward revision to inventory investment that was partly offset by an upward revision to imports. Revisions to other components of GDP were relatively small.

The upward revision to inventory investment primarily reflected the incorporation of newly available Census Bureau inventory data for February (revised) and March, which showed a large increase; for the advance estimates, BEA had assumed a small decrease. In addition, the revision reflected the incorporation of revised Census Bureau inventory data for wholesale and retail trade that are based on annual surveys for 1996; BEA incorporates data from such surveys on a “best-change” basis, which allows the use of newly available data for the preceding quarter in the calculation of change from that quarter to the current quarter. The revised Census Bureau data for 1995–97 will be incorporated at the time of the annual NIPA revision at the end of July.

The upward revision to imports reflected the incorporation of newly available Census Bureau data for imports of goods for March, which showed a large increase; for the advance estimates, BEA had assumed little change.

The preliminary estimate of the price index for gross domestic purchases shows no change from the fourth quarter, the same as the advance estimate, and the preliminary estimate of the increase in the GDP price index was 1.0 percent, 0.1 percentage point higher than the advance estimate.

The preliminary estimate of the increase in real disposable personal income (DPI) was 4.7 percent, 2.1 percentage points lower than the advance estimate. Current-dollar personal income was revised down slightly; current-dollar DPI was revised down more, reflecting a large upward revision to personal tax and nontax payments that reflected the incorporation of newly available data from the *Monthly Treasury Statement* on

Table 7.—Revisions to Real Gross Domestic Product and Prices, First Quarter 1998
[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Preliminary estimate minus advance estimate	
	Advance estimate	Preliminary estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	4.2	4.8	0.6	9.6
<i>Less:</i> Exports of goods and services	-3.4	-3.0	.4	.9
Goods	-6.1	-5.4	.7	1.2
Services	3.7	3.3	-.4	-.3
<i>Plus:</i> Imports of goods and services	11.6	17.7	6.1	16.0
Goods	10.2	17.3	7.1	16.0
Services	19.2	20.0	.8	.3
Equals: Gross domestic purchases	6.1	7.3	1.2	22.1
Personal consumption expenditures	5.7	6.1	.4	4.9
Durable goods	18.4	15.9	-2.5	-3.6
Nondurable goods	5.2	6.5	1.3	4.6
Services	3.5	4.0	.5	3.5
Fixed investment	17.6	16.9	-.7	-1.7
Nonresidential	17.6	17.2	-.4	-.7
Structures	-8.9	-7.4	1.5	.8
Producers' durable equipment	28.8	27.5	-1.3	-1.8
Residential	17.6	16.1	-1.5	-1.0
Change in business inventories .....	.....	.....	.....	23.7
Nonfarm .....	.....	.....	.....	24.8
Farm .....	.....	.....	.....	-1.4
Government consumption expenditures and gross investment	-2.0	-3.0	-1.0	-3.5
Federal	-8.3	-9.8	-1.5	-1.9
National defense	-16.7	-18.4	-1.7	-1.6
Nondefense	11.0	10.1	-.9	-.3
State and local	1.7	.9	-.8	-1.7
Addenda:				
Final sales of domestic product	4.1	3.4	-.7	-12.5
Gross domestic purchases price index ¹	0	0	0	.....
GDP price index ¹ .....	.9	1.0	.1	.....

1. Based on chained-type annual (1992) weights.

NOTE.—The preliminary estimates for the first quarter of 1998 incorporate the following revised or additional major source data that were not available when the advance estimates were prepared.

Personal consumption expenditures: Revised retail sales for January through March, consumers' share of new-car purchases for March, revised average unit value for domestic new autos for March, consumers' share of new-truck purchases for March, and residential electricity usage for January.

Nonresidential fixed investment: Construction put in place for January and February (revised) and March, manufacturers' shipments of machinery and equipment for February and March (revised), and exports and imports of machinery and equipment for February (revised) and March.

Residential fixed investment: Construction put in place for January and February (revised) and March.

Change in business inventories: Manufacturing inventories for February (revised) and March; and retail trade and wholesale trade inventories for October 1997 through February (revised) and March.

Exports and imports of goods and services: Exports and imports of goods for February (revised) and March.

Government consumption expenditures and gross investment: Monthly Treasury Statement detailed data for March, Department of Defense detailed financial reports for the quarter, State and local government construction put in place for January and February (revised) and March.

Wages and salaries: Employment, average hourly earnings, and average weekly hours for February and March (revised).

GDP prices: Detailed merchandise export and import price indexes for January through March (revised), values and quantities of petroleum imports for February (revised) and March, and housing prices for the first quarter.

Federal nonwithheld income taxes through April. The preliminary estimate of the personal saving rate—personal savings as a percentage of current-dollar DPI—was 3.7 percent, 0.5 percentage point lower than the advance estimate.

Corporate Profits

Profits from current production increased \$4.4 billion in the first quarter after decreasing \$9.2 billion in the fourth (table 8).⁸ Profits of domestic industries increased \$1.7 billion after decreasing \$5.7 billion. Profits of domestic nonfinancial corporations edged up \$0.7 billion after decreasing \$10.7 billion, as an increase in real product offset a decrease in unit profits; the decrease in unit profits resulted from an increase in unit labor costs, while unit prices changed little. Profits of domestic financial corporations increased \$1.0 billion after increasing \$5.0 billion. Profits from the rest of the world increased \$2.7 billion after decreasing \$3.6 billion; receipts turned up,

8. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in NIPA tables 1.9, 1.14, 1.16, and 6.16C (see "Selected NIPA Tables," which begin on page D-2 of this issue) as corporate profits with inventory valuation and capital consumption adjustments.

Table 8.—Corporate Profits

[Seasonally adjusted at annual rates]

	Level		Change from preceding quarter		
	1998		1997		1998
	I	II	III	IV	I
	Billions of dollars				
Profits from current production	822.5	15.5	32.2	-9.2	4.4
Domestic industries	723.5	12.2	33.1	-5.7	1.7
Financial	115.3	.9	1.6	5.0	1.0
Nonfinancial	608.2	11.3	31.5	-10.7	.7
Rest of the world	99.0	3.4	-.9	-3.6	2.7
Receipts (inflows)	146.0	8.4	2.2	-5.5	1.0
Payments (outflows)	47.0	5.0	3.1	-1.9	-1.7
IVA	30.2	2.4	-2.3	5.6	21.0
CCAadj	73.9	1.7	.9	1.3	2.3
Profits before tax	718.4	11.4	33.6	-16.1	-18.9
Profits tax liability	245.4	3.3	13.7	-4.6	-8.2
Profits after tax	473.0	8.1	19.9	-11.5	-10.7
Cash flow from current production	714.6	11.3	17.7	-4.5	11.2
Corporate profits with IVA	748.6	13.8	31.4	-10.6	2.1
Domestic industries	649.7	10.4	32.3	-7.0	-.5
Financial	125.7	1.0	1.9	5.1	1.2
Nonfinancial	524.0	9.4	30.4	-12.1	-1.7
Rest of the world	99.0	3.4	-.9	-3.6	2.7
	Dollars				
Unit price, costs, and profits of nonfinancial corporations:					
Unit price	1.073	0.003	0	0.001	0
Unit labor cost .....	.705	.001	-.003	.007	.003
Unit nonlabor cost .....	.226	0	-.001	-.001	-.001
Unit profits from current production .....	.142	.001	.005	-.004	-.003

NOTE.—Levels of these and other profits series are in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

IVA Inventory valuation adjustment
CCAadj Capital consumption adjustment

while payments decreased about as much as in the fourth quarter.⁹

Cash flow from current production, a profits-related measure of internally generated funds available for investment, increased \$11.2 billion after decreasing \$4.5 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, decreased for the fourth consecutive quarter, to 79.7 percent from 81.0 percent. This ratio, which averaged 84.7 percent in 1990-97, was last below 80 percent in the first quarter of 1995.

Industry profits and related measures.—Industry profits increased \$2.1 billion after decreasing \$10.6 billion.¹⁰ Profits of domestic nonfinancial corporations decreased less than in the fourth quarter, largely reflecting an upturn in trade profits. In contrast, profits of domestic financial corporations increased less than in the fourth quarter. As already noted, profits from the rest of the world turned up.

Profits before tax (PBT) decreased \$18.9 billion after decreasing \$16.1 billion. The difference between the \$18.9 billion decrease in PBT and the \$4.4 billion increase in profits from current production mainly reflected a \$21.0 billion decrease in inventory profits.¹¹

Rates of Return for Domestic Nonfinancial Corporations, 1960-97

For domestic nonfinancial corporations, property income's rate of return increased to 9.8 percent in 1997 from 9.5 percent in 1996, and property income's share of domestic income edged up to 19.2 percent from 19.1 percent (chart 5 and table 9). For both measures, the 1997 levels were the highest in almost 30 years.

9. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. These estimates are derived from BEA's international transactions accounts.

10. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16C (on page D-16 of this issue). Estimates of the capital consumption adjustment are available only for total financial and total nonfinancial industries.

11. As prices change, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits—a capital-gains-like element in profits—result from an increase in inventory prices, and inventory losses—a capital-loss-like element in profits—result from a decrease in inventory prices. In the NIPA's, inventory profits or losses are shown as adjustments to business income (corporate profits and nonfarm proprietors' income), as reported on tax returns of businesses; they are shown as the inventory valuation adjustment with the sign reversed.

The rate of return is defined here as the ratio of property income to the stock of net reproducible tangible assets—the replacement-cost value of structures, equipment, and inventories. For purposes of this article, property income is defined as the sum of profits from current production—corporate profits with inventory valuation and capital consumption adjustments—and net interest payments (table 10).¹² In other contexts, different definitions may be appropriate. For

12. Corporate profits and net interest are based on tabulations of “company” data rather than “establishment” data. As a result, property income for domestic nonfinancial corporations may include income earned by financial establishments of those corporations; similarly, it may exclude income earned by nonfinancial units of financial corporations.

For a discussion of the industrial distribution of NIPA series, see Eugene P. Seskin and Robert P. Parker, “A Guide to the NIPAs,” SURVEY 78 (March 1998): 42–43. For a discussion of the wealth estimates, which are on an establishment basis, see Arnold J. Katz and Shelby W. Herman, “Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95,” SURVEY 77 (May 1997): 69–92.

example, in “Foreign Direct Investment in the United States” in this issue, rates of return for nonfinancial U.S. affiliates are calculated on the basis of all assets, not just reproducible tangible assets, and in “Gross State Product, 1977–96,” property income is defined to include proprietors’ income, rent, and consumption of fixed capital.

This measure of rate of return has several useful features. First, it captures the total return to investment, regardless of the mix of equity and debt used to finance the investment. Second,

Table 9.—Rate of Return and Income Share, Domestic Nonfinancial Corporations, 1960–97

[Percent]

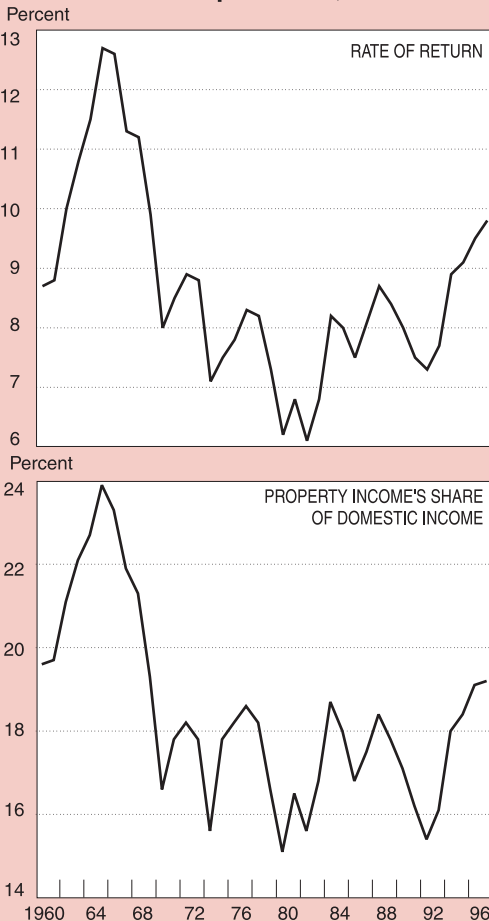
Year	Rate of return					Share of domestic income		
	Property income					Property income		
	Total	Profits from current production		Net interest	Total	Profits from current production	Net interest	
		Total	Profits tax liability					Profits after tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1960	8.7	8.0	3.8	4.2	0.7	19.6	18.1	1.5
1961	8.8	8.0	3.8	4.3	.8	19.7	18.0	1.7
1962	10.0	9.2	3.9	5.3	.9	21.1	19.3	1.8
1963	10.8	9.9	4.1	5.8	.9	22.1	20.3	1.8
1964	11.5	10.6	4.2	6.5	.9	22.7	20.9	1.8
1965	12.7	11.7	4.4	7.2	1.0	23.9	22.0	1.9
1966	12.6	11.5	4.5	7.0	1.1	23.3	21.3	2.1
1967	11.3	10.1	3.9	6.3	1.2	21.9	19.5	2.3
1968	11.2	9.9	4.3	5.6	1.3	21.3	18.9	2.5
1969	9.9	8.4	3.9	4.5	1.5	19.3	16.3	3.0
1970	8.0	6.2	2.9	3.3	1.8	16.6	12.8	3.8
1971	8.5	6.7	2.9	3.8	1.8	17.8	14.1	3.7
1972	8.9	7.2	3.0	4.2	1.7	18.2	14.7	3.5
1973	8.8	7.0	3.2	3.8	1.8	17.8	14.2	3.7
1974	7.1	5.1	2.9	2.2	1.9	15.6	11.3	4.3
1975	7.5	5.8	2.5	3.3	1.7	17.8	13.8	4.1
1976	7.8	6.4	2.8	3.5	1.5	18.2	14.7	3.4
1977	8.3	6.8	2.9	3.9	1.5	18.6	15.3	3.4
1978	8.2	6.7	2.9	3.8	1.6	18.2	14.8	3.5
1979	7.3	5.6	2.6	2.9	1.7	16.6	12.7	3.9
1980	6.2	4.3	2.2	2.1	1.9	15.1	10.4	4.7
1981	6.8	4.7	1.9	2.8	2.1	16.5	11.4	5.1
1982	6.1	3.9	1.3	2.6	2.2	15.6	9.9	5.7
1983	6.8	4.8	1.6	3.2	2.0	16.8	11.8	5.0
1984	8.2	6.0	1.9	4.2	2.2	18.7	13.7	5.0
1985	8.0	5.8	1.7	4.2	2.2	18.0	13.1	4.9
1986	7.5	5.2	1.7	3.5	2.3	16.8	11.7	5.1
1987	8.1	5.7	2.1	3.7	2.3	17.5	12.4	5.1
1988	8.7	6.2	2.1	4.0	2.5	18.4	13.0	5.4
1989	8.4	5.5	2.0	3.5	2.9	17.8	11.7	6.2
1990	8.0	5.2	1.8	3.4	2.8	17.1	11.1	6.0
1991	7.5	5.0	1.6	3.4	2.5	16.2	10.8	5.4
1992	7.3	5.4	1.7	3.7	1.9	15.4	11.4	4.0
1993	7.7	6.1	1.8	4.2	1.7	16.1	12.7	3.5
1994	8.9	7.3	2.1	5.1	1.6	18.0	14.8	3.3
1995	9.1	7.5	2.2	5.3	1.6	18.4	15.2	3.3
1996	9.5	8.2	2.3	5.9	1.3	19.1	16.5	2.7
1997	9.8	8.6	2.4	6.2	1.2	19.2	16.8	2.4
Average:								
1960–69	10.8	9.7	4.1	5.7	1.0	21.5	19.5	2.0
1970–79	8.0	6.4	2.9	3.5	1.7	17.5	13.8	3.7
1980–89	7.5	5.2	1.9	3.4	2.3	17.1	11.9	5.2
1990–97	8.5	6.7	2.0	4.7	1.8	17.4	13.7	3.8

Source: Table 10.

NOTE.—Columns 1–5 are percentages of the stock of net reproducible assets (averages of end-of-year values for adjacent years) valued at current-replacement cost. (Rates of return shown in the June 1997 SURVEY, which are generally 0.1 or 0.2 percentage point lower than shown here, were inadvertently based on end-of-year values.) Columns 6–8 are percentages of domestic income.

CHART 5

Rate of Return and Property Income's Share of Domestic Income, Domestic Nonfinancial Corporations, 1960-97



the numerator is not affected by inventory profits or by depreciation schedules used in preparing the underlying tax returns; rather, it reflects the current-replacement costs of inventory withdrawals and of capital used up in production. Third, because assets in the denominator are also measured at current-replacement cost, the ratio is an estimate of the current average profitability of investment. (Alternative measures of rate of return were described in the June 1997 SURVEY, page 10.)

The ratio of property income to domestic income is property income's "share"—that is, the portion of domestic income that is not used to compensate labor.

Table 10.—Property Income and Related Series, Domestic Nonfinancial Corporations, 1960–97

(Billions of dollars)

Year	Property income					Domestic income	Net reproducible tangible assets ¹
	Total	Profits from current production			Net interest		
		Total	Profits tax liability	Profits after tax			
1960	44.1	40.7	19.2	21.5	3.5	225.3	512.8
1961	45.6	41.6	19.5	22.2	4.0	230.9	524.6
1962	53.6	49.1	20.6	28.4	4.5	253.7	542.5
1963	59.7	54.9	22.8	32.1	4.8	270.8	561.2
1964	66.5	61.2	24.0	37.2	5.3	293.2	590.5
1965	77.5	71.4	27.2	44.2	6.1	324.0	632.2
1966	83.4	76.1	29.5	46.6	7.4	357.4	692.0
1967	81.8	73.0	27.8	45.2	8.8	374.1	750.6
1968	87.6	77.5	33.6	43.9	10.1	410.8	819.6
1969	85.6	72.5	33.3	39.1	13.2	444.5	902.8
1970	75.4	58.3	27.2	31.1	17.1	454.0	983.7
1971	86.9	68.8	29.9	38.8	18.1	488.9	1,067.8
1972	99.5	80.4	33.8	46.6	19.2	546.6	1,164.7
1973	109.6	87.1	40.2	46.9	22.5	615.5	1,327.6
1974	103.1	74.8	42.2	32.6	28.3	659.9	1,597.4
1975	126.0	97.3	41.5	55.8	28.7	706.3	1,772.7
1976	145.9	118.4	53.0	65.4	27.5	803.3	1,950.1
1977	170.1	139.4	59.9	79.5	30.6	912.6	2,170.7
1978	190.3	154.0	67.1	86.9	36.3	1,043.2	2,457.9
1979	192.3	147.2	69.6	77.6	45.1	1,160.4	2,825.3
1980	188.3	130.1	67.0	63.1	58.2	1,246.8	3,223.9
1981	232.3	160.3	63.9	96.4	71.9	1,403.7	3,589.1
1982	224.6	142.1	46.3	95.8	82.5	1,441.6	3,764.8
1983	258.1	181.5	59.4	122.0	76.6	1,538.6	3,860.3
1984	326.9	239.0	73.7	165.4	87.8	1,748.6	4,085.0
1985	334.1	243.5	69.9	173.6	90.6	1,856.0	4,264.1
1986	324.1	226.0	75.6	150.5	98.1	1,927.3	4,388.8
1987	363.8	258.6	93.5	165.1	105.3	2,079.3	4,619.9
1988	415.3	294.3	101.7	192.6	121.0	2,262.0	4,902.6
1989	422.7	276.7	98.8	178.0	145.9	2,372.7	5,149.6
1990	422.8	275.3	95.7	179.6	147.5	2,478.8	5,377.0
1991	403.4	269.7	85.4	184.3	133.7	2,493.9	5,439.4
1992	399.8	295.6	91.1	204.5	104.2	2,595.1	5,574.7
1993	441.0	346.4	105.0	241.4	94.5	2,731.6	5,845.2
1994	533.4	437.1	128.8	308.3	96.3	2,960.1	6,178.6
1995	576.6	474.6	139.4	335.2	102.0	3,132.1	6,506.1
1996	634.3	545.8	154.8	391.0	88.5	3,317.2	6,810.6
1997	683.1	596.9	165.4	431.5	86.2	3,549.9	7,130.0

1. Structures, equipment, and inventories, valued at current-replacement cost at end of year. Structures and equipment are from U.S. Department of Commerce, Bureau of Economic Analysis, *Fixed Reproducible Tangible Wealth of the United States, 1925–96*, CD-ROM (Washington, DC: Bureau of Economic Analysis, 1998). Inventories are from legal-form and industry detail underlying NIPA table 5.13.

NOTE.—Property income is profits from current production plus net interest. Profits from current production is corporate profits with inventory valuation adjustment and capital consumption adjustment. Profits after tax is also shown with inventory valuation adjustment and capital consumption adjustment.

Q-type ratios

A related ratio of analytical interest is "Tobin's Q," or simply "Q," which compares the valuation of assets in financial markets with the replacement cost of assets.

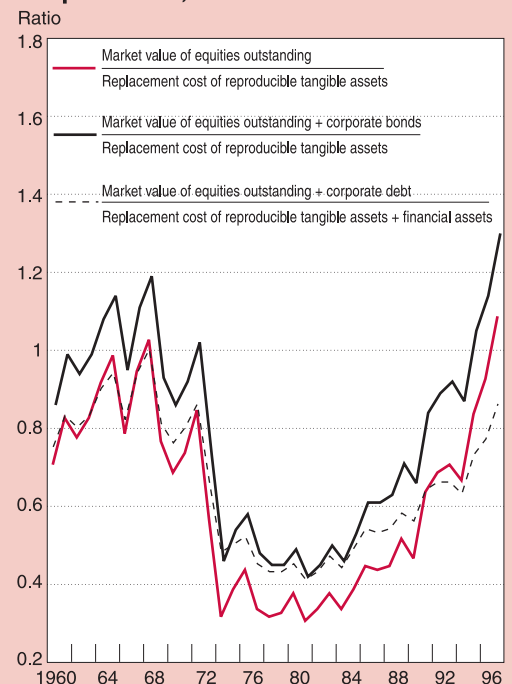
In principle, the par value of the q-ratio is 1. At that value, financial markets would simply be reflecting the current prices of the assets to which stocks and bonds are titles. Values above 1 would encourage, and values below 1 discourage, companies' acquisitions of newly produced physical assets, especially assets similar to the existing ones the markets are evaluating.¹³

The precise formula for calculating Q varies from analyst to analyst (but the general pattern of the ratio over time is relatively insensitive to the fine points of measurement). All analysts would include the market value of equities outstanding in the numerator; estimates for these

13. James Tobin, "Clinton's Bull Market," *Wall Street Journal*, November 30, 1993, page A16. Q was developed in a series of articles in professional journals; see especially the following: William C. Brainard and James Tobin, "Pitfalls in Financial Model Building," *American Economic Review* 58 (2), May 1968: 99–122; James Tobin, "A General Equilibrium Approach to Monetary Theory," *Journal of Money, Credit, and Banking* 1 (1), February 1969: 15–29; James Tobin, "Monetary Policies and the Economy: The Transmission Mechanism," *Southern Economic Journal* 44 (1), January 1978: 421–31.

CHART 6

Q-type Ratios, Domestic Nonfinancial Corporations, 1960-97



U.S. Department of Commerce, Bureau of Economic Analysis

data are readily available in the flow of funds accounts maintained by the Federal Reserve Board. Many analysts (Tobin included) would also include the value of corporate bond obligations in the numerator; including bonds makes the ratio invariant to shifts in the mix of equity and debt used to finance investment. Alternatively, the numerator could include all corporate debt, not just bonds.¹⁴

The denominator of Q should certainly include reproducible tangible assets valued at replacement cost; estimates for this series were used in calculating the rate of return.¹⁵ The denominator might also include other assets, such as land and financial assets; it might also include intellectual property (including software), which is not, in general, capitalized.

However, these additional series, which might be used to augment the market value of equities (in the numerator) and the replacement-cost value of reproducible tangible assets (in the denominator), are generally available only on a historical-cost basis. The use of historical-cost estimates is obviously inconsistent with the underlying rationale for Q—a comparison of market valuation and replacement costs. However, analysts may differ on whether it is preferable to use some historical-cost components or to omit them and thereby exclude some potentially important variables.

Fortunately, ratios constructed from various definitions all display quite similar patterns, and, in light of measurement problems for both numerators and denominators, the patterns of movement may be more important than the levels of the ratios. Three variants of the measure for domestic nonfinancial corporations are shown in [chart 6](#); others could be added without changing the overall picture. All the ratios drop sharply in the early 1970's, stay relatively low until the early 1980's, and then increase more or less rapidly through 1997. In 1997, two of the ratios were at historic highs, and all three describe dramatic improvements in recent years in the climate for business investment in newly produced tangible assets.

14. The market value of equities outstanding and other financial measures mentioned in this paragraph are available from the Federal Reserve Board, *Flow of Funds*, release z.1.

15. In calculating Q, it is appropriate to use yearend estimates of the stock of assets because the numerator consists of stocks at the end of the year. In contrast, in calculating rate of return, it is appropriate to use the average stock of assets for the year (approximated by the average of yearend estimates) because the numerator consists of income flows over entire years.

Government Sector

The combined current surplus, which measures the net saving of the Federal Government and State and local governments, grew \$58.6 billion, to a record \$156.6 billion, in the first quarter after declining \$2.6 billion in the fourth ([table 11](#)).¹⁶ The strong first-quarter rebound was attributable to the Federal sector, which also registered a record surplus¹⁷. The State and local government current surplus decreased slightly.

Federal

Fueled by a sharp downturn in current expenditures and an acceleration in receipts, the fiscal position of the Federal Government shifted from a current deficit of \$12.1 billion to a current surplus of \$49.0 billion—the first current surplus since the first quarter of 1969. In the fourth quarter, the deficit had edged up \$1.3 billion.

Receipts.—Federal receipts increased \$43.0 billion in the first quarter after increasing \$25.6 billion in the fourth. The acceleration resulted from accelerations in personal tax and nontax receipts and in contributions for social insurance that more than offset a larger decrease in corporate profits tax accruals in the first quarter than in the fourth.

Personal tax and nontax receipts increased \$34.8 billion after increasing \$19.1 billion. Receipts from income taxes increased \$32.9 billion after increasing \$18.4 billion; the acceleration was attributable to a pickup in “estimated income tax payments and final settlements, less refunds” that more than offset a deceleration in withheld income taxes.¹⁸ “Estimated income tax payments and final settlements, less refunds” increased \$22.5 billion after increasing \$1.5 billion; the pickup was tempered only slightly by the effect of provisions of the Taxpayer Relief Act of 1997—primarily the provision that modified the estimated-tax requirements for high-income taxpayers. The deceleration in withheld income taxes mainly reflected the effect of the annual

16. Net government saving equals gross saving, less consumption of fixed capital. Estimates of gross saving are shown in [NIPA table 5.1](#).

17. The NIPA estimates for the government sector are derived from financial statements for the Federal Government and for State and local governments but differ from them in several respects. The major differences are shown in [NIPA tables 3.18B and 3.19](#), which reconcile the NIPA estimates with government financial statements; these tables were published in the October 1997 *SURVEY* on pages 11–13.

18. The first-quarter estimate for “estimated income tax payments and final settlements, less refunds” is based on data for January through April from the Department of the Treasury in conjunction with projections for the rest of 1998 that are based on historical relationships between monthly and annual collections. Earlier first-quarter estimates were largely based on information from the Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1999* (Washington, DC: U.S. Government Printing Office, 1998).

indexation for inflation on the 1998 withholding tables and the effect of certain provisions of the Taxpayer Relief Act of 1997—primarily the provisions that established child tax credits.

Contributions for social insurance increased \$15.0 billion after increasing \$10.4 billion. The acceleration primarily reflected the effect of an increase in the social security taxable wage base that boosted contributions by employers, employees, and the self-employed to the old-age, survivors, and disability insurance trust funds.

Corporate profits tax accruals decreased \$6.8 billion after decreasing \$3.8 billion, reflecting

a larger decrease in domestic corporate profits before tax.

Current expenditures.—Current expenditures fell \$18.1 billion in the first quarter after increasing \$26.9 billion in the fourth.¹⁹ The downswing was accounted for by downturns in consumption expenditures, in grants-in-aid to State and local governments, and in net interest paid and by a deceleration in transfer payments (net).

Consumption expenditures dropped \$11.8 billion, the largest decrease since the fourth quarter of 1995, after increasing \$3.7 billion. The downturn was accounted for by defense consumption expenditures, which dropped \$13.0 billion after increasing \$2.8 billion, reflecting a downturn in “other” services. Within “other” services, defense expenditures for research and development turned down. Compensation of employees increased \$2.1 billion after decreasing \$1.0 billion; it was boosted by the January 1998 pay raise for defense employees. In contrast, consumption expenditures for nondefense increased \$1.2 billion after increasing \$0.9 billion. The slight acceleration mainly resulted from an upturn in compensation for nondefense employees, who also received a pay raise in January.

Transfer payments (net) increased \$1.9 billion after increasing \$15.7 billion. A sharp downturn in transfer payments to the rest of the world more than offset an acceleration in transfer payments to persons. Transfer payments to the rest of the world fell \$11.8 billion after increasing \$11.6 billion; the fourth-quarter increase was attributable to the yearly payment to Israel of \$3.0 billion—\$12.0 billion at an annual rate—in economic support and other payments. Transfer payments to persons increased \$13.7 billion after increasing \$4.1 billion. The step-up mainly reflected a 2.1-percent cost-of-living adjustment in January that boosted social security (old-age, survivors, and disability insurance), Federal employee pension, veterans pension, and supplemental security income benefits by \$9.9 billion.

Grants-in-aid to State and local governments fell \$4.7 billion after increasing \$6.4 billion. The downturn was mostly accounted for by grants for medicaid, which decreased \$4.0 billion after increasing \$6.1 billion. Grants for family assistance and health care also turned down, and grants for highways decreased more in the first quarter than in the fourth. In contrast, grants for education and other programs turned up.

Table 11.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
	1998	1997				1998
	I	I	II	III	IV	I
Receipts	2,703.5	47.6	40.2	49.9	31.8	55.0
Current expenditures	2,546.9	21.6	21.3	17.4	34.4	-3.6
Current surplus or deficit (-)	156.6	26.0	18.9	32.5	-2.6	58.6
Social insurance funds	147.2	-2.1	2.1	3.8	7.0	4.4
Other	9.4	28.1	16.8	28.8	-9.7	54.2
Federal Government						
Receipts	1,810.4	33.7	34.0	32.5	25.6	43.0
Personal tax and nontax receipts	835.8	29.4	21.0	14.0	19.1	34.8
Corporate profits tax accruals	208.7	12.9	2.8	11.6	-3.8	-6.8
Indirect business tax and nontax accruals	92.3	-22.0	4.0	.2	-1	0
Contributions for social insurance	673.6	13.3	6.2	6.7	10.4	15.0
Current expenditures	1,761.4	12.0	15.2	6.6	26.9	-18.1
Consumption expenditures	456.6	4.4	6.2	.5	3.7	-11.8
National defense	301.4	-1.2	4.9	.3	2.8	-13.0
Nondefense	155.2	5.7	1.2	.2	.9	1.2
Transfer payments (net)	812.1	8.6	5.5	3.1	15.7	1.9
To persons	802.3	21.1	5.0	4.0	4.1	13.7
To the rest of the world	9.8	-12.4	.3	-8	11.6	-11.8
Grants-in-aid to State and local governments	225.9	2.1	2.9	1.7	6.4	-4.7
Net interest paid	228.1	-2.9	.9	1.4	.1	-3.2
Subsidies less current surplus of government enterprises	38.7	-1	-3	-2	1.1	-3
Subsidies	34.8	.4	.5	0	.2	.3
Of which: Agricultural subsidies	8.3	0	.1	0	.5	.3
Less: Current surplus of government enterprises	-4.0	.4	.8	.3	-9	.5
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	49.0	21.6	18.7	26.0	-1.3	61.1
Social insurance funds	75.4	-1.9	1.7	4.0	6.9	4.1
Other	-26.4	23.5	17.0	22.0	-8.2	57.0
State and local governments						
Receipts	1,119.0	16.0	9.1	19.1	12.6	7.3
Personal tax and nontax receipts	223.8	3.6	2.6	4.8	5.0	2.7
Corporate profits tax accruals	36.8	2.4	.4	2.1	-8	-1.3
Indirect business tax and nontax accruals	542.5	6.9	2.0	9.0	.5	9.0
Contributions for social insurance	90.0	1.1	1.2	1.4	1.6	1.6
Federal grants-in-aid	225.9	2.1	2.9	1.7	6.4	-4.7
Current expenditures	1,011.4	11.6	9.0	12.6	13.8	9.9
Consumption expenditures	782.7	8.4	5.7	8.7	10.3	6.3
Transfer payments to persons	323.5	4.5	4.4	4.5	4.7	4.8
Net interest paid	-67.0	-1.0	-9	-7	-7	-7
Less: Dividends received by government	15.3	.3	.4	0	.2	.4
Subsidies less current surplus of government enterprises	-12.5	.2	.1	.1	.3	-.1
Subsidies .....	.3	0	0	0	0	0
Less: Current surplus of government enterprises	12.8	-1	-2	-1	.3	.1
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	107.6	4.3	.2	6.5	-1.3	-2.5
Social insurance funds	71.8	-1	.3	-2	.1	.3
Other	35.8	4.6	-2	6.7	-1.4	-2.8

19. For information on the definition of current expenditures as well as of other major NIPA components, see “A Guide to the NIPAs,” SURVEY 78 (March 1998): 27-36.

Net interest paid decreased \$3.2 billion after increasing \$0.1 billion. The downturn mainly reflected a downturn in gross interest paid, which decreased \$3.8 billion after increasing \$0.3 billion.


State and local

The State and local government current surplus decreased \$2.5 billion, to \$107.6 billion, in the first quarter after decreasing \$1.3 billion in the fourth. The larger decrease was accounted for by a larger deceleration in receipts than in current expenditures.

Receipts increased \$7.3 billion after increasing \$12.6 billion. The deceleration was more than accounted for by the downturn in Federal grants-in-aid; indirect business tax and nontax accruals accelerated sharply.

Federal grants-in-aid fell \$4.7 billion after increasing \$6.4 billion. Personal tax and nontax receipts increased \$2.7 billion after increasing \$5.0 billion; the deceleration was primarily attributable to State tax law changes that reduced income taxes in several States. Corporate profits tax accruals decreased \$1.3 billion after decreas-

ing \$0.8 billion; the larger decrease reflected the pattern of domestic corporate profits before tax. Indirect business tax and nontax accruals increased \$9.0 billion after increasing \$0.5 billion; the pickup was largely attributable to an upturn in "other tax and nontax accruals" and to an acceleration in sales taxes. "Other tax and nontax accruals" increased \$2.6 billion after decreasing \$2.8 billion; the turnaround was partly caused by out-of-court settlement payments of \$1.4 billion (annual rate) by tobacco companies to three States. Settlement payments of \$3.7 billion were made in the third quarter, but none were made in the fourth. Sales taxes increased \$3.8 billion after increasing \$0.9 billion; the acceleration primarily reflected an acceleration in retail sales.

Current expenditures increased \$9.9 billion after increasing \$13.8 billion; the deceleration was accounted for by a slowdown in consumption expenditures. Consumption expenditures increased \$6.3 billion after increasing \$10.3 billion; the deceleration reflected a downturn in nondurable goods, mainly in petroleum, and a deceleration in services. Transfer payments to persons increased \$4.8 billion after increasing \$4.7 billion. 

Gross State Product by Industry, 1977–96

By Richard M. Beemiller and George K. Downey

IN THIS article, the Bureau of Economic Analysis (BEA) presents new estimates of gross state product (GSP) for 1995 and 1996 and revised estimates for 1977–94.¹ The new and revised GSP estimates are consistent with the estimates of gross product by industry for the Nation that were published in the November 1997 SURVEY OF CURRENT BUSINESS.² The GSP estimates incorporate the results of the most recent annual revisions of State personal income and of the national income and product accounts.³

The following improvements have been incorporated into the GSP estimates as part of BEA's continuing effort to update and to better integrate these estimates with the national estimates of gross product originating (GPO) by industry and the national input-output accounts:⁴

- Data from BEA's 1992 benchmark input-output accounts were incorporated into the estimates of purchased services in manufacturing for 1988–96.⁵
- New State source data on natural gas output from the Department of Energy were incorporated into the estimates for transportation and public utilities for 1992–96.
- Newly available State source data on sales, on sales taxes, and on gross receipts taxes were used in the allocations of national commodity taxes by industry for 1977–96.

1. For the previously published estimates of GSP, see Howard L. Friedenberg and Richard M. Beemiller, "Comprehensive Revision of Gross State Product by Industry, 1977–94," SURVEY OF CURRENT BUSINESS 77 (June 1997): 15–41.

2. See Sherlene K.S. Lum and Robert E. Yuskavage, "Gross Product by Industry, 1947–96," SURVEY 77 (November 1997): 20–34.

3. See Wallace K. Bailey, "State Personal Income, Revised Estimates for 1958–96," SURVEY 77 (October 1997): 24–43; and Robert P. Parker and Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 77 (August 1997): 6–35.

4. For a discussion of the relationship between the estimates of GPO by industry and the estimates of value added by industry from the 1992 benchmark input-output accounts, see "Note on Alternative Measures of Gross Product by Industry," SURVEY 77 (November 1997): 84–85.

5. Purchased services are subtracted from the estimates of value-added-in-production by State from the Bureau of the Census. BEA's definition of value added differs from that of the Census Bureau; BEA's definition excludes the cost of purchased services, includes sales, excise, and other indirect business taxes, and reflects inventory change valued at replacement cost. Manufacturing is the only industry for which information from the 1992 benchmark input-output accounts is used to estimate GSP.

- New source data were incorporated into the State estimates for mining for 1993–94.

GSP for each State is derived as the sum of the gross state product originating in all industries in the State. In concept, an industry's GSP, or its value added, is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported). Thus, GSP is the State counterpart of the Nation's gross domestic product (GDP). In practice, GSP and GPO estimates are measured as the sum of the distributions by industry of the components of gross domestic income—that is, the sum of the costs incurred and incomes earned in the production of GDP.⁶

The GSP estimates are prepared for 63 industries (see appendix A). For each industry, GSP is presented in three components: Compensation of employees, indirect business tax and nontax liability, and "property-type income."⁷ The relationship between these components and

6. The difference between private GDP and private gross domestic income is the statistical discrepancy. In the GSP estimates, insufficient information is available for allocating the statistical discrepancy to States. In the national estimates of GPO by industry, the statistical discrepancy is not allocated by industry. For more information on the statistical discrepancy, see Parker and Seskin, 19.

7. Property-type income is the sum of corporate profits, proprietors' income, rental income of persons, net interest, capital consumption allowances, business transfer payments, and the current surplus of government enterprises less subsidies. Property-type income at both the national and State levels includes proprietors' income as a capital share of production; however,

Acknowledgments

The estimates of gross state product (GSP) were prepared by staff in the Regional Economic Analysis Division under the direction of John R. Kort, Chief, and George K. Downey, Chief of the Gross State Product by Industry Branch. Hugh W. Knox, Associate Director for Regional Economics, provided general guidance.

Contributing staff members were Richard M. Beemiller, Gerard P. Aman, Michael T. Wells, Clifford H. Woodruff III, and Tasie Anton. Michael T. Wells prepared the box on, and the calculations of, the industry contributions to changes in real GSP.

the components of GPO and GDP is shown in appendix B.

The estimates of GSP are prepared in current dollars (see table 6, which follows the text) and in chained (1992) dollars (see table 7). State estimates of GSP and its components for all industries are "controlled" to national totals of GPO and its

components for all industries.⁸ The estimates of real GSP are derived by applying national implicit price deflators to the current-dollar GSP estimates for the 63 detailed industries. Then, the same chain-type index formula used in the national accounts is used to calculate the estimates of total

an unknown portion of proprietors' income represents the labor share of production.

8. If the initial sum of the State estimates differs from the national total for an industry, the difference between the national total and the sum-of-State total is allocated to the States.

Table 1.—Percent Change in Real Gross State Product, 1995-96

	Total gross state product	Private goods-producing industries ¹				Private services-producing industries ²					Government
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	
United States	3.2	0.3	-5.9	4.0	4.0	3.0	7.8	4.2	2.0	3.4	0.7
New England	3.6	.7	-.1	3.3	5.9	1.2	8.2	3.5	2.7	3.3	1.3
Connecticut	2.6	.9	22.7	1.9	4.7	-6.3	9.0	2.3	2.1	3.3	.9
Maine	2.4	1.7	15.9	6.4	1.9	6.4	9.1	1.2	1.4	1.7	.3
Massachusetts	4.4	1.7	-11.7	4.0	6.4	3.4	8.7	4.9	4.1	3.5	1.7
New Hampshire	5.9	-.7	19.1	3.8	13.0	8.1	5.6	3.4	2.9	4.5	2.2
Rhode Island .....	.2	-4.3	7.5	1.4	1.2	2.4	6.1	1.5	-4.4	1.7	.2
Vermont	3.3	-.9	-2.1	.3	7.9	4.4	1.8	3.2	1.7	3.3	.9
Mideast	2.4	.5	5.5	1.1	2.2	2.7	6.1	2.6	3.3	1.9	.2
Delaware	6.3	2.4	23.4	14.5	-2.3	2.5	8.0	6.1	13.3	6.3	2.0
District of Columbia	2.4	-4.2	-17.1	.4	.8	4.8	1.4	-1.8	15.0	.4	-8
Maryland	2.0	3.3	1.1	2.5	2.4	4.9	7.7	2.5	-1.8	2.2	2.8
New Jersey	1.7	-1.3	-23.8	.2	.1	1.9	6.7	2.5	1.2	2.2	-2
New York	2.5	-1.6	5.7	.7	2.3	3.1	6.3	2.6	3.7	1.8	-9
Pennsylvania	2.8	1.9	9.0	.6	3.9	1.7	4.4	2.7	3.7	2.0	1.3
Great Lakes	3.0	5.5	-1.2	4.0	2.4	2.7	6.7	4.0	2.8	3.1	1.2
Illinois	3.5	23.3	-3.0	3.0	4.3	3.5	3.8	2.2	3.2	3.5	1.8
Indiana	3.2	16.7	8.3	2.3	3.1	3.8	7.4	4.2	2.0	2.9	.1
Michigan	2.6	-12.6	1.2	7.3	-2	2.7	9.1	5.9	2.9	3.3	1.5
Ohio	2.6	-3.2	-2.8	3.2	1.9	1.2	7.9	4.3	3.1	2.0	1.2
Wisconsin	3.3	-.1	-13.1	4.8	4.0	2.8	8.1	3.9	1.9	3.8	.7
Plains	4.2	20.4	11.7	4.8	3.3	3.8	9.5	4.0	2.1	3.5	.8
Iowa	4.1	26.1	-.9	4.7	1.9	4.7	6.6	2.6	1.5	3.9	.4
Kansas	2.8	4.9	-10.7	7.1	5.7	3.1	9.3	4.1	.3	2.3	-2.6
Minnesota	5.5	22.4	42.4	5.8	5.5	4.3	13.2	4.6	3.2	4.5	1.6
Missouri	3.3	24.4	32.3	2.1	.7	3.3	7.8	3.8	3.0	2.7	3.9
Nebraska	4.6	18.3	-2.3	7.1	3.0	4.6	7.8	5.8	1.4	4.4	-.1
North Dakota	4.3	25.3	-1.4	9.8	4.3	2.8	8.3	3.5	-1.6	4.2	-2.3
South Dakota	5.1	22.8	27.3	2.6	12.2	4.5	8.3	3.0	.3	3.0	-3.6
Southeast	3.5	.2	-1.3	5.7	2.4	3.9	8.6	5.2	3.7	3.4	1.1
Alabama	2.6	1.5	3.8	7.1	2.7	2.4	7.5	4.7	2.5	2.0	-.7
Arkansas	3.2	8.7	-1.9	4.9	1.5	3.8	6.3	4.1	2.4	3.3	1.8
Florida	3.7	-4.0	10.4	5.6	3.3	2.9	11.0	6.3	3.2	2.5	2.0
Georgia	5.2	-1.6	2.3	7.3	5.0	4.3	10.5	7.5	4.1	6.0	1.6
Kentucky	3.3	5.7	3.6	4.3	2.9	4.3	8.1	4.7	2.0	3.3	1.1
Louisiana	2.0	3.9	-3.8	7.1	2.7	-.4	7.3	3.7	7.5	1.3	0
Mississippi	2.9	10.0	-10.0	6.0	.9	3.6	6.7	5.6	.8	4.5	.7
North Carolina	3.8	.2	-2.5	6.6	1.7	5.0	5.5	4.2	5.3	6.6	1.8
South Carolina	3.3	2.9	19.2	9.0	2.1	4.9	8.4	5.1	3.4	2.4	.2
Tennessee	2.4	-5.1	5.0	2.4	1.1	3.0	7.0	4.5	3.0	1.4	1.2
Virginia	3.5	-5.7	.2	3.6	1.9	7.8	8.8	4.0	4.1	4.4	-.2
West Virginia	2.1	-18.3	.9	3.6	1.5	3.7	6.8	2.1	.9	1.5	2.4
Southwest	3.6	-11.6	-10.1	4.9	8.0	4.0	9.6	5.2	3.2	4.6	1.2
Arizona	5.5	-6.5	.1	3.9	8.9	1.7	14.6	6.6	4.9	5.9	2.5
New Mexico	2.1	-6.7	-10.2	-4.3	13.3	2.7	5.7	3.9	1.9	.8	0
Oklahoma	2.6	-14.7	-7.5	3.0	5.9	4.4	6.5	4.4	1.7	3.8	.7
Texas	3.5	-12.7	-10.7	6.2	7.7	4.4	9.3	5.0	3.1	4.7	1.2
Rocky Mountain	4.8	-8.3	-5.3	6.2	6.6	5.1	10.2	6.1	7.6	5.0	1.6
Colorado	5.2	-2.9	-4.7	7.8	6.5	4.8	10.0	6.0	5.9	5.6	1.2
Idaho	1.6	-6.2	-11.0	-.9	-.1	6.2	10.5	5.4	-.7	1.9	1.9
Montana	2.0	-21.2	-2.1	2.8	6.7	8.1	6.9	4.2	1.2	3.8	.5
Utah	8.3	-3.2	-4.2	9.7	9.3	4.3	12.8	8.2	19.0	6.4	3.6
Wyoming .....	.7	-16.2	-6.3	-.2	38.7	4.1	6.4	3.3	5.3	-.1	-.6
Far West	3.2	-2.1	-8.8	3.1	7.9	1.3	7.5	3.8	1.2	4.4	-.2
Alaska	-5.6	-.8	-14.6	-3.6	-7.9	-7.5	6.9	1.2	0	.1	-4.1
California	2.9	-2.9	-15.8	.7	8.0	.7	7.4	3.4	.9	4.5	-.7
Hawaii	-.1	-12.4	-12.4	-10.6	-3.7	1.8	3.2	.9	4.9	-1.0	-2.0
Nevada	7.8	6.1	30.9	24.5	11.7	7.7	14.0	10.4	4.9	2.5	4.8
Oregon	5.9	0	-2.1	12.1	11.3	6.5	7.7	6.5	1.3	5.3	1.7
Washington	3.7	.9	37.4	2.4	5.5	2.4	6.9	3.9	1.2	6.3	1.5

1. Private goods-producing industries are defined to consist of agriculture, forestry, and fishing; mining; construction; and manufacturing.

2. Private services-producing industries are defined to consist of transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and "services."

real GSP and real GSP at a more aggregate industry level.⁹

Real GSP is an inflation-adjusted measure of each State's output that is based on national prices for the goods and services produced within that State. Real GSP may include a substantial volume of output that is sold to other States and countries. To the extent that a State's output is produced and sold in national markets at relatively uniform prices (or sold locally at national prices), GSP does a reasonable job of capturing the differences across States that reflect the relative differences in the mix of goods and services that the States produce. However, real GSP does not capture geographic differences in the prices of goods and services that are produced and sold locally.

The first part of this article discusses the relative performance of various States and regions in terms of growth rates, industry shares of State totals, shares of the Nation, and per capita GSP. The second part discusses the revisions to the GSP estimates and the major sources of the revisions.

Growth Rates, Shares, and Per Capita GSP

Comparisons of GSP growth rates and shares of GSP across industries or States and of per capita GSP across regions provide indications of the relative performance of industries, States, or regions. For example, comparing the growth rate of real GSP for an industry with the growth rate of total real GSP indicates whether that industry is raising or lowering the State's growth rate. Comparing the share of total GSP in current dollars that is accounted for by the GSP of an industry over time indicates whether that industry's claim on the State's resources is increasing or decreasing. Comparing per capita GSP for a region with per capita GSP for the Nation over time provides an assessment of the long-term trends in the relative economic performances of regions.

Real growth rates

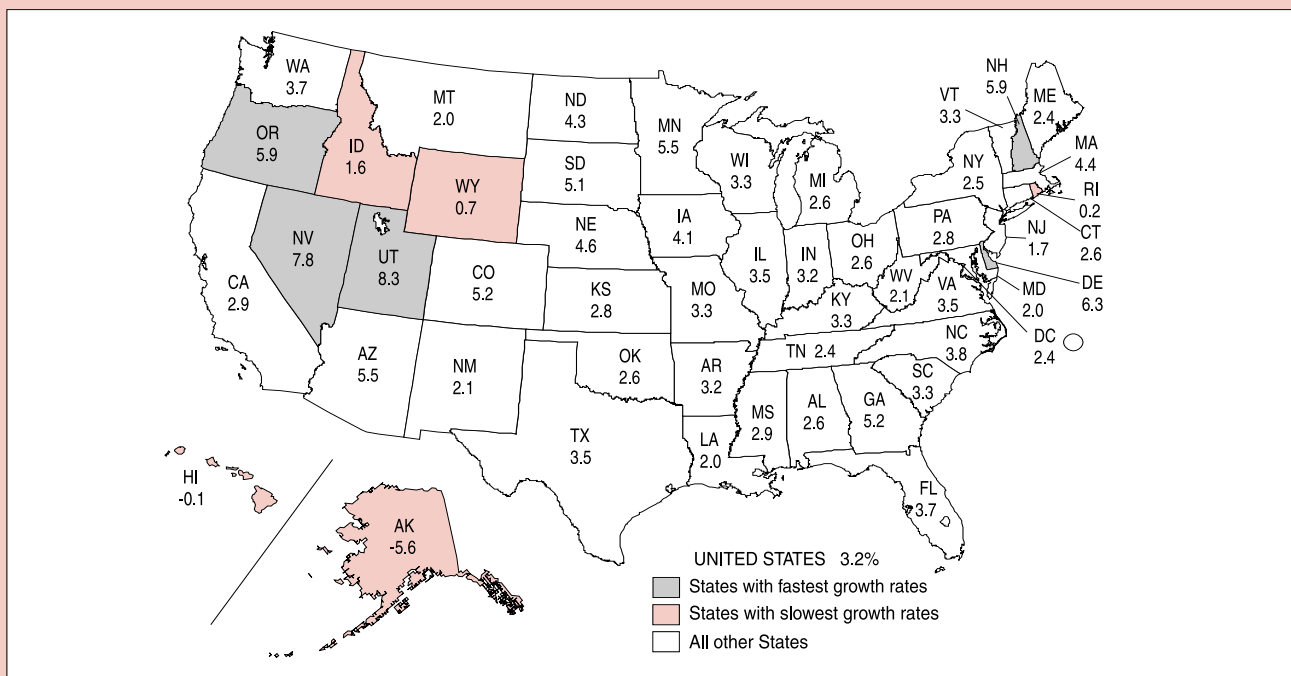
The rate of growth in real GSP for the Nation in 1995-96 was 3.2 percent (table 1).¹⁰

10. The rate of growth in real GDP—BEA's featured measure of U.S. output—was 2.8 percent in 1995-96. GSP for the Nation differs from GDP because GSP, like GPO, is derived from gross domestic income (GDI), which differs from GDP by the statistical discrepancy. In addition, GSP excludes, and GDP and GPO include, the compensation of Federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment, except office

9. For additional information, see J. Steven Landefeld and Robert P. Parker, "BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," SURVEY 77 (May 1997): 58-68; and Friedenberg and Beemiller, 28-29.

CHART 1

Real Gross State Product: Percent Change, 1995-96



GSP increased in all States except Alaska and Hawaii.

By State, the growth rates ranged from an increase of 8.3 percent in Utah to a decline of 5.6 percent in Alaska. The five States with the fastest rates of growth in real GSP were Utah (8.3 percent), Nevada (7.8 percent), Delaware (6.3 percent), Oregon (5.9 percent), and New Hampshire (5.9 percent) (chart 1).

In Utah, the major contributors to the growth in real GSP were finance, insurance, and real estate, mainly depository institutions; services, mainly business services; and manufacturing,

equipment. Finally, GSP and GDP may differ because of differences in revision schedules. For an accounting of the differences (in current dollars) in 1996 between GSP for the Nation and GPO, GDP, and GDI, see appendix B. For a discussion of the relationship between GPO and GDP, see Lum and Yuskavage, 20.

mainly industrial machinery and equipment (table 2).¹¹ In Nevada, the major contributors were construction, retail trade, and mining, mainly metal mining. In Delaware, the major contributors were finance, insurance, and real estate, mainly depository institutions, real es-

11. The GSP estimates in chained (1992) dollars are usually not additive for periods other than the base year; for example, see the residual "not allocated by industry" in table 7, which is calculated as the difference between the sum of the industry detail of real GSP and total real GSP. The value of "not allocated by industry" reflects the nonadditivity of detailed real GSP estimates that results from the formula used to calculate real GSP; it also reflects the nonadditivity of detailed GPO estimates that results from differences in the national source data (in both current dollars and prices) that are used to estimate GPO by industry and the expenditures measure of real GDP.

As one moves further from the base year, the residual tends to become larger, and using chained-dollar estimates to calculate component contributions to real growth may be misleading. In table 2, an exact formula for attributing GSP growth to the industries is used, so these estimates provide accurate measures of the contributions of the industries to the percentage change in real GSP for 1995-96. See the box "Calculation of Industry Contributions to Changes in Real GSP."

Calculation of Industry Contributions to Changes in Real GSP

For current-dollar GSP, the sum of the component industries is equal to total GSP, so the changes in total GSP can be expressed as the sum of the changes in the component industries. This relationship can also be expressed in terms of percent changes by dividing by total GSP for year $t - 1$:

$$100 \times \frac{GSP_{\text{Total},t} - GSP_{\text{Total},t-1}}{GSP_{\text{Total},t-1}} = 100 \times \sum_i \frac{C_{i,t} - C_{i,t-1}}{GSP_{\text{Total},t-1}},$$

where $GSP_{\text{Total},t}$ is the value for total GSP in year t , and $C_{i,t}$ is the value of GSP for component industry i in year t .

However, for real GSP, a modified formula is used because chained-dollar measures of GSP by industry are not necessarily additive to total GSP. Specifically, an industry's contribution to the total percent change in real GSP for years following the base year is calculated as

$$C\% \Delta_{i,t} = 100 \times \frac{(P_t^P p_{i,t-1} + p_{i,t}) \times (q_{i,t} - q_{i,t-1})}{(2 \times IPD_t^F \times CD_{t-1}^F)},$$

where IPD_t^F is the implicit price deflator for total GSP in year t ,

CD_{t-1}^F is the chained-dollar value for total GSP in year $t - 1$,

P_t^P is the Paasche price index for total GSP in year t ,

$p_{i,t}$ is the price index for industry i in year t , and

$q_{i,t}$ is the quantity produced by industry i in year t .

This formula can be expanded to yield

$$C\% \Delta_{i,t} = 100 \times \frac{P_t^P p_{i,t-1} q_{i,t} - P_t^P p_{i,t-1} q_{i,t-1} + p_{i,t} q_{i,t} - p_{i,t} q_{i,t-1}}{(2 \times IPD_t^F \times CD_{t-1}^F)}.$$

Because the State variables that represent the composites of prices in 1 year and quantities in another (such as $p_{i,t-1} q_{i,t}$) are not directly observable, the contributions to growth are actually calculated using the following algebraically equivalent formula, which consists of combinations of prices and quantities for the same year and indexes of relative prices for years t and $t - 1$:

$$C\% \Delta_{i,t} = 100 \times \frac{P_t^P \left(\frac{p_{i,t-1}}{p_{i,t}} \right) p_{i,t} q_{i,t} - P_t^P p_{i,t-1} q_{i,t-1} + p_{i,t} q_{i,t} - \left(\frac{p_{i,t}}{p_{i,t-1}} \right) p_{i,t-1} q_{i,t-1}}{(2 \times IPD_t^F \times CD_{t-1}^F)}.$$

This formula changes somewhat when the contributions to growth for years preceding the base year are calculated.

For more information, see "A Guide to the NIPA's," SURVEY OF CURRENT BUSINESS 78 (March 1998): 38-39.

tate, and insurance carriers; and services, mainly health, business, and "other" services. In Oregon and New Hampshire, the major contributors were manufacturing, mainly electronic and other electric equipment; and services, mainly business, health, and "other" services.

The five States with the slowest rates of growth in real GSP were Alaska (-5.6 percent), Hawaii (-0.1 percent), Rhode Island (0.2 percent), Wyoming (0.7 percent), and Idaho (1.6 percent). In Alaska, the major contributors to the decline were mining, mainly oil and gas extrac-

Table 2.—Contributions to Percent Change in Real Gross State Product, 1995-96

	Percent change in real gross state product	Percentage points									Government
		Private goods-producing industries ¹				Private services-producing industries ²					
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	
United States	3.2	0	-0.1	0.2	0.7	0.3	0.5	0.4	0.4	0.7	0.1
New England	3.6	0	0	.1	1.0	.1	.5	.3	.7	.8	.1
Connecticut	2.6	0	0	.1	.8	-.4	.6	.2	.6	.7	.1
Maine	2.4	0	0	.3	.4	.5	.5	.1	.3	.3	0
Massachusetts	4.4	0	0	.1	1.0	.2	.6	.4	1.0	.9	.2
New Hampshire	5.9	0	0	.1	2.8	.6	.4	.3	.7	.9	.2
Rhode Island .....	.2	0	0	0	.2	.2	.3	.1	-1.0	.4	0
Vermont	3.3	0	0	0	1.4	.4	.1	.3	.3	.7	.1
Mideast	2.4	0	0	0	.3	.2	.4	.2	.8	.4	0
Delaware	6.3	0	0	.5	-.5	.1	.3	.4	4.6	.9	.2
District of Columbia	2.4	0	0	0	0	.3	0	-.1	2.3	.1	-.3
Maryland	2.0	0	0	.1	.2	.4	.5	.2	-.4	.5	.5
New Jersey	1.7	0	0	0	0	.2	.6	.2	.3	.5	0
New York	2.5	0	0	0	.3	.2	.4	.2	1.1	.4	-.1
Pennsylvania	2.8	0	0	0	.8	.2	.3	.2	.7	.4	.1
Great Lakes	3.0	.1	0	.2	.6	.2	.5	.3	.5	.6	.1
Illinois	3.5	.3	0	.1	.8	.3	.3	.2	.6	.7	.2
Indiana	3.2	.2	0	.1	1.0	.3	.4	.4	.3	.4	0
Michigan	2.6	-.1	0	.3	-.1	.2	.6	.5	.5	.6	.2
Ohio	2.6	0	0	.1	.5	.1	.5	.4	.5	.3	.1
Wisconsin	3.3	0	0	.2	1.1	.2	.5	.3	.3	.6	.1
Plains	4.2	.8	.1	.2	.7	.4	.7	.4	.3	.6	.1
Iowa	4.1	1.5	0	.2	.5	.4	.4	.2	.2	.6	0
Kansas	2.8	.2	-.2	.3	1.0	.3	.7	.4	0	.4	-.4
Minnesota	5.5	.5	.2	.3	1.1	.3	1.0	.4	.6	.9	.2
Missouri	3.3	.3	.1	.1	.1	.3	.6	.4	.4	.5	.4
Nebraska	4.6	1.4	0	.3	.4	.5	.6	.5	.2	.8	0
North Dakota	4.3	2.1	0	.5	.3	.3	.7	.3	-.2	.7	-.4
South Dakota	5.1	1.8	.3	.1	1.7	.4	.5	.3	.1	.5	-.5
Southeast	3.5	0	0	.2	.5	.4	.6	.5	.6	.6	.1
Alabama	2.6	0	.1	.3	.6	.2	.5	.5	.3	.3	-.1
Arkansas	3.2	.4	0	.2	.4	.4	.4	.4	.3	.5	.2
Florida	3.7	-.1	0	.3	.3	.3	.8	.7	.7	.6	.2
Georgia	5.2	0	0	.3	.9	.5	.9	.7	.7	1.1	.2
Kentucky	3.3	.1	.1	.2	.8	.4	.5	.4	.2	.5	.1
Louisiana	2.0	0	-.5	.3	.5	0	.4	.3	.9	.2	0
Mississippi	2.9	.3	-.1	.2	.2	.4	.4	.5	.1	.7	.1
North Carolina	3.8	0	0	.3	.5	.4	.4	.4	.8	1.0	.2
South Carolina	3.3	0	0	.4	.6	.4	.5	.5	.4	.4	0
Tennessee	2.4	-.1	0	.1	.3	.2	.5	.5	.4	.3	.1
Virginia	3.5	-.1	0	.2	.3	.6	.5	.3	.7	.9	0
West Virginia	2.1	-.1	.1	.2	.3	.5	.3	.2	.1	.3	.3
Southwest	3.6	-.2	-.7	.2	1.3	.4	.6	.5	.5	.8	.2
Arizona	5.5	-.1	0	.2	1.3	.1	.9	.7	.9	1.2	.3
New Mexico	2.1	-.1	-.8	-.2	2.0	.2	.2	.3	.3	.1	0
Oklahoma	2.6	-.4	-.4	.1	1.0	.4	.4	.4	.2	.7	.1
Texas	3.5	-.2	-.8	.3	1.2	.5	.7	.4	.4	.8	.1
Rocky Mountain	4.8	-.2	-.2	.3	.8	.5	.6	.6	1.1	1.0	.2
Colorado	5.2	-.1	-.1	.4	.8	.5	.6	.6	1.0	1.2	.2
Idaho	1.6	-.4	-.1	-.1	0	.5	.6	.5	-.1	.3	.3
Montana	2.0	-.1.3	-.1	.1	.5	1.0	.4	.4	.2	.7	.1
Utah	8.3	0	-.2	.5	1.3	.4	.8	.8	2.8	1.3	.6
Wyoming .....	.7	-.4	-.2.0	0	1.7	.6	.2	.2	.5	0	-.1
Far West	3.2	0	-.1	.1	1.0	-.1	.5	.3	-.3	1.0	0
Alaska	-5.6	0	-.3.3	-.1	-.4	-.1.2	.2	.1	0	0	-.8
California	2.9	-.1	-.1	0	1.1	.1	.5	.3	.2	1.0	-.1
Hawaii	-.1	-.2	0	-.6	-.1	.2	.1	.1	1.0	-.2	-.4
Nevada	7.8	0	1.0	1.8	.5	.6	.6	1.0	.9	.8	.5
Oregon	5.9	0	0	.6	2.3	.5	.6	.6	.2	1.0	.2
Washington	3.7	0	.1	.1	.7	.2	.5	.4	.2	1.3	.2

1. Private goods-producing industries are defined to consist of agriculture, forestry, and fishing; mining; construction; and manufacturing.

2. Private services-producing industries are defined to consist of transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and "services."

tion; transportation and public utilities, mainly pipelines, except natural gas; and government, mainly State and local government. In Hawaii, the major contributors to the decline were construction and government, mainly State and local government. In Rhode Island, the major contributor to the slow growth was finance, insurance, and real estate, mainly depository institutions. In Wyoming, the major contributors to the slow growth were mining, mainly oil and gas extraction; and agriculture, forestry, and fishing, mainly farms. In Idaho, the major contributor to the slow growth was agriculture, forestry, and fishing, mainly farms.

Shares of current-dollar GSP

Industry shares.—In 1995–96, the share of U.S. current-dollar GSP accounted for by private services-producing industries increased 0.2 percentage point, from 62.9 percent to 63.1 percent (table 3).¹² The share accounted for by private goods-producing industries was unchanged, at 24.7 percent.¹³ The share accounted for by government declined 0.2 percentage point, from 12.4 percent to 12.2 percent.¹⁴

By State, the change in the share of the private services-producing industries ranged from increases of more than 1.0 percentage point in Delaware, Utah, and Idaho to a decline of nearly

2.0 percentage points in North Dakota. In Delaware, the largest increase in share was in services, mainly business and health services; in Utah, the largest increase was in finance, insurance, and real estate, mainly depository institutions; and in Idaho, the largest increase was in wholesale trade. In North Dakota, the largest declines were in transportation and public utilities, mainly electric, gas, and sanitary services, and in finance, insurance, and real estate, mainly depository institutions.

The changes in the share of the private goods-producing industries ranged from an increase of 3.0 percentage points in North Dakota to declines of more than 1.0 percentage point in Idaho and Delaware. In North Dakota, the largest increase was in agriculture, forestry, and fishing, mainly farms. In Idaho and Delaware, the largest declines were in durable goods manufacturing; in Idaho, the decline was mainly in electronic and other electric equipment, and in Delaware, the decline was mainly in motor vehicles and equipment.

For government, the change in the share ranged from an increase of 0.2 percentage point in West Virginia to declines of more than 1.0 percentage point in North Dakota and South Dakota. The increase in share in West Virginia was mainly in Federal civilian and State and local government. The declines in North Dakota and South Dakota were mainly in Federal civilian and State and local government.

State shares.—Chart 2 shows the relative size of the various State economies in terms of each State's share of current-dollar GSP and of personal income for the Nation. The 14 States that

12. Private services-producing industries are defined to consist of transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and "services."

13. Private goods-producing industries are defined to consist of agriculture, forestry, and fishing; mining; construction; and manufacturing.

14. A decline in share does not necessarily indicate a decline in the level of GSP. For example, the share of government declined, but GSP for government increased \$31.8 billion (see table 3).

Data Availability

This article presents summary estimates of gross state product (GSP) by major industry group. The following GSP estimates for 63 industries for 1977–96 for States, BEA regions, and the United States are available from BEA on diskette: Current-dollar estimates of GSP and its three components—compensation of employees, indirect business tax and nontax liability, and property-type income—and real GSP estimates in chain-type quantity indexes, in chained (1992) dollars, and in fixed-weighted (1992) dollars (two diskettes)—product number RDN-0197, price \$40.00.¹ The diskettes include a Windows program so that selected records from the data files can be imported into computer spreadsheets.

1. The GSP estimates will also be available on the *State Personal Income CD-ROM* that is scheduled to be released in the fall of 1998.

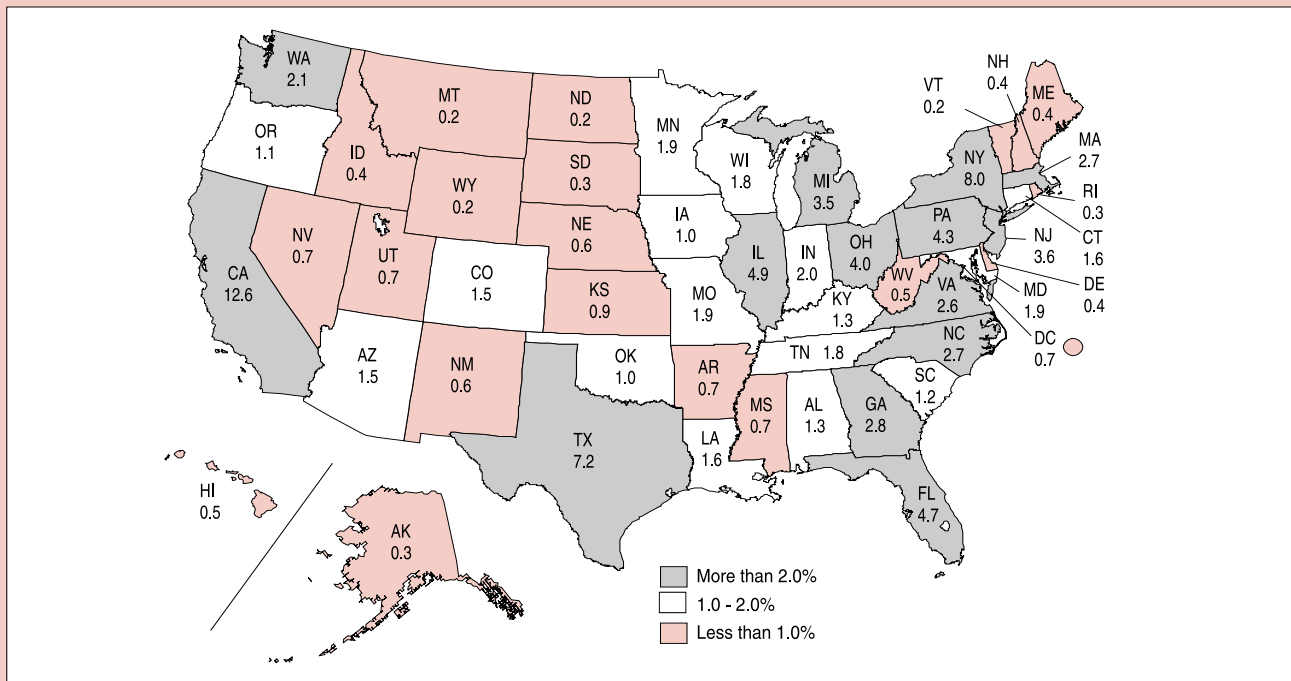
To order using Visa or MasterCard, call the BEA Order Desk at 1-800-704-0415 (outside the United States, call 202-606-9666). To order by mail, send a check made payable to "Bureau of Economic Analysis, BE-53" to BEA Order Desk, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.

The GSP estimates and other regional economic information are available on BEA's Web site at <<http://www.bea.doc.gov>>. They are also available by subscription from the Commerce Department's STAT-USA on the Economic Bulletin Board and the Internet; to subscribe, call 202-482-1986, or go to <<http://www.stat-usa.gov>>.

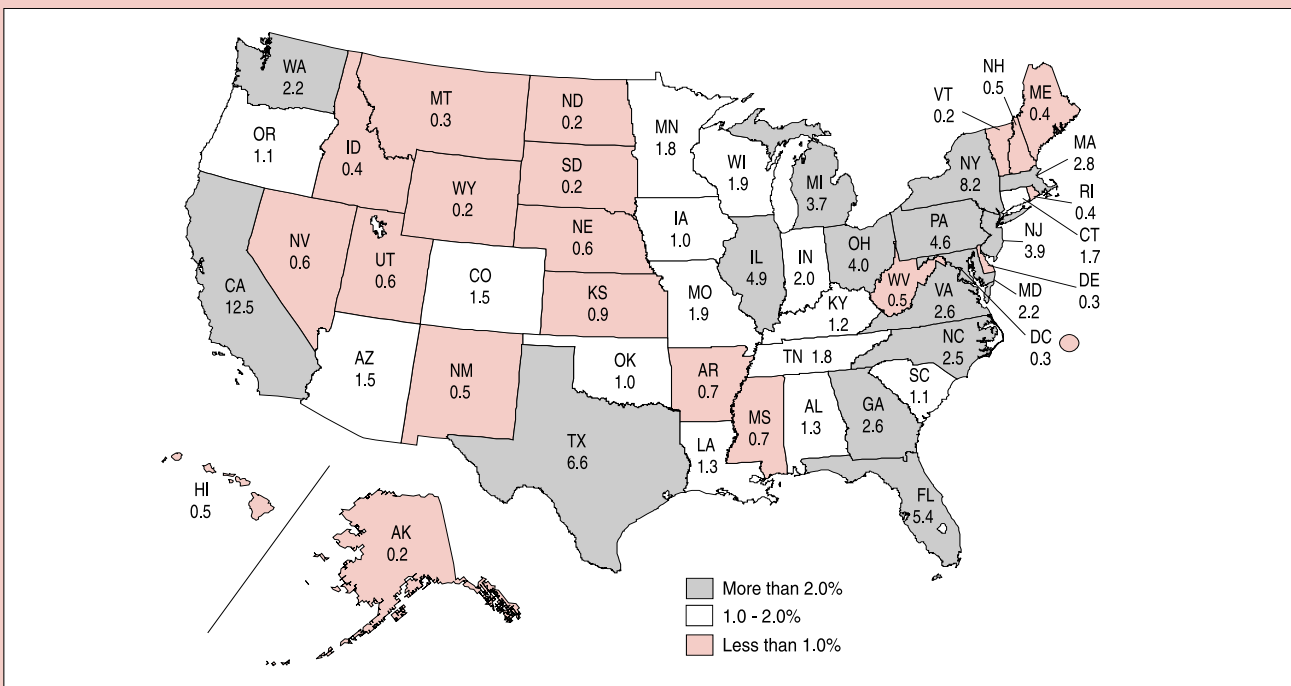
For further information, E-mail <gspread@bea.doc.gov>, or call 202-606-5340.

CHART 2

Gross State Product in Current Dollars: Percentage of U.S. Total, 1996



Personal Income: Percentage of U.S. Total, 1996



have the largest GSP together accounted for nearly two-thirds of the U.S. total; the five largest States are California (12.6 percent), New York (8.0 percent), Texas (7.2 percent), Illinois (4.9 percent), and Florida (4.7 percent). The 20 States that have the smallest GSP—mostly States in the West and in New England—together accounted for less than 10 percent of the U.S. total. This pattern of the relative size of the State economies that is based on GSP is paralleled by the pattern of the relative size of the State economies that is based on personal income.

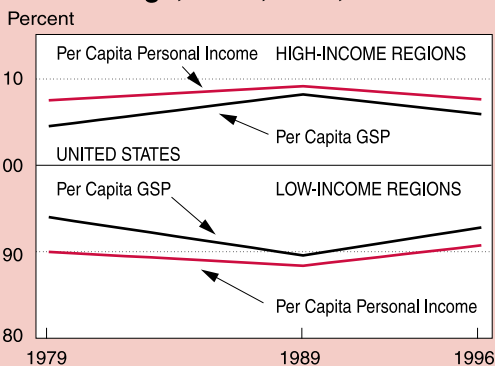
Per capita GSP, 1979–96

From 1989 to 1996, per capita GSP as a percentage of the U.S. average increased from 90 percent to 93 percent in the low-income regions (the Southeast, Southwest, Rocky Mountain, and Plains regions) and declined from 108 percent to 106 percent in the high-income regions (the New England, Mideast, Far West, and Great Lakes regions) (chart 3). In contrast, from 1979 to 1989, per capita GSP as a percentage of the U.S. average declined in the low-income regions and increased in the high-income regions. This pattern of regional convergence in the 1990's after divergence in the 1980's is also evident in the estimates of per capita income.¹⁵

15. See Duke Tran, "Personal Income and Per Capita Personal Income by State and Region, 1997," SURVEY 78 (May 1998): 11.

CHART 3

Per Capita GSP and Personal Income as a Percentage of the U.S. Average, 1979, 1989, and 1996



Note.—"High-income" regions (New England, Mideast, Far West, and Great Lakes) are those with per capita incomes above the U.S. average in 1996, and "low-income" regions (Southwest, Southeast, Rocky Mountain, and Plains) are those with per

U.S. Department of Commerce, Bureau of Economic Analysis

Revisions to the Estimates

In general, the revisions to GSP as a percentage of the previously published estimates for 1977–94 are small. However, the revisions for 1992–94 are larger than those for 1977–91 because of larger revisions to the more recent source data.

Impact of the revisions

Current-dollar estimates.—For 1994, the five States with the largest upward percentage revisions were New Mexico, Louisiana, Indiana, Vermont, and Connecticut (table 4). The five States with the largest downward percentage revisions were Delaware, Wyoming, Hawaii, Alaska, and New York. For all 10 States, the revisions mainly reflect the statistical changes incorporated into the current-dollar estimates of GSP for these industries: Mining in Alaska, Louisiana, and Wyoming; transportation and public utilities in Wyoming and Alaska; manufacturing in New Mexico, Indiana, Vermont, and Connecticut; finance, insurance, and real estate in Delaware, Hawaii, New York, and Connecticut; and services in Connecticut and New York.

Real growth rates.—For 1993–94, the States with the largest upward revisions in the growth rates of real GSP were Alaska, New Mexico, Louisiana, and Illinois (table 5). The four States with downward revisions were Delaware, Wyoming, Hawaii, and Mississippi. The revisions for all these States mainly reflect the incorporation of statistical changes into the current-dollar estimates.

Major sources of the revisions

For the industries that had a major impact on the States with large revisions to current-dollar GSP, the sources of the revisions were either revisions to the national estimates of GPO by industry or revisions to the State source data.


For finance, insurance, and real estate and for the transportation portion of transportation and public utilities, the revisions mainly reflect the incorporation of the revised estimates of national GPO for these industries.

For the gas utilities portion of transportation and public utilities, State estimates for 1992–96 of property-type income are now based on data for the volume of interstate natural gas movements and on data for deliveries of natural gas to final consumers from the Department of Energy (DOE). Previously, the estimates for 1992–94 were based on State data for wage and salary disbursements.

for these years are derived from “straight-line” interpolations between the 1987 and the 1992 estimates of the ratio of purchased services to value-added-in-production. The estimates for 1993–96 are extrapolations that used new data on value-added-in-production by State from the Census Bureau.¹⁸

For the coal mining and the oil and gas extraction portions of mining, GSP estimates for

1993–96 continue to be extrapolated from the 1992 benchmark year estimates, using data on value of production that is calculated from DOE source data by multiplying the quantity produced by the average price. When DOE suppresses the price data in order to protect the confidentiality of the data, BEA now uses national prices to develop substitute estimates for the suppressed data; previously, DOE price data for adjacent States were used.

Tables 5–7 and appendixes A and B follow. 

¹⁸ The new data are from the annual survey of manufactures that was released in 1997.

Table 5.—Revisions to Percent Change in Real Gross State Product, Selected Years

	1992-93			1993-94		
	Previously published	Revised	Difference	Previously published	Revised	Difference
United States	2.0	2.3	0.3	4.2	4.2	0
New England	1.4	1.6	.2	3.2	3.9	.7
Connecticut	-1	.8	.9	1.8	3.0	1.2
Maine	1.1	1.5	.4	1.4	2.2	.8
Massachusetts	2.5	2.2	-.3	4.3	5.0	.7
New Hampshire	1.4	1.4	0	6.0	6.2	.2
Rhode Island	1.1	1.0	-.1	.3	.6	.3
Vermont	1.7	2.5	.8	2.1	2.7	.6
Mideast	1.3	1.3	0	2.6	2.9	.3
Delaware .....	.2	10.5	10.3	7.3	.9	-6.4
District of Columbia	1.0	4.6	3.6	-2.2	-5	1.7
Maryland	1.6	2.2	.6	3.8	4.2	.4
New Jersey	2.7	1.5	-1.2	1.8	2.7	.9
New York .....	.5	.3	-.2	3.1	3.1	0
Pennsylvania	1.7	1.4	-.3	2.1	2.9	.8
Great Lakes	2.6	3.2	.6	5.5	6.5	1.0
Illinois	1.9	2.7	.8	4.3	6.1	1.8
Indiana	3.1	3.6	.5	6.2	6.8	.6
Michigan	3.9	4.8	.9	8.0	8.4	.4
Ohio	1.7	1.8	.1	5.0	5.8	.8
Wisconsin	3.9	4.0	.1	4.3	5.0	.7
Plains .....	.7	.8	.1	6.1	6.9	.8
Iowa .....	.1	.8	.7	9.0	9.1	.1
Kansas .....	.8	1.4	.6	4.3	4.7	.4
Minnesota	1.1	.2	-.9	6.0	6.8	.8
Missouri .....	.5	.8	.3	5.7	6.9	1.2
Nebraska .....	.2	.6	.4	6.4	8.0	1.6
North Dakota	-1.8	-1.2	.6	4.9	6.1	1.2
South Dakota	5.3	6.2	.9	5.1	5.5	.4
Southeast	3.1	3.6	.5	5.3	6.2	.9
Alabama	1.1	1.6	.5	5.1	5.7	.6
Arkansas	2.9	3.4	.5	6.3	6.5	.2
Florida	3.6	4.1	.5	4.1	4.8	.7
Georgia	4.4	4.4	0	5.6	7.1	1.5
Kentucky	3.3	3.5	.2	6.0	6.7	.7
Louisiana	1.0	2.9	1.9	5.9	9.0	3.1
Mississippi	3.3	4.4	1.1	7.7	7.1	-.6
North Carolina	3.0	2.9	-.1	6.6	7.7	1.1
South Carolina	3.1	3.8	.7	4.6	5.5	.9
Tennessee	2.9	4.0	1.1	7.4	7.5	.1
Virginia	3.0	3.8	.8	3.1	3.8	.7
West Virginia	3.0	2.9	-.1	6.1	6.3	.2
Southwest	3.0	4.0	1.0	5.8	6.5	.7
Arizona	4.7	5.8	1.1	8.9	10.1	1.2
New Mexico	5.8	11.4	5.6	8.5	11.8	3.3
Oklahoma	1.5	2.5	1.0	2.0	2.0	0
Texas	2.7	3.4	.7	5.6	6.1	.5
Rocky Mountain	5.7	6.5	.8	5.5	6.5	1.0
Colorado	6.2	6.6	.4	5.0	6.7	1.7
Idaho	7.2	8.8	1.6	6.6	7.7	1.1
Montana	4.1	4.6	.5	2.3	3.1	.8
Utah	4.9	5.5	.6	7.1	8.1	1.0
Wyoming	4.2	6.5	2.3	5.9	3.2	-2.7
Far West .....	.4	.4	0	2.1	2.5	.4
Alaska	10.7	-3	-11.0	-9.4	-2.9	6.5
California	-9	-7	.2	1.8	2.0	.2
Hawaii .....	.5	3.2	2.7	-1.2	-1.9	-.7
Nevada	6.1	7.0	.9	8.7	9.8	1.1
Oregon	4.9	5.2	.3	5.5	6.2	.7
Washington	2.9	2.5	-.4	2.9	3.9	1.0

Table 6.—Gross State Product by Component in Current Dollars, Selected Years

(Millions of dollars)

	1977	1982	1987	1992	1993	1994	1995	1996
United States:								
Gross state product	1,980,892	3,199,606	4,649,993	6,133,012	6,440,030	6,868,041	7,228,287	7,631,022
Compensation of employees	1,175,373	1,912,363	2,738,222	3,626,205	3,800,338	3,999,530	4,203,544	4,414,332
Indirect business tax and nontax liability	165,477	256,424	364,842	505,591	532,548	568,479	581,932	604,772
Property-type income	640,042	1,030,820	1,546,929	2,001,217	2,107,145	2,300,032	2,442,812	2,611,918
New England:								
Gross state product	103,837	170,862	287,478	353,141	370,001	391,565	412,932	435,880
Compensation of employees	65,746	109,850	176,036	215,713	224,816	234,469	246,470	258,676
Indirect business tax and nontax liability	10,139	13,417	21,040	27,434	28,519	30,043	30,832	31,799
Property-type income	27,952	47,595	90,401	109,994	116,666	127,052	135,630	145,405
Connecticut:								
Gross state product	29,423	48,641	80,763	103,031	107,454	112,620	118,595	124,046
Compensation of employees	18,510	31,537	49,795	61,868	64,082	66,135	69,072	72,196
Indirect business tax and nontax liability	2,971	4,413	6,835	8,716	8,954	9,372	9,624	9,825
Property-type income	7,942	12,692	24,134	32,446	34,419	37,112	39,899	42,026
Maine:								
Gross state product	7,548	12,062	19,272	24,003	25,075	26,238	27,748	28,894
Compensation of employees	4,602	7,460	11,364	14,503	14,954	15,366	15,867	16,418
Indirect business tax and nontax liability	713	1,014	1,663	2,321	2,436	2,536	2,576	2,651
Property-type income	2,232	3,588	6,245	7,179	7,684	8,337	9,304	9,825
Massachusetts:								
Gross state product	49,877	81,561	139,012	165,325	174,041	185,988	195,874	208,591
Compensation of employees	32,050	53,105	86,179	103,961	108,850	114,344	120,807	127,560
Indirect business tax and nontax liability	4,941	5,679	8,748	10,966	11,540	12,353	12,702	13,146
Property-type income	12,886	22,778	44,085	50,397	53,651	59,291	62,365	67,884
New Hampshire:								
Gross state product	6,370	11,443	21,454	26,035	27,156	29,288	31,802	34,108
Compensation of employees	3,910	7,099	12,393	15,001	15,652	16,737	17,888	18,913
Indirect business tax and nontax liability	539	851	1,492	2,338	2,409	2,458	2,502	2,605
Property-type income	1,922	3,493	7,570	8,697	9,095	10,094	11,412	12,589
Rhode Island:								
Gross state product	7,274	11,396	17,761	22,412	23,304	23,875	25,046	25,629
Compensation of employees	4,653	7,216	10,950	13,333	13,854	14,130	14,717	15,109
Indirect business tax and nontax liability	653	990	1,446	1,954	1,988	2,040	2,140	2,232
Property-type income	1,968	3,191	5,364	7,125	7,462	7,705	8,189	8,288
Vermont:								
Gross state product	3,346	5,759	9,216	12,336	12,971	13,555	13,867	14,611
Compensation of employees	2,021	3,434	5,355	7,048	7,425	7,757	8,119	8,480
Indirect business tax and nontax liability	321	471	857	1,139	1,192	1,285	1,288	1,339
Property-type income	1,003	1,855	3,004	4,149	4,354	4,513	4,619	4,792
Mideast:								
Gross state product	399,136	614,594	939,481	1,216,057	1,263,374	1,322,927	1,381,126	1,440,922
Compensation of employees	248,542	385,979	566,678	731,901	760,122	788,123	818,914	853,026
Indirect business tax and nontax liability	36,736	49,521	76,580	103,591	107,641	112,624	114,868	118,368
Property-type income	113,858	179,094	296,223	380,565	395,611	422,179	447,344	469,528
Delaware:								
Gross state product	5,978	9,431	15,891	23,492	23,694	24,124	26,947	28,331
Compensation of employees	3,683	5,900	8,779	11,756	12,369	12,999	13,840	14,716
Indirect business tax and nontax liability	350	526	936	1,323	1,357	1,489	1,495	1,572
Property-type income	1,946	3,005	6,176	10,413	9,968	9,636	11,612	12,043
District of Columbia:								
Gross state product	15,226	22,240	31,904	44,764	47,038	48,142	49,686	51,197
Compensation of employees	11,681	17,383	24,607	34,207	35,552	36,489	36,904	37,308
Indirect business tax and nontax liability	584	918	1,474	1,981	2,112	2,080	2,116	2,211
Property-type income	2,962	3,939	5,823	8,576	9,373	9,573	10,666	11,678
Maryland:								
Gross state product	35,379	55,701	91,479	118,784	124,551	132,942	137,353	143,190
Compensation of employees	22,569	35,686	56,116	73,550	76,525	80,343	83,447	87,105
Indirect business tax and nontax liability	2,947	3,962	6,449	8,312	9,204	9,713	9,857	10,199
Property-type income	9,863	16,053	28,914	36,923	38,823	42,886	44,049	45,886
New Jersey:								
Gross state product	66,744	106,870	175,137	232,881	243,886	255,777	266,134	276,377
Compensation of employees	41,681	67,604	104,636	135,830	142,045	148,162	154,010	160,082
Indirect business tax and nontax liability	6,377	8,877	14,505	23,543	23,684	25,140	25,876	26,731
Property-type income	18,686	30,390	55,997	73,509	78,157	82,475	86,249	89,563
New York:								
Gross state product	175,798	276,001	420,379	526,235	541,113	565,161	587,714	613,287
Compensation of employees	105,133	166,161	247,685	312,206	322,800	332,211	345,875	361,892
Indirect business tax and nontax liability	18,941	25,234	38,460	48,317	50,078	51,512	52,409	53,843
Property-type income	51,723	84,606	134,234	165,712	168,235	181,439	189,430	197,553
Pennsylvania:								
Gross state product	100,011	144,350	204,691	269,900	283,093	296,781	313,293	328,540
Compensation of employees	63,795	93,246	124,855	164,353	170,832	177,920	184,838	191,923
Indirect business tax and nontax liability	7,537	10,004	14,756	20,115	21,206	22,691	23,116	23,812
Property-type income	28,678	41,100	65,080	85,433	91,056	96,170	105,339	112,804

Table 6.—Gross State Product by Component in Current Dollars, Selected Years—Continued

(Millions of dollars)

	1977	1982	1987	1992	1993	1994	1995	1996
Great Lakes:								
Gross state product	388,931	533,520	762,355	978,823	1,033,607	1,121,443	1,178,334	1,233,424
Compensation of employees	240,783	338,954	466,179	611,394	648,774	691,914	726,434	756,623
Indirect business tax and nontax liability	28,694	40,090	56,638	76,169	80,389	89,062	92,162	95,707
Property-type income	119,454	154,475	239,538	291,259	304,445	340,467	359,739	381,094
Illinois:								
Gross state product	115,442	163,180	230,199	298,747	312,349	336,867	352,932	370,778
Compensation of employees	70,501	101,450	137,853	182,263	191,746	202,190	212,532	221,913
Indirect business tax and nontax liability	9,000	12,388	17,529	23,996	25,318	27,287	27,635	28,235
Property-type income	35,942	49,342	74,817	92,488	95,285	107,389	112,765	120,629
Indiana:								
Gross state product	47,324	63,337	91,350	122,097	129,667	141,358	148,801	155,797
Compensation of employees	29,146	40,778	55,849	75,183	80,379	86,032	89,977	93,295
Indirect business tax and nontax liability	3,350	4,494	6,113	8,443	8,710	10,359	10,732	11,243
Property-type income	14,828	18,065	29,388	38,471	40,578	44,968	48,092	51,258
Michigan:								
Gross state product	87,684	112,249	166,298	201,635	217,347	240,645	251,794	263,336
Compensation of employees	56,224	74,149	106,128	135,280	145,558	157,757	166,260	173,385
Indirect business tax and nontax liability	6,708	9,593	12,903	16,857	17,575	19,929	21,609	22,885
Property-type income	24,752	28,507	47,266	49,498	54,214	62,959	63,925	67,066
Ohio:								
Gross state product	97,772	135,528	192,429	245,726	256,593	276,742	292,103	304,353
Compensation of employees	61,168	86,734	117,895	151,119	159,194	169,271	177,168	183,888
Indirect business tax and nontax liability	6,417	9,116	13,341	17,563	18,634	20,398	20,672	21,307
Property-type income	30,187	39,678	61,194	77,044	78,766	87,074	94,263	99,159
Wisconsin:								
Gross state product	40,709	59,225	82,078	110,618	117,651	125,831	132,704	139,160
Compensation of employees	23,744	35,844	48,454	67,549	71,896	76,664	80,497	84,142
Indirect business tax and nontax liability	3,220	4,499	6,751	9,310	10,152	11,090	11,514	12,038
Property-type income	13,744	18,883	26,873	33,759	35,602	38,077	40,693	42,981
Plains:								
Gross state product	148,936	225,730	310,475	405,912	420,535	457,639	481,161	514,201
Compensation of employees	83,295	130,493	178,369	238,824	251,110	266,962	282,027	297,147
Indirect business tax and nontax liability	10,663	15,692	22,992	30,796	32,953	35,705	36,425	37,562
Property-type income	54,979	79,545	109,113	136,291	136,472	154,973	162,710	179,492
Iowa:								
Gross state product	26,390	36,549	45,159	59,981	61,973	68,728	71,362	76,315
Compensation of employees	13,580	19,346	24,165	33,259	35,053	37,467	39,366	41,137
Indirect business tax and nontax liability	1,655	2,521	3,520	4,534	4,964	5,357	5,423	5,486
Property-type income	11,156	14,682	17,474	22,188	21,956	25,904	26,574	29,692
Kansas:								
Gross state product	20,440	33,088	44,032	55,926	58,194	61,929	64,146	68,014
Compensation of employees	11,141	18,475	24,388	32,368	33,820	35,641	37,384	39,387
Indirect business tax and nontax liability	1,587	2,425	3,391	4,391	4,575	5,033	5,140	5,290
Property-type income	7,712	12,188	16,254	19,167	19,799	21,255	21,622	23,336
Minnesota:								
Gross state product	36,172	56,280	83,611	110,662	114,637	124,617	131,358	141,573
Compensation of employees	21,055	34,489	50,235	69,160	72,703	77,175	81,786	87,132
Indirect business tax and nontax liability	2,635	3,719	6,101	8,594	9,264	9,689	9,819	10,125
Property-type income	12,482	18,073	27,275	32,908	32,671	37,753	39,753	44,316
Missouri:								
Gross state product	41,817	61,477	89,915	114,545	118,301	129,110	137,483	145,123
Compensation of employees	25,031	38,247	54,116	69,475	73,034	77,851	82,343	86,169
Indirect business tax and nontax liability	2,840	3,863	6,087	8,266	8,708	9,587	9,882	10,237
Property-type income	13,946	19,367	29,712	36,803	36,559	41,672	45,258	48,716
Nebraska:								
Gross state product	13,629	20,645	26,857	37,193	38,385	42,109	43,673	47,187
Compensation of employees	7,377	11,554	15,106	20,470	21,488	22,860	24,233	25,564
Indirect business tax and nontax liability	1,075	1,476	2,116	2,755	2,965	3,293	3,376	3,505
Property-type income	5,177	7,615	9,634	13,968	13,931	15,957	16,063	18,118
North Dakota:								
Gross state product	5,356	9,963	10,139	12,583	12,724	13,680	14,477	15,701
Compensation of employees	2,666	4,610	5,315	6,826	7,222	7,622	8,079	8,528
Indirect business tax and nontax liability	427	1,016	888	1,083	1,198	1,301	1,304	1,370
Property-type income	2,263	4,338	3,936	4,675	4,304	4,757	5,094	5,804
South Dakota:								
Gross state product	5,132	7,728	10,763	15,022	16,322	17,466	18,662	20,289
Compensation of employees	2,446	3,774	5,044	7,266	7,790	8,346	8,836	9,229
Indirect business tax and nontax liability	444	673	891	1,174	1,279	1,445	1,480	1,549
Property-type income	2,241	3,282	4,827	6,582	7,253	7,675	8,346	9,511
Southeast:								
Gross state product	389,262	650,710	976,521	1,303,756	1,384,533	1,492,120	1,580,725	1,674,519
Compensation of employees	225,235	380,268	564,888	763,297	809,041	859,127	908,037	954,632
Indirect business tax and nontax liability	31,925	54,599	78,306	110,041	117,915	127,850	131,516	138,421
Property-type income	132,102	215,843	333,326	430,418	457,576	505,143	541,172	581,466

Table 6.—Gross State Product by Component in Current Dollars, Selected Years—Continued

[Millions of dollars]

	1977	1982	1987	1992	1993	1994	1995	1996
Alabama:								
Gross state product	26,413	40,643	60,527	79,604	82,998	89,327	94,988	99,190
Compensation of employees	16,125	25,013	36,164	48,865	51,369	54,271	57,030	59,083
Indirect business tax and nontax liability	1,808	2,746	4,009	5,397	5,889	6,323	6,497	6,901
Property-type income	8,480	12,884	20,354	25,341	25,739	28,732	31,461	33,206
Arkansas:								
Gross state product	14,936	23,128	32,236	43,810	46,452	50,364	53,358	56,417
Compensation of employees	8,022	12,754	17,888	24,831	26,143	27,951	29,537	30,815
Indirect business tax and nontax liability	972	1,487	2,268	3,228	3,431	3,751	3,872	4,052
Property-type income	5,943	8,887	12,080	15,751	16,878	18,661	19,949	21,550
Florida:								
Gross state product	66,073	124,965	205,211	280,220	300,681	321,700	339,033	360,496
Compensation of employees	38,223	72,891	119,440	163,133	174,065	184,321	195,668	207,007
Indirect business tax and nontax liability	6,038	10,680	19,065	29,096	31,218	33,981	35,260	37,343
Property-type income	21,812	41,394	66,707	87,990	95,397	103,399	108,105	116,146
Georgia:								
Gross state product	41,218	68,858	117,029	159,299	170,903	185,982	200,751	216,033
Compensation of employees	25,102	42,847	70,298	94,486	100,942	108,075	115,893	124,117
Indirect business tax and nontax liability	2,915	4,641	7,936	11,827	12,892	14,323	14,915	15,583
Property-type income	13,202	21,371	38,796	52,986	57,070	63,583	69,943	76,333
Kentucky:								
Gross state product	28,543	41,375	56,829	75,561	79,915	86,059	90,617	95,410
Compensation of employees	15,225	23,420	31,489	43,139	45,523	48,176	50,533	52,963
Indirect business tax and nontax liability	2,951	3,875	4,857	6,491	6,764	7,599	7,731	8,114
Property-type income	10,367	14,080	20,482	25,931	27,628	30,285	32,354	34,333
Louisiana:								
Gross state product	39,248	78,716	76,069	89,748	94,656	103,880	112,944	121,143
Compensation of employees	18,441	34,451	35,646	46,900	48,793	51,564	54,297	56,387
Indirect business tax and nontax liability	3,546	11,487	7,769	9,209	9,544	9,915	9,988	11,404
Property-type income	17,261	32,778	32,654	33,638	36,320	42,401	48,659	53,353
Mississippi:								
Gross state product	15,981	24,894	33,660	43,302	46,605	50,751	53,647	56,406
Compensation of employees	8,741	13,785	17,974	24,157	26,092	28,448	29,892	31,065
Indirect business tax and nontax liability	1,269	1,867	2,580	3,403	3,837	4,277	4,429	4,681
Property-type income	5,970	9,242	13,107	15,742	16,676	18,026	19,326	20,661
North Carolina:								
Gross state product	44,410	69,920	115,737	160,579	168,550	182,268	192,219	204,229
Compensation of employees	26,030	42,508	67,367	92,632	98,533	104,932	111,288	117,663
Indirect business tax and nontax liability	3,853	5,202	9,159	12,686	13,562	14,742	15,054	15,302
Property-type income	14,527	22,210	39,211	55,261	56,455	62,594	65,876	71,264
South Carolina:								
Gross state product	20,321	32,911	53,073	70,945	75,205	80,684	85,270	89,476
Compensation of employees	13,066	21,436	32,146	43,459	45,663	47,896	50,298	52,444
Indirect business tax and nontax liability	1,522	2,271	3,963	5,277	5,860	6,213	6,434	6,730
Property-type income	5,733	9,204	16,964	22,209	23,683	26,574	28,538	30,301
Tennessee:								
Gross state product	33,484	51,071	80,924	109,047	116,658	127,852	134,873	140,750
Compensation of employees	20,012	31,758	47,575	65,121	69,761	75,019	79,530	82,611
Indirect business tax and nontax liability	2,586	3,742	6,326	8,670	9,577	10,327	10,698	11,058
Property-type income	10,886	15,571	27,022	35,256	37,319	42,505	44,646	47,080
Virginia:								
Gross state product	44,193	73,288	120,740	161,020	169,972	178,788	186,986	197,809
Compensation of employees	27,648	46,755	74,732	98,892	103,751	108,981	113,928	119,751
Indirect business tax and nontax liability	3,693	5,190	8,530	12,167	12,992	13,337	13,490	13,876
Property-type income	12,852	21,343	37,478	49,962	53,629	56,470	59,567	64,182
West Virginia:								
Gross state product	14,441	20,942	24,485	30,621	31,938	34,465	36,039	37,160
Compensation of employees	8,600	12,650	14,169	17,683	18,406	19,493	20,142	20,725
Indirect business tax and nontax liability	771	1,413	1,845	2,590	2,750	3,061	3,148	3,378
Property-type income	5,070	6,880	8,471	10,348	10,782	11,912	12,749	13,058
Southwest:								
Gross state product	185,167	368,168	432,204	595,555	638,194	686,302	727,527	778,815
Compensation of employees	97,889	195,293	246,333	331,318	350,326	371,555	396,006	421,327
Indirect business tax and nontax liability	14,305	31,979	38,300	54,268	57,619	61,729	62,343	64,550
Property-type income	72,972	140,896	147,571	209,970	230,249	253,017	269,178	292,938
Arizona:								
Gross state product	19,202	34,325	58,849	78,278	84,951	95,360	103,951	111,520
Compensation of employees	11,210	21,215	34,944	45,798	49,134	54,157	59,086	64,052
Indirect business tax and nontax liability	1,867	2,663	5,221	7,371	7,852	8,562	8,892	8,865
Property-type income	6,125	10,447	18,683	25,109	27,966	32,642	35,973	38,602
New Mexico:								
Gross state product	10,368	19,868	22,818	31,949	36,297	40,885	40,759	42,698
Compensation of employees	5,483	9,695	12,797	17,246	18,551	19,861	21,301	21,936
Indirect business tax and nontax liability	972	2,180	1,891	2,634	3,104	3,219	3,025	3,275
Property-type income	3,913	7,993	8,129	12,069	14,642	17,805	16,434	17,487

Table 6.—Gross State Product by Component in Current Dollars, Selected Years—Continued

[Millions of dollars]

	1977	1982	1987	1992	1993	1994	1995	1996
Oklahoma:								
Gross state product	23,780	49,029	48,165	60,807	63,960	65,957	68,611	72,767
Compensation of employees	12,776	26,211	27,639	35,300	36,755	38,044	39,453	41,422
Indirect business tax and nontax liability	1,493	3,731	3,662	4,414	4,782	5,244	5,309	5,597
Property-type income	9,511	19,087	16,864	21,093	22,423	22,669	23,849	25,749
Texas:								
Gross state product	131,817	264,945	302,373	424,521	452,986	484,099	514,206	551,830
Compensation of employees	68,420	138,171	170,953	232,973	245,885	259,493	276,167	293,916
Indirect business tax and nontax liability	9,974	23,405	27,525	39,849	41,881	44,705	45,118	46,813
Property-type income	53,422	103,369	103,895	151,699	165,219	179,901	192,921	211,101
Rocky Mountain:								
Gross state product	54,651	100,019	124,488	169,044	184,195	199,032	213,825	229,833
Compensation of employees	30,828	56,615	71,147	99,090	106,752	114,799	122,755	131,030
Indirect business tax and nontax liability	4,455	8,962	10,775	14,002	14,641	16,207	16,725	17,543
Property-type income	19,368	34,442	42,566	55,953	62,802	68,027	74,345	81,260
Colorado:								
Gross state product	25,185	47,584	63,065	85,098	92,949	100,712	107,903	116,227
Compensation of employees	14,886	29,375	38,093	52,198	56,388	60,352	64,602	69,269
Indirect business tax and nontax liability	2,022	3,571	5,085	6,735	7,087	7,742	8,115	8,434
Property-type income	8,278	14,638	19,888	26,165	29,475	32,618	35,185	38,524
Idaho:								
Gross state product	7,029	10,485	13,762	20,057	22,399	24,505	26,885	27,898
Compensation of employees	3,935	5,905	7,529	11,412	12,354	13,544	14,435	15,038
Indirect business tax and nontax liability	461	628	1,024	1,499	1,638	1,874	1,938	2,025
Property-type income	2,632	3,952	5,210	7,147	8,408	9,087	10,512	10,836
Montana:								
Gross state product	6,376	10,354	11,542	14,988	16,085	16,867	17,722	18,509
Compensation of employees	3,339	5,245	5,939	8,049	8,635	9,146	9,582	10,053
Indirect business tax and nontax liability	517	947	1,074	1,441	1,327	1,498	1,543	1,627
Property-type income	2,521	4,162	4,529	5,497	6,123	6,223	6,598	6,829
Utah:								
Gross state product	10,414	18,550	25,173	35,193	38,129	42,007	45,554	50,352
Compensation of employees	6,203	11,120	15,029	21,740	23,368	25,439	27,636	30,017
Indirect business tax and nontax liability	787	1,503	2,050	2,731	2,983	3,252	3,379	3,571
Property-type income	3,424	5,926	8,094	10,722	11,779	13,316	14,540	16,765
Wyoming:								
Gross state product	5,646	13,047	10,946	13,708	14,633	14,941	15,761	16,847
Compensation of employees	2,466	4,970	4,558	5,690	6,008	6,317	6,499	6,653
Indirect business tax and nontax liability	668	2,313	1,542	1,595	1,607	1,841	1,751	1,886
Property-type income	2,513	5,764	4,846	6,422	7,017	6,783	7,511	8,307
Far West:								
Gross state product	310,971	536,003	816,992	1,110,725	1,145,590	1,197,015	1,252,657	1,323,429
Compensation of employees	183,054	314,911	468,591	634,668	649,397	672,581	702,901	741,871
Indirect business tax and nontax liability	28,561	42,163	60,210	89,290	92,871	95,259	97,060	100,823
Property-type income	99,357	178,930	288,191	386,767	403,323	429,174	452,695	480,736
Alaska:								
Gross state product	7,447	23,061	21,274	22,212	22,503	21,853	23,674	24,161
Compensation of employees	4,770	7,387	8,122	10,907	11,356	11,597	11,700	11,659
Indirect business tax and nontax liability	581	3,743	1,740	2,383	2,244	2,085	1,964	2,093
Property-type income	2,096	11,932	11,412	8,922	8,903	8,171	10,010	10,409
California:								
Gross state product	228,504	391,080	619,518	825,193	843,100	875,965	913,474	962,696
Compensation of employees	133,964	233,192	358,368	468,623	475,252	488,309	508,493	534,843
Indirect business tax and nontax liability	21,750	28,722	42,798	63,841	65,806	66,285	67,596	70,405
Property-type income	72,790	129,166	218,351	292,729	302,042	321,371	337,385	357,447
Hawaii:								
Gross state product	9,401	15,523	23,281	35,193	35,160	35,249	36,034	36,317
Compensation of employees	5,912	9,448	13,657	20,625	21,048	21,280	21,200	21,353
Indirect business tax and nontax liability	741	1,229	1,785	2,701	2,774	3,056	3,091	3,134
Property-type income	2,749	4,847	7,839	11,867	11,339	10,913	11,742	11,829
Nevada:								
Gross state product	7,428	14,200	21,921	36,057	39,502	44,502	48,670	53,687
Compensation of employees	4,463	8,652	12,652	20,500	22,285	24,781	27,184	29,976
Indirect business tax and nontax liability	640	1,123	1,840	3,074	3,559	3,904	4,307	4,714
Property-type income	2,326	4,424	7,429	12,484	13,658	15,817	17,179	18,997
Oregon:								
Gross state product	22,361	31,865	44,850	63,242	68,922	74,724	80,805	86,967
Compensation of employees	12,891	19,228	25,986	37,695	40,228	43,302	46,594	50,208
Indirect business tax and nontax liability	1,399	2,123	3,345	4,561	4,733	5,103	5,139	5,236
Property-type income	8,071	10,514	15,519	20,986	23,961	26,319	29,072	31,523
Washington:								
Gross state product	35,830	60,274	86,149	128,827	136,403	144,721	150,001	159,602
Compensation of employees	21,054	37,004	49,806	76,318	79,228	83,311	87,731	93,832
Indirect business tax and nontax liability	3,449	5,223	8,702	12,731	13,755	14,826	15,462	15,240
Property-type income	11,326	18,047	27,640	39,779	43,420	46,584	47,307	50,530

Appendix A.—Industries for Which Gross State Product Estimates Are Available

	1987 SIC code		1987 SIC code
Private industries		Local and interurban passenger transit	41
Agriculture, forestry, and fishing	A	Trucking and warehousing	42
Farms	01-02	Water transportation	44
Agricultural services, forestry, and fishing	07-09	Transportation by air	45
Mining	B	Pipelines, except natural gas	46
Metal mining	10	Transportation services	47
Coal mining	12	Communications	48
Oil and gas extraction	13	Electric, gas, and sanitary services	49
Nonmetallic minerals, except fuels	14	Wholesale trade	F
Construction	C	Retail trade	G
Manufacturing	D	Finance, insurance, and real estate	H
Durable goods		Depository institutions ²	60
Lumber and wood products	24	Nondepository institutions ²	61
Furniture and fixtures	25	Security and commodity brokers	62
Stone, clay, and glass products	32	Insurance carriers	63
Primary metal industries	33	Insurance agents, brokers, and service	64
Fabricated metal products	34	Real estate	65
Industrial machinery and equipment	35	Holding and other investment offices	67
Electronic and other electric equipment ¹	36	Services	I
Motor vehicles and equipment	371	Hotels and other lodging places	70
Other transportation equipment	372-79	Personal services	72
Instruments and related products ¹	38	Business services ³	73
Miscellaneous manufacturing industries	39	Auto repair, services, and parking	75
Nondurable goods		Miscellaneous repair services	76
Food and kindred products	20	Motion pictures	78
Tobacco products	21	Amusement and recreation services	79
Textile mill products	22	Health services	80
Apparel and other textile products	23	Legal services	81
Paper and allied products	26	Educational services	82
Printing and publishing	27	Social services	83
Chemicals and allied products	28	Membership organizations	86
Petroleum and coal products	29	Other services ³	84,87,89
Rubber and miscellaneous plastics products	30	Private households	88
Leather and leather products	31	Government	J
Transportation and public utilities	E	Federal civilian	91-96
Transportation		Federal military	97
Railroad transportation	40	State and local	91-96

1. Estimates for 1977-86 are for the 1972 SIC industries electric and electronic equipment and instruments and related products.

2. Estimates for 1977-86 are for the 1972 SIC industries banking and credit agencies other than banks.

3. Estimates for 1977-86 are for the 1972 SIC industries business services and miscellaneous professional services.

NOTE.—The tables of gross product originating (GPO) by industry for the Nation that were published in the November 1997 SURVEY OF CURRENT BUSINESS present estimates for all of the industries shown in this table except Federal civilian and Federal military. In addition, the GPO tables present estimates for the following industries: Telephone and telegraph; radio and television; non-farm housing services; other real estate; Federal general government; Federal government enterprises; State and local general government; and State and local government enterprises.

SIC—Standard Industrial Classification. See Executive Office of the President, Office of Management and Budget, *Standard Industrial Classification Manual 1987* (Washington, DC: U.S. Government Printing Office, 1987).

Appendix B.—Relation of Gross State Product to Gross Product Originating and Gross Domestic Product, 1996

[Billions of dollars]

	GPO	GSP			Difference between GPO and GSP	
		Compensation of employees	IBT and nontax liability	Property-type income		Total
Compensation of employees:						
Wage and salary accruals	3,636.2	¹ 3,626.3			3,626.3	9.9
Supplements to wages and salaries:						
Employer contributions for social insurance	385.7	² 380.6			380.6	5.0
Other labor income	407.6	³ 407.4			407.4	.2
Indirect business tax and nontax liability	604.8		604.8		604.8	
Property-type income:						
Proprietors' income with IVA:						
Farm	45.0			⁴ 45.0	45.0	
Nonfarm	455.2			455.2	455.2	
Rental income of persons	193.3			193.3	193.3	
Corporate profits with IVA	578.2			578.2	578.2	
Net interest	516.7			516.7	516.7	
Business transfer payments	33.6			33.6	33.6	
Less: Subsidies less current surplus of government enterprises	25.4			25.4	25.4	
Private capital consumption allowances ⁵	717.6			717.6	717.6	
Government consumption of fixed capital: ⁶						
Federal	71.2			⁷ 21.5	21.5	49.7
State and local	76.2			76.2	76.2	
Equals: Gross domestic income	7,695.9	4,414.3	604.8	2,611.9	7,631.0	64.9
Plus: Statistical discrepancy	-59.9					⁸ -59.9
Equals: Gross domestic product	7,636.0	4,414.3	604.8	2,611.9	7631.0	5.0

1. Differs from the gross product originating (GPO) entry because it excludes the wages and salaries of Federal civilian and military personnel stationed abroad.
 The wage and salary accruals component of gross state product (GSP) differs from the wage and salary disbursements component of State earnings by place of work in State personal income (not shown) by \$0.1 billion. The GSP component excludes wages and salaries paid to U.S. residents employed by international organizations and by foreign embassies and consulates in the United States (\$0.7 billion), excludes other statistical revisions not yet incorporated in GPO (\$0.3 billion), and includes wage accruals less disbursements (\$1.1 billion). Wage accruals less disbursements is the difference between wages and salaries on a "when-earned" (accrual) basis, the proper timing for inclusion in GSP, and wages and salaries on a "when-paid" (disbursement) basis, the proper timing for inclusion in State earnings by place of work. For the data on State wage and salary disbursements, see "Personal Income and Per Capita Personal Income by State and Region, 1997," SURVEY OF CURRENT BUSINESS 78 (May 1998): 7-27.
 2. Differs from the GPO entry because it excludes employer contributions for social insurance of Federal civilian and military personnel stationed abroad.
 3. Differs from the GPO entry because it excludes other labor income of Federal civilian personnel stationed abroad.
 4. Differs from the corresponding component in State earnings by place of work (not shown) because different data sources are used for allocating U.S. Department of Agriculture estimates

of net farm income by legal form of organization.
 5. The estimate of private capital consumption allowances consists of tax-return-based depreciation charges for corporations and nonfarm proprietorships and of historical-cost depreciation (calculated by BEA using a geometric pattern of price declines) for farm proprietorships, rental income of persons, and nonprofit institutions.
 6. Represents depreciation valued at current replacement cost, which is the valuation appropriate for gross domestic product.
 7. Differs from the GPO entry because it excludes military structures located abroad and because the lack of adequate source data prevents the allocation of military equipment, except office equipment, to States.
 8. Insufficient information is available for allocating the statistical discrepancy either among the components of GPO or by State.
 NOTE.—For definitions of the line items shown in this table, see "A Guide to the NIPA's," SURVEY OF CURRENT BUSINESS 78 (March 1998): 27-34.
 GPO Gross product originating
 GSP Gross state product
 IBT Indirect business tax
 IVA Inventory valuation adjustment

Foreign Direct Investment in the United States

- New Investment in 1997
- Affiliate Operations in 1996

By Mahnaz Fahim-Nader and William J. Zeile

OUTLAYS BY foreign direct investors to acquire or establish businesses in the United States decreased to \$70.8 billion in 1997 from a record \$79.9 billion in 1996. Despite the decrease, the first since 1992, outlays in 1997 were among the highest recorded since the new-investment series began in 1980 (chart 1). The 11-percent decrease in outlays in 1997 followed increases of 40 percent in 1996 and 25 percent in 1995 (table 1).¹

1. The estimates of outlays for 1997 are preliminary. The 1996 estimate of total outlays has been revised down 1 percent from the preliminary estimate published last year.

The high level of outlays in 1997 reflected a continuation of favorable U.S. economic conditions and coincided with record-high overall merger and acquisition activity in the United States. In addition, business conditions remained favorable in major investor countries—particularly in Canada, the Netherlands, and the United Kingdom, which together accounted for almost half of the 1997 spending for new investments. The decrease in total outlays from the peak of 1996 reflected a reduction in the number of very large investments and a sharp decline in new investment from Japan, where economic conditions were less favorable.

Additional highlights on new investment in 1997 follow:

- The portion of outlays that were financed with funds from foreign parents rather than from U.S. sources or from other foreign sources dropped sharply—from an unusually

Table 1.—Selected Data on Newly Acquired or Established U.S. Businesses and on Nonbank U.S. Affiliates, 1977–97

	Newly acquired or established U.S. businesses		All nonbank U.S. affiliates			Addendum: Employment by newly acquired or established U.S. businesses as a percentage of employment by all nonbank U.S. affiliates ²
	Outlays (billions of dollars)	Employment (thousands of employees)	Employment (thousands of employees)	Gross product (billions of dollars)	U.S.-affiliate share of gross product originating in private industries ¹ (percent)	
1977	n.a.	n.a.	1,218.7	35.2	2.3	n.a.
1978	n.a.	n.a.	1,429.9	42.9	2.5	n.a.
1979	n.a.	n.a.	1,753.2	55.4	2.9	n.a.
1980	12.2	292.5	2,033.9	70.9	3.4	14.4
1981	23.2	442.8	2,416.6	98.8	4.2	18.3
1982	10.8	233.8	2,448.1	103.5	4.3	9.6
1983	8.1	108.1	2,546.5	111.5	4.3	4.2
1984	15.2	172.5	2,714.3	128.8	4.4	6.4
1985	23.1	275.5	2,862.2	134.9	4.3	9.6
1986	39.2	438.0	2,937.9	142.1	4.3	14.9
1987	40.3	394.1	3,224.3	157.9	4.5	12.2
1988	72.7	736.3	3,844.2	190.4	5.0	19.2
1989	71.2	722.0	4,511.5	223.4	5.4	16.0
1990	65.9	474.3	4,734.5	239.3	5.5	10.0
1991	25.5	249.0	4,871.9	257.6	5.9	5.1
1992	15.3	141.5	4,715.4	266.3	5.8	3.0
1993	26.2	289.1	4,765.6	285.7	5.8	6.1
1994	45.6	289.3	4,840.5	313.0	6.0	6.0
1995	57.2	312.9	^r 4,941.8	^r 322.6	5.9	6.3
1996	^r 79.9	^r 436.9	^p 4,977.5	^p 339.5	5.9	8.8
1997	^p 70.8	^p 297.6	n.a.	n.a.	n.a.	n.a.

^p Preliminary.

^r Revised.

n.a. Not available.

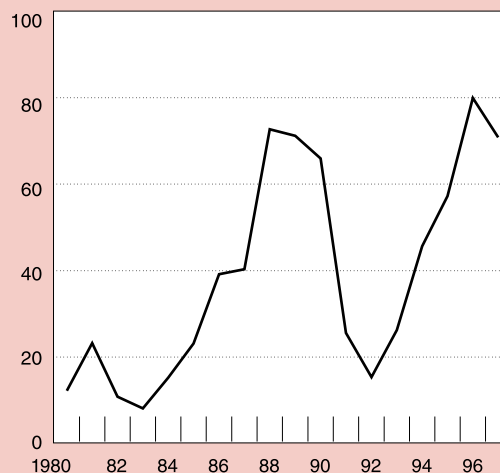
1. For improved comparability with U.S. affiliate gross product, gross product originating in private industries was adjusted to exclude gross product originating in depository institutions and private households, imputed rental income from owner-occupied housing, and business transfer payments.

2. Because the data on new affiliates include bank affiliates, the percentages shown in this column are biased upward. In all years, the bias is less than 1 percentage point; in most years, it is less than 0.3 percentage point.

CHART 1

Outlays for New Investment in the United States by Foreign Direct Investors, 1980–97

Billions \$



U.S. Department of Commerce, Bureau of Economic Analysis

high share of 68 percent in 1996 to 55 percent in 1997.

- More than 90 percent of new investment was accounted for by outlays to acquire existing companies; outlays to establish new companies accounted for the remainder. The share ranged from 82 to 86 percent in 1993–96.
- By industry, outlays were largest in manufacturing, particularly chemicals and industrial machinery; in services, particularly business services; and in insurance.

Most measures of the overall operations of nonbank U.S. affiliates of foreign companies—which include the operations of existing as well as new affiliates—increased in 1996, the latest year

for which such measures are available.² The gross product (or value added) of affiliates increased 5 percent to \$339.5 billion (current dollars) in 1996

2. All data on the overall operations of nonbank U.S. affiliates are on a fiscal year basis. Thus, for 1996, an individual affiliate's fiscal year is its financial reporting year that ended in calendar year 1996.

A U.S. affiliate is a U.S. business enterprise in which there is foreign direct investment—that is, in which a single foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise. The term “U.S. affiliate” denotes that the affiliate is located in the United States; in this article, “affiliate” and “U.S. affiliate” are used interchangeably.

A “person” is any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). A “foreign” person is a person who resides outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions.

The financial and operating data of U.S. affiliates cover the entire operations of the U.S. affiliate, irrespective of the percentage of foreign ownership.

Data on Foreign Direct Investment in the United States

BEA collects three broad sets of data on foreign direct investment in the United States (FDIUS): (1) New investment data, (2) financial and operating data of U.S. affiliates, and (3) balance of payments and direct investment position data. This article presents the first two sets of data; the balance of payments and direct investment position data will be published in the articles “The International Investment Position of the United States in 1997,” “U.S. International Transactions, First Quarter 1998,” and “Direct Investment Positions on a Historical-Cost Basis: Country and Industry Detail for 1997” in the July issue of the SURVEY OF CURRENT BUSINESS.

Each of the three data sets focuses on a distinct aspect of FDIUS. The *new investment data* provide information about U.S. businesses that are newly acquired or established by foreign direct investors, regardless of whether the invested funds were raised in the United States or abroad; the *financial and operating data* provide a picture of the overall activities of the U.S. affiliates; and the *balance of payments and direct investment position data* cover cross-border transactions and the positions of both new and existing U.S. affiliates with their foreign parents.¹

New investment data.—The data on outlays by foreign direct investors to acquire or establish affiliates in the United States are collected in BEA's survey of new FDIUS. The data on investment outlays and on the number and types of investment and investors are on a calendar year basis.

1. For a more detailed discussion of the differences between these three sets of data, see Alicia M. Quijano, “A Guide to BEA Statistics on Foreign Direct Investment in the United States,” SURVEY 70 (February 1990): 29–37. This guide is available on BEA's Web site at <<http://www.bea.doc.gov/bea/a11.htm>>.

For a comparison of the data on affiliate operations with the data on new investment, see the appendix “Sources of Data” in Mahnaz Fahim-Nader and William J. Zelle, “Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993,” SURVEY 75 (May 1995): 68–70.

The new investment survey also collects selected data on the operations of the newly acquired or established affiliates. For newly acquired affiliates, these data are for (or as of the end of) the most recent fiscal year preceding the acquisition, and for newly established businesses, they are projected for (or as of the end of) the first year of operation. The data cover the entire operations of the business, irrespective of the percentage of foreign ownership.

Financial and operating data of U.S. affiliates.—The data on the overall operations of U.S. affiliates are collected in BEA's annual and benchmark surveys of FDIUS. The data cover U.S. affiliates' balance sheets and income statements, employment and compensation of employees, trade in goods, research and development expenditures, sources of finance, and selected data by State. In addition, the gross product of affiliates is estimated from the data reported in these surveys.

Except in benchmark survey years, these data, unlike the *new investment data*, cover only nonbank affiliates. All data on the overall operations of nonbank U.S. affiliates are on a fiscal year basis. The data cover the entire operations of the U.S. affiliate, irrespective of the percentage of foreign ownership.

Balance of payments and the direct investment position data.—These data are collected in the quarterly survey of FDIUS. The data cover the U.S. affiliate's cross-border transactions and positions with its foreign parent or other members of its foreign parent group, so these data focus on the foreign parent's share, or interest, in the affiliate rather than on the affiliate's size or level of operations. The major items included in the U.S. balance of payments are direct investment capital flows, direct investment income, royalties and license fees, and other services transactions with the foreign parent group.

after increasing 3 percent in 1995.³ The share of total gross product originating in private U.S. businesses that was accounted for by affiliates held steady at 5.9 percent (chart 2).

Additional highlights of the operations of U.S. affiliates in 1996 follow:

- Employment by affiliates increased 1 percent, as increases in employment from new investments were largely offset by reductions in employment from sales and liquidations. Largely reflecting the slow growth in affiliate employment, the total amount of compensation of employees paid by affiliates increased 2 percent, the lowest rate of increase since 1978.
- Exports and imports of goods by affiliates increased only slightly, and affiliates' shares of total U.S. exports and imports of goods decreased.
- By country of ultimate beneficial owner (UBO), the United Kingdom remained the largest of any investing country in terms of affiliate gross product, followed by Japan and Germany.⁴ Growth in the gross product

of French-owned affiliates was particularly strong, increasing by more than a third; as a result, France moved from the sixth-largest to the fourth-largest investing country.

- By major industry, the affiliate share of all-U.S.-business employment increased the most in communication and public utilities and decreased the most in transportation. The affiliate share held steady in mining and manufacturing, the two major industries in which the shares were largest. Within manufacturing, the affiliate share increased substantially in motor vehicles and equipment and decreased substantially in food and kindred products and in primary metal industries.
- By State, the affiliate share of total business employment continued to be largest in Hawaii, where Japanese investment predominates. The affiliate share of manufacturing employment continued to be largest in Kentucky, followed by South Carolina and New Jersey.
- The net income of affiliates increased 36 percent, to \$21.1 billion, in 1996 after increasing 91 percent in 1995. Unlike the increase in 1995, which partly reflected reduced capital losses, the increase in 1996 was more than accounted for by increased profits from operations. Profit-type return—operating profits on an economic-accounting basis—increased 42 percent, to \$39.6 billion. This increase continues a pattern of strong growth in

3. The estimates of gross product and the other data items on affiliate operations for 1996 are preliminary. The estimates for 1995 are revised; for most of the key data items, the revisions from the preliminary estimates were small, resulting in changes to the totals of -1.5 percent to 0.5 percent.

4. The UBO is that person, proceeding up a U.S. affiliate's ownership chain, beginning with and including the foreign parent, that is not owned more than 50 percent by another person. The foreign parent is the first foreign person in the affiliate's ownership chain. Unlike the foreign parent, the UBO of an affiliate may be located in the United States. The UBO of each U.S. affiliate is identified to ascertain the person that ultimately owns or controls the U.S. affiliate and that therefore ultimately derives the benefits from ownership or control.

Acknowledgments

The survey on new foreign direct investment in the United States was conducted under the supervision of Joseph F. Cherry III, with contributions by Nicole Donegan, Erik A. Kasari, Edward J. Kozerka, and Ronald McNeil.

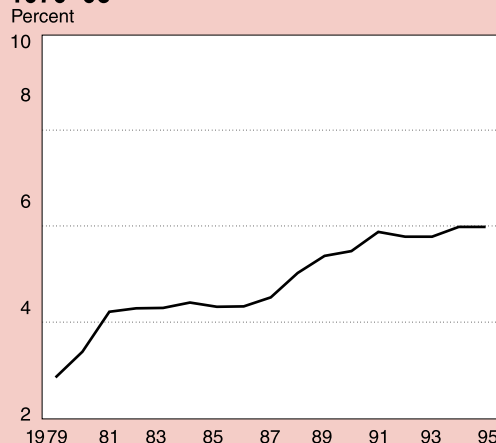
The survey on U.S. affiliate operations was conducted under the supervision of David H. Galler, with contributions by Juris E. Abolins, Chester C. Braham, Howard Chenkin, Constance C. Deve, Beverly A. Feeser, Vincent Goins, Earl F. Holmes, Lonnie Hunter, Betty Jones, Carol Lefkowitz, Edna Ludden, Gregory McCormick, Sidney Moskowitz, Clarence D. Smith, Marie P. Smith, John R. Starnes, Kimyetta Whitehead, Demetria Williams, and Dorrett Williams.

The estimates of U.S.-affiliate gross product were prepared by Jeffrey H. Lowe and Dale P. Shannon.

Computer programming for data estimation and the generation of data tables was provided by Arnold Gilbert and Angela M. Roberts.

CHART 2

U.S. Affiliate Share of Gross Domestic Product Originating in Private Industries, 1979-95



U.S. Department of Commerce, Bureau of Economic Analysis

profit-type return that began in 1992. While some of this growth reflects the entry of affiliates into the direct investment universe, most of it is attributable to the improved profitability of existing affiliates.

New Investment in 1997

Outlays to acquire and establish U.S. businesses were \$70.8 billion in 1997 (table 2).⁵ Outlays decreased \$9.1 billion, or 11 percent, after increasing 40 percent in 1996. As in the past, outlays to acquire existing U.S. companies rather than

5. The new investment data cover U.S. business enterprises (including banks) that have total assets of over \$1 million or that own at least 200 acres of U.S. land in the year they are acquired or established. U.S. enterprises that do not meet these criteria are required to file partial reports, primarily for identification purposes; the data from these reports are not included in the accompanying tables. For 1997, the total assets of the U.S. enterprises that filed partial reports were only \$88.3 million, about 0.1 percent of the total assets of \$179.5 billion of the U.S. enterprises that filed complete reports.

A U.S. business enterprise is categorized as "established" if the foreign parent or its existing U.S. affiliate (a) creates a new legal entity that is organized and begins operating as a new U.S. business enterprise or (b) directly purchases U.S. real estate. A U.S. business enterprise is categorized as "acquired" if the foreign parent or its existing U.S. affiliate (a) obtains a voting equity interest in an existing U.S. business enterprise and continues to operate it as a separate legal entity, (b) purchases a business segment or an operating unit of an existing U.S. business enterprise that it organizes as a new separate legal entity, or (c) purchases through the existing U.S. affiliate a U.S. business enterprise or a business segment or an operating unit of a U.S. business enterprise and merges it into the affiliate's own operations.

The data on new investments do not cover a foreign parent's acquisition of additional equity in its U.S. affiliate or its acquisition of an existing U.S. affiliate from another foreign investor. They also do not cover expansions in the operations of existing U.S. affiliates, and selloffs or other disinvestment are not netted against the new investments.

to establish new U.S. companies accounted for most—91 percent—of total outlays in 1997.

Although down somewhat from 1996, the level of outlays in 1997 was still relatively high, reflecting the continued importance of many of the factors that have helped to generate a resurgence in new foreign direct investment beginning in 1993. In 1997, the U.S. economy expanded for the sixth consecutive year, overall merger and acquisition activity in the United States was at record levels, and business conditions remained strong in most major investor countries.⁶ Both existing U.S. affiliates and their foreign parents had strong earnings, which provided them with the funds needed to make new investments. In addition, borrowing conditions in the United States remained favorable in 1997, as long-term interest rates remained low.

In addition, factors specific to particular industries appear to have motivated a number of new investments. Several U.S. insurance companies were acquired as a result of foreign companies' desire to diversify risk and to consolidate into larger, more efficient units. Several U.S. depository institutions were acquired as a result of foreign financial firms' desire to broaden their range of services, to spread the cost of new tech-

6. Data on overall merger and acquisition activity in the United States in 1997 were reported by the Securities Data Company in a news release on January 5, 1998.

Table 2.—Investment Outlays, Investments, and Investors, 1991–97

	Outlays (millions of dollars)							Number						
	1991	1992	1993	1994	1995	1996 ^r	1997 ^p	1991	1992	1993	1994	1995	1996 ^r	1997 ^p
Investments, total	25,538	15,333	26,229	45,626	57,195	79,929	70,819	1,091	941	980	1,036	1,124	1,155	1,050
U.S. businesses acquired	17,806	10,616	21,761	38,753	47,179	68,733	64,272	561	463	554	605	644	686	613
U.S. businesses established	7,732	4,718	4,468	6,873	10,016	11,196	6,547	530	478	426	431	480	469	437
Investors, total	25,538	15,333	26,229	45,626	57,195	79,929	70,819	1,220	1,019	1,094	1,144	1,213	1,302	1,191
Foreign direct investors	8,885	4,058	6,720	13,628	11,927	32,230	15,496	438	350	368	345	345	374	299
U.S. affiliates	16,653	11,275	19,509	31,999	45,268	47,699	55,323	782	669	726	799	868	928	892

^p Preliminary.
^r Revised.

Table 3.—Number of Investments by Size of Outlays, 1991–97

	1991	1992	1993	1994	1995	1996 ^r	1997 ^p
Total	1,091	941	980	1,036	1,124	1,155	1,050
\$2 billion or more	1	0	1	4	5	8	3
\$1 billion–\$1.9 billion	1	0	1	4	4	10	12
\$100 million–\$999 million	45	28	47	71	79	103	107
\$10 million–\$99 million	273	252	252	273	329	366	339
Less than \$10 million	771	661	679	684	707	668	589
Addenda:							
Percent of total outlays:							
Investments of \$1 billion or more	12	0	19	39	41	48	36
Investments of \$100 million or more	59	42	64	78	78	83	81

^p Preliminary.
^r Revised.

nology across a broader base, and to gain more direct access to the large U.S. capital market.

The decrease in outlays in 1997 resulted from several factors. The number of very large investments—that is, investments of \$2 billion or more—decreased from 8 in 1996 to 3 in 1997 (table 3). Outlays by Japanese investors declined sharply in 1997—from \$8.8 billion to \$1.8 billion—after 3 years of increases. Economic growth in Japan slowed significantly in 1997, and prospects for future growth were uncertain because of internal problems—particularly in the banking sector—and the financial difficulties in several of the Asian countries that are major trading partners of, and borrowers from, Japan. Depressed real estate values and a decline in the stock market may also have reduced wealth and made it more difficult for Japanese investors to obtain funds for new overseas investments. The slowdown in new investments may also be due to the appreciation of the U.S. dollar on foreign exchange markets.⁷

By industry, outlays in manufacturing and in services decreased (table 4). Within manufacturing, the largest decreases were in “other manufacturing,” particularly in printing and publishing and in transportation equipment. Within services, decreases were largest in business services, particularly computer and data processing services, and in health services. These decreases were partly offset by substantial increases in outlays in insurance, “other industries,” and depository institutions. The increase in “other industries” was mainly accounted for by increases in communication and public utilities.

By country, declines in outlays from Japan, Germany, and France partly offset increases in outlays from Australia and the Netherlands (table 4). Outlays by Japanese investors, at \$1.8 billion, were only about a tenth as large as those in the peak year of 1990 (chart 3). As noted, stalled economic growth, weakened financial institutions, and the effects of financial difficulties in several other Asian countries limited the abil-

7. The effects of changes in currency values on direct investment are sometimes ambiguous and may depend on the reasons underlying the change, but economic literature suggests that dollar appreciation has tended to retard foreign direct investment in the United States, and dollar depreciation has

tended to stimulate it. See Edward M. Graham and Paul R. Krugman, *Foreign Direct Investment in the United States*, 3rd edition (Washington, DC: Institute for International Economics, 1995): 45–47.

Table 4.—Investment Outlays by Industry of U.S. Business Enterprise and by Country of Ultimate Beneficial Owner, 1991–97
[Millions of dollars]

	1991	1992	1993	1994	1995	1996 ^r	1997 ^p
Total	25,538	15,333	26,229	45,626	57,195	79,929	70,819
By industry:							
Petroleum	702	463	882	469	1,520	1,059	688
Manufacturing	11,461	6,014	11,090	21,218	26,643	27,835	19,963
Food and kindred products	1,247	404	1,294	4,567	3,802	2,145	2,119
Chemicals and allied products	2,897	1,644	5,035	6,905	12,511	3,961	4,034
Primary and fabricated metals	797	1,187	1,297	1,485	547	3,222	1,196
Machinery	4,929	1,002	1,778	1,867	4,489	4,355	5,178
Other manufacturing	1,591	1,778	1,686	6,393	5,293	15,151	7,436
Wholesale trade	623	698	837	2,156	1,168	4,746	2,578
Retail trade	1,605	256	1,495	1,542	2,838	2,988	438
Depository institutions ¹	482	529	958	2,026	2,301	1,944	3,935
Finance, except depository institutions ¹	2,199	797	1,599	2,195	7,837	8,676	6,536
Insurance	2,102	291	1,105	450	654	4,688	8,639
Real estate	3,823	2,161	1,883	2,647	2,996	4,175	3,831
Services	2,256	2,023	4,162	7,163	5,881	15,292	12,407
Other industries	284	2,101	2,218	5,760	5,359	8,528	11,802
By country²:							
Canada	3,454	1,351	3,797	4,128	8,029	9,700	10,764
Europe	13,994	8,344	16,845	31,920	38,195	49,427	46,190
France	4,976	406	1,249	1,404	1,129	6,021	2,772
Germany	1,922	1,964	2,841	3,328	13,117	12,858	6,412
Netherlands	1,661	1,331	2,074	1,537	1,061	6,476	11,255
Switzerland	1,327	1,259	804	5,044	7,533	4,910	6,351
United Kingdom	2,169	2,255	8,238	17,261	9,094	14,757	13,355
Other Europe	1,939	1,129	1,639	3,346	6,261	4,405	6,045
Latin America and Other Western Hemisphere	375	1,438	874	1,352	1,550	1,790	923
South and Central America	108	1,152	527	(^D)	1,283	(^D)	(^D)
Other Western Hemisphere	267	286	347	(^D)	267	(^D)	(^D)
Africa	(^D)	(^D)	(^D)	(^D)	(^D)	(^D)	(^D)
Middle East	1,006	238	1,308	(^D)	447	(^D)	918
Asia and Pacific	6,560	3,716	3,004	5,263	8,688	12,751	11,993
Australia	251	164	129	1,522	2,270	2,222	8,421
Japan	5,357	2,921	2,065	2,715	3,602	8,813	1,845
Other Asia and Pacific	952	631	810	1,026	2,816	1,716	1,727
United States ³	(^D)	(^D)	(^D)	201	(^D)	(^D)	(^D)

^D Suppressed to avoid disclosure of data of individual companies.

^p Preliminary.

^r Revised.

1. Prior to 1992, “depository institutions” exclude, and “finance, except depository institutions” include, savings institutions and credit unions. Beginning with 1992, savings institutions and credit unions have been reclassified from “finance, except depository institutions” to “depository institutions.”

2. For investments in which more than one investor participated, each investor and each investor’s outlays are classified by country of each ultimate beneficial owner.

3. See footnote 4 in text for explanation.

ity of Japanese investors to invest in the United States. Outlays from Germany and France declined because a number of exceptionally large investments from these countries in 1996 were not matched in 1997. The increase in outlays from Australia reflected sharp increases in outlays in "other industries," particularly in communication and public utilities, and in services. The increase in outlays from the Netherlands reflected substantially higher outlays in insurance and in depository institutions.

The portion of outlays financed with funds from foreign parents dropped from 68 percent to 55 percent. The share for 1996 was unusually high and may have reflected a larger-than-usual share of outlays accounted for by foreign in-

vestors who were making direct investment in the United States for the first time; first-time investors tend to rely more on their own funds than do investors with existing U.S. affiliates that could provide needed funds or assist in obtaining funds from other U.S. sources.

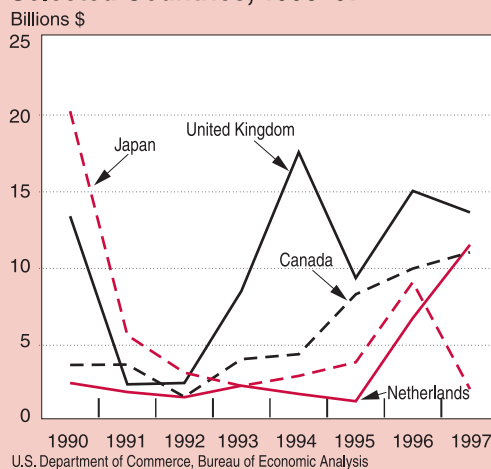
In dollar terms, outlays financed with funds from the foreign parents dropped from \$54.7 billion in 1996 to \$39.1 billion. The decline was in contrast to the increase in net capital inflows for foreign direct investment in the United States (FDIUS) that are recorded in the U.S. balance of payments accounts for 1997.⁸ Outlays financed with funds from other foreign sources or from U.S. sources increased \$6.5 billion, to \$31.7 billion.

The total assets of newly acquired or established affiliates were \$179.5 billion in 1997, down from \$241.0 billion in 1996 (table 5); the assets of the businesses that were acquired were \$165.0 billion.

U.S. businesses that were newly acquired or established employed 298,000 persons in 1997, down from 437,000 in 1996. The largest shares of employment were accounted for by services (34 percent) and manufacturing (32 percent).

CHART 3

Outlays for New Investment in the United States by Foreign Direct Investors from Selected Countries, 1990–97



8. In addition to outlays from foreign parents to acquire or establish U.S. affiliates, net capital inflows for FDIUS include foreign parents' financing of their existing U.S. affiliates. In 1997, these inflows increased \$30.9 billion, to \$107.9 billion. Of the components of total capital inflows—equity capital, reinvested earnings, and intercompany debt—changes in equity capital tend to reflect most closely changes in new foreign investment, and in 1997, these inflows declined \$5.2 billion, to \$47.8 billion. These preliminary estimates of inflows were published in tables 1 and 5 of Christopher L. Bach, "U.S. International Transactions, Fourth Quarter and Year 1997," SURVEY OF CURRENT BUSINESS 78 (April 1998): 79 and 86. Revised estimates will be published in the July issue of the SURVEY.

Table 5.—Selected Operating Data of U.S. Business Enterprises Acquired or Established, by Industry of U.S. Business Enterprise, 1996–97

	1996 ^r					1997 ^p				
	Millions of dollars			Number of employees	Number of hectares of land owned ¹	Millions of dollars			Number of employees	Number of hectares of land owned ¹
	Total assets	Sales	Net income			Total assets	Sales	Net income		
All industries	241,008	83,544	2,608	436,867	322,656	179,476	63,579	2,375	297,645	226,201
Petroleum	2,133	4,816	20	G	(D)	3,989	5,251	(D)	2,449	5,232
Manufacturing	33,796	25,156	120	132,728	(D)	21,144	21,297	696	95,511	(D)
Wholesale trade	4,625	4,677	44	12,673	(D)	3,907	6,836	(D)	J	(D)
Retail trade	4,295	6,384	79	L	557	521	(D)	-1	J	2
Depository institutions	(D)	(D)	(D)	35,338	(D)	29,288	(D)	147	I	221
Finance, except depository institutions	25,334	3,531	(D)	7,254	(D)	15,051	2,591	293	J	(D)
Insurance	(D)	(D)	-37	H	(D)	72,704	8,411	360	J	291
Real estate	4,571	559	123	A	(D)	4,196	508	94	A	(D)
Services	17,109	9,571	308	99,853	(D)	12,873	6,296	170	100,436	(D)
Other industries	26,042	17,309	506	74,063	64,448	15,802	9,024	70	40,088	(D)

^D Suppressed to avoid disclosure of data of individual companies.

^p Preliminary.

^r Revised.

1. One hectare equals 2.471 acres. Thus, for all industries, the number of acres of land owned in 1996 and 1997 were 797,284 and 558,943 respectively.

NOTES.—For newly acquired businesses, data cover the most recently completed financial reporting year. For newly established businesses, data are projections for the first full year of operations.

Size ranges are given in employment cells that are suppressed. The size ranges are: A—1 to 499; F—500 to 999; G—1,000 to 2,499; H—2,500 to 4,999; I—5,000 to 9,999; J—10,000 to 24,999; K—25,000 to 49,999; L—50,000 to 99,999; M—100,000 or more.

Affiliate Operations in 1996

In 1996, the gross product of nonbank U.S. affiliates of foreign companies increased 5 percent, a rate of increase higher than the 3-percent increase in 1995 but substantially lower than the rates of increase in most years since the mid-1980's (table 6). The relatively slow growth in 1995 reflected the effect of selloffs of foreign-ownership interests in large U.S. companies. In 1996, the downward effect of selloffs continued, but it was more than offset by the upward effect of new foreign investments.

Partly as a result of new investments, the total assets of affiliates increased 9 percent. The gross property, plant, and equipment of affiliates increased 4 percent; commercial property holdings decreased 1 percent, following a 3-percent decrease in 1995.

Reflecting the continued expansion of the U.S. economy, expenditures on new plant and

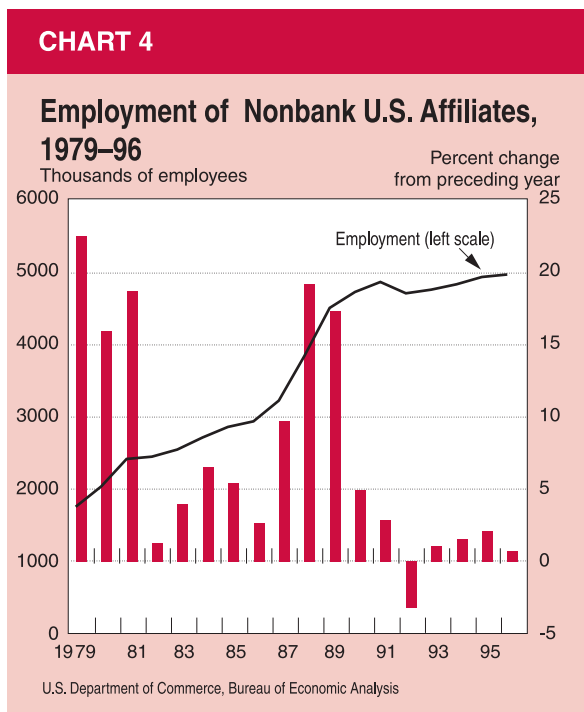


Table 6.—Selected Data of Nonbank U.S. Affiliates of Foreign Direct Investors, 1977-96

	Billions of dollars					Thousands of employees	Billions of dollars							
	Gross product	Sales	Net income	Compensation of employees	Total assets		Gross property, plant, and equipment		Expenditures for new plant and equipment	Research and development expenditures ¹	U.S. exports of goods shipped by affiliates		U.S. imports of goods shipped to affiliates	
							Total	Of which: Commercial property			Total	Of which: To the foreign parent group ²	Total	Of which: From the foreign parent group ²
1977	35.2	194.0	4.0	18.8	1,218.7	143.5	66.8	n.a.	7.6	0.9	24.9	11.7	43.9	30.9
1978	42.9	241.5	4.8	24.2	1,429.9	181.2	80.7	n.a.	9.3	1.2	32.2	16.6	56.6	39.5
1979	55.4	327.9	7.3	31.7	1,753.2	228.6	101.2	n.a.	11.2	1.6	44.3	22.1	63.0	45.3
1980	70.9	412.4	8.8	40.0	2,033.9	291.3	127.8	n.a.	16.9	1.9	52.2	21.0	75.8	47.0
1981	98.8	510.2	11.2	54.8	2,416.6	407.0	188.0	n.a.	26.7	3.1	64.1	26.9	82.3	52.2
1982	103.5	518.1	3.8	61.5	2,448.1	476.4	225.2	n.a.	28.1	3.7	60.2	25.0	84.3	51.9
1983	111.5	536.6	5.6	66.8	2,546.5	531.7	244.0	n.a.	23.2	4.2	53.9	22.6	81.5	54.8
1984	128.8	593.6	9.6	73.2	2,714.3	602.5	269.5	n.a.	25.2	4.7	58.2	27.1	100.5	70.5
1985	134.9	633.0	5.4	79.9	2,862.2	741.1	295.2	n.a.	28.9	5.2	56.4	25.9	113.3	81.7
1986	142.1	672.0	2.5	86.5	2,937.9	838.0	320.2	n.a.	28.5	5.8	49.6	21.9	125.7	93.4
1987	157.9	744.6	7.8	96.0	3,224.3	943.7	353.3	89.9	33.0	6.5	48.1	19.1	143.5	108.2
1988	190.4	886.4	12.0	119.6	3,844.2	1,200.8	418.1	104.0	44.3	7.8	69.5	26.4	155.5	118.4
1989	223.4	1,056.6	9.3	144.2	4,511.5	1,431.3	489.5	124.8	55.2	9.5	86.3	34.3	171.8	129.9
1990	239.3	1,175.9	-4.5	163.6	4,734.5	1,550.2	578.4	146.5	69.6	11.5	92.3	37.8	182.9	137.5
1991	257.6	1,185.9	-11.0	176.0	4,871.9	1,752.6	640.1	165.8	69.8	11.9	96.9	42.2	178.7	132.2
1992	266.3	1,232.0	-21.3	182.1	4,715.4	1,825.2	660.8	172.6	61.4	13.7	103.9	48.8	184.5	137.8
1993	285.7	1,329.4	-4.4	193.0	4,765.6	2,065.8	705.7	173.9	63.2	14.2	106.6	47.4	200.6	150.8
1994	313.0	1,443.5	8.1	200.6	4,840.5	2,206.7	754.4	173.1	68.2	15.6	120.7	51.1	232.4	174.6
1995 ^r	322.6	1,544.6	15.5	206.4	4,941.8	2,388.7	769.5	168.4	74.5	17.5	135.2	57.2	250.8	191.2
1996 ^p	339.5	1,596.0	21.1	210.4	4,977.5	2,614.0	797.6	166.8	84.1	17.2	136.6	57.9	253.0	192.0
Percent change from preceding year:														
1986	5.4	6.2	-54.5	8.2	2.6	13.1	8.5	n.a.	-1.4	10.8	-12.1	-15.5	10.9	14.3
1987	11.1	10.8	218.1	11.0	9.7	12.6	10.3	n.a.	15.8	12.4	-3.0	-12.6	14.2	15.8
1988	20.6	19.0	54.1	24.6	19.2	27.3	18.3	15.7	34.2	20.1	44.6	38.3	8.4	9.4
1989	17.4	19.2	-22.9	20.5	17.4	19.2	17.1	20.0	24.5	20.8	24.1	29.7	10.5	9.8
1990	7.1	11.3	n.m.	13.5	4.9	8.3	18.2	17.4	26.1	21.7	6.9	10.2	6.5	5.8
1991	7.7	.9	n.m.	7.6	2.9	13.1	10.7	13.1	.3	3.0	5.0	11.8	-2.3	-3.8
1992	3.4	3.9	n.m.	3.5	-3.2	4.1	3.2	4.1	-12.1	15.4	7.2	15.5	3.2	4.3
1993	7.3	7.9	n.m.	6.0	1.1	13.2	6.8	.7	3.1	3.7	2.6	-2.9	8.7	9.4
1994	9.5	8.6	n.m.	3.9	1.6	6.8	6.9	-4	7.8	9.6	13.2	8.0	15.8	15.8
1995	3.1	7.0	90.5	2.9	2.1	8.2	2.0	-2.7	9.3	12.7	12.0	11.9	7.9	9.5
1996	5.2	3.3	36.3	2.0	.7	9.4	3.7	-9	12.9	-2.2	1.1	1.2	.9	4

^p Preliminary.

^r Revised.

n.a. Not available.

n.m. Not meaningful.

1. Research and development funded by affiliates, whether performed by the affiliates themselves or by others.

2. The foreign parent group consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, up to and including the UBO, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

equipment by affiliates increased 13 percent, the highest rate of increase since 1990. The net income of affiliates increased 36 percent, continuing a sharp uptrend. However, the total amount of compensation of employees paid by affiliates increased only 2 percent, the lowest rate of increase since 1978 (the earliest year for which an annual rate of change can be computed for the data on U.S. affiliate operations).

The modest increase in compensation of employees largely reflected slow growth in affiliate employment: Despite the record level of outlays for new investment in 1996 (chart 1), employment by affiliates increased less than 1 percent,

following a 2-percent increase in 1995 (chart 4). (In comparison, total U.S. employment in private industries increased 2 percent in 1996 and 3 percent in 1995.) New investments increased affiliate employment by 334,600—the largest gain since 1990—but sales and liquidations reduced employment by 271,900 (table 7).⁹ In addition, the increase in employment from expansions of existing operations was only 62,700, whereas the reduction in employment from cutbacks in existing operations was 78,100. (In 1995, the increase in employment from expansions was 102,900—33,000 more than the decrease in employment from cutbacks.)

U.S. exports and imports of goods by affiliates each increased only 1 percent in 1996, following increases of 13 percent and 10 percent, respectively, in 1995. The slow growth in affiliate exports reflected a falloff in exports by wholesale trade affiliates, and the slow growth in affiliate imports reflected reduced imports by manufacturing affiliates (particularly, by those in the motor vehicle industry). The share of total U.S. exports of goods accounted for by affiliates decreased from 23 percent in 1995 to 22 percent in 1996; the share accounted for by affiliate exports to their foreign parent groups decreased from 10 percent to 9 percent. The share of total U.S. imports of goods accounted for by affiliates decreased from 34 percent to 32 percent; the share accounted for by affiliate imports from their

Data Availability

This article presents summary data on foreign direct investment to acquire or establish businesses in the United States and on the operations of U.S. affiliates of foreign companies.

A set of supplementary tables that present detail on the number of investments and investors for 1992–96 and on investment outlays and selected operating data for the newly acquired or established businesses for 1992–97 will be available on diskette later this summer. In addition, a set of tables for 1980–91 is available.

The revised detailed estimates of U.S. affiliate operations for 1995 and the preliminary estimates for 1996 from the annual surveys will also be available later this summer. The detailed estimates of U.S. affiliate operations for 1977–94 are available on diskettes, and the estimates for 1991–94 are also available in publications.

For more information on these products and how to get them, see the International Investment Division Product Guide on BEA's Web site at <<http://www.bea.doc.gov/bea/ai/iidgud06.htm>>, or write to Research Branch (BE-50), International Investment Division, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.

9. The increase in employment from new investments is smaller than the number of employees of newly acquired or established U.S. businesses in 1996 that is shown in table 1. The difference is partly attributable to the exclusion of depository institutions from the data on affiliate operations, but it may also reflect such factors as differences in timing and the post-acquisition restructuring of affiliates. For more information, see the note to table 7, and see the appendix "Sources of Data" in Mahnaz Fahim-Nader and William J. Zeile, "Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993," SURVEY 75 (May 1995): 68–70.

Table 7.—Sources of Change in Nonbank U.S. Affiliate Employment, 1989–96

[Thousands of employees]

Line		1989	1990	1991	1992	1993	1994	1995	1996
1	Change in total affiliate employment	667.3	223.0	137.5	-156.5	50.2	74.9	101.2	35.7
	Change in employment of large affiliates resulting from:								
2	New investments	596.6	481.6	291.1	101.7	261.9	280.0	301.2	334.6
3	Expansions of existing operations	125.1	107.9	107.4	141.1	110.2	98.1	102.9	62.7
4	Sales or liquidations of businesses	-123.2	-354.1	-152.2	-316.2	-239.9	-245.2	-241.5	-271.9
5	Cutbacks in existing operations	-68.6	-126.5	-136.4	-132.2	-95.1	-55.4	-69.9	-78.1
6	Combinations of new investments and sales or liquidations of businesses	76.7	-16.9	-9.6	-18.0	6.3	-7.4	24.5	14.7
7	Change not accounted for in lines 2–6	60.7	131.1	37.3	67.1	6.8	-4.9	-15.9	-26.3

NOTE.—Lines 2–6 cover large affiliates—that is, affiliates with more than 500 employees. Coverage is limited to large affiliates because a substantial number of small affiliates change their organizational structures, and in such cases, it is particularly difficult to determine the reasons for the changes.

Line 2 equals the yearend employment of affiliates that were acquired or established during the year plus the change in employment of existing affiliates that had an increase in employment and that had acquired another U.S. business during the year.

Line 3 equals the change in employment of affiliates that did not acquire another U.S. business but had an increase in employment.

Line 4 equals the employment at the end of the prior year of affiliates that were liquidated

or sold during the year plus the change in employment of affiliates that had a decline in employment and that sold a business or business segment during the year.

Line 5 equals the change in employment of affiliates that did not sell a business or business segment but had a decline in employment.

Line 6 equals the change in employment of affiliates that both acquired and sold a business or business segment during the year.

Line 7 equals the change in employment of large affiliates not accounted for in lines 2–6 plus all changes in employment for affiliates with fewer than 500 employees. It includes changes resulting from the addition to the survey universe of affiliates that were required to report in earlier years but did not.

foreign parent groups decreased from 26 percent to 24 percent.

Gross product

In 1996, gross product originating in U.S. affiliates increased 5 percent to \$339 billion, following an increase of 3 percent in 1995. The growth in 1996 was about the same as the growth in total U.S. gross domestic product (GDP) originating in private industries. Estimates of real affiliate gross product are not available, but the current-dollar increases in affiliate gross product were well above the increases in prices recorded for U.S. businesses.¹⁰ In both years, the U.S.-affiliate share of total U.S. GDP originating in private industries was 5.9 percent (table 1).

By industry.—Among the major industries, the gross product of affiliates more than doubled in finance, except depository institutions and increased by more than 40 percent in insurance and

in communication and public utilities (table 8). The jump in the finance industry was due both to new foreign acquisitions and to expansions in the operations of existing affiliates. Most of the increase in the insurance industry was accounted for by expansions. In communication and public utilities, the increase was mainly due to acquisitions.

The gross product of affiliates decreased substantially in the real estate, transportation, and mining industries. The decrease in real estate was mainly due to selloffs of affiliates, particularly by Canadian investors. The decrease in transportation was also due to selloffs. The decrease in mining reflected both selloffs and slowdowns in the operations of existing affiliates.

In manufacturing, the gross product of affiliates increased slightly in 1996, following a decrease in 1995. Manufacturing's share of total affiliate gross product declined for the second consecutive year, to 46 percent, a share that was still much larger than manufacturing's 20-percent

Table 8.—Gross Product of Nonbank U.S. Affiliates by Industry of Affiliate, 1991–96

	Millions of dollars						Percent of all-industries total						Addendum: Percent change in affiliate gross product, 1995–96
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996	
All industries	257,634	266,333	285,738	312,981	322,631	339,485	100.0	100.0	100.0	100.0	100.0	100.0	5.2
Petroleum	24,705	25,553	25,919	28,849	29,252	32,733	9.6	9.6	9.1	9.2	9.1	9.6	11.9
Manufacturing	125,934	134,127	142,478	157,061	155,741	156,354	48.9	50.4	49.9	50.2	48.3	46.1	.4
Food and kindred products	12,260	12,283	11,548	12,273	12,127	11,783	4.8	4.6	4.0	3.9	3.8	3.5	-2.8
Chemicals and allied products	38,996	41,940	44,300	48,548	40,552	42,095	15.1	15.7	15.5	15.5	12.6	12.4	3.8
Primary metal industries	8,568	8,710	9,971	9,601	9,736	8,373	3.3	3.3	3.5	3.1	3.0	2.5	-14.0
Fabricated metal products	6,305	6,310	6,498	6,802	7,136	7,706	2.4	2.4	2.3	2.2	2.2	2.3	8.0
Industrial machinery and equipment	10,455	10,160	10,402	12,881	13,381	12,809	4.1	3.8	3.6	4.1	4.1	3.8	-4.3
Electronic and other electric equipment	14,370	15,694	16,512	18,524	18,542	19,055	5.6	5.9	5.8	5.9	5.7	5.6	2.8
Paper and allied products	3,627	3,513	3,752	4,078	5,331	5,703	1.4	1.3	1.3	1.3	1.7	1.7	7.0
Printing and publishing	5,528	6,054	7,530	8,546	8,810	8,668	2.1	2.3	2.6	2.7	2.7	2.6	-1.6
Rubber and plastics products	4,296	5,459	5,992	6,906	7,286	7,722	1.7	2.0	2.1	2.2	2.3	2.3	6.0
Stone, clay, and glass products	5,691	6,215	6,497	6,787	8,775	9,062	2.2	2.3	2.3	2.2	2.7	2.7	3.3
Motor vehicles and equipment	3,191	2,659	3,738	5,657	7,341	6,718	1.2	1.0	1.3	1.8	2.3	2.0	-8.5
Instruments and related products	5,498	6,100	6,596	6,079	6,299	6,256	2.1	2.3	2.3	1.9	2.0	1.8	-7
Other manufacturing	7,148	9,029	9,142	10,380	10,423	10,403	2.8	3.4	3.2	3.3	3.2	3.1	-2
Wholesale trade	28,451	31,000	33,358	35,251	38,966	41,973	11.0	11.6	11.7	11.3	12.1	12.4	7.7
Motor vehicles and equipment	8,157	7,866	8,918	9,394	8,420	9,350	3.2	3.0	3.1	3.0	2.6	2.8	11.0
Other	20,294	23,134	24,440	25,857	30,546	32,623	7.9	8.7	8.6	8.3	9.5	9.6	6.8
Retail trade	21,441	19,896	20,862	21,901	23,518	24,544	8.3	7.5	7.3	7.0	7.3	7.2	4.4
Finance, except depository institutions ¹	4,034	3,222	2,495	2,099	2,925	6,001	1.6	1.2	.9	.7	.9	1.8	105.1
Insurance	6,789	5,666	7,000	9,177	7,343	10,658	2.6	2.1	2.4	2.9	2.3	3.1	45.1
Real estate	7,039	6,390	6,723	6,431	5,845	4,984	2.7	2.4	2.4	2.1	1.8	1.5	-14.7
Services	18,362	20,260	23,591	23,537	22,224	21,840	7.1	7.6	8.3	7.5	6.9	6.4	-1.7
Hotels and other lodging places	3,276	3,383	3,870	4,271	4,309	4,019	1.3	1.3	1.4	1.4	1.3	1.2	-6.7
Business services	7,756	8,953	8,710	8,948	9,104	8,946	3.0	3.4	3.0	2.9	2.8	2.6	-1.7
Motion pictures	1,559	1,995	4,123	4,476	2,314	1,409	.6	.7	1.4	1.4	.7	.4	-39.1
Other	5,771	5,928	6,888	5,842	6,497	7,465	2.2	2.2	2.4	1.9	2.0	2.2	14.9
Agriculture, forestry, and fishing	824	659	548	672	638	667	.3	.2	.2	.2	.2	.2	4.6
Mining	4,848	5,527	4,983	5,853	6,528	5,486	1.9	2.1	1.7	1.9	2.0	1.6	-16.0
Construction	3,999	3,230	3,026	3,028	3,425	3,228	1.6	1.2	1.1	1.0	1.1	1.0	-5.8
Transportation	9,182	7,609	11,408	11,692	12,976	11,533	3.6	2.9	4.0	3.7	4.0	3.4	-11.1
Communication and public utilities	2,025	3,195	3,345	7,431	13,249	19,485	.8	1.2	1.2	2.4	4.1	5.7	47.1

1. Data for 1991 include, but data for 1992–96 exclude, savings institutions and credit unions.

share of total U.S. private-industry GDP.¹¹ Direct investment may be more concentrated in manufacturing than in services or in other industries because of a generally greater presence in manufacturing of scale economies and of production processes that can be standardized across national boundaries. In addition, direct investment in some service industries may be constrained because a high degree of knowledge of the local language, culture, and business environment is typically required to compete effectively with domestically owned businesses.

Within manufacturing, the gross product of affiliates decreased substantially in primary metals and in motor vehicles and equipment. The decrease in primary metals was due to selloffs. The decrease in motor vehicles partly reflected large reductions in value added for a few affiliates in motor vehicles parts and in truck manufacturing. It also reflected reductions associated with

the wholesale trade activities of some affiliates in automobile manufacturing.¹²

In services, the share of total affiliate gross product accounted for by affiliates declined for the third consecutive year, to 6 percent.¹³ (In contrast, services accounted for 23 percent of total U.S. private-industry GDP.) Within services, the gross product of affiliates in the motion picture industry dropped by more than a third as a result of selloffs and of changes in the industry classification of affiliates with operations in more than one industry.

As in previous years, majority-owned affiliates accounted for a dominant share of affiliate economic activity: These affiliates accounted for 80 percent of the gross product of all nonbank affiliates combined and for more than two-thirds of affiliate gross product in most industries (table 9). However, the shares were less than 30 percent in transportation and in communication and public utilities, partly reflecting restrictions on foreign ownership in the domestic air transport, telecommunications, and broadcasting industries.

By country.—In 1996, the seven largest investing countries in terms of affiliate gross prod-

11. See table 7 in Sherlene K.S. Lum and Robert E. Yuskavage, "Gross Product by Industry, 1947-96," SURVEY 77 (November 1997): 28.

Table 9.—Gross Product of Majority-Owned Affiliates as a Percentage of That of All Nonbank U.S. Affiliates, by Industry of Affiliate, 1994-96

	1994	1995	1996
All industries	78.2	79.0	80.1
Petroleum	80.0	81.8	82.4
Manufacturing	81.8	87.6	90.1
Food and kindred products	97.0	97.6	97.4
Chemicals and allied products	73.4	91.4	92.1
Primary metal industries	59.1	53.8	63.0
Fabricated metal products	91.2	91.7	77.6
Industrial machinery and equipment	84.6	86.8	92.7
Electronic and other electric equipment	95.2	95.9	96.0
Paper and allied products	G	G	G
Printing and publishing	78.7	80.8	95.8
Rubber and plastics products	91.5	91.5	91.6
Stone, clay, and glass products	90.4	91.6	95.4
Motor vehicles and equipment	80.2	87.4	87.7
Instruments and related products	93.6	91.5	96.3
Other manufacturing	H	H	H
Wholesale trade	93.5	90.9	91.2
Motor vehicles and equipment	99.8	99.7	99.8
Other	91.2	88.5	88.8
Retail trade	74.6	70.6	70.1
Finance, except depository institutions	77.2	88.5	97.1
Insurance	67.9	56.9	65.5
Real estate	73.4	70.1	73.5
Services	79.3	81.9	83.6
Hotels and other lodging places	87.7	90.1	91.4
Business services	88.6	89.3	91.7
Motion pictures	F	90.5	93.4
Other	G	63.0	68.0
Agriculture, forestry, and fishing	65.5	64.1	66.8
Mining	80.1	78.6	83.2
Construction	78.9	83.6	85.2
Transportation	27.4	23.0	25.2
Communication and public utilities	25.4	15.5	15.9

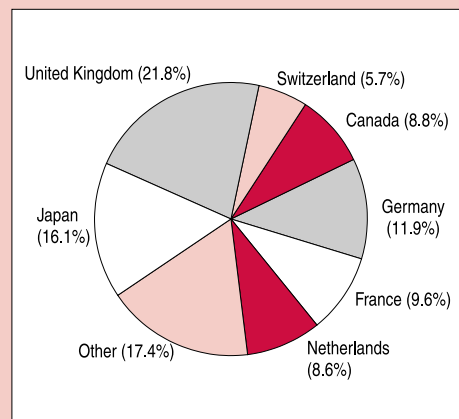
NOTE.—Size ranges are given in cells that are suppressed to avoid disclosure of data of individual companies. The percentage size ranges are: C—0.1 to 19.9; E—20.0 to 39.9; F—40.0 to 59.9; G—60.0 to 79.9; H—80.0 to 100.

12. Some of the largest affiliates in motor vehicles and equipment have substantial secondary operations in motor vehicle wholesale trade. In addition, the gross product data for motor vehicles and equipment exclude data for a number of large affiliates that are classified in motor vehicle wholesale trade but that have substantial secondary operations in automobile manufacturing.

13. Here, "services" refers to the industries that comprise the services division of the Standard Industrial Classification, rather than to the broad range of industries whose outputs are services rather than goods.

CHART 5

Investing Country Shares in the Gross Product of All Nonbank U.S. Affiliates, 1996



U.S. Department of Commerce, Bureau of Economic Analysis

uct were the United Kingdom, Japan, Germany, France, Canada, the Netherlands, and Switzerland (table 10 and chart 5). As in previous years, affiliates with ultimate beneficial owners (UBO's) in these seven countries accounted for more than 80 percent of the gross product of all U.S. affiliates. British-owned affiliates continued to account for the largest share (22 percent) of total affiliate gross product.

The gross product of French-owned affiliates increased by more than a third. The share of affiliate gross product accounted for by these affiliates increased to 10 percent, so that France moved from the sixth-largest to the fourth-largest UBO country. The large increase in gross product was mainly due to acquisitions of minority-

ownership shares in a few large U.S. companies; as a result of these acquisitions, the share of French-owned affiliates' gross product accounted for by majority-owned affiliates decreased from 91 percent to 68 percent (table 11).

The gross product of Japanese- and German-owned affiliates also increased substantially—8 percent and 9 percent, respectively—mainly because of expansions in existing operations. Japanese-owned affiliates continued to account for the second-largest share of total affiliate gross product (16 percent), and German-owned affiliates continued to account for the third-largest share (12 percent).

The share of affiliate gross product accounted for by Canadian-owned affiliates decreased from

Table 10.—Gross Product of Nonbank U.S. Affiliates by Country of Ultimate Beneficial Owner, 1991–96

	Millions of dollars						Percent of all-countries total						Addendum: Percent change in affiliate gross product, 1995–96
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996	
All countries	257,634	266,333	285,738	312,981	322,631	339,485	100.0	100.0	100.0	100.0	100.0	100.0	5.2
Canada	39,289	33,479	41,062	41,613	35,277	30,026	15.3	12.6	14.4	13.3	10.9	8.8	-14.9
Europe	149,305	161,226	168,296	188,372	201,965	218,174	58.0	60.5	58.9	60.2	62.6	64.3	8.0
Belgium	2,879	3,725	3,711	4,161	4,290	4,531	1.1	1.4	1.3	1.3	1.3	1.3	5.6
Denmark	1,155	1,143	1,689	1,915	1,849	1,890	.4	.4	.6	.6	.6	.6	2.2
Finland	1,071	1,262	1,435	1,450	1,645	1,632	.4	.5	.5	.5	.5	.5	-.8
France	17,132	18,899	19,274	23,163	23,895	32,584	6.6	7.1	6.7	7.4	7.4	9.6	36.4
Germany	25,733	28,716	32,055	35,043	37,047	40,467	10.0	10.8	11.2	11.2	11.5	11.9	9.2
Ireland	1,695	1,852	1,655	1,937	2,607	2,505	.7	.7	.6	.6	.8	.7	-3.9
Italy	2,081	2,318	2,541	2,992	3,056	2,827	.8	.9	.9	1.0	.9	.8	-7.5
Luxembourg	559	697	814	968	845	678	.2	.3	.3	.3	.3	.2	-19.8
Netherlands	18,607	19,657	20,765	24,927	27,697	29,299	7.2	7.4	7.3	8.0	8.6	8.6	5.8
Norway	492	563	709	1,043	1,074	1,367	.2	.2	.2	.3	.3	.4	27.3
Sweden	6,787	7,053	5,944	5,255	5,484	5,700	2.6	2.6	2.1	1.7	1.7	1.7	3.9
Switzerland	15,290	17,117	16,847	17,113	18,563	19,461	5.9	6.4	5.9	5.5	5.8	5.7	4.8
United Kingdom	55,017	57,412	59,864	67,288	72,478	73,960	21.4	21.6	21.0	21.5	22.5	21.8	2.0
Other	807	812	992	1,117	1,433	1,272	.3	.3	.3	.4	.4	.4	-11.2
Latin America and Other Western Hemisphere	9,137	8,739	10,126	12,045	12,367	12,699	3.5	3.3	3.5	3.8	3.8	3.7	2.7
Mexico	776	1,109	1,400	1,642	1,754	1,439	.3	.4	.5	.5	.5	.4	-18.0
Panama	1,489	1,638	1,460	1,275	(P)	819	.6	.6	.5	.4	(P)	.2	(P)
Venezuela	2,669	3,124	3,757	4,729	4,712	5,084	1.0	1.2	1.3	1.5	1.5	1.5	7.9
Bermuda	1,398	1,153	1,274	2,022	2,398	2,488	.5	.4	.4	.6	.7	.7	3.8
Netherlands Antilles	1,368	1,071	1,233	1,208	1,182	1,364	.5	.4	.4	.4	.4	.4	15.4
Other	1,437	645	1,002	1,169	(P)	1,505	.6	.2	.4	.4	(P)	.4	(P)
Africa	1,241	1,267	1,387	1,571	2,352	2,555	.5	.5	.5	.5	.7	.8	8.6
South Africa	891	877	897	1,012	1,867	1,942	.3	.3	.3	.3	.6	.6	4.0
Other	350	390	489	560	484	613	.1	.1	.2	.2	.2	.2	26.6
Middle East	3,919	3,460	4,556	5,802	4,792	5,292	1.5	1.3	1.6	1.9	1.5	1.6	10.4
Kuwait	998	953	1,062	1,057	776	709	.4	.4	.4	.3	.2	.2	-8.6
Saudi Arabia	2,493	2,117	2,923	3,204	3,033	3,410	1.0	.8	1.0	1.0	.9	1.0	12.4
Other	428	390	571	1,541	983	1,173	.2	.1	.2	.5	.3	.3	19.4
Asia and Pacific	52,551	54,318	56,342	58,769	61,080	65,469	20.4	20.4	19.7	18.8	18.9	19.3	7.2
Australia	8,809	8,101	7,732	4,680	4,615	5,539	3.4	3.0	2.7	1.5	1.4	1.6	20.0
Hong Kong	974	1,056	1,395	1,312	1,335	1,403	.4	.4	.5	.4	.4	.4	5.1
Japan	40,056	42,659	44,539	48,810	50,513	54,560	15.5	16.0	15.6	15.6	15.7	16.1	8.0
Korea, Republic of	560	549	693	657	1,120	1,102	.2	.2	.2	.2	.3	.3	-1.6
Taiwan	545	560	744	1,359	1,808	1,411	.2	.2	.3	.4	.6	.4	-22.0
Other	1,607	1,392	1,239	1,951	1,690	1,454	.6	.5	.4	.6	.5	.4	-13.9
United States	2,191	3,843	3,969	4,810	4,798	5,270	.9	1.4	1.4	1.5	1.5	1.6	9.8

^P Suppressed to avoid disclosure of data of individual companies.

11 percent to 9 percent as a result of a \$5 billion drop in gross product. The drop was more than accounted for by selloffs and reductions in minority-ownership shares in large U.S. companies to below the 10-percent threshold that defines direct investment.¹⁴ Canada's ranking among UBO countries slipped for the second consecutive year, from the fourth-largest country in 1995 to the fifth-largest country in 1996. As recently as 1990, Canada had ranked as the second-largest UBO country.

Among the affiliates of other investing countries, the gross product of Australian-owned affiliates increased substantially, partly as a re-

sult of acquisitions by existing affiliates. The gross product of affiliates with UBO's in Taiwan decreased, partly as a result of selloffs and liquidations.

Share of U.S. employment

In 1996, the share of total U.S. private-industry employment accounted for by U.S. affiliates of foreign companies was 4.8 percent, down slightly from 1995 (table 12). The affiliate share of employment has trended down in recent years after it increased steadily from 1.8 percent in 1977 to 5.3 percent in 1991. The recent decreases partly reflect the concentration of affiliate activity in manufacturing, an industry whose share of total U.S. employment in private industries has declined.¹⁵

By industry.—In 1996, as in most years, the shares of total U.S. private-industry employment accounted for by affiliates were largest in mining (23.8 percent) and manufacturing (11.4 percent).¹⁶ Within manufacturing, the affiliate shares were largest in chemicals and in stone, clay, and glass products.

By major industry, the affiliate share in communication and public utilities increased the most, from 4.5 percent to 6.0 percent, continuing an upward trend; the increase in 1996 was

14. Investment by a foreign person of less than 10 percent in a U.S. business enterprise is considered to be portfolio investment rather than direct investment.

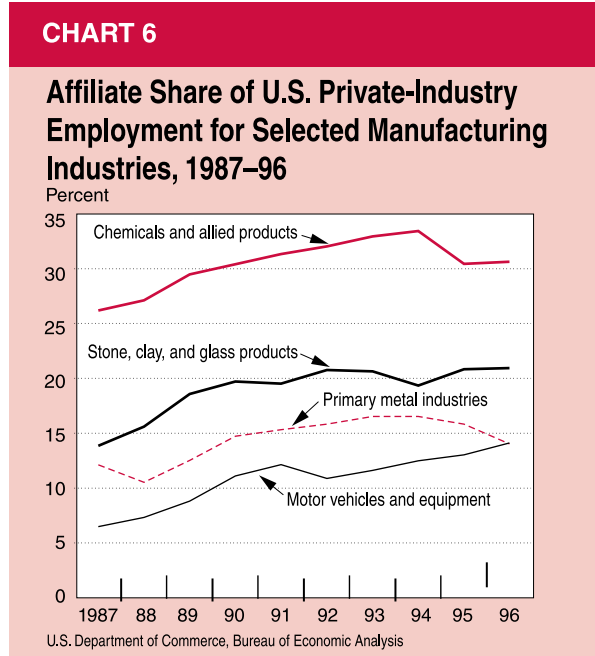
15. Manufacturing's share of U.S. private-industry employment decreased in 1991–96, from 20.7 percent in 1991 to 18.5 percent in 1996.

16. Employment data by industry of sales are used to estimate shares; this basis approximates the establishment-based disaggregation of the corresponding data for all U.S. businesses. See the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy" on page 52.

Table 11.—Gross Product of Majority-Owned Affiliates as a Percentage of That of All Nonbank U.S. Affiliates, by Country of UBO, 1994–96

	1994	1995	1996
All countries	78.2	79.0	80.1
Canada	54.2	69.2	86.2
Europe	84.3	82.1	79.8
Belgium	98.8	98.4	98.3
Denmark	H	100.2	100.1
Finland	91.0	93.9	93.6
France	87.6	90.5	68.0
Germany	80.8	81.9	83.2
Ireland	E	E	F
Italy	80.7	94.0	94.8
Luxembourg	59.9	F	56.9
Netherlands	80.9	80.4	83.3
Norway	72.3	79.8	85.0
Sweden	94.8	61.6	73.0
Switzerland	91.0	86.7	86.7
United Kingdom	84.5	80.5	79.3
Other	81.5	64.4	G
Latin America and Other Western Hemisphere ...	84.5	83.4	85.8
Mexico	82.0	80.3	88.3
Panama	97.2	H	97.7
Venezuela	G	G	G
Bermuda	95.2	91.7	97.6
Netherlands Antilles	96.7	96.6	97.5
Other	H	99.1	H
Africa	E	41.8	41.1
South Africa	E	F	F
Other	18.8	E	C
Middle East	41.8	35.3	34.3
Kuwait	F	38.9	33.4
Saudi Arabia	8.6	14.7	12.7
Other	H	96.3	97.8
Asia and Pacific	82.7	81.9	86.4
Australia	82.8	78.8	81.4
Hong Kong	95.7	91.9	66.7
Japan	81.3	80.9	87.1
Korea, Republic of	113.2	94.9	84.8
Taiwan	95.5	96.0	94.1
Other	88.1	90.9	91.4
United States	E	36.2	31.0

NOTES.—Shares of more than 100 percent may result where the gross product of minority-owned affiliates is negative. Size ranges are given in cells that are suppressed to avoid disclosure of data of individual companies. The percentage size ranges are: C—0.1 to 19.9; E—20.0 to 39.9; F—40.0 to 59.9; G—60.0 to 79.9; H—80.0 to 100.



more than accounted for by foreign acquisitions of large U.S. companies. The share in transportation decreased the most, from 6.5 percent to 5.4 percent, mainly as a result of sales and liquidations of affiliates.

The affiliate share in manufacturing held steady in 1996 after dipping slightly in 1995. Within manufacturing, the affiliate share increased the most in motor vehicles and equipment, continuing an upward trend (chart 6). The increase was partly due to acquisitions by existing affiliates. It also reflected increases in the domestic man-

ufacturing operations of affiliates that in earlier years had functioned mainly as marketers of finished vehicles produced by their foreign parent companies.¹⁷

The affiliate shares decreased substantially in food and kindred products and in primary metal industries. The decrease in food and kindred products was partly due to selloffs. The decrease in primary metal industries was more

17. Some of these affiliates are classified in motor vehicle wholesale trade (where their sales are largest) rather than in motor vehicle manufacturing.

Table 12.—Employment by Nonbank U.S. Affiliates by Industry of Sales, 1991–96

	Thousands of employees						As a percentage of total U.S. employment in nonbank private industries ¹					
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996
All industries²	4,872	4,715	4,766	4,841	4,942	4,978	5.3	5.1	5.0	4.9	4.9	4.8
Agriculture, forestry, and fishing	44	32	31	32	28	29	2.3	1.7	1.7	1.7	1.4	1.4
Mining, excluding oil and gas extraction	73	68	75	67	63	62	24.6	24.0	28.0	25.1	23.8	24.2
Construction	73	68	64	61	76	72	1.5	1.4	1.3	1.2	1.4	1.3
Manufacturing³	2,174	2,140	2,149	2,193	2,159	2,148	11.5	11.5	11.6	11.7	11.4	11.4
Food and kindred products	211	198	184	188	182	158	12.6	11.9	10.9	11.2	10.8	9.3
Textile mill products	40	45	44	50	46	47	6.0	6.7	6.5	7.4	7.0	7.5
Apparel and other textile products	29	32	46	56	39	41	2.9	3.2	4.7	5.7	4.1	4.6
Lumber, wood, furniture, and fixtures	32	31	33	33	27	28	2.7	2.6	2.7	2.6	2.1	2.1
Paper and allied products	52	52	52	51	56	58	7.6	7.5	7.5	7.3	8.1	8.5
Printing and publishing	103	101	113	119	120	113	6.6	6.6	7.4	7.6	7.6	7.2
Chemicals and allied products	341	348	354	354	317	317	31.4	32.1	33.0	33.5	30.5	30.7
Petroleum and coal products ⁴	105	89	77	69	54	54	18.9	17.4	15.4	14.1	11.7	11.7
Rubber and plastics products	126	130	130	135	139	144	14.5	14.8	14.3	14.1	14.2	14.7
Stone, clay, and glass products	102	107	108	104	113	115	19.6	20.8	20.7	19.4	20.9	21.0
Primary metal industries	111	110	113	116	113	100	15.4	15.9	16.6	16.6	15.9	14.1
Fabricated metal products	109	110	114	117	114	125	8.0	8.3	8.5	8.4	7.9	8.6
Industrial machinery and equipment	220	217	218	221	235	233	10.9	11.2	11.2	11.1	11.3	11.0
Electronic and other electric equipment	276	263	259	268	291	298	17.3	17.2	16.9	16.9	17.9	18.0
Motor vehicles and equipment	96	90	98	113	127	137	12.2	11.0	11.7	12.6	13.1	14.2
Other transportation equipment	50	50	38	32	33	29	4.5	4.9	4.2	3.8	4.1	3.6
Instruments and related products	118	111	112	114	112	110	12.2	11.9	12.5	13.3	13.4	12.8
Other	52	56	54	54	42	41	9.3	10.2	9.7	9.6	7.5	7.6
Transportation	218	198	250	250	258	221	6.2	5.6	6.8	6.5	6.5	5.4
Communication and public utilities	29	33	39	80	99	135	1.3	1.5	1.7	3.6	4.5	6.0
Wholesale trade	344	346	359	363	373	377	5.6	5.6	5.9	5.8	5.8	5.8
Retail trade	890	798	831	830	888	925	4.5	4.0	4.1	3.9	4.1	4.2
Finance, except depository institutions ⁵	71	70	60	63	66	70	6.0	6.3	5.0	4.9	5.2	5.2
Insurance	144	143	140	137	134	136	6.4	6.5	6.3	6.1	6.0	6.0
Real estate	33	32	31	27	27	29	2.4	2.4	2.2	1.9	1.9	2.0
Services⁶	719	702	673	676	707	720	2.5	2.3	2.2	2.1	2.1	2.0
Hotels and other lodging places	144	161	133	137	130	112	8.6	9.7	7.9	8.0	7.4	6.2
Business services	307	299	265	275	292	316	6.0	5.5	4.5	4.3	4.2	4.2
Motion pictures	28	24	35	37	40	20	6.8	5.9	8.4	8.2	7.8	3.6
Other	240	217	240	228	246	272	1.1	1.0	1.0	1.0	1.0	1.1
Unspecified ⁷	61	87	64	60	65	55	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. Not applicable.

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. They are from table 6.4C of the "National Income and Product Accounts (NIPA) Tables" (see the August 1997 issue of the SURVEY OF CURRENT BUSINESS). The total for U.S. employment in nonbank private industries is equal to employment in private industries less the employment of depository institutions and private households. The U.S. private-industry employment totals used to calculate the affiliate shares in "all industries" in this table differ from the U.S. employment totals used to calculate affiliate shares in tables 13 and 14; the data used for tables 13 and 14 are from BEA's Regional Economic Information System. The estimates used for table 13, unlike those used for this table, do not exclude employment in depository institutions. The estimates used for tables 13 and 14, unlike those used for this table, exclude U.S. residents temporarily employed abroad by U.S. businesses. They may also differ from NIPA estimates used for this table because of different definitions and revision schedules.

2. For consistency with the coverage of the data on U.S. employment in private industries, U.S. affiliate employment in Puerto Rico, in "other U.S. areas," and in the "foreign" category was excluded from the U.S.-affiliate employment total when the percentage shares on this line were computed.

3. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates shown in this table differ from those shown in table 14. In this table, employment is classified by industry of sales, and the total for manufacturing includes some nonmanufacturing employees (see the box "Using Employment Data to Estimate Affiliate Shares of the U.S. Economy"), whereas in table 14, affiliate manufacturing employment consists only of employees on the payroll of manufacturing plants. Data on the latter basis are not available for the subindustries within manufacturing shown in this table. In addition, the total for manufacturing in this table includes oil and gas extraction, which is excluded from the manufacturing

total in table 14.

4. For both U.S. affiliates and all U.S. businesses, includes oil and gas extraction. (See note below.)

5. Affiliate data for 1991 include, but data for 1992–96 exclude, savings institutions and credit unions. For consistency with the coverage of the data on U.S. employment in "finance, except depository institutions," U.S. affiliate employment in savings institutions and credit unions was excluded from the U.S. affiliate total in this industry when the percentage share for 1991 on this line was calculated.

6. Excludes private households.

7. In the breakdown of employment by industry of sales, U.S. affiliates that filed long forms in the annual surveys (that is, affiliates with assets, sales, or net income or loss greater than \$50 million) had to specify their eight largest sales categories, and U.S. affiliates that filed short forms had to specify their three largest sales categories. Employment in all unspecified industries combined is shown on this line.

NOTE.—In this table, petroleum is not shown as a separate major industry. Instead, in order to be consistent with the all-U.S. data on employment by industry, affiliate employment in the various petroleum subindustries is distributed among the other major industries. Thus, manufacturing includes petroleum and coal products, wholesale trade includes petroleum wholesale trade, retail trade includes gasoline service stations, and transportation includes petroleum tanker operations, pipelines, and storage. A significant portion of U.S. affiliate employment in petroleum and coal products is accounted for by integrated petroleum companies that have, in addition to their manufacturing employees, substantial numbers of employees in petroleum extraction; because these employees cannot be identified separately, they are included in petroleum and coal products manufacturing. For consistency, employees of affiliates classified in the "oil and gas extraction without refining" industry are also included in petroleum and coal products manufacturing rather than in mining.

than accounted for by selloffs in primary ferrous metals.

The affiliate share in services dipped slightly to 2.0 percent. Within services, the affiliate shares decreased substantially in the hotel and motion picture industries. The decrease in hotels was partly due to selloffs of a number of affiliates with UBO's in Hong Kong and Japan. The decrease in motion pictures, from 7.8 percent to 3.6 percent, was partly due to reductions in foreign-ownership shares in U.S. media companies to below 10 percent.

By State.—In 1996, the shares of private-industry employment accounted for by affiliates were highest in Hawaii (11.0 percent), South Carolina (8.1 percent), and North Carolina (7.3 percent) (table 13). These States also had the highest shares in 1995. In both years, Japanese-owned affiliates accounted for 70 percent of affiliate employment in Hawaii, and affiliates with UBO's in Europe accounted for about 75 percent of affiliate employment in South Carolina and in North Carolina.

In manufacturing, the affiliate shares of employment in 1996 were highest in Kentucky (19.3 percent), South Carolina (17.8 percent), and New Jersey (17.6 percent) (table 14). Japanese- and European-owned affiliates each accounted for about 40 percent of affiliate manufacturing em-

ployment in Kentucky. In South Carolina and in New Jersey, more than 70 percent of affiliate manufacturing employment was accounted for by affiliates with UBO's in Europe.

Profitability

The net income of affiliates—after-tax profits on a financial-accounting basis—increased \$5.6 billion, to \$21.1 billion, in 1996 after increases of \$7.4 billion in 1995 and \$12.5 billion in 1994.¹⁸ (The increase in 1994 represented a shift from losses to profits; in 1990–93, affiliates had incurred net losses.) The increase in 1996 reflected increased operating profits, as “profit-type return”—before-tax profits generated from current production on an economic-accounting basis—increased \$11.7 billion, or 42 percent, to \$39.6 billion (table 15).¹⁹ (U.S. income taxes paid by affiliates increased \$5.2 billion, to \$23.3 billion.) In 1995, net income increased more than

18. Net income of affiliates is as shown in the affiliates' income statements; it includes capital gains and losses, income from investments, and other nonoperating income.

19. Affiliates' profit-type return is before the deduction of income taxes or depletion charges, and it excludes capital gains and losses, income from investments, and other nonoperating income. In table 15, it includes an inventory valuation adjustment (IVA). (Conceptually, it should also include a capital consumption adjustment (CCAdj), but estimates of CCAdj by industry are not available; estimates of profit-type return with both IVA and CCAdj are presented for all industries combined in table 16.) For a more detailed description of this measure and for a comparison of this measure and the corresponding measure used in the U.S. national income and product accounts, see Jeffrey H. Lowe, “Gross Product of U.S. Affiliates of Foreign Companies, 1977–87,” SURVEY 70 (June 1990): 53.

Using Employment Data to Estimate Affiliate Shares of the U.S. Economy

In this article, data on employment are used to estimate affiliate shares of the U.S. economy because these data can be disaggregated by industry of sales, a basis that approximates the disaggregation of the data for all U.S. businesses by industry of establishment. Thus, the data on affiliate employment can be used to calculate the affiliate shares of the U.S. economy at a greater level of detail than can be calculated using the gross product estimates or other data, which can only be disaggregated on the basis of industry of affiliate.¹

In the classification by industry of sales, the data on affiliate employment (and sales) are distributed among all of the industries in which the affiliate reports sales.

1. Establishment-level data from a joint project of BEA and the Bureau of the Census can be used to calculate affiliate shares at an even greater level of detail. These data show each four-digit manufacturing industry in the Standard Industrial Classification; they are currently available for 1987–92. The data for 1990 are analyzed in Ned G. Howenstine and William J. Zeile, “Characteristics of Foreign-Owned U.S. Manufacturing Establishments,” SURVEY 74 (January 1994): 34–59. The data for 1991 are analyzed in Ned G. Howenstine and Dale P. Shannon, “Differences in Foreign-Owned U.S. Manufacturing Establishments by Country of Owner,” SURVEY 76 (March 1996): 43–60.

As a result, employment classified by industry of sales should approximate that classified by industry of establishment (or plant), because an affiliate that has an establishment in an industry usually also has sales in that industry.²

In the classification by industry of affiliate, all of the operations data (including the employment data) for an affiliate are assigned to that affiliate's “primary” industry—the industry in which it has the most sales.³ As a result, any affiliate operations that take place in secondary industries will be classified as operations in the primary industry.


2. However, if one establishment of an affiliate provides all of its output to another establishment of the affiliate, the affiliate will not have sales in the industry of the first establishment. For example, if an affiliate operates both a metal mine and a metal-manufacturing plant and if the entire output of the mine is used by the manufacturing plant, all of the affiliate's sales will be in metal manufacturing, and none in metal mining. When the mining employees are distributed by industry of sales, they are classified in manufacturing even though the industry of the establishment is mining.

3. An affiliate's primary industry is based on a breakdown of the affiliate's sales by three-digit BEA International Surveys Industry classification code. These codes are adapted from the *Standard Industrial Classification Manual*, 1987.

For U.S. affiliates, the rate during 1987–96 ranged from 2.9 percent in 1992 to 5.3 percent in 1996. For all U.S. nonfinancial corporations, the rates were uniformly higher, ranging from 6.4 percent in 1992 to 8.0 percent in 1996.

The rate of return on assets for nonfinancial affiliates increased to 5.3 percent in 1996 from 4.7

percent in 1995. For all U.S. nonfinancial corporations, the rate of return increased to 8.0 percent in 1996 from 7.6 percent in 1995.²¹

Tables 17 through 22.2 follow. 

21. For a discussion of possible reasons for the relatively low rates of return for U.S. affiliates, see Mahnaz Fahim-Nader and William J. Zeile, "Foreign Direct Investment in the United States: New Investment in 1996 and Affiliate Operations in 1995," SURVEY 77 (June 1997): 58.

Table 16.—Return on Assets of Nonfinancial U.S. Affiliates and U.S. Domestic Nonfinancial Corporations, 1987–96

	Nonfinancial U.S. affiliates ¹				Rate of return ((col.1/col.4) x 100) (percent)	U.S. domestic non-financial corporations: Rate of return ⁴ (percent)
	Billions of dollars					
	Property income			Total assets ³		
	Total	Profit-type return ²	Monetary interest paid			
(1)	(2)	(3)	(4)	(5)	(6)	
1987	26.5	8.6	17.9	549.6	4.8	6.6
1988	32.9	8.6	24.3	656.9	5.0	7.0
1989	37.1	4.8	32.3	809.8	4.6	7.0
1990	32.3	-5.3	37.6	960.9	3.4	6.8
1991	31.3	-7.9	39.2	1,059.3	3.0	6.6
1992	32.0	-3.6	35.6	1,096.7	2.9	6.4
1993	35.2	0.3	34.9	1,151.0	3.1	6.6
1994	49.0	13.7	35.3	1,228.3	4.0	7.5
1995	60.6	20.6	40.0	1,290.2	4.7	7.7
1996	66.0	27.5	38.5	1,242.2	5.3	8.0

1. Excludes finance, except depository institutions, and insurance (in addition to depository institutions, which are excluded from all data on U.S. affiliate operations).

2. Profit-type return as shown in table 15 plus a capital consumption adjustment (CCAdj). (Estimates of CCAdj by industry are not available.)

3. Average of beginning- and end-of-year value.

4. Equals the ratio of property income to total assets. Data on property income of U.S. domestic nonfinancial corporations are from tables 1.16 and 8.18 in the national income and product accounts. Data on total assets are from the Federal Reserve Statistical Release, *Flow of Funds Accounts of the United States: Flows and Outstandings, Fourth Quarter 1997* (Washington, DC: Board of Governors of the Federal Reserve System, March 1998).

SUBJECT GUIDE

VOLUME 78 (1998), NUMBERS 1-6

This guide lists articles and sections by subject—giving the title, issue number, and beginning page number.

General

1998 Release Dates for BEA Estimates. 1:34.

National

Corporate profits

Final Estimates. Third Quarter 1997, 1:3; Fourth Quarter 1997, 4:3.

Preliminary Estimates. First Quarter 1998, 6:8.

Rates of Return for Domestic Nonfinancial Corporations, 1960-97. 6:8.

Government transactions

Federal Budget Estimates, Fiscal Year 1999. 3:8.

Government Sector. Fourth Quarter and Year 1997, 4:4; First Quarter 1998, 6:11.

State and Local Government Fiscal Position in 1997. 4:10.

Gross domestic product

Business Situation: Advance Estimates. Fourth Quarter 1997, 2:1; First Quarter 1998, 5:1.

Business Situation: Final Estimates. Third Quarter 1997, 1:1; Fourth Quarter 1997, 4:1.

Business Situation: Preliminary Estimates. Fourth Quarter 1997, 3:1; First Quarter 1998, 6:1.

Gross product by industry

Gross Product by Industry Price Measures, 1977-96. 3:17.

Input-output accounts

U.S. Transportation Satellite Accounts for 1992. 4:16.

Inventories and sales

Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade. Third Quarter 1997, 1:5; Fourth Quarter 1997, 4:8.

National income and product accounts (NIPAs)

A Guide to the NIPAs. 3:26.

Price Indexes for Selected Semiconductors, 1974-96. 2:8.

International

Balance of payments

U.S. International Transactions. Third Quarter 1997, 1:7; Fourth Quarter and Year 1997, 4:51.

Foreign direct investment in the United States

The Domestic Orientation of Production and Sales by U.S. Manufacturing Affiliates of Foreign Companies. 4:29.

New Investment in 1997 and Affiliate Operations in 1996. 6:39.

Regional

Gross state product

Gross State Product by Industry, 1977-96. 6:15.

Personal income

Local Area Personal Income, 1969-96. 5:28.

Personal Income by State and Region. Third Quarter 1997, 2:25; Fourth Quarter and Year 1997, 5:7; Per Capita Personal Income, 1997, 5:10.

Errata

National Income and Product Accounts

In the February through May 1998 issues of the SURVEY OF CURRENT BUSINESS, four series in NIPA table 1.10 and two series in NIPA table 1.16 contained errors for the fourth quarter of 1997 and the year 1997. The corrected estimates are provided below.

Table 1.10.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product

[Billions of chained (1992) dollars]

	1997	1997:IV
Consumption of fixed capital	812.7	831.0
Private consumption of fixed capital	677.6	695.7
Net national product	6,362.1	6,432.6
Net domestic product	6,376.5	6,449.8

Table 1.16.—Gross Domestic Product of Corporate Business in Current Dollars and Gross Domestic Product of Non-financial Corporate Business in Current and Chained Dollars

[Billions of chained (1992) dollars]

	1997	1997:IV
Consumption of fixed capital, nonfinancial corporate business	405.6	415.7
Net domestic product, nonfinancial corporate business	3,702.9	3,780.3

National Data

A. Selected NIPA Tables

The tables in this section include the most recent estimates of gross domestic product and its components; these estimates were released on May 28, 1998 and include the "preliminary" estimates for the first quarter of 1998.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly. In most tables, the annual estimates are also shown. Most of the "annual only" NIPA tables were presented in the August 1997 SURVEY OF CURRENT BUSINESS; tables 8.20–8.26 were presented in the September 1997 SURVEY; and the remaining "annual only" tables—tables 3.15–3.20 and 9.1–9.6—were presented in the October 1997 SURVEY. Errata are published in this issue on page 70.

The selected NIPA tables are available on printouts or diskettes from BEA. To order NIPA subscription products using Visa or MasterCard, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666).

The news release on gross domestic product (GDP) is available at the time of release, and the selected NIPA tables are available later that day, on STAT-USA's Economic Bulletin Board and Internet services; for information, call STAT-USA ON 202-482-1986. In addition, the GDP news release is available the afternoon of the day of the release, and the selected NIPA tables are available about 2 weeks later (when the SURVEY is sent to the printer), on BEA's Internet site <<http://www.bea.doc.gov>>.

1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			1998
			IV	I	II	III	IV	I
Gross domestic product	7,636.0	8,079.9	7,792.9	7,933.6	8,034.3	8,124.3	8,227.4	8,344.9
Personal consumption expenditures	5,207.6	5,485.8	5,308.1	5,405.7	5,432.1	5,527.4	5,577.8	5,666.5
Durable goods	634.5	659.3	638.2	658.4	644.5	667.3	666.8	688.8
Nondurable goods	1,534.7	1,592.0	1,560.1	1,587.4	1,578.9	1,600.8	1,600.9	1,621.2
Services	3,038.4	3,234.5	3,109.8	3,159.9	3,208.7	3,259.3	3,310.0	3,356.5
Gross private domestic investment	1,116.5	1,242.5	1,151.1	1,193.6	1,242.0	1,250.2	1,284.1	1,352.1
Fixed investment	1,090.7	1,174.1	1,119.2	1,127.5	1,160.8	1,201.3	1,206.8	1,248.6
Nonresidential	781.4	846.9	807.2	811.3	836.3	872.0	868.0	896.3
Structures	215.2	230.2	227.0	227.4	226.8	232.9	233.9	230.9
Producers' durable equipment	566.2	616.7	580.2	583.9	609.5	639.1	634.2	665.4
Residential	309.2	327.2	312.0	316.2	324.6	329.3	338.8	352.3
Change in business inventories	25.9	68.4	31.9	66.1	81.1	48.9	77.2	103.5
Net exports of goods and services	-94.8	-101.1	-88.6	-98.8	-88.7	-111.3	-105.3	-136.8
Exports	870.9	957.1	904.6	922.2	960.3	965.8	980.0	960.4
Goods	617.5	686.3	640.5	656.2	690.0	691.1	707.9	686.5
Services	253.3	270.8	264.2	266.0	270.3	274.8	272.1	273.8
Imports	965.7	1,058.1	993.2	1,021.0	1,049.0	1,077.1	1,085.4	1,097.2
Goods	809.0	888.5	834.6	855.8	880.1	905.6	912.6	919.1
Services	156.7	169.6	158.6	165.2	168.9	171.6	172.7	178.1
Government consumption expenditures and gross investment	1,406.7	1,452.7	1,422.3	1,433.1	1,449.0	1,457.9	1,470.9	1,463.1
Federal	520.0	523.8	517.6	516.1	526.1	525.7	527.3	515.3
National defense	352.8	350.3	350.6	343.3	350.6	352.1	355.2	339.3
Nondefense	167.3	173.5	167.0	172.8	175.5	173.6	172.0	176.0
State and local	886.7	928.9	904.7	917.0	923.0	932.3	943.6	947.7

NOTE.—Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 1.2.—Real Gross Domestic Product

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			1998
			IV	I	II	III	IV	I
Gross domestic product	6,928.4	7,188.8	7,017.4	7,101.6	7,159.6	7,214.0	7,280.0	7,365.6
Personal consumption expenditures	4,714.1	4,867.5	4,756.4	4,818.1	4,829.4	4,896.2	4,926.1	4,999.5
Durable goods	611.1	645.5	617.1	637.8	629.0	656.1	659.3	684.1
Nondurable goods	1,432.3	1,458.5	1,441.2	1,457.8	1,450.0	1,465.5	1,460.9	1,484.2
Services	2,671.0	2,764.1	2,698.2	2,723.9	2,749.8	2,776.1	2,806.4	2,834.0
Gross private domestic investment	1,069.1	1,197.0	1,104.8	1,149.2	1,197.1	1,204.6	1,237.2	1,311.6
Fixed investment	1,041.7	1,123.6	1,068.7	1,079.0	1,111.4	1,149.3	1,154.6	1,200.5
Nonresidential	771.7	848.3	800.8	808.9	837.0	874.5	872.7	908.0
Structures	188.7	195.4	196.9	195.9	193.5	196.7	195.5	191.8
Producers' durable equipment	586.0	659.0	606.7	616.6	649.3	685.3	684.8	727.7
Residential	272.1	279.5	271.1	273.3	278.2	280.1	286.3	297.2
Change in business inventories	25.0	65.7	32.9	63.7	77.6	47.5	74.0	100.7
Net exports of goods and services	-114.4	-146.5	-105.6	-126.3	-136.6	-164.1	-159.1	-214.7
Exports	857.0	962.7	901.1	922.7	962.5	973.0	992.7	985.0
Goods	628.4	725.0	666.2	686.2	725.8	731.8	756.3	745.8
Services	229.9	241.7	236.8	238.9	240.8	245.0	241.8	243.8
Imports	971.5	1,109.2	1,006.6	1,048.9	1,099.1	1,137.1	1,151.8	1,199.8
Goods	823.1	947.5	857.5	891.3	938.4	972.7	987.6	1,027.8
Services	149.0	163.0	150.0	158.4	161.8	165.8	165.9	173.6
Government consumption expenditures and gross investment	1,257.9	1,269.6	1,261.8	1,260.5	1,270.1	1,273.4	1,274.4	1,264.6
Federal	464.2	457.0	459.6	452.8	460.1	458.8	456.1	444.5
National defense	317.8	308.6	313.6	303.9	309.4	310.3	311.1	295.6
Nondefense	146.1	147.9	145.7	148.5	150.2	148.0	144.8	148.3
State and local	793.7	812.7	802.3	807.7	810.1	814.7	818.3	820.2
Residual	-1.6	-4.3	-3.8	-2.9	-3.9	-4.6	-6.0	-6.4

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Percent changes from preceding period for selected items in this table are shown in table 8.1; contributions to the percent change in real gross domestic product are shown in table 8.2.

Table 1.9.—Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
			IV	I	II	III	IV	I
Gross domestic product	7,636.0	8,079.9	7,792.9	7,933.6	8,034.3	8,124.3	8,227.4	8,344.9
Plus: Receipts of factor income from the rest of the world	234.3	262.2	248.8	248.2	261.6	269.4	269.8	270.7
Less: Payments of factor income to the rest of the world	232.6	282.0	245.6	262.5	282.3	290.1	293.1	293.5
Equals: Gross national product	7,637.7	8,060.1	7,796.1	7,919.2	8,013.6	8,103.5	8,204.2	8,322.1
Less: Consumption of fixed capital	830.1	867.9	845.6	855.0	863.0	871.6	881.9	888.8
Private	682.7	716.9	697.2	705.4	712.3	720.3	729.4	736.0
Capital consumption allowances	709.9	750.4	725.3	736.6	745.9	754.3	764.8	774.7
Less: Capital consumption adjustment	27.1	33.6	28.1	31.2	33.6	34.0	35.5	38.6
Government	147.4	151.0	148.4	149.6	150.6	151.3	152.6	152.7
General government	125.1	127.8	125.8	126.8	127.4	128.0	129.0	128.9
Government enterprises	22.3	23.3	22.6	22.9	23.3	23.4	23.6	23.8
Equals: Net national product	6,807.6	7,192.2	6,950.4	7,064.2	7,150.7	7,231.9	7,322.3	7,433.3
Less: Indirect business tax and nontax liability	604.8	619.4	625.3	610.2	616.2	625.4	625.8	634.7
Business transfer payments	33.6	35.3	34.2	34.4	35.0	35.9	36.0	36.3
Statistical discrepancy	-59.9	-86.0	-59.5	-64.3	-73.5	-103.2	-103.1	-114.4
Plus: Subsidies less current surplus of government enterprises	25.4	26.1	26.0	26.1	26.0	25.8	26.7	26.3
Equals: National income	6,254.5	6,649.7	6,376.5	6,510.0	6,599.0	6,699.6	6,790.1	6,902.9
Less: Corporate profits with inventory valuation and capital consumption adjustments	735.9	805.0	747.8	779.6	795.1	827.3	818.1	822.5
Net interest	425.1	448.7	430.6	440.5	448.1	451.8	454.2	463.3
Contributions for social insurance	692.0	732.1	705.1	719.5	726.9	735.0	746.9	763.6
Wage accruals less disbursements	1.1	1.2	1.1	1.2	1.2	1.2	1.2	1.2
Plus: Personal interest income	735.7	768.6	749.8	757.2	766.1	772.6	778.4	783.3
Personal dividend income	291.2	321.5	295.2	312.5	318.3	324.5	330.7	336.8
Government transfer payments to persons	1,042.0	1,094.1	1,055.1	1,080.5	1,090.0	1,098.4	1,107.3	1,125.8
Business transfer payments to persons	26.0	27.1	26.4	26.7	26.9	27.2	27.5	27.8
Equals: Personal income	6,495.2	6,873.9	6,618.4	6,746.2	6,829.1	6,906.9	7,013.5	7,125.9
Addenda:								
Gross domestic income	7,695.9	8,165.9	7,852.4	7,997.9	8,107.9	8,227.4	8,330.5	8,459.2
Gross national income	7,697.6	8,146.2	7,855.5	7,983.6	8,087.2	8,206.7	8,307.3	8,436.5
Net domestic product	6,805.9	7,212.0	6,947.3	7,078.5	7,171.4	7,252.6	7,345.5	7,456.1

Table 1.10.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
			IV	I	II	III	IV	I
Gross domestic product	6,928.4	7,188.8	7,017.4	7,101.6	7,159.6	7,214.0	7,280.0	7,365.6
Plus: Receipts of factor income from the rest of the world	214.2	236.3	226.0	224.6	236.3	242.5	242.0	242.8
Less: Payments of factor income to the rest of the world	210.2	250.1	219.8	234.0	250.8	256.9	258.7	259.0
Equals: Gross national product	6,932.0	7,174.4	7,023.1	7,091.8	7,144.4	7,198.8	7,262.6	7,348.7
Less: Consumption of fixed capital	776.4	812.7	786.7	797.3	806.5	816.0	831.0	842.1
Private	642.4	677.6	652.2	662.6	671.5	680.8	695.7	706.8
Government	134.2	135.4	134.6	135.0	135.3	135.6	135.8	135.9
General government	114.1	114.9	114.4	114.6	114.8	115.0	115.1	115.1
Government enterprises	20.0	20.5	20.2	20.3	20.4	20.6	20.7	20.8
Equals: Net national product	6,155.6	6,362.1	6,236.4	6,294.5	6,338.2	6,383.3	6,432.6	6,507.8
Addenda:								
Gross domestic income ¹	6,982.7	7,265.3	7,070.9	7,159.2	7,225.2	7,305.6	7,371.2	7,466.6
Gross national income ²	6,986.3	7,250.9	7,076.7	7,149.4	7,210.0	7,290.5	7,353.8	7,449.8
Net domestic product	6,151.9	6,376.5	6,230.7	6,304.4	6,353.3	6,398.3	6,449.8	6,524.5

1. Gross domestic income deflated by the implicit price deflator for gross domestic product.

2. Gross national income deflated by the implicit price deflator for gross national product.

NOTE.—Except as noted in footnotes 1 and 2, chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 1.11.—Command-Basis Real Gross National Product

[Billions of chained (1992) dollars]

Gross national product	6,932.0	7,174.4	7,023.1	7,091.8	7,144.4	7,198.8	7,262.6	7,348.7
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,071.7	1,199.2	1,127.6	1,147.3	1,198.9	1,216.0	1,234.7	1,228.1
Plus: Command-basis exports of goods and services and receipts of factor income ¹	1,091.1	1,239.2	1,143.4	1,171.9	1,241.7	1,261.9	1,281.3	1,292.2
Equals: Command-basis gross national product	6,951.4	7,214.4	7,038.9	7,116.4	7,187.2	7,244.8	7,309.3	7,412.8
Addendum:								
Terms of trade ²	101.8	103.3	101.4	102.1	103.6	103.8	103.8	105.2

1. Exports of goods and services and receipts of factor income deflated by the implicit price deflator for imports of goods and services and payments of factor income.

2. Ratio of the implicit price deflator for exports of goods and services and receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. Percent changes from preceding period for selected items in this table are shown in table 8.1.

3. Government Receipts, Current Expenditures, and Gross Investment

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
			IV	I	II	III	IV	I
Receipts	2,412.7	2,589.6	2,479.0	2,526.6	2,566.8	2,616.7	2,648.5	2,703.5
Personal tax and nontax receipts	886.9	988.7	922.6	955.7	979.2	998.0	1,022.1	1,059.7
Corporate profits tax accruals	229.0	249.4	226.0	241.2	244.5	258.2	253.6	245.4
Indirect business tax and nontax accruals	604.8	619.4	625.3	610.2	616.2	625.4	625.8	634.7
Contributions for social insurance	692.0	732.1	705.1	719.5	726.9	735.0	746.9	763.6
Current expenditures	2,417.8	2,510.6	2,455.8	2,477.4	2,498.7	2,516.1	2,550.5	2,546.9
Consumption expenditures	1,182.4	1,226.8	1,197.0	1,209.7	1,221.6	1,230.8	1,244.8	1,239.3
Transfer payments (net)	1,058.3	1,107.3	1,078.0	1,091.0	1,100.8	1,108.5	1,128.9	1,135.6
To persons	1,042.0	1,094.1	1,055.1	1,080.5	1,090.0	1,098.4	1,107.3	1,125.8
To the rest of the world (net)	16.3	13.2	22.9	10.5	10.8	10.0	21.6	9.8
Net interest paid	165.4	165.1	168.8	164.9	164.9	165.6	165.0	161.1
Interest paid	317.7	319.2	320.7	317.9	319.1	319.7	320.0	316.2
To persons and business	246.4	228.1	241.3	233.3	227.9	225.9	225.3	222.6
To the rest of the world	71.3	91.1	79.4	84.6	91.2	93.9	94.7	93.6
Less: Interest received by government	152.3	154.1	152.0	153.0	154.1	154.1	155.0	155.1
Less: Dividends received by government	13.6	14.6	14.0	14.3	14.7	14.7	14.9	15.3
Subsidies less current surplus of government enterprises	25.4	26.1	26.0	26.1	26.0	25.8	26.7	26.3
Subsidies	33.5	34.6	33.7	34.1	34.6	34.7	34.9	35.1
Less: Current surplus of government enterprises	8.1	8.4	7.7	8.0	8.6	8.8	8.2	8.8
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-5.1	79.0	23.2	49.2	68.1	100.6	98.0	156.6
Social insurance funds	126.6	135.1	132.0	129.9	132.0	135.8	142.8	147.2
Other	-131.7	-56.1	-108.8	-80.7	-63.9	-35.1	-44.8	9.4

Table 3.2.—Federal Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates						
			1996	1997					1998
			IV	I	II	III	IV	I	
Receipts	1,587.6	1,723.4	1,641.6	1,675.3	1,709.3	1,741.8	1,767.4	1,810.4	
Personal tax and nontax receipts	686.7	774.4	717.5	746.9	767.9	781.9	801.0	835.8	
Income taxes	666.8	751.1	697.2	725.0	744.1	758.5	776.9	809.8	
Estate and gift taxes	17.5	20.6	17.7	19.3	21.1	20.7	21.4	23.2	
Nontaxes	2.5	2.7	2.6	2.6	2.6	2.7	2.7	2.9	
Corporate profits tax accruals	194.5	211.9	192.0	204.9	207.7	219.3	215.5	208.7	
Federal Reserve banks	20.1	21.5	20.4	20.9	21.2	21.7	22.1	22.5	
Other	174.4	190.4	171.7	184.0	186.5	197.7	193.4	186.2	
Indirect business tax and nontax accruals	95.8	91.3	110.2	88.2	92.2	92.4	92.3	92.3	
Excise taxes	56.4	58.7	59.6	56.5	59.0	59.0	60.4	60.4	
Customs duties	19.2	19.7	16.8	18.6	20.5	20.9	19.0	19.1	
Nontaxes	20.2	12.9	33.7	13.2	12.7	12.6	13.0	12.8	
Contributions for social insurance	610.5	645.9	622.0	635.3	641.5	648.2	658.6	673.6	
Current expenditures	1,698.1	1,752.2	1,718.8	1,730.8	1,746.0	1,752.6	1,779.5	1,761.4	
Consumption expenditures	451.5	463.8	453.6	458.0	464.2	464.7	468.4	456.6	
Transfer payments (net)	763.5	795.5	777.3	785.9	791.4	794.5	810.2	812.1	
To persons	747.2	782.3	754.4	775.5	780.5	784.5	788.6	802.3	
To the rest of the world (net)	16.3	13.2	22.9	10.5	10.8	10.0	21.6	9.8	
Grants-in-aid to State and local governments	218.3	224.2	217.5	219.6	222.5	224.2	230.6	225.9	
Net interest paid	227.1	230.3	231.8	228.9	229.8	231.2	231.3	228.1	
Interest paid	253.1	254.5	256.1	253.2	254.4	255.1	255.4	251.6	
To persons and business	181.8	163.5	176.7	168.7	163.3	161.2	160.6	158.0	
To the rest of the world	71.3	91.1	79.4	84.6	91.2	93.9	94.7	93.6	
Less: Interest received by government	26.0	24.2	24.3	24.4	24.6	23.9	24.1	23.5	
Subsidies less current surplus of government enterprises	37.7	38.4	38.5	38.4	38.1	37.9	39.0	38.7	
Subsidies	33.1	34.2	33.4	33.8	34.3	34.3	34.5	34.8	
Less: Current surplus of government enterprises	-4.6	-4.2	-5.1	-4.7	-3.9	-3.6	-4.5	-4.0	
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0	
Current surplus or deficit (-), national income and product accounts	-110.5	-28.8	-77.1	-55.5	-36.8	-10.8	-12.1	49.0	
Social insurance funds	55.3	63.7	60.6	58.7	60.4	64.4	71.3	75.4	
Other	-165.8	-92.5	-137.7	-114.2	-97.2	-75.2	-83.4	-26.4	

Table 3.3.—State and Local Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates						
			1996	1997					1998
			IV	I	II	III	IV	I	
Receipts	1,043.4	1,090.4	1,054.9	1,070.9	1,080.0	1,099.1	1,111.7	1,119.0	
Personal tax and nontax receipts	200.2	214.3	205.1	208.7	211.3	216.1	221.1	223.8	
Income taxes	149.1	159.8	153.1	155.7	157.4	161.2	165.1	167.0	
Nontaxes	28.8	31.0	29.6	30.1	30.7	31.3	31.8	32.4	
Other	22.3	23.5	22.5	22.9	23.3	23.7	24.1	24.4	
Corporate profits tax accruals	34.5	37.6	34.0	36.4	36.8	38.9	38.1	36.8	
Indirect business tax and nontax accruals	508.9	528.1	515.1	522.0	524.0	533.0	533.5	542.5	
Sales taxes	249.8	257.4	251.9	256.2	255.6	258.4	259.3	263.1	
Property taxes	202.3	208.8	204.7	206.2	207.8	209.4	211.9	214.4	
Other	56.8	62.0	58.5	59.6	60.6	65.2	62.4	65.0	
Contributions for social insurance	81.4	86.2	83.1	84.2	85.4	86.8	88.4	90.0	
Federal grants-in-aid	218.3	224.2	217.5	219.6	222.5	224.2	230.6	225.9	
Current expenditures	938.0	982.6	954.5	966.1	975.1	987.7	1,001.5	1,011.4	
Consumption expenditures	730.9	762.9	743.3	751.7	757.4	766.1	776.4	782.7	
Transfer payments to persons ...	294.8	311.8	300.6	305.1	309.5	314.0	318.7	323.5	
Net interest paid	-61.7	-65.2	-63.0	-64.0	-64.9	-65.6	-66.3	-67.0	
Interest paid	64.6	64.6	64.7	64.6	64.6	64.6	64.7	64.7	
Less: Interest received by government	126.3	129.8	127.7	128.6	129.5	130.3	130.9	131.7	
Less: Dividends received by government	13.6	14.6	14.0	14.3	14.7	14.7	14.9	15.3	
Subsidies less current surplus of government enterprises	-12.3	-12.2	-12.5	-12.3	-12.2	-12.1	-12.4	-12.5	
Subsidies .....	.3	.3	.3	.3	.3	.3	.3	.3
Less: Current surplus of government enterprises	12.7	12.6	12.8	12.7	12.5	12.4	12.7	12.8	
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0	
Current surplus or deficit (-), national income and product accounts	105.3	107.8	100.4	104.7	104.9	111.4	110.1	107.6	
Social insurance funds	71.3	71.4	71.4	71.3	71.6	71.4	71.5	71.8	
Other	34.1	36.3	28.9	33.5	33.3	40.0	38.6	35.8	

Table 5.12.—Inventories and Domestic Final Sales of Business by Industry

[Billions of dollars]

Table with columns for 1996, 1997 (I-IV), and 1998. Rows include Inventories (Farm, Nonfarm, Manufacturing, Wholesale trade, Retail trade, Other), Final sales of domestic business, and Ratio of inventories to final sales.

1. Inventories are as of the end of the quarter. The quarter-to-quarter change in inventories calculated from current-dollar inventories in this table is not the current-dollar change in business inventories (CBI) component of GDP.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

Table 5.13.—Real Inventories and Real Domestic Final Sales of Business by Industry

[Billions of chained (1992) dollars]

Table with columns for 1996, 1997 (I-IV), and 1998. Rows include Inventories (Farm, Nonfarm, Manufacturing, Wholesale trade, Retail trade, Other), Final sales of domestic business, and Ratio of inventories to final sales.

1. Inventories are as of the end of the quarter. Quarter-to-quarter changes calculated from this table are at quarterly rates, whereas, the change in the business inventories component of GDP is stated at annual rates.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

NOTE—Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, divided by 100.

Table 7.11.—Chain-Type Quantity and Price Indexes for Government Consumption Expenditures and Gross Investment by Type
[Index numbers, 1992=100]

Table with 17 columns: Year (1996, 1997), Seasonally adjusted (1996, 1997, 1998), and Chain-type quantity/price indexes (Government consumption expenditures and gross investment, Federal, National defense, Nondefense, State and local, Addenda).

NOTE.—See footnotes to table 3.7.

Table 7.14.—Chain-Type Quantity and Price Indexes for Gross Domestic Product by Sector

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			1998
			IV	I	II	III	IV	I
Chain-type quantity indexes								
Gross domestic product	110.95	115.12	112.38	113.73	114.66	115.53	116.58	117.96
Business ¹	112.70	117.51	114.35	115.92	116.98	117.94	119.20	120.76
Nonfarm ¹	112.99	117.79	114.69	116.18	117.23	118.23	119.52	121.08
Nonfarm less housing	113.61	118.79	115.36	116.99	118.15	119.27	120.74	122.54
Housing	107.83	109.59	109.05	109.53	109.66	109.67	109.50	109.18
Farm	93.75	98.71	92.75	98.07	99.75	98.78	98.24	99.58
Households and institutions	111.52	114.86	112.66	113.55	114.40	115.28	116.20	117.02
Private households	100.06	95.64	95.09	94.77	95.54	95.97	96.28	97.20
Nonprofit institutions	111.96	115.59	113.33	114.27	115.11	116.02	116.96	117.77
General government ²	99.34	99.78	99.43	99.58	99.72	100.01	99.80	100.21
Federal	87.79	85.99	87.08	86.80	86.40	86.12	84.63	85.12
State and local	105.65	107.33	106.18	106.56	107.00	107.61	108.13	108.49
Chain-type price indexes								
Gross domestic product	110.22	112.45	111.10	111.78	112.27	112.67	113.07	113.36
Business ¹	109.56	111.58	110.43	111.00	111.45	111.80	112.08	112.27
Nonfarm ¹	109.46	111.45	110.21	110.88	111.29	111.67	111.98	112.27
Nonfarm less housing	109.11	110.96	109.82	110.47	110.83	111.14	111.39	111.60
Housing	112.48	115.81	113.63	114.42	115.32	116.29	117.21	118.19
Farm	118.34	122.39	128.16	121.56	124.35	122.82	120.83	112.80
Households and institutions	111.19	114.29	111.98	112.87	113.90	114.79	115.59	116.48
Private households	113.51	117.66	115.40	115.86	116.84	118.22	119.72	120.48
Nonprofit institutions	111.10	114.17	111.86	112.77	113.79	114.68	115.45	116.35
General government ²	114.58	118.02	115.62	116.95	117.60	118.21	119.31	120.18
Federal	116.82	121.20	117.71	120.19	120.74	121.11	122.75	123.64
State and local	113.53	116.55	114.64	115.46	116.15	116.86	117.74	118.59

NOTE.—See footnotes to table 1.7.

Table 7.15.—Current-Dollar Cost and Profit Per Unit of Real Gross Domestic Product of Nonfinancial Corporate Business

[Dollars]

Current-dollar cost and profit per unit of real gross domestic product ¹	1.063	1.072	1.065	1.069	1.072	1.072	1.073	1.073
Consumption of fixed capital	.101	.101	.101	.101	.101	.100	.100	.100
Net domestic product	.962	.971	.963	.968	.971	.972	.973	.973
Indirect business tax and nontax liability plus business transfer payments less subsidies	.108	.107	.108	.107	.107	.107	.106	.105
Domestic income	.853	.864	.855	.861	.863	.865	.867	.868
Compensation of employees	.690	.698	.693	.697	.698	.695	.702	.705
Corporate profits with inventory valuation and capital consumption adjustments	.140	.145	.142	.143	.144	.149	.145	.142
Profits tax liability	.040	.040	.040	.040	.040	.042	.040	.037
Profits after tax with inventory valuation and capital consumption adjustments	.101	.105	.102	.103	.104	.107	.105	.106
Net interest	.023	.021	.021	.021	.021	.021	.021	.021

1. Equals the deflator for gross domestic product of nonfinancial corporate business with the decimal point shifted two places to the left.

Table 7.16.—Implicit Price Deflators for Inventories of Business by Industry

[Index numbers, 1992=100]

	Seasonally adjusted					
	1996		1997			1998
	IV	I	II	III	IV	I
Inventories ¹	107.08	106.63	105.93	106.21	105.33	104.25
Farm	100.15	103.26	101.90	101.00	97.87	96.09
Nonfarm	107.77	107.00	106.36	106.74	106.07	105.06
Durable goods	106.49	106.69	106.25	106.12	105.80	105.31
Nondurable goods	109.53	107.45	106.54	107.62	106.47	104.77
Manufacturing	107.47	106.84	106.13	106.49	106.00	104.58
Durable goods	104.89	104.92	104.52	104.50	104.39	103.38
Nondurable goods	111.85	110.06	108.80	109.84	108.68	106.55
Wholesale	106.53	106.26	105.62	106.08	105.17	104.29
Durable goods	103.90	103.91	103.80	103.56	103.05	102.68
Nondurable goods	110.90	110.16	108.61	110.27	108.68	106.94
Merchant wholesalers	106.48	106.50	105.93	106.35	105.52	104.93
Durable goods	104.14	104.17	104.06	103.83	103.31	102.94
Nondurable goods	110.43	110.44	109.05	110.61	109.25	108.27
Nonmerchant wholesalers	106.86	104.87	103.79	104.50	103.09	100.46
Durable goods	102.26	102.24	102.07	101.79	101.31	100.93
Nondurable goods	113.64	108.77	106.34	108.52	105.74	99.85
Retail trade	106.96	107.01	106.28	106.53	106.16	105.97
Durable goods	110.06	110.48	109.42	109.38	108.94	109.12
Motor vehicle dealers	112.57	113.16	110.90	110.89	110.30	110.67
Other	107.52	107.79	107.83	107.76	107.46	107.46
Nondurable goods	103.80	103.44	103.08	103.64	103.35	102.75
Other	113.73	109.34	109.15	109.74	108.34	106.51
Durable goods	115.15	116.40	116.50	115.80	115.50	115.30
Nondurable goods	113.22	105.81	105.46	106.73	104.75	102.09

1. Implicit price deflators are as of the end of the quarter and are consistent with the inventory stocks shown in tables 5.12 and 5.13.

Table 7.17.—Chain-Type Quantity Indexes for Gross Domestic Product by Major Type of Product

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					1998
			1996	1997				
			IV	I	II	III	IV	
Gross domestic product	110.95	115.12	112.38	113.73	114.66	115.53	116.58	117.96
Final sales of domestic product	110.64	114.12	111.93	112.77	113.47	114.80	115.45	116.41
Change in business inventories								
Goods	114.72	120.99	116.51	119.31	120.49	121.30	122.87	125.83
Final sales	113.89	118.22	115.32	116.66	117.19	119.31	119.71	121.47
Change in business inventories								
Durable goods	127.97	138.89	128.64	133.71	139.00	140.14	142.71	147.70
Final sales	124.84	133.96	127.35	128.97	132.66	136.70	137.53	141.14
Change in business inventories								
Nondurable goods	105.69	108.96	108.19	109.52	108.07	108.66	109.58	111.26
Final sales	106.32	107.48	107.01	108.17	106.63	107.49	107.61	108.19
Change in business inventories								
Services	108.08	111.08	109.17	109.76	110.65	111.54	112.38	112.81
Structures	113.63	116.85	115.73	116.16	116.27	117.26	117.72	118.95
Addenda:								
Motor vehicle output	117.55	122.87	115.23	120.59	117.22	123.72	129.92	124.37
Gross domestic product less motor vehicle output	110.73	114.86	112.28	113.50	114.57	115.25	116.13	117.74

Table 7.18.—Chain-Type Quantity Indexes for Auto Output

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996	1997				1998
			IV	I	II	III	IV	I
Auto output	98.69	98.77	93.58	98.45	96.09	100.49	100.04	90.24
Final sales	101.94	97.99	99.35	99.31	94.84	100.39	97.41	92.82
Personal consumption expenditures	103.07	103.22	100.38	105.11	99.69	106.36	101.74	103.72
New autos	95.25	95.86	93.83	96.91	89.70	100.20	96.61	96.70
Net purchases of used autos								
Producers' durable equipment	128.03	132.71	127.22	136.19	130.82	136.50	127.34	130.15
New autos	126.10	126.82	121.72	130.80	126.22	129.36	120.92	123.74
Net purchases of used autos								
Net exports								
Exports	112.16	110.83	110.84	109.44	119.00	106.05	108.81	110.74
Imports	126.62	140.15	125.96	143.81	139.60	143.34	133.87	152.48
Gross government investment	102.75	98.19	115.71	103.02	82.28	100.78	106.68	88.33
Change in business inventories of new and used autos								
New								
Used								
Addenda:								
Domestic output of new autos ¹	110.93	110.36	103.63	109.88	108.14	114.28	109.16	103.50
Sales of imported new autos ²	98.06	107.19	99.15	108.82	102.63	109.56	107.75	110.75

1. Consists of final sales and change in business inventories of new autos assembled in the United States.
 2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

Table 7.19.—Chain-Type Quantity Indexes for Truck Output

[Index numbers, 1992=100]

Truck output¹	144.61	157.51	146.38	152.43	147.62	157.14	172.86	173.40
Final sales	147.62	156.53	152.03	150.72	147.96	158.65	168.80	172.15
Personal consumption expenditures	121.78	123.02	120.90	119.17	113.36	126.05	133.49	135.40
Producers' durable equipment	181.34	199.56	190.80	193.20	192.36	202.08	210.60	217.69
Net exports								
Exports	156.23	185.31	177.17	175.57	169.89	176.36	219.43	208.37
Imports	116.45	135.16	113.92	133.14	130.75	145.62	131.15	132.89
Gross government investment	91.90	105.17	82.80	97.68	109.59	120.72	92.70	95.48
Change in business inventories								

1. Includes new trucks only.

Table 8.2.—Contributions to Percent Change in Real Gross Domestic Product

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
			IV	I	II	III	IV	I
Percent change at annual rate:								
Gross domestic product	2.8	3.8	4.3	4.9	3.3	3.1	3.7	4.8
Percentage points at annual rates:								
Personal consumption expenditures	1.8	2.2	2.2	3.6	.6	3.8	1.7	4.1
Durable goods .....	.4	.4	.3	1.1	-.5	1.4	.2	1.2
Nondurable goods .....	.3	.4	.4	.9	-.4	.8	-.2	1.2
Services	1.1	1.4	1.5	1.5	1.5	1.5	1.8	1.6
Gross private domestic investment ...	1.1	1.6	.2	2.4	2.5	.4	1.7	3.8
Fixed investment	1.1	1.1	.4	.6	1.7	2.0	.3	2.3
Nonresidential .....	.9	1.0	.6	.4	1.4	1.9	-.1	1.7
Structures .....	.1	.1	.4	-.1	-.1	.2	-.1	-.2
Producers' durable equipment .....	.8	.9	.2	.5	1.6	1.7	0	1.9
Residential .....	.2	.1	-.2	.1	.3	.1	.4	.6
Change in business inventories	0	.6	-.2	1.8	.8	-.1.6	1.4	1.4
Net exports of goods and services ...	-.2	-.3	1.8	-1.0	-.4	-1.3	.3	-2.5
Exports .....	.9	1.3	2.7	1.1	2.0	.5	1.0	-.4
Goods .....	.7	1.2	2.2	1.0	1.9	.3	1.1	-.5
Services .....	.2	.2	.4	.1	.1	.2	-.2	.1
Imports	-1.1	-1.7	-.8	-2.1	-2.5	-1.7	-.7	-2.2
Goods	-1.0	-1.5	-.8	-1.7	-2.3	-1.6	-.7	-1.8
Services	-.1	-.2	0	-.5	-.2	-.1	0	-.4
Government consumption expenditures and gross investment .....	.1	.2	0	-.1	.6	.2	.1	-.5
Federal	-.1	-.1	-.4	-.4	.4	-.1	-.1	-.7
National defense	-.1	-.1	-.3	-.6	.3	.1	0	-.9
Nondefense	0	0	0	.2	.1	-.1	-.2	.2
State and local .....	.2	.3	.4	.3	.1	.3	.2	.1

Table 8.3.—Selected Per Capita Product and Income Series in Current and Chained Dollars

	[Dollars]							
	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
IV			I	II	III	IV	I	
Current dollars:								
Gross domestic product	28,752	30,161	29,243	29,715	30,030	30,295	30,602	30,972
Gross national product	28,759	30,088	29,254	29,662	29,952	30,218	30,515	30,888
Personal income	24,457	25,660	24,835	25,268	25,525	25,756	26,087	26,448
Disposable personal income	21,117	21,969	21,373	21,689	21,865	22,034	22,285	22,515
Personal consumption expenditures	19,608	20,478	19,919	20,247	20,303	20,612	20,747	21,032
Durable goods	2,389	2,461	2,395	2,466	2,409	2,488	2,480	2,557
Nondurable goods	5,779	5,943	5,854	5,945	5,901	5,969	5,955	6,017
Services	11,441	12,074	11,669	11,836	11,993	12,154	12,312	12,458
Chained (1992) dollars:								
Gross domestic product	26,088	26,835	26,333	26,599	26,760	26,901	27,078	27,338
Gross national product	26,101	26,781	26,354	26,562	26,704	26,844	27,013	27,275
Disposable personal income	19,116	19,493	19,152	19,331	19,439	19,518	19,681	19,865
Personal consumption expenditures	17,750	18,170	17,848	18,046	18,051	18,258	18,323	18,556
Durable goods	2,301	2,410	2,316	2,389	2,351	2,447	2,452	2,539
Nondurable goods	5,393	5,445	5,408	5,460	5,420	5,465	5,434	5,509
Services	10,057	10,318	10,125	10,202	10,278	10,352	10,438	10,518
Population (mid-period, thousands)	265,579	267,889	266,491	266,987	267,545	268,171	268,854	269,429

Table 8.4.—Auto Output

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
				IV	I	II	III	
Auto output	134.6	134.9	128.7	136.4	130.2	138.1	134.7	123.0
Final sales	140.0	134.7	138.0	137.9	131.1	137.4	132.6	126.4
Personal consumption expenditures	141.3	140.8	138.4	145.2	136.7	144.0	137.3	140.0
New autos	86.1	86.8	85.3	87.9	81.3	90.7	87.2	87.1
Net purchases of used autos	55.3	54.1	53.2	57.3	55.4	53.3	50.1	52.9
Producers' durable equipment	45.3	48.4	45.9	48.8	47.4	50.4	47.0	47.9
New autos	79.2	79.8	76.9	82.5	79.5	81.4	75.9	77.5
Net purchases of used autos	-33.9	-31.4	-31.1	-33.7	-32.1	-31.0	-28.9	-29.6
Net exports	-48.9	-56.7	-48.8	-58.4	-54.9	-59.4	-54.2	-63.6
Exports	17.0	16.9	16.8	16.6	18.1	16.2	16.6	16.9
Imports	65.9	73.6	65.7	75.0	73.0	75.5	70.8	80.5
Gross government investment	2.3	2.2	2.6	2.3	1.9	2.3	2.5	2.0
Change in business inventories of new and used autos	-5.4	.1	-9.3	-1.5	-9	.7	2.2	-3.4
New	-5.6	.7	-9.0	-.8	.3	1.1	2.3	-1.6
Used .....	.2	-6	-4	-6	-1.2	-.4	-.1	-1.7
Addenda:								
Domestic output of new autos ¹	121.1	120.7	113.5	120.8	116.8	126.3	118.8	113.4
Sales of imported new autos ²	58.2	63.7	59.2	64.8	61.1	65.1	63.8	65.5

1. Consists of final sales and change in business inventories of new autos assembled in the United States.

2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

Table 8.5.—Real Auto Output

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996	1997				1998
				IV	I	II	III	
Auto output	119.9	120.0	113.7	119.7	116.8	122.1	121.6	109.7
Final sales	124.4	119.6	121.3	121.2	115.8	122.6	118.9	113.3
Personal consumption expenditures	121.2	121.4	118.0	123.6	117.2	125.0	119.6	121.9
New autos	78.2	78.7	77.0	79.6	73.7	82.3	79.3	79.4
Net purchases of used autos	42.1	41.8	40.2	43.1	42.4	42.0	39.7	41.7
Producers' durable equipment	45.1	46.8	44.9	48.0	46.1	48.1	44.9	45.9
New autos	72.0	72.4	69.5	74.7	72.1	73.9	69.0	70.7
Net purchases of used autos	-26.6	-25.6	-24.6	-26.6	-25.9	-25.8	-24.2	-24.8
Net exports	-43.6	-50.1	-43.4	-52.0	-48.7	-52.3	-47.4	-55.9
Exports	16.0	15.8	15.8	15.6	17.0	15.1	15.5	15.8
Imports	59.6	65.9	59.2	67.6	65.7	67.4	63.0	71.7
Gross government investment	2.1	2.0	2.3	2.1	1.7	2.0	2.2	1.8
Change in business inventories of new and used autos	-4.7	.3	-7.9	-1.8	.9	-6	2.5	-3.8
New	-5.2	1.1	-8.1	-1.0	2.3	0	2.9	-2.0
Used .....	.3	-7	0	-7	-1.2	-.5	-.2	-1.6
Residual .....	.6	.4	.8	.5	.4	.5	.4	.4
Addenda:								
Domestic output of new autos ¹	110.9	110.3	103.6	109.8	108.1	114.2	109.1	103.4
Sales of imported new autos ²	52.9	57.8	53.5	58.7	55.3	59.1	58.1	59.7

1. Consists of final sales and change in business inventories of new autos assembled in the United States.

2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the lines in the addenda.

Table 8.6.—Truck Output

[Billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	2003
Truck output ¹	136.7	149.4	138.5	145.0	140.2	149.3	163.1	163.3
Final sales	137.4	146.2	141.6	141.1	138.3	148.3	157.0	159.8
Personal consumption expenditures	63.7	65.2	63.9	63.2	60.1	66.8	70.7	71.6
Producers' durable equipment	71.6	78.3	74.9	76.1	75.5	79.3	82.0	84.6
Net exports	-4.7	-5.0	-3.2	-5.4	-5.4	-6.7	-2.5	-3.3
Exports	9.0	10.9	10.2	10.2	10.0	10.4	13.0	12.4
Imports	13.7	15.9	13.4	15.7	15.3	17.1	15.5	15.8
Gross government investment	6.8	7.8	6.1	7.2	8.1	8.9	6.8	7.0
Change in business inventories	-7	3.2	-3.1	3.8	1.8	1.0	6.0	3.4

1. Includes new trucks only.

Table 8.7.—Real Truck Output

[Billions of chained (1992) dollars]

	1996	1997	1998	1999	2000	2001	2002	2003
Truck output ¹	121.1	131.9	122.6	127.6	123.6	131.6	144.7	145.2
Final sales	121.7	129.0	125.3	124.2	121.9	130.7	139.1	141.9
Personal consumption expenditures	55.8	56.4	55.4	54.6	51.9	57.7	61.2	62.0
Producers' durable equipment	63.7	70.0	67.0	67.8	67.5	70.9	73.9	76.4
Net exports	-3.7	-4.1	-2.3	-4.4	-4.5	-5.7	-1.8	-2.6
Exports	8.7	10.3	9.8	9.8	9.4	9.8	12.2	11.6
Imports	12.4	14.4	12.1	14.2	13.9	15.5	14.0	14.2
Gross government investment	6.1	6.9	5.5	6.4	7.2	8.0	6.1	6.3
Change in business inventories	-6	3.0	-2.9	3.6	1.7	.9	5.7	3.3
Residual	-2	-3	-1	-4	-2	-2	-4	-2

1. Includes new trucks only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

B. Other NIPA and NIPA-Related Tables

Monthly Estimates:

Tables B.1 and B.2 include the most recent estimates of personal income and its components; these estimates were released on May 29, 1998 and include "preliminary" estimates for April 1998 and "revised" estimates for January–March 1998.

Table B.1.—Personal Income

[Billions of dollars; monthly estimates seasonally adjusted at annual rates]

	1996	1997	1997										1998			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^p
Personal income	6,495.2	6,873.9	6,788.2	6,800.9	6,822.8	6,863.5	6,873.1	6,912.2	6,935.5	6,970.4	7,019.8	7,050.4	7,088.8	7,133.2	7,155.7	7,184.4
Wage and salary disbursements	3,632.5	3,877.4	3,821.3	3,822.1	3,835.1	3,867.6	3,870.0	3,902.3	3,916.1	3,943.6	3,989.9	4,007.9	4,038.2	4,073.5	4,083.3	4,101.3
Private industries	2,989.9	3,212.1	3,161.7	3,161.2	3,173.1	3,204.5	3,204.6	3,234.5	3,246.2	3,271.7	3,316.0	3,332.5	3,358.3	3,391.1	3,399.4	3,415.6
Commodity-producing industries	909.1	960.3	948.8	950.3	953.7	954.5	955.5	962.0	966.6	975.4	984.9	992.1	995.7	999.5	998.4	998.9
Manufacturing	674.7	706.0	698.4	699.5	700.3	701.2	701.5	706.5	710.0	717.8	724.4	728.1	729.0	730.8	731.2	729.5
Distributive industries	823.3	876.3	864.8	863.1	865.0	872.9	872.2	883.7	886.4	893.1	904.1	904.7	912.2	922.5	922.3	927.4
Service industries	1,257.5	1,375.5	1,348.1	1,347.7	1,354.5	1,377.1	1,376.8	1,388.9	1,393.3	1,403.1	1,427.0	1,435.7	1,450.4	1,469.1	1,478.8	1,489.4
Government	642.6	665.3	659.7	660.9	661.9	663.1	665.4	667.8	669.8	671.9	673.9	675.4	682.4	683.9	683.9	685.7
Other labor income	407.6	416.6	413.9	414.4	415.3	415.6	416.6	417.6	418.9	420.1	421.4	422.6	423.9	425.1	426.3	427.5
Proprietors' income with IVA and CCA _{adj}	520.3	544.5	537.2	540.9	543.6	546.5	546.8	546.1	548.7	551.6	552.2	553.9	553.4	556.1	560.6	565.2
Farm	37.2	40.7	41.4	43.0	43.8	44.0	43.0	40.8	39.0	38.5	38.1	34.6	32.1	30.9	32.6	32.6
Nonfarm	483.1	503.8	495.8	497.9	499.8	502.4	503.9	505.3	509.6	513.1	514.1	515.8	518.8	524.0	529.7	532.6
Rental income of persons with CCA _{adj}	146.3	147.9	149.2	149.3	148.9	147.8	147.4	148.5	148.2	146.6	145.5	145.0	144.4	143.8	142.7	143.0
Personal dividend income	291.2	321.5	314.4	316.3	318.3	320.3	322.4	324.5	326.6	328.6	330.7	332.8	334.9	336.8	338.8	340.9
Personal interest income	735.7	768.6	760.4	763.4	766.0	768.9	771.0	772.5	774.3	776.3	778.3	780.5	782.0	783.3	784.5	785.8
Transfer payments to persons	1,068.0	1,121.1	1,111.9	1,114.6	1,116.6	1,119.7	1,122.1	1,125.9	1,129.0	1,131.5	1,132.9	1,140.0	1,148.4	1,153.4	1,158.9	1,161.2
Old-age, survivors, disability, and health insurance benefits	537.6	566.7	561.5	562.4	564.8	565.9	567.3	570.4	570.4	572.0	572.7	577.8	582.4	584.7	587.7	588.5
Government unemployment insurance benefits	22.0	21.8	22.0	22.0	21.9	21.9	21.7	21.4	21.6	21.4	21.4	21.6	21.3	21.2	21.3	21.3
Other	508.4	532.7	528.4	530.2	529.9	531.9	533.1	534.1	537.0	538.1	538.8	540.6	544.7	547.4	549.9	551.4
Less: Personal contributions for social insurance	306.3	323.7	320.1	320.1	320.9	323.0	323.1	325.2	326.1	327.9	331.0	332.2	336.4	338.7	339.4	340.5

^p Preliminary.
^r Revised.
 CCA_{adj} Capital consumption adjustment
 IVA Inventory valuation adjustment

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table B.2.—The Disposition of Personal Income

[Monthly estimates seasonally adjusted at annual rates]

	1996	1997	1997										1998			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^p
Billions of dollars, unless otherwise indicated																
Personal income	6,495.2	6,873.9	6,788.2	6,800.9	6,822.8	6,863.5	6,873.1	6,912.2	6,935.5	6,970.4	7,019.8	7,050.4	7,088.8	7,133.2	7,155.7	7,184.4
Less: Personal tax and nontax payments	886.9	988.7	967.0	970.4	978.3	988.9	991.2	999.3	1,003.5	1,012.1	1,024.4	1,029.7	1,050.1	1,063.1	1,065.8	1,072.3
Equals: Disposable personal income	5,608.3	5,885.2	5,821.2	5,830.5	5,844.5	5,874.5	5,881.9	5,913.0	5,932.0	5,958.3	5,995.3	6,020.8	6,038.8	6,070.1	6,089.9	6,112.1
Less: Personal outlays	5,368.8	5,658.5	5,579.5	5,592.3	5,592.7	5,623.5	5,690.4	5,699.3	5,712.6	5,735.8	5,752.4	5,778.8	5,821.0	5,840.9	5,870.5	5,899.0
Personal consumption expenditures	5,207.6	5,485.8	5,410.8	5,422.0	5,422.4	5,451.9	5,518.7	5,525.8	5,537.8	5,559.3	5,575.4	5,598.8	5,642.9	5,663.6	5,693.1	5,721.4
Durable goods	634.5	659.3	654.4	642.9	643.5	647.0	670.8	670.5	660.7	655.4	670.0	675.1	692.6	691.1	687.7	687.4
Nondurable goods	1,534.7	1,592.0	1,588.6	1,577.0	1,577.1	1,582.6	1,597.6	1,599.8	1,604.9	1,604.8	1,600.9	1,597.0	1,611.4	1,625.1	1,627.2	1,636.4
Services	3,038.4	3,234.5	3,167.8	3,202.1	3,201.8	3,222.3	3,250.3	3,255.5	3,272.2	3,299.1	3,304.5	3,326.6	3,338.9	3,347.4	3,383.2	3,397.6
Interest paid by persons	145.2	154.8	151.6	152.7	152.7	154.0	153.5	155.2	156.6	157.8	158.3	161.3	159.3	158.6	158.9	158.9
Personal transfer payments to rest of world	15.9	17.9	17.0	17.6	17.6	17.6	18.2	18.2	18.2	18.7	18.7	18.7	18.8	18.8	18.8	18.8
Equals: Personal savings	239.6	226.7	241.7	238.2	251.8	251.0	191.4	213.7	219.4	222.5	243.0	242.0	217.8	229.2	219.4	213.1
Addenda:																
Disposable personal income:																
Billions of chained (1992) dollars ¹	5,076.9	5,221.9	5,181.4	5,185.5	5,198.7	5,218.3	5,214.8	5,239.8	5,247.8	5,264.7	5,293.6	5,316.1	5,332.2	5,354.7	5,369.6	5,382.3
Per capita:																
Current dollars	21,117	21,969	21,789	21,808	21,845	21,941	21,951	22,049	22,102	22,183	22,299	22,373	22,427	22,530	22,589	22,655
Chained (1992) dollars	19,116	19,493	19,394	19,396	19,431	19,490	19,462	19,539	19,553	19,601	19,689	19,754	19,803	19,875	19,917	19,950
Population (thousands)	265,579	267,889	267,161	267,354	267,541	267,741	267,952	268,171	268,391	268,594	268,859	269,108	269,263	269,423	269,602	269,791
Personal consumption expenditures:																
Billions of chained (1992) dollars	4,714.1	4,867.5	4,816.1	4,822.2	4,823.2	4,842.9	4,892.8	4,896.8	4,899.0	4,912.2	4,922.8	4,943.4	4,982.7	4,996.1	5,019.7	5,038.3
Durable goods	611.1	645.5	633.8	625.9	628.1	633.0	657.7	659.9	650.9	647.0	663.0	667.9	686.7	686.2	679.5	683.7
Nondurable goods	1,432.3	1,458.5	1,459.2	1,446.3	1,449.1	1,454.7	1,466.0	1,464.8	1,465.6	1,464.0	1,460.6	1,458.1	1,472.7	1,486.5	1,493.4	1,499.8
Services	2,671.0	2,764.1	2,724.2	2,749.1	2,745.5	2,755.0	2,771.0	2,774.1	2,783.2	2,800.7	2,818.2	2,826.4	2,826.8	2,848.8	2,857.0	2,857.0
Implicit price deflator, 1992=100	110.47	112.70	112.35	112.44	112.42	112.58	112.79	112.85	113.04	113.17	113.26	113.26	113.25	113.36	113.41	113.56
Personal saving as percentage of disposable personal income ²	4.3	3.9	4.2	4.1	4.3	4.3	3.3	3.6	3.7	3.7	4.1	4.0	3.6	3.8	3.6	3.5
Percent change from preceding period																
Personal income, current dollars	5.6	5.8	0.6	0.2	0.3	0.6	0.1	0.6	0.3	0.5	0.7	0.4	0.5	0.6	0.3	0.4
Disposable personal income:																
Current dollars	4.7	4.9	.5	.2	.2	.5	.1	.5	.3	.4	.6	.4	.3	.5	.3	.4
Chained (1992) dollars	2.3	2.9	.4	.1	.3	.4	-.1	.5	.2	.3	.5	.4	.3	.4	.3	.2
Personal consumption expenditures:																
Current dollars	5.0	5.3	0	.2	0	.5	1.2	.1	.2	.4	.3	.4	.8	.4	.5	.5
Chained (1992) dollars	2.6	3.3	0	.1	.4	.4	1.0	.1	0	.3	.2	.4	.8	.3	.5	.4

1. Disposable personal income in chained (1992) dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.
 2. Monthly estimates equal personal saving for the month as a percentage of disposable personal income for that month.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Annual Estimates:

Except as noted, these tables are derived from the NIPA tables published in the August 1997 SURVEY OF CURRENT BUSINESS; they are consistent with the most recent comprehensive and annual revisions.

Table B.3.—Gross Domestic Product by Industry, Current-Dollar and Real Estimates for 1994–96

	Billions of dollars			Billions of chained (1992) dollars				Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996		1994	1995	1996	1994	1995	1996
Gross domestic product	6,947.0	7,265.4	7,636.0	6,610.7	6,742.1	6,928.4							
Private industries	6,013.5	6,301.3	6,639.8	5,763.6	5,921.4	6,094.1							
Agriculture, forestry, and fishing	119.2	111.0	129.8	119.1	111.4	111.7							
Farms	83.5	73.5	89.4	84.9	74.2	75.5							
Agricultural services, forestry, and fishing	35.7	37.5	40.5	34.9	37.0	37.6							
Mining	94.9	99.8	113.6	102.5	108.4	101.9							
Metal mining	5.9	6.8	6.8	5.7	5.5	6.3							
Coal mining	13.1	12.3	12.3	15.5	15.7	16.6							
Oil and gas extraction	66.7	71.0	84.4	72.2	77.7	69.4							
Nonmetallic minerals, except fuels	9.2	9.6	10.2	9.2	9.5	10.1							
Construction	268.7	286.4	306.1	249.8	254.1	264.3							
Manufacturing	1,216.1	1,286.3	1,332.1	1,193.2	1,273.7	1,323.7							
Durable goods	679.2	716.8	749.0	671.3	731.2	785.5							
Lumber and wood products	38.4	40.7	41.4	29.8	31.6	33.6							
Furniture and fixtures	18.5	19.4	20.5	18.0	18.7	18.8							
Stone, clay, and glass products	28.8	30.7	32.7	27.0	27.7	29.1							
Primary metal industries	46.3	52.0	50.6	45.0	44.4	46.8							
Fabricated metal products	84.2	89.5	98.2	84.5	89.7	94.0							
Industrial machinery and equipment	122.3	142.4	150.2	131.5	164.5	186.1							
Electronic and other electric equipment	132.9	134.0	143.8	145.8	175.6	217.4							
Motor vehicles and equipment	87.4	87.3	85.1	78.0	79.3	76.1							
Other transportation equipment	49.5	46.9	49.7	47.6	43.8	44.5							
Instruments and related products	48.7	49.7	52.3	45.1	42.6	38.3							
Miscellaneous manufacturing industries	22.2	24.3	24.6	21.5	22.8	23.3							
Nondurable goods	536.9	569.5	583.1	522.0	543.2	541.0							
Food and kindred products	109.6	118.7	122.6	106.5	120.9	112.9							
Tobacco products	16.3	17.6	18.1	22.3	24.3	23.9							
Textile mill products	25.4	23.6	25.5	27.3	25.4	26.6							
Apparel and other textile products	28.2	27.3	26.6	28.3	28.5	26.9							
Paper and allied products	51.3	59.9	57.1	52.1	45.4	47.3							
Printing and publishing	86.0	85.0	90.4	78.0	77.5	74.3							
Chemicals and allied products	140.6	155.9	157.8	131.2	138.9	142.2							
Petroleum and coal products	30.4	30.2	30.1	27.6	32.2	33.8							
Rubber and miscellaneous plastics	44.4	46.1	49.7	45.4	48.2	50.9							
Leather and leather products	4.7	5.1	5.2	4.5	4.7	4.8							
Transportation and public utilities	598.7	622.4	645.3	584.1	593.8	608.9							
Transportation	219.9	228.7	235.1	214.3	216.0	220.8							
Railroad transportation	24.2	24.5	25.3	25.9	27.7	31.0							
Local and interurban passenger transit	11.4	12.4	13.6	11.0	12.0	12.2							
Trucking and warehousing	95.0	97.5	92.2	88.7	87.4	80.3							
Water transportation	10.9	10.8	11.2	10.8	11.0	10.7							
Transportation by air	51.7	54.9	63.2	51.4	49.8	59.0							
Pipelines, except natural gas	4.6	5.7	5.5	4.8	5.4	5.0							
Public utilities	378.8	393.7	410.2	369.8	377.8	388.1							
Wholesale trade	468.0	484.4	516.8	448.6	457.5	493.3							
Retail trade	615.3	637.6	667.9	601.2	622.5	648.5							
Finance, insurance, and real estate	1,267.6	1,361.3	1,448.5	1,196.9	1,231.1	1,258.5							
Depository institutions	207.4	229.6	247.4	197.0	193.4	192.0							
Nondepository institutions	36.1	39.0	49.0	33.9	32.6	35.4							
Security and commodity brokers	78.5	79.5	90.0	83.0	81.9	92.2							
Insurance carriers	108.8	126.5	136.6	91.3	105.1	110.1							
Insurance agents, brokers, and services	45.0	47.1	50.4	41.6	42.1	43.6							
Real estate	802.9	842.7	886.2	758.3	775.6	793.3							
Nonfarm housing services	607.3	642.8	673.3	573.3	587.9	596.8							
Other real estate	195.6	199.9	212.9	185.0	187.7	196.6							
Holding and other investment offices	-11.1	-3.2	-12.0	12.9	12.6	12.6							
Services	1,350.4	1,440.3	1,539.5	1,256.5	1,298.8	1,342.9							
Hotels and other lodging places	57.4	60.6	63.7	54.4	55.4	55.8							
Personal services	45.8	46.6	49.1	42.6	42.4	43.3							
Business services	256.0	283.3	318.5	247.1	271.3	295.7							
Auto repair, services, and parking	59.3	61.1	65.0	53.3	53.3	55.3							
Miscellaneous repair services	19.2	20.7	22.5	16.7	17.0	15.9							
Motion pictures	23.0	25.9	29.9	21.8	23.9	26.2							
Amusement and recreation services	51.4	56.2	60.8	47.5	49.7	51.6							
Health services	410.2	428.9	447.0	369.7	371.6	376.6							
Legal services	93.8	96.5	100.0	86.0	85.5	85.1							
Educational services	52.3	55.1	58.2	48.9	49.6	50.7							
Social services	43.2	46.7	49.3	41.6	43.7	44.9							
Membership organizations	45.1	47.0	48.9	42.1	42.5	43.1							
Other services	182.6	199.9	215.2	175.4	184.6	192.9							
Private households	11.0	11.8	11.5	10.4	10.8	10.1							
Statistical discrepancy ¹	14.6	-28.2	-59.9	13.9	-26.3	-54.7							
Government	933.5	964.1	996.3	878.3	877.4	874.1							
Federal	324.9	326.2	331.5	306.9	297.1	290.6							
General government	275.2	275.5	281.4	258.4	248.1	240.9							
Government enterprises	49.7	50.7	50.2	48.6	49.0	49.7							
State and local	608.6	637.9	664.7	571.3	580.3	583.4							
General government	557.5	583.4	607.6	524.2	532.2	535.2							
Government enterprises	51.1	54.5	57.1	47.1	48.0	48.2							
Not allocated by industry ²				-60.4	-87.9	-101.1							

1. The current-dollar statistical discrepancy equals gross domestic product (GDP) measured as the sum of expenditures less gross domestic income—that is, GDP measured as the costs incurred and profits earned in domestic production. The chained (1992) dollar statistical discrepancy equals the current-dollar discrepancy deflated by the implicit price deflator for gross domestic product.

2. Equals GDP in chained (1992) dollars less the statistical discrepancy and the sum of GPO of the detailed industries.

NOTE—Estimates are based on the 1987 Standard Industrial Classification. The table is derived from tables 7 and 10 in "Gross Product by Industry, 1947–96" in the November 1997 SURVEY OF CURRENT BUSINESS.

Table B.5.—Private Purchases of Structures by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Private purchases of structures	463.6	478.4	517.0	432.8	430.0	453.7
Nonresidential	184.5	200.6	215.2	172.5	179.9	188.7
New	184.3	200.2	214.7	172.2	179.5	188.2
Nonresidential buildings, excluding farm	125.5	140.8	156.1	116.9	126.1	136.7
Industrial	28.9	32.5	32.1	27.0	29.1	28.1
Commercial	61.9	70.8	77.6	57.7	63.4	68.0
Office buildings ¹	25.8	29.8	32.1	24.1	26.7	28.2
Other ²	36.1	41.0	45.5	33.6	36.7	39.8
Religious	3.8	4.2	4.4	3.5	3.8	3.9
Educational	5.6	6.2	7.5	5.2	5.6	6.6
Hospital and institutional	13.7	12.5	13.4	12.7	11.2	11.7
Other ³	11.6	14.5	21.1	10.8	13.0	18.5
Utilities	32.0	33.2	33.3	29.9	30.0	29.3
Railroads	3.3	3.5	4.6	3.0	3.1	3.9
Telecommunications	10.1	11.0	11.9	9.6	10.1	10.4
Electric light and power	13.0	12.3	11.0	12.1	11.0	9.8
Gas	4.6	5.5	4.7	4.2	5.0	4.2
Petroleum pipelines	1.0	.9	1.0	.9	.8	.9
Farm	3.2	3.0	3.7	3.0	2.7	3.2
Mining exploration, shafts, and wells	16.7	16.3	16.1	15.8	14.3	13.9
Petroleum and natural gas	14.7	14.8	14.8	14.0	13.0	12.7
Other	1.9	1.5	1.3	1.8	1.3	1.1
Other ⁴	6.9	6.9	5.7	6.6	6.3	5.0
Brokers' commissions on sale of structures	1.5	1.6	1.8	1.4	1.5	1.6
Net purchases of used structures	-1.2	-1.3	-1.3	-1.2	-1.1	-1.2
Residential	279.1	277.8	301.7	260.3	250.0	265.0
New	248.5	246.9	267.0	230.8	220.8	233.6
New housing units	177.2	174.4	192.1	162.0	153.1	165.2
Permanent site	167.9	163.1	179.4	153.7	143.5	154.8
Single-family structures	153.8	145.2	159.1	140.1	126.9	136.6
Multifamily structures	14.1	17.9	20.3	13.6	16.9	18.6
Mobile homes	9.3	11.3	12.6	8.3	9.5	10.3
Improvements	71.0	72.0	74.4	68.4	67.3	67.7
Other ⁵ .....	.3	.5	.6	.3	.4	.5
Brokers' commissions on sale of structures	31.6	32.1	36.3	30.4	30.3	32.7
Net purchases of used structures	-1.0	-1.1	-1.6	-0.9	-1.0	-1.4
Residual .....				.3	-1	.3

1. Consists of office buildings, except those constructed at industrial sites and those constructed by utilities for their own use.

2. Consists of stores, restaurants, garages, service stations, warehouses, mobile structures, and other buildings used for commercial purposes.

3. Consists of hotels and motels, buildings used primarily for social and recreational activities, and buildings not elsewhere classified, such as passenger terminals, greenhouses, and animal hospitals.

4. Consists primarily of streets, dams and reservoirs, sewer and water facilities, parks, and airfields.

5. Consists primarily of dormitories, fraternity and sorority houses, and nurses' homes.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table B.6.—Private Purchases of Producers' Durable Equipment by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Private purchases of producers' durable equipment	483.0	529.6	573.7	483.5	535.2	593.1
Nonresidential equipment	476.1	522.4	566.2	476.8	528.3	586.1
Information processing and related equipment	152.1	172.8	195.1	165.1	201.8	253.1
Office, computing, and accounting machinery	59.3	73.5	88.1	73.9	108.1	164.2
Computers and peripheral equipment ¹	51.8	65.6	78.7	67.2	102.8	160.8
Other	7.5	7.9	9.3	7.3	7.5	9.0
Communication equipment	52.8	59.4	65.9	53.7	62.0	69.9
Instruments	22.1	22.4	23.4	21.2	21.2	21.8
Photocopy and related equipment	17.9	17.6	17.7	17.3	16.6	16.4
Industrial equipment	109.3	121.5	127.5	105.5	113.4	117.0
Fabricated metal products	10.5	11.1	11.7	10.4	10.6	11.0
Engines and turbines	4.8	4.2	4.0	4.6	4.0	3.7
Metalworking machinery	24.4	28.2	29.6	23.3	26.0	26.6
Special industry machinery, n.e.c.	26.9	31.2	32.8	25.9	29.0	29.9
General industrial, including materials handling, equipment	23.6	25.8	28.5	22.6	24.0	26.0
Electrical transmission, distribution, and industrial apparatus	19.0	20.9	20.9	18.6	19.8	19.7
Transportation and related equipment	118.6	125.7	134.5	113.2	118.9	125.0
Trucks, buses, and truck trailers	55.0	63.3	68.9	50.6	56.7	61.3
Autos	48.0	42.3	45.3	47.8	43.4	45.1
Aircraft	8.9	12.8	13.4	8.4	11.6	11.8
Ships and boats	1.5	1.5	1.6	1.5	1.4	1.4
Railroad equipment	5.1	5.7	5.3	4.9	5.2	4.6
Other equipment	99.9	106.9	113.7	96.0	100.3	104.6
Furniture and fixtures	25.6	28.1	30.2	24.5	26.2	27.4
Tractors	9.9	10.4	10.9	9.5	9.8	10.2
Agricultural machinery, except tractors	9.7	10.4	10.9	9.2	9.6	9.9
Construction machinery, except tractors	12.0	13.5	14.4	11.4	12.4	13.0
Mining and oilfield machinery	1.5	1.8	2.3	1.5	1.7	2.1
Service industry machinery	13.4	14.4	15.2	13.0	13.5	14.0
Electrical equipment, n.e.c.	10.7	10.8	11.1	10.6	10.4	10.8
Other	16.9	17.5	18.6	16.3	16.5	17.2
Less: Sale of equipment scrap, excluding autos	3.7	4.5	4.6	3.1	3.4	3.8
Residential equipment	6.9	7.2	7.5	6.7	7.0	7.1
Residual				-1.4	-10.3	-33.8
Addenda:						
Private purchases of producers' durable equipment	483.0	529.6	573.7			
Less: Dealers' margin on used equipment	4.9	5.3	5.8			
Net purchases of used equipment from government	1.0	1.1	1.2			
Plus: Net sales of used equipment	31.3	37.6	39.7			
Net exports of used equipment	1.5	.6	.7			
Sale of equipment scrap	3.8	4.6	4.6			
Equals: Private purchases of new equipment	513.7	566.0	611.8			

1. Includes new computers and peripheral equipment only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

n.e.c. Not elsewhere classified.

Table B.8.—Employment by Industry

[Thousands]

	Full-time and part-time employment ¹			Persons engaged in production ¹				Full-time and part-time employment			Persons engaged in production ¹		
	1994	1995	1996	1994	1995	1996		1994	1995	1996	1994	1995	1996
Total	121,695	124,602	126,992	118,560	121,370	123,666							
Domestic industries	122,258	125,171	127,543	119,042	121,858	124,151							
Private industries	100,326	103,195	105,596	100,750	103,531	105,947							
Agriculture, forestry, and fishing	1,936	2,004	2,069	3,148	3,199	3,300							
Farms	840	868	860	1,791	1,810	1,818							
Agricultural services, forestry, and fishing	1,096	1,136	1,209	1,357	1,389	1,482							
Mining	606	587	583	607	590	586							
Metal mining	49	52	54	49	52	54							
Coal mining	113	106	99	110	103	97							
Oil and gas extraction	339	321	321	345	327	327							
Nonmetallic minerals, except fuels	105	108	109	103	108	108							
Construction	5,197	5,383	5,669	6,406	6,654	6,954							
Manufacturing	18,428	18,592	18,574	18,445	18,613	18,577							
Durable goods	10,507	10,722	10,834	10,584	10,802	10,911							
Lumber and wood products	776	790	801	835	857	858							
Furniture and fixtures	505	512	506	515	525	521							
Stone, clay, and glass products	535	542	547	544	550	558							
Primary metal industries	697	708	709	693	701	707							
Fabricated metal products	1,396	1,443	1,452	1,390	1,441	1,446							
Industrial machinery and equipment	2,000	2,069	2,115	1,996	2,083	2,100							
Electronic and other electric equipment	1,582	1,626	1,658	1,573	1,616	1,653							
Motor vehicles and equipment	900	969	967	895	952	960							
Other transportation equipment	852	817	820	850	816	819							
Instruments and related products	860	841	855	853	834	850							
Miscellaneous manufacturing industries	404	405	404	440	427	439							
Nondurable goods	7,921	7,870	7,740	7,861	7,811	7,666							
Food and kindred products	1,683	1,688	1,697	1,654	1,659	1,664							
Tobacco products	43	42	42	43	42	42							
Textile mill products	681	664	629	676	661	631							
Apparel and other textile products	982	946	874	998	952	881							
Paper and allied products	693	692	682	686	686	677							
Printing and publishing	1,566	1,570	1,565	1,551	1,560	1,536							
Chemicals and allied products	1,056	1,039	1,032	1,039	1,032	1,024							
Petroleum and coal products	147	143	139	145	142	138							
Rubber and miscellaneous plastics products	954	978	981	951	967	971							
Leather and leather products	116	108	99	118	110	102							
Transportation and public utilities	6,060	6,175	6,292	6,045	6,176	6,318							
Transportation	3,834	3,962	4,063	3,922	4,048	4,182							
Railroad transportation	233	232	224	220	220	212							
Local and interurban passenger transit	407	420	440	437	431	444							
Trucking and warehousing	1,843	1,916	1,658	1,977	2,054	1,854							
Water transportation	179	178	177	175	178	174							
Transportation by air	750	778	1,119	704	731	1,050							
Pipelines, except natural gas	17	15	14	17	15	14							
Electric, gas, and sanitary services	933	906	882	931	909	878							
Wholesale trade	6,235	6,475	6,558	6,324	6,559	6,589							
Retail trade	21,159	21,867	22,256	18,897	19,476	19,866							
Finance, insurance, and real estate	7,021	6,926	7,051	7,251	7,216	7,315							
Depository institutions	2,068	2,023	2,018	1,973	1,937	1,923							
Nondepository institutions	488	463	513	485	466	506							
Security and commodity brokers	543	554	582	592	622	648							
Insurance carriers	1,522	1,497	1,503	1,468	1,449	1,447							
Insurance agents, brokers, and service	723	732	746	853	856	873							
Real estate	1,422	1,410	1,441	1,635	1,648	1,680							
Holding and other investment offices	255	247	248	245	238	238							
Services	33,684	35,186	36,544	33,627	35,048	36,442							
Hotels and other lodging places	1,712	1,754	1,791	1,549	1,587	1,625							
Personal services	1,276	1,300	1,317	1,725	1,776	1,805							
Business services	6,352	6,935	7,484	6,538	7,109	7,684							
Auto repair, services, and parking	1,075	1,132	1,205	1,338	1,362	1,460							
Miscellaneous repair services	350	374	389	568	591	573							
Motion pictures	458	506	553	498	543	583							
Amusement and recreation services	1,421	1,519	1,593	1,264	1,327	1,420							
Health services	9,318	9,568	9,809	8,677	8,903	9,168							
Legal services	1,059	1,056	1,063	1,184	1,173	1,147							
Educational services	2,024	2,075	2,141	1,860	1,915	1,986							
Social services and membership organizations	4,478	4,637	4,760	4,351	4,504	4,623							
Social services	2,328	2,454	2,534	2,563	2,689	2,772							
Membership organizations	2,150	2,183	2,226	1,788	1,815	1,851							
Other services ²	2,877	3,049	3,193	3,254	3,439	3,572							
Private households	1,284	1,281	1,246	821	819	796							
Government	21,932	21,976	21,947	18,292	18,327	18,204							
Federal	5,720	5,560	5,357	4,661	4,530	4,368							
General government	4,748	4,573	4,366	3,867	3,725	3,562							
Civilian	2,100	2,026	1,952	2,052	1,984	1,912							
Military ³	2,648	2,547	2,414	1,815	1,741	1,650							
Government enterprises	972	987	991	794	805	806							
State and local	16,212	16,416	16,590	13,631	13,797	13,836							
General government	15,295	15,485	15,655	12,754	12,910	12,945							
Education	8,220	8,389	8,542	6,635	6,770	6,791							
Other	7,075	7,096	7,113	6,119	6,140	6,154							
Government enterprises	917	931	935	877	887	891							
Rest of the world ⁴	-563	-569	-551	-482	-488	-485							

1. Equals the number of full-time equivalent employees (table 6.5) plus the number of self-employed persons (table 6.7). Unpaid family workers are not included.

2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

3. Includes Coast Guard.

4. Beginning with 1993, includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

NOTE.—Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table B.9.—Wage and Salary Accruals Per Full-Time Equivalent Employee and Full-Time Equivalent Employees by Industry

	Dollars			Thousands			Dollars			Thousands		
	Wages and salaries per full-time equivalent			Full-time equivalent employees			Wages and salaries per full-time equivalent			Full-time equivalent employees		
	1994	1995	1996	1994	1995	1996	1994	1995	1996	1994	1995	1996
Total ¹	30,131	31,032	32,121	107,996	110,935	113,125						
Domestic industries	30,020	30,919	32,006	108,478	111,423	113,610						
Private industries	29,432	30,314	31,378	90,186	93,096	95,406						
Agriculture, forestry, and fishing	17,833	18,331	18,870	1,674	1,741	1,827						
Farms	17,118	17,888	18,709	720	744	757						
Agricultural services, forestry, and fishing	18,372	18,662	18,984	954	997	1,070						
Mining	44,482	46,683	48,329	593	575	572						
Metal mining	44,633	48,423	50,130	49	52	54						
Coal mining	45,391	47,417	48,856	110	103	97						
Oil and gas extraction	47,006	49,613	51,556	332	315	315						
Nonmetallic minerals, except fuels	35,216	36,314	37,340	102	105	106						
Construction	30,191	30,453	31,649	4,883	5,178	5,442						
Manufacturing	34,725	35,852	37,165	18,013	18,179	18,164						
Durable goods	36,724	37,751	39,030	10,337	10,550	10,680						
Lumber and wood products	24,400	25,131	26,162	758	772	782						
Furniture and fixtures	24,312	25,068	26,085	493	502	497						
Stone, clay, and glass products	32,299	33,345	34,799	528	531	533						
Primary metal industries	38,788	40,100	41,003	692	698	704						
Fabricated metal products	32,455	32,954	34,072	1,371	1,420	1,425						
Industrial machinery and equipment	39,063	40,093	41,761	1,964	2,050	2,072						
Electronic and other electric equipment	37,277	39,005	40,279	1,564	1,607	1,643						
Motor vehicles and equipment	47,516	47,248	48,410	892	950	958						
Other transportation equipment	43,674	44,712	45,683	844	809	814						
Instruments and related products	42,506	44,810	46,451	846	826	843						
Miscellaneous manufacturing industries	27,317	28,192	28,902	385	385	389						
Nondurable goods	32,032	33,226	34,516	7,676	7,629	7,504						
Food and kindred products	29,157	30,163	30,681	1,633	1,642	1,654						
Tobacco products	47,953	52,738	54,000	43	42	42						
Textile mill products	23,642	24,002	24,950	670	654	623						
Apparel and other textile products	18,169	18,828	19,877	960	920	846						
Paper and allied products	38,292	39,558	40,935	685	684	676						
Printing and publishing	33,259	34,543	35,791	1,449	1,450	1,445						
Chemicals and allied products	48,932	51,200	53,344	1,037	1,027	1,020						
Petroleum and coal products	53,766	55,190	56,457	145	142	138						
Rubber and miscellaneous plastics products	29,253	29,921	30,884	941	962	965						
Leather and leather products	21,531	22,349	23,547	113	106	95						
Transportation and public utilities	37,401	38,369	39,278	5,664	5,780	5,883						
Transportation	31,882	32,279	32,994	3,564	3,690	3,783						
Railroad transportation	51,132	51,232	53,877	220	220	212						
Local and interurban passenger transit	19,655	20,133	20,848	371	384	402						
Trucking and warehousing	28,924	29,366	30,348	1,720	1,791	1,550						
Water transportation	37,353	37,862	38,729	167	167	166						
Transportation by air	38,953	39,088	36,644	698	725	1,043						
Pipelines, except natural gas	54,647	57,933	59,214	17	15	14						
Public utilities												
Electric, gas, and sanitary services												
Wholesale trade	36,504	37,817	39,256	5,971	6,200	6,278						
Retail trade	18,130	18,300	18,821	17,307	18,029	18,383						
Finance, insurance, and real estate	39,282	41,698	44,629	6,620	6,550	6,635						
Depository institutions	31,921	33,935	35,926	1,972	1,935	1,921						
Nondepository institutions	38,647	41,070	43,224	468	446	491						
Security and commodity brokers	89,937	97,499	108,760	521	533	558						
Insurance carriers	39,610	41,494	43,593	1,468	1,449	1,447						
Insurance agents, brokers, and services	36,447	37,854	39,648	687	697	707						
Real estate	27,456	28,308	29,780	1,259	1,252	1,273						
Holding and other investment offices	58,767	63,971	67,933	245	238	238						
Services	27,886	28,987	29,935	29,461	30,864	32,222						
Hotels and other lodging places	19,585	20,117	20,733	1,479	1,519	1,559						
Personal services	17,337	17,915	18,518	1,118	1,139	1,162						
Business services	24,554	25,942	27,713	5,795	6,372	6,875						
Auto repair, services, and parking	21,943	22,454	23,074	1,005	1,061	1,136						
Miscellaneous repair services	27,216	28,134	29,204	320	343	358						
Motion pictures	34,434	36,639	37,706	355	393	432						
Amusement and recreation services	22,904	23,680	24,509	1,143	1,231	1,296						
Health services	32,780	34,098	34,624	8,288	8,492	8,774						
Legal services	51,497	53,107	54,984	940	937	944						
Educational services	23,637	24,263	24,895	1,747	1,801	1,868						
Social services and membership organizations	19,266	19,834	20,346	3,808	3,950	4,067						
Social services	17,381	17,931	18,396	2,020	2,135	2,216						
Membership organizations	21,395	22,074	22,681	1,788	1,815	1,851						
Other services ²	43,984	45,754	47,146	2,642	2,807	2,955						
Private households	13,143	14,118	14,079	821	819	796						
Government	32,921	33,992	35,300	18,292	18,327	18,204						
Federal	37,205	38,641	40,574	4,661	4,530	4,368						
General government	36,138	37,774	39,876	3,867	3,725	3,562						
Civilian	41,357	42,611	44,739	2,052	1,984	1,912						
Military ³	30,237	32,262	34,241	1,815	1,741	1,650						
Government enterprises	42,404	42,655	43,660	794	805	806						
State and local	31,456	32,466	33,634	13,631	13,797	13,836						
General government	31,323	32,330	33,514	12,754	12,910	12,945						
Education	31,269	32,195	33,611	6,635	6,770	6,791						
Other	31,380	32,479	33,408	6,119	6,140	6,154						
Government enterprises	33,396	34,446	35,377	877	887	891						
Rest of the world ⁴				-482	-488	-485						

1. Full-time equivalent employees equals the number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis. The number of full-time equivalent employees in each industry is the product of the total number of employees and the ratio of average weekly hours per employee for all employees to average weekly hours per employee on full-time schedules.

2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

3. Includes Coast Guard.

4. Beginning with 1993, includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

NOTE.—Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table B.10.—Farm Sector Output, Gross Product, and National Income

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Farm output	202.9	197.9	219.9	199.4	192.0	193.1
Cash receipts from farm marketings	180.9	193.9	204.2	178.2	188.5	179.0
Crops	92.8	106.9	111.4	88.4	96.9	88.9
Livestock	88.1	87.0	92.9	89.9	91.3	90.5
Farm housing	5.8	5.9	6.1	5.2	5.2	5.1
Farm products consumed on farms .....	.5	.5	.4	.5	.5	.4
Other farm income	4.9	5.6	6.3	4.8	5.2	5.3
Change in farm inventories	10.8	-7.9	2.9	11.7	-9.2	2.6
Crops	9.7	-8.2	4.1	9.2	-7.7	3.0
Livestock	1.1	.2	-1.3	1.2	.3	-1.5
Less: Intermediate goods and services						
purchased	119.4	124.4	130.6	114.7	117.6	117.3
Intermediate goods and services, other than rent	105.3	110.0	113.7	100.7	103.4	101.2
Rent paid to nonoperator landlords	14.1	14.3	16.8	14.0	14.2	16.2
Equals: Gross farm product	83.5	73.5	89.4	85.0	74.2	75.5
Less: Consumption of fixed capital	23.7	24.7	25.6	22.4	22.8	23.2
Equals: Net farm product	59.8	48.8	63.8	62.9	51.3	52.2
Less: Indirect business tax and nontax liability	4.8	5.1	5.1			
Plus: Subsidies to operators	6.6	6.1	6.1			
Equals: Farm national income	61.5	49.7	64.9			
Compensation of employees	14.6	15.7	16.5			
Wage and salary accruals	12.3	13.3	14.2			
Supplements to wages and salaries	2.2	2.4	2.3			
Proprietors' income and corporate profits with IVA and CCAAdj	37.8	24.7	38.6			
Proprietors' income	36.9	23.4	37.2			
Corporate profits .....	.9	1.2	1.4			
Net interest	9.1	9.4	9.8			

Table B.11.—Housing Sector Output, Gross Product, and National Income

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Housing output ¹	686.7	722.7	758.1	649.9	663.4	675.2
Nonfarm housing	680.9	716.8	752.0	644.8	658.3	670.2
Owner-occupied	507.0	532.2	558.3	479.6	487.2	495.3
Tenant-occupied	174.0	184.6	193.6	165.2	171.1	174.9
Farm housing	5.8	5.9	6.1	5.2	5.2	5.1
Less: Intermediate goods and services consumed	87.6	88.5	94.1	83.1	82.1	85.3
Equals: Gross housing product	599.1	634.2	664.0	566.8	581.3	589.9
Nonfarm housing	594.4	629.2	658.8	562.7	577.0	585.7
Owner-occupied	439.5	462.8	484.0	415.6	423.1	428.3
Tenant-occupied	155.0	166.4	174.9	147.1	153.9	157.5
Farm housing	4.7	5.0	5.1	4.2	4.3	4.2
Less: Consumption of fixed capital	120.5	114.8	118.2	112.2	103.6	104.6
Capital consumption allowances	60.9	59.6	62.8			
Less: CCAAdj	-59.6	-55.1	-55.4			
Equals: Net housing product	478.6	519.4	545.8	454.5	477.8	485.5
Less: Indirect business tax and nontax liability plus business transfer payments ...	112.9	116.2	119.5			
Plus: Subsidies less current surplus of government enterprises	20.6	20.8	22.6			
Equals: Housing national income	386.4	424.0	448.9			
Compensation of employees	7.7	8.1	8.5			
Proprietors' income with IVA and CCAAdj ...	17.6	25.2	27.1			
Rental income of persons with CCAAdj	96.7	104.3	115.8			
Corporate profits with IVA and CCAAdj	4.2	5.1	5.6			
Net interest	260.2	281.3	292.0			

1. Equals personal consumption expenditures for housing less expenditures for other housing as shown in table B.4.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.
 CCAAdj Capital consumption adjustment
 IVA Inventory valuation adjustment

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.
 CCAAdj Capital consumption adjustment
 IVA Inventory valuation adjustment

Table B.12.—Net Stock of Fixed Private Capital, by Type

[Yearend estimates]

	Current-cost valuation (billions of dollars)						Chain-type quantity indexes (1992=100)					
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996
Fixed private capital	12,955.2	13,484.1	14,198.8	15,064.5	15,738.6	16,503.4	98.49	100.00	101.94	104.15	106.67	109.58
Private producers' durable equipment	2,570.3	2,642.7	2,742.1	2,881.7	3,050.3	3,232.9	98.37	100.00	102.74	106.62	111.68	117.63
Nonresidential equipment	2,519.5	2,590.0	2,686.7	2,823.1	2,989.3	3,168.9	98.39	100.00	102.72	106.61	111.70	117.69
Information processing and related equipment	603.2	629.0	650.4	673.8	704.0	785.4	94.86	100.00	106.40	113.96	125.25	140.31
Office, computing, and accounting machinery	119.0	120.7	128.3	138.5	151.2	175.7	87.31	100.00	120.18	144.51	189.31	264.83
Computers and peripheral equipment	99.5	101.0	107.9	118.0	130.4	153.9	85.14	100.00	124.20	154.49	211.49	308.42
Other office equipment	19.5	19.7	20.4	20.6	20.9	21.8	99.35	100.00	101.27	101.08	101.82	108.04
Communication equipment	318.9	330.8	333.0	335.3	342.7	391.5	97.21	100.00	102.41	106.50	112.84	120.39
Instruments	101.4	109.9	117.9	124.1	130.6	136.2	95.09	100.00	105.34	109.32	112.73	116.19
Photocopy and related equipment	64.0	67.5	71.2	75.8	79.4	82.0	97.52	100.00	104.27	109.02	112.00	113.98
Industrial equipment	898.3	916.8	945.7	991.4	1,050.3	1,083.6	99.38	100.00	101.38	103.55	106.34	108.92
Fabricated metal products	87.7	86.7	87.0	90.3	93.5	95.7	100.79	100.00	100.07	100.95	101.72	102.72
Engines and turbines	50.8	51.8	53.2	56.8	58.4	59.7	97.84	100.00	102.12	104.56	105.58	105.86
Steam engines	46.0	47.1	48.2	51.5	52.5	53.5	97.48	100.00	102.13	104.33	104.68	104.57
Internal combustion engines	4.8	4.7	5.0	5.4	5.9	6.3	101.47	100.00	102.06	106.76	114.34	118.43
Metalworking machinery	167.1	168.8	174.4	183.0	197.0	205.8	100.38	100.00	100.48	102.74	106.16	109.54
Special industry machinery, n.e.c.	193.4	199.4	207.5	218.2	232.1	240.0	99.14	100.00	101.85	104.03	107.46	109.64
General industrial, including materials handling, equipment	185.7	189.0	194.9	202.5	212.5	220.8	100.53	100.00	100.70	102.25	104.37	107.35
Electrical transmission, distribution, and industrial apparatus	213.6	221.0	228.7	240.5	256.7	261.6	97.65	100.00	102.57	105.65	109.13	112.29
Transportation and related equipment	491.2	510.0	538.9	581.2	627.2	660.5	98.93	100.00	102.30	106.91	111.87	116.89
Trucks, buses, and truck trailers	160.6	169.1	185.5	210.1	236.8	259.6	98.99	100.00	105.33	115.39	127.18	139.25
Autos	102.5	107.6	111.7	124.6	131.1	138.0	97.44	100.00	100.93	109.20	113.03	117.20
Aircraft	114.4	121.2	127.1	129.2	136.2	140.3	97.17	100.00	102.25	105.57	101.80	103.08
Ships and boats	45.5	45.1	45.6	44.7	44.3	44.4	103.69	100.00	98.25	95.33	92.42	89.79
Railroad equipment	68.2	67.1	69.0	72.7	78.8	78.3	101.16	100.00	99.65	100.79	102.22	102.81
Other equipment	526.8	534.2	551.8	576.6	607.7	639.4	100.42	100.00	101.19	103.29	106.07	109.92
Furniture and fixtures	140.0	146.1	153.8	163.0	175.0	186.2	96.81	100.00	103.04	105.84	110.10	115.18
Household furniture	9.0	9.1	9.4	9.7	10.1	10.5	100.22	100.00	100.43	101.74	103.22	105.88
Other furniture	131.0	137.0	144.4	153.3	164.9	175.7	96.59	100.00	103.21	106.12	110.55	115.79
Tractors	54.1	54.1	55.1	57.2	59.1	60.9	102.77	100.00	99.71	101.34	103.25	105.60
Farm tractors	42.3	42.4	43.2	45.1	46.8	48.2	102.43	100.00	100.28	102.61	105.11	107.84
Construction tractors	11.8	11.7	11.9	12.1	12.3	12.7	103.99	100.00	97.68	96.85	96.65	97.69
Agricultural machinery, except tractors	65.4	64.9	65.6	67.1	69.9	72.2	103.85	100.00	98.79	99.07	99.89	101.40
Construction machinery, except tractors	66.7	66.0	66.8	69.6	73.2	77.1	104.46	100.00	99.09	100.51	103.15	106.11
Mining and oilfield machinery	16.7	15.3	14.6	14.0	13.8	13.3	110.04	100.00	93.67	87.79	83.85	78.91
Service industry machinery	61.0	60.3	61.0	64.5	69.2	76.7	103.27	100.00	99.38	103.02	107.46	117.36
Electrical equipment, n.e.c.	41.5	44.6	47.2	48.9	50.3	50.9	94.43	100.00	104.87	107.43	109.26	111.42
Household appliances	4.5	4.6	4.7	4.9	5.1	5.2	99.31	100.00	101.98	104.43	107.35	110.74
Other	37.0	40.1	42.5	44.0	45.2	45.7	93.87	100.00	105.20	107.77	109.47	111.49
Other nonresidential equipment	81.2	83.0	87.7	92.4	97.2	102.1	98.81	100.00	103.18	106.40	109.34	112.59
Residential equipment	50.8	52.6	55.4	58.6	61.0	64.1	97.03	100.00	103.36	107.18	111.01	114.80
Private structures	10,384.9	10,841.4	11,456.7	12,182.8	12,688.3	13,270.4	98.52	100.00	101.75	103.57	105.50	107.74
Nonresidential structures	4,177.2	4,302.7	4,528.9	4,775.6	4,970.8	5,163.3	98.92	100.00	101.16	102.20	103.61	105.43
Nonresidential buildings, excluding farm	2,593.9	2,686.1	2,834.9	3,011.3	3,144.1	3,299.0	98.44	100.00	101.38	102.97	105.02	107.92
Industrial buildings	589.7	613.0	636.2	673.6	700.7	725.9	98.36	100.00	100.17	101.44	103.03	104.54
Office buildings ¹	611.2	625.4	670.1	707.8	736.5	767.1	98.72	100.00	101.51	102.54	104.24	106.37
Commercial buildings	653.7	678.7	717.2	765.0	803.8	855.8	98.46	100.00	101.96	103.93	106.63	111.20
Mobile structures	6.4	6.6	7.2	7.9	8.3	8.7	98.26	100.00	101.54	103.27	105.36	107.95
Other commercial ²	647.4	672.1	710.1	757.1	795.5	847.1	98.47	100.00	101.97	103.94	106.64	111.24
Religious buildings	119.7	123.5	129.4	136.6	141.4	146.2	99.10	100.00	101.10	102.06	103.23	104.47
Educational buildings	102.6	108.0	114.7	123.5	130.2	138.0	97.05	100.00	102.47	105.40	108.64	112.77
Hospital and institutional buildings	246.2	259.8	276.7	297.9	311.6	325.6	96.87	100.00	102.72	105.71	108.08	110.59
Other	270.8	277.6	290.6	307.0	319.9	340.5	99.67	100.00	100.79	101.88	103.76	108.01
Hotels and motels	135.6	139.2	145.9	153.7	161.0	173.3	99.51	100.00	101.03	101.79	104.25	109.82
Amusement and recreational buildings	67.8	70.2	73.7	78.6	83.2	88.7	98.63	100.00	101.25	103.20	106.83	111.45
Other nonfarm buildings ³	67.4	68.2	71.0	74.7	75.7	78.5	101.07	100.00	99.84	100.73	99.60	100.81
Utilities	1,032.3	1,062.0	1,120.2	1,159.7	1,199.7	1,236.4	99.44	100.00	100.59	100.76	101.29	101.73
Railroad	266.7	272.4	290.1	294.0	300.3	311.1	100.93	100.00	99.08	98.22	97.42	96.92
Telecommunications	181.1	185.3	194.0	204.8	218.3	229.9	98.21	100.00	101.66	103.71	106.33	109.22
Electric light and power	410.9	423.8	443.4	459.6	476.5	481.8	99.61	100.00	100.86	100.77	101.20	101.28
Gas	136.8	143.1	153.0	160.0	163.1	170.4	97.56	100.00	101.42	101.99	102.88	103.23
Petroleum pipelines	36.8	37.5	39.6	41.2	41.5	43.2	100.12	100.00	100.18	100.25	100.00	99.92
Farm related buildings and structures	182.0	183.5	194.3	201.6	204.6	206.1	101.36	100.00	102.10	101.29	100.48	99.14
Mining exploration, shafts, and wells	263.8	259.0	260.1	274.5	283.7	278.5	101.90	100.00	99.14	98.31	97.36	95.89
Petroleum and natural gas	234.7	229.3	229.2	241.6	250.0	244.5	102.17	100.00	98.97	97.82	96.76	95.21
Other mining	29.0	29.7	31.0	32.9	33.7	34.1	99.81	100.00	100.48	101.99	101.92	101.14
Other nonfarm structures ⁴	105.2	112.1	119.4	128.4	138.7	143.3	94.60	100.00	104.32	107.95	111.30	113.37
Residential structures	6,207.7	6,538.7	6,927.8	7,407.2	7,717.5	8,107.1	98.25	100.00	102.14	104.47	106.75	109.25
Housing units	5,057.2	5,327.0	5,667.3	6,078.4	6,322.4	6,639.3	98.37	100.00	102.00	104.20	106.43	108.99
Permanent site	4,959.6	5,226.1	5,557.9	5,956.2	6,190.1	6,497.7	98.36	100.00	102.00	104.17	106.36	108.86
1-to-4-unit	4,226.4	4,465.3	4,796.1	5,182.3	5,398.5	5,662.9	98.09	100.00	102.37	105.01	107.45	110.22
5-or-more-unit	733.2	760.7	761.9	773.8	791.5	834.8	99.97	100.00	99.78	99.05	99.64	100.47
Mobile homes	97.6	100.9	109.4	122.2	132.3	141.5	99.10	100.00	102.02	105.56	110.07	115.21
Improvements	1,124.7	1,185.1	1,232.6	1,299.8	1,365.8	1,438.0	97.64	100.00	102.83	105.87	108.42	110.75
Other residential ⁵	25.9	26.6	27.8	29.0	29.3	29.9	100.98	100.00	99.67	98.53	97.95	97.69

C. Historical Tables

The tables in this section are derived from the "Summary National Income and Product Series" tables that were published in the August 1997 issue of the SURVEY OF CURRENT BUSINESS and from the "Selected NIPA Tables" that are published in this issue. (Changes in prices are calculated from indexes expressed to three decimal places.)

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases
 [Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959	2,210.2	2,206.9	2,222.0	7.4	6.5	22.95	22.44	22.95	22.96	1.0	1.0	1.0	1.0
1960	2,262.9	2,264.2	2,276.0	2.4	2.6	23.27	22.75	23.27	23.28	1.4	1.4	1.4	1.4
1961	2,314.3	2,318.0	2,329.1	2.3	2.4	23.54	23.00	23.54	23.55	1.2	1.1	1.2	1.2
1962	2,454.8	2,445.4	2,471.5	6.1	5.5	23.84	23.28	23.84	23.85	1.3	1.2	1.3	1.3
1963	2,559.4	2,552.4	2,577.3	4.3	4.4	24.12	23.58	24.12	24.13	1.2	1.3	1.2	1.2
1964	2,708.4	2,705.1	2,727.8	5.8	6.0	24.48	23.94	24.48	24.49	1.5	1.6	1.5	1.5
1965	2,881.1	2,860.4	2,901.4	6.4	5.7	24.95	24.39	24.96	24.97	1.9	1.9	2.0	2.0
1966	3,069.2	3,033.5	3,087.8	6.5	6.1	25.66	25.07	25.67	25.68	2.8	2.8	2.8	2.8
1967	3,147.2	3,125.1	3,166.4	2.5	3.0	26.48	25.83	26.49	26.50	3.2	3.0	3.2	3.2
1968	3,293.9	3,278.0	3,314.5	4.7	4.9	27.64	26.95	27.64	27.66	4.4	4.3	4.4	4.4
1969	3,393.6	3,377.2	3,413.3	3.0	3.0	28.94	28.21	28.94	28.96	4.7	4.7	4.7	4.7
1970	3,397.6	3,406.5	3,417.1	.1	.9	30.48	29.73	30.48	30.50	5.3	5.4	5.3	5.3
1971	3,510.0	3,499.8	3,532.1	3.3	2.7	32.05	31.32	32.06	32.08	5.2	5.3	5.2	5.2
1972	3,702.3	3,689.5	3,726.3	5.5	5.4	33.42	32.71	33.42	33.44	4.2	4.5	4.2	4.2
1973	3,916.3	3,883.9	3,950.1	5.8	5.3	35.30	34.64	35.30	35.32	5.6	5.9	5.6	5.6
1974	3,891.2	3,873.4	3,930.2	-6	-3	38.46	38.17	38.47	38.49	8.9	10.2	9.0	8.9
1975	3,873.9	3,906.4	3,903.3	-4	.9	42.09	41.72	42.09	42.11	9.4	9.3	9.4	9.4
1976	4,082.9	4,061.7	4,118.8	5.4	4.0	44.55	44.15	44.55	44.58	5.8	5.8	5.8	5.9
1977	4,273.6	4,240.8	4,314.5	4.7	4.4	47.42	47.18	47.43	47.46	6.5	6.9	6.5	6.5
1978	4,503.0	4,464.4	4,543.7	5.4	5.3	50.88	50.65	50.89	50.92	7.3	7.4	7.3	7.3
1979	4,630.6	4,614.4	4,687.4	2.8	3.4	55.22	55.22	55.23	55.26	8.5	9.0	8.5	8.5
1980	4,615.0	4,641.9	4,670.8	-3	.6	60.34	61.10	60.33	60.36	9.3	10.7	9.2	9.2
1981	4,720.7	4,691.6	4,769.9	2.3	1.1	66.01	66.72	66.01	66.05	9.4	9.2	9.4	9.4
1982	4,620.3	4,651.2	4,662.0	-2.1	-9	70.18	70.64	70.17	70.21	6.3	5.9	6.3	6.3
1983	4,803.7	4,821.2	4,844.8	4.0	3.7	73.16	73.31	73.16	73.20	4.3	3.8	4.3	4.3
1984	5,140.1	5,061.6	5,178.0	7.0	5.0	75.92	75.90	75.92	75.97	3.8	3.5	3.8	3.8
1985	5,323.5	5,296.9	5,346.7	3.6	4.6	78.53	78.34	78.53	78.57	3.4	3.2	3.4	3.4
1986	5,487.7	5,480.9	5,501.2	3.1	3.5	80.58	80.40	80.58	80.62	2.6	2.6	2.6	2.6
1987	5,649.5	5,626.0	5,658.2	2.9	2.6	83.06	83.11	83.06	83.09	3.1	3.4	3.1	3.1
1988	5,865.2	5,855.1	5,878.5	3.8	4.1	86.10	86.13	86.09	86.12	3.7	3.6	3.7	3.7
1989	6,062.0	6,028.7	6,075.7	3.4	3.0	89.72	89.78	89.72	89.75	4.2	4.2	4.2	4.2
1990	6,136.3	6,126.7	6,157.0	1.2	1.6	93.64	93.83	93.60	93.63	4.4	4.5	4.3	4.3
1991	6,079.4	6,082.6	6,094.9	-9	-7	97.32	97.30	97.32	97.33	3.9	3.7	4.0	4.0
1992	6,244.4	6,237.4	6,255.5	2.7	2.5	100.00	100.00	100.00	100.00	2.8	2.8	2.8	2.8
1993	6,389.6	6,368.9	6,408.0	2.3	2.1	102.64	102.48	102.64	102.63	2.6	2.5	2.6	2.6
1994	6,610.7	6,551.2	6,619.1	3.5	2.9	105.09	104.85	105.09	105.08	2.4	2.3	2.4	2.4
1995	6,742.1	6,712.7	6,748.7	2.0	2.5	107.76	107.52	107.76	107.73	2.5	2.5	2.5	2.5
1996	6,928.4	6,901.0	6,932.0	2.8	2.8	110.22	109.86	110.21	110.18	2.3	2.2	2.3	2.3
1997	7,188.8	7,118.3	7,174.4	3.8	3.1	112.45	111.76	112.40	112.35	2.0	1.7	2.0	2.0
1959: I	2,165.0	2,165.5	2,176.2	8.6	9.2	22.86	22.35	22.92	22.93	.8	1.1	.8	.8
1959: II	2,223.3	2,204.2	2,234.5	11.2	7.3	22.92	22.41	22.91	22.91	1.1	1.1	-3	-3
1959: III	2,221.4	2,232.6	2,233.5	-3	5.3	22.96	22.45	22.94	22.95	.7	.7	.6	.6
1959: IV	2,231.0	2,225.3	2,243.9	1.7	-1.3	23.05	22.53	23.03	23.04	1.5	1.5	1.6	1.6
1960: I	2,279.2	2,248.5	2,291.6	8.9	4.2	23.10	22.57	23.13	23.14	.9	.8	1.8	1.9
1960: II	2,265.5	2,268.4	2,278.2	-2.4	3.6	23.21	22.69	23.22	23.23	2.0	2.1	1.5	1.5
1960: III	2,268.3	2,265.1	2,281.6	.5	-6	23.32	22.80	23.32	23.33	2.0	2.0	1.7	1.7
1960: IV	2,238.6	2,274.7	2,252.7	-5.1	1.7	23.44	22.92	23.40	23.41	2.1	2.1	1.4	1.4
1961: I	2,251.7	2,277.7	2,266.8	2.4	.5	23.48	22.96	23.45	23.46	.7	.6	.9	.9
1961: II	2,292.0	2,301.1	2,306.3	7.4	4.2	23.51	22.97	23.51	23.52	.5	.2	1.0	1.0
1961: III	2,332.6	2,320.4	2,347.1	7.3	3.4	23.55	23.01	23.56	23.57	.7	.7	.8	.8
1961: IV	2,381.0	2,372.8	2,395.9	8.6	9.3	23.61	23.06	23.63	23.64	1.1	.9	1.2	1.2
1962: I	2,422.6	2,400.3	2,437.4	7.2	4.7	23.73	23.17	23.75	23.76	2.0	1.9	2.0	2.0
1962: II	2,448.0	2,440.7	2,464.4	4.3	6.9	23.80	23.24	23.81	23.81	1.1	1.4	1.0	1.0
1962: III	2,471.9	2,462.0	2,488.4	4.0	3.5	23.86	23.31	23.87	23.87	1.1	1.1	1.0	1.0
1962: IV	2,476.7	2,478.7	2,495.9	.8	2.7	23.96	23.41	23.94	23.95	1.7	1.8	1.2	1.2
1963: I	2,508.7	2,492.4	2,526.9	5.3	2.2	24.03	23.48	24.00	24.01	1.2	1.3	1.1	1.1
1963: II	2,538.1	2,533.8	2,555.5	4.8	6.8	24.07	23.53	24.07	24.08	.6	.8	1.1	1.1
1963: III	2,586.3	2,578.0	2,604.0	7.8	7.2	24.11	23.58	24.12	24.13	.7	.9	.8	.8
1963: IV	2,604.6	2,605.3	2,622.9	2.9	4.3	24.26	23.72	24.29	24.30	2.4	2.5	3.0	3.0
1964: I	2,666.7	2,663.1	2,686.8	9.9	9.2	24.33	23.80	24.35	24.36	1.2	1.3	.9	.9
1964: II	2,697.5	2,695.0	2,716.8	4.9	4.9	24.41	23.89	24.41	24.42	1.3	1.5	.9	.9
1964: III	2,729.6	2,727.6	2,749.5	4.8	4.9	24.53	23.99	24.52	24.53	1.9	1.8	1.8	1.8
1964: IV	2,739.7	2,734.5	2,758.1	1.5	1.0	24.64	24.09	24.64	24.65	1.8	1.6	2.1	2.1
1965: I	2,808.9	2,777.2	2,830.0	10.5	6.4	24.76	24.19	24.77	24.78	2.0	1.6	2.0	2.0
1965: II	2,846.3	2,826.7	2,868.2	5.4	7.3	24.88	24.31	24.88	24.89	2.0	2.0	1.9	1.9
1965: III	2,898.8	2,879.8	2,918.9	7.6	7.7	25.01	24.44	25.01	25.02	2.1	2.2	2.1	2.1
1965: IV	2,970.5	2,957.8	2,988.6	10.3	11.3	25.16	24.61	25.17	25.18	2.5	2.8	2.6	2.6
1966: I	3,042.4	3,008.8	3,061.1	10.0	7.1	25.30	24.73	25.32	25.34	2.2	1.9	2.5	2.5
1966: II	3,055.5	3,023.1	3,074.2	1.7	1.9	25.50	24.93	25.53	25.54	3.2	3.2	3.2	3.3
1966: III	3,078.5	3,047.2	3,094.7	2.8	3.2	25.82	25.22	25.79	25.81	5.1	4.8	4.2	4.2
1966: IV	3,102.4	3,054.8	3,121.4	3.4	1.0	26.03	25.41	26.02	26.03	3.4	3.1	3.5	3.5
1967: I	3,127.2	3,085.6	3,145.9	3.2	4.1	26.16	25.52	26.14	26.15	2.0	1.6	1.9	2.0
1967: II	3,129.5	3,119.0	3,147.7	.3	4.4	26.32	25.67	26.31	26.32	2.5	2.5	2.5	2.5
1967: III	3,154.2	3,134.2	3,174.4	3.2	2.0	26.57	25.92	26.60	26.61	3.9	3.9	4.5	4.5
1967: IV	3,178.0	3,161.5	3,197.5	3.1	3.5	26.87	26.21	26.90	26.91	4.6	4.5	4.6	4.6

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases—Continued
 [Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1968: I	3,236.2	3,225.3	3,256.2	7.5	8.3	27.19	26.52	27.21	27.22	4.8	4.9	4.7	4.8
1968: II	3,292.1	3,258.0	3,312.5	7.1	4.1	27.50	26.80	27.49	27.50	4.5	4.2	4.1	4.1
1968: III	3,316.1	3,303.9	3,337.3	3.0	5.8	27.75	27.06	27.75	27.76	3.7	4.0	3.8	3.8
1968: IV	3,331.2	3,325.1	3,352.2	1.8	2.6	28.12	27.43	28.12	28.13	5.5	5.5	5.5	5.5
1969: I	3,381.9	3,357.5	3,402.8	6.2	4.0	28.38	27.66	28.39	28.40	3.7	3.5	3.8	3.9
1969: II	3,390.2	3,373.0	3,410.3	1.0	1.9	28.74	28.02	28.73	28.75	5.2	5.3	5.0	5.0
1969: III	3,409.7	3,389.6	3,428.5	2.3	2.0	29.14	28.40	29.14	29.16	5.7	5.6	5.8	5.8
1969: IV	3,392.6	3,388.9	3,411.4	-2.0	-1	29.51	28.77	29.51	29.52	5.2	5.2	5.1	5.1
1970: I	3,386.5	3,397.6	3,406.0	-7	1.0	29.92	29.18	29.94	29.95	5.7	5.9	6.0	6.0
1970: II	3,391.6	3,391.9	3,411.9	6	-7	30.36	29.59	30.36	30.37	6.0	5.8	5.7	5.7
1970: III	3,423.0	3,421.9	3,442.9	3.7	3.6	30.60	29.87	30.61	30.63	3.2	3.8	3.4	3.4
1970: IV	3,389.4	3,414.8	3,407.4	-3.9	-8	31.02	30.29	31.02	31.03	5.6	5.7	5.4	5.4
1971: I	3,481.4	3,458.9	3,503.3	11.3	5.3	31.50	30.75	31.50	31.52	6.3	6.2	6.4	6.4
1971: II	3,500.9	3,481.2	3,524.3	2.3	2.6	31.93	31.18	31.93	31.94	5.7	5.7	5.5	5.5
1971: III	3,523.8	3,509.4	3,544.7	2.6	3.3	32.25	31.52	32.27	32.29	4.1	4.5	4.4	4.4
1971: IV	3,533.8	3,549.5	3,556.0	1.1	4.7	32.53	31.81	32.54	32.55	3.5	3.7	3.3	3.3
1972: I	3,604.7	3,608.0	3,627.9	8.3	6.8	33.01	32.28	33.02	33.03	6.0	6.0	6.0	6.1
1972: II	3,687.9	3,665.7	3,710.7	9.6	6.5	33.23	32.53	33.20	33.22	2.6	3.1	2.2	2.2
1972: III	3,726.2	3,700.0	3,751.2	4.2	3.8	33.50	32.82	33.49	33.51	3.3	3.6	3.5	3.5
1972: IV	3,790.4	3,784.3	3,815.3	7.1	9.4	33.93	33.23	33.95	33.97	5.2	5.1	5.6	5.6
1973: I	3,892.2	3,867.5	3,921.5	11.2	9.0	34.38	33.69	34.36	34.38	5.5	5.6	5.0	5.0
1973: II	3,919.0	3,884.5	3,950.4	2.8	1.8	34.96	34.33	34.94	34.96	6.9	7.8	6.9	6.9
1973: III	3,907.1	3,890.9	3,944.1	-1.2	7	35.63	34.95	35.61	35.63	7.8	7.5	7.9	7.9
1973: IV	3,947.1	3,893.1	3,984.4	4.2	2	36.24	35.60	36.29	36.31	7.0	7.6	7.8	7.8
1974: I	3,908.1	3,889.1	3,952.4	-3.9	-4	36.98	36.55	37.01	37.03	8.4	11.1	8.2	8.2
1974: II	3,922.6	3,899.7	3,964.3	1.5	1.1	37.79	37.59	37.79	37.81	9.0	11.9	8.7	8.7
1974: III	3,880.0	3,882.5	3,917.6	-4.3	-1.8	38.93	38.71	38.96	38.98	12.7	12.5	12.9	12.9
1974: IV	3,854.1	3,822.2	3,886.1	-2.6	-6.1	40.14	39.84	40.13	40.15	13.0	12.2	12.6	12.5
1975: I	3,800.9	3,848.3	3,827.3	-5.4	2.8	41.04	40.69	41.05	41.07	9.2	8.8	9.5	9.5
1975: II	3,835.2	3,887.9	3,861.8	3.7	4.2	41.67	41.34	41.66	41.68	6.3	6.5	6.1	6.1
1975: III	3,907.0	3,922.7	3,936.1	7.7	3.6	42.44	42.05	42.41	42.44	7.6	7.0	7.4	7.4
1975: IV	3,952.5	3,966.7	3,987.9	4.7	4.6	43.21	42.79	43.19	43.22	7.4	7.2	7.6	7.6
1976: I	4,044.6	4,027.0	4,078.8	9.7	6.2	43.68	43.26	43.69	43.72	4.4	4.5	4.7	4.7
1976: II	4,072.2	4,039.1	4,107.9	2.8	1.2	44.17	43.76	44.15	44.18	4.6	4.7	4.2	4.2
1976: III	4,086.5	4,061.7	4,124.8	1.6	2.3	44.78	44.42	44.77	44.80	5.7	6.1	5.7	5.7
1976: IV	4,126.4	4,119.0	4,163.7	3.8	5.8	45.56	45.16	45.57	45.60	7.2	6.9	7.3	7.3
1977: I	4,176.3	4,161.4	4,219.4	4.9	4.2	46.31	45.99	46.32	46.34	6.7	7.6	6.8	6.7
1977: II	4,260.1	4,228.4	4,302.2	8.3	6.6	47.08	46.81	47.07	47.10	6.8	7.3	6.6	6.7
1977: III	4,329.5	4,270.0	4,371.2	7.6	4.0	47.74	47.55	47.66	47.69	5.7	6.4	5.1	5.1
1977: IV	4,328.3	4,303.3	4,365.0	-6.1	3.2	48.55	48.36	48.63	48.66	7.0	7.1	8.4	8.4
1978: I	4,345.5	4,306.0	4,388.6	1.6	3	49.39	49.19	49.42	49.45	7.1	7.0	6.7	6.7
1978: II	4,510.7	4,474.6	4,546.1	16.1	16.6	50.43	50.22	50.41	50.44	8.6	8.6	8.2	8.2
1978: III	4,552.1	4,511.6	4,591.1	3.7	3.4	51.32	51.11	51.27	51.30	7.3	7.3	7.1	7.1
1978: IV	4,603.7	4,565.4	4,649.0	4.6	4.9	52.37	52.08	52.35	52.39	8.4	7.9	8.7	8.7
1979: I	4,605.7	4,579.0	4,652.6	2	1.2	53.46	53.21	53.51	53.54	8.6	9.0	9.1	9.1
1979: II	4,615.6	4,577.0	4,668.7	9	-2	54.70	54.52	54.85	54.88	9.6	10.2	8.8	8.8
1979: III	4,644.9	4,639.2	4,708.8	2.6	5.5	55.82	55.89	55.82	55.85	8.5	10.4	8.9	8.9
1979: IV	4,656.2	4,662.5	4,719.5	1.0	2.0	56.92	57.25	56.92	56.95	8.1	10.2	8.1	8.1
1980: I	4,679.0	4,675.3	4,743.0	2.0	1.1	58.25	58.89	58.18	58.22	9.7	12.0	9.2	9.2
1980: II	4,566.6	4,579.0	4,625.6	-9.3	-8.0	59.59	60.41	59.55	59.58	9.6	10.7	9.7	9.7
1980: III	4,562.3	4,637.1	4,617.8	-4	5.2	60.93	61.77	61.01	61.05	9.3	9.3	10.2	10.2
1980: IV	4,651.9	4,676.1	4,696.6	8.1	3.4	62.57	63.33	62.59	62.64	11.2	10.5	10.8	10.8
1981: I	4,739.2	4,692.9	4,787.7	7.7	1.4	64.19	64.96	64.15	64.20	10.7	10.7	10.3	10.4
1981: II	4,696.8	4,699.0	4,742.6	-3.5	5	65.35	66.15	65.37	65.42	7.4	7.5	7.8	7.8
1981: III	4,753.0	4,702.5	4,801.4	4.9	3	66.65	67.27	66.65	66.69	8.2	7.0	8.0	8.0
1981: IV	4,693.8	4,672.0	4,747.9	-4.9	-2.6	67.85	68.48	67.87	67.91	7.4	7.3	7.5	7.5
1982: I	4,615.9	4,655.4	4,658.5	-6.5	-1.4	68.85	69.42	68.86	68.91	6.0	5.6	6.0	6.0
1982: II	4,634.9	4,651.2	4,682.9	1.7	-4	69.71	70.17	69.72	69.77	5.1	4.4	5.1	5.1
1982: III	4,612.1	4,616.9	4,651.1	-2.0	-2.9	70.69	71.10	70.66	70.70	5.7	5.4	5.5	5.5
1982: IV	4,618.3	4,681.3	4,655.6	5	5.7	71.46	71.85	71.44	71.47	4.5	4.3	4.4	4.4
1983: I	4,663.0	4,719.4	4,700.1	3.9	3.3	72.12	72.33	72.08	72.12	3.7	2.7	3.7	3.7
1983: II	4,763.6	4,785.3	4,804.4	8.9	5.7	72.84	73.03	72.83	72.87	4.1	3.9	4.2	4.2
1983: III	4,849.0	4,860.7	4,891.3	7.4	6.4	73.50	73.65	73.48	73.52	3.7	3.4	3.7	3.7
1983: IV	4,939.2	4,919.5	4,983.5	7.7	4.9	74.19	74.24	74.19	74.24	3.8	3.2	3.9	3.9
1984: I	5,053.6	4,961.0	5,092.6	9.6	3.4	75.00	75.04	75.02	75.06	4.4	4.4	4.5	4.5
1984: II	5,132.9	5,050.0	5,172.4	6.4	7.4	75.62	75.65	75.58	75.63	3.3	3.3	3.1	3.1
1984: III	5,170.3	5,085.6	5,209.5	3.0	2.9	76.25	76.19	76.25	76.29	3.4	2.9	3.5	3.5
1984: IV	5,203.7	5,149.9	5,237.5	2.6	5.2	76.82	76.71	76.81	76.85	3.0	2.7	3.0	2.9
1985: I	5,257.3	5,231.7	5,280.3	4.2	6.5	77.64	77.38	77.63	77.67	4.3	3.6	4.4	4.3
1985: II	5,283.7	5,261.0	5,310.8	2.0	2.3	78.25	78.02	78.25	78.29	3.2	3.3	3.3	3.2
1985: III	5,359.6	5,336.9	5,378.4	5.9	5.9	78.80	78.58	78.76	78.80	2.8	2.9	2.6	2.6
1985: IV	5,393.6	5,358.0	5,417.5	2.6	1.6	79.44	79.37	79.45	79.49	3.3	4.1	3.5	3.5
1986: I	5,460.8	5,410.5	5,481.1	5.1	4.0	79.81	79.77	79.81	79.85	1.9	2.0	1.8	1.8
1986: II	5,466.9	5,448.4	5,480.1	-4	2.8	80.26	79.97	80.22	80.26	2.2	1.0	2.1	2.1
1986: III	5,496.3	5,518.2	5,510.4	2.2	5.2	80.81	80.60	80.84	80.88	2.8	3.2	3.1	3.1
1986: IV	5,526.8	5,546.6	5,533.1	2.2	2.1	81.44	81.25	81.45	81.49	3.2	3.3	3.1	3.0
1987: I	5,561.8	5,535.8	5,568.7	2.6	-8	82.11	82.07	82.09	82.12	3.3	4.1	3.2	3.2
1987: II	5,618.0	5,608.4	5,628.7	4.1	5.4	82.68	82.74	82.68	82.71	2.8	3.3	2.9	2.9
1987: III	5,667.4	5,671.5	5,676.0	3.6	4.6	83.35	83.44	83.33	83.36	3.3	3.4	3.2	3.2
1987: IV	5,750.6	5,688.3	5,759.6	6.0	1.2	84.08	84.19	84.09	84.12	3.6	3.6	3.7	3.7
1988: I	5,785.3	5,774.2	5,802.3	2.4	6.2	84.69	84.81	84.67	84.69	2.9	3.0	2.7	2.8
1988: II	5,844.0	5,840.1	5,857.5	4.1	4.6	85.56	85.68	85.56	85.59	4.2	4.2	4.3	4.3
1988: III	5,878.7	5,869.2	5,889.4	2.4	2.0	86.67	86.58	86.66	86.69	5.3	4.3	5.2	5.2
1988: IV	5,952.8	5,937.0	5,964.9	5.1	4.7	87.46	87.44	87.44	87.47	3.7	4.0	3.7	3.7

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases—Continued

[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1989: I	6,011.0	5,970.0	6,023.1	4.0	2.2	88.44	88.47	88.45	88.48	4.5	4.8	4.7	4.7
II	6,055.6	6,010.9	6,065.5	3.0	2.8	89.40	89.52	89.39	89.42	4.4	4.8	4.3	4.3
III	6,088.0	6,063.1	6,101.8	2.2	3.5	90.13	90.14	90.13	90.16	3.3	2.8	3.3	3.3
IV	6,093.5	6,070.8	6,112.3	.4	.5	90.91	90.98	90.88	90.91	3.5	3.8	3.4	3.4
1990: I	6,152.6	6,144.6	6,172.8	3.9	5.0	92.01	92.17	92.00	92.04	4.9	5.4	5.0	5.1
II	6,171.6	6,127.5	6,188.0	1.2	-1.1	93.20	93.14	93.18	93.21	5.2	4.2	5.2	5.2
III	6,142.1	6,126.6	6,155.7	-1.9	-1	94.19	94.32	94.14	94.17	4.3	5.2	4.2	4.2
IV	6,079.0	6,108.1	6,111.3	-4.0	-1.2	95.14	95.68	95.11	95.13	4.1	5.9	4.2	4.2
1991: I	6,047.5	6,065.4	6,074.3	-2.1	-2.8	96.26	96.42	96.27	96.29	4.8	3.1	5.0	4.9
II	6,074.7	6,095.9	6,086.4	1.8	2.0	97.02	96.95	97.00	97.01	3.2	2.2	3.1	3.1
III	6,090.1	6,085.4	6,099.2	1.0	-7	97.70	97.58	97.70	97.71	2.8	2.6	2.9	2.9
IV	6,105.3	6,083.8	6,119.5	1.0	-1	98.30	98.27	98.31	98.32	2.5	2.9	2.5	2.5
1992: I	6,175.7	6,175.8	6,192.0	4.7	6.2	99.14	99.04	99.13	99.13	3.4	3.2	3.4	3.4
II	6,214.2	6,203.8	6,225.2	2.5	1.8	99.81	99.76	99.79	99.79	2.8	2.9	2.7	2.7
III	6,260.7	6,249.5	6,270.3	3.0	3.0	100.17	100.28	100.17	100.17	1.4	2.1	1.5	1.5
IV	6,327.1	6,320.7	6,334.6	4.3	4.6	100.88	100.92	100.88	100.88	2.8	2.6	2.9	2.9
1993: I	6,327.9	6,297.3	6,351.3	.1	-1.5	101.85	101.71	101.84	101.84	3.9	3.2	3.9	3.8
II	6,359.9	6,344.9	6,375.9	2.0	3.1	102.38	102.28	102.35	102.34	2.1	2.3	2.0	2.0
III	6,393.5	6,379.3	6,415.3	2.1	2.2	102.83	102.64	102.83	102.83	1.8	1.4	1.9	1.9
IV	6,476.9	6,453.8	6,489.7	5.3	4.8	103.52	103.28	103.51	103.50	2.7	2.5	2.7	2.6
1994: I	6,524.5	6,473.0	6,540.5	3.0	1.2	104.16	103.80	104.13	104.14	2.5	2.0	2.4	2.5
II	6,600.3	6,526.7	6,609.3	4.7	3.4	104.74	104.46	104.71	104.71	2.2	2.6	2.2	2.2
III	6,629.5	6,580.4	6,635.6	1.8	3.3	105.39	105.24	105.39	105.38	2.5	3.0	2.6	2.6
IV	6,688.6	6,624.8	6,691.2	3.6	2.7	106.07	105.88	106.09	106.06	2.6	2.5	2.7	2.6
1995: I	6,703.7	6,654.3	6,711.3	.9	1.8	106.93	106.66	106.94	106.91	3.3	3.0	3.3	3.2
II	6,708.8	6,685.3	6,721.0	.3	1.9	107.49	107.33	107.46	107.43	2.1	2.5	2.0	2.0
III	6,759.2	6,739.3	6,758.3	3.0	3.3	108.03	107.79	108.02	107.99	2.0	1.7	2.1	2.1
IV	6,796.5	6,771.9	6,804.2	2.2	2.0	108.60	108.29	108.61	108.59	2.1	1.9	2.2	2.2
1996: I	6,826.4	6,815.0	6,834.7	1.8	2.6	109.35	109.01	109.39	109.37	2.8	2.7	2.9	2.9
II	6,926.0	6,902.3	6,930.1	6.0	5.2	109.86	109.50	109.84	109.82	1.9	1.8	1.7	1.6
III	6,943.8	6,905.0	6,940.2	1.0	.2	110.59	110.15	110.54	110.50	2.7	2.4	2.6	2.5
IV	7,017.4	6,981.7	7,023.1	4.3	4.5	111.10	110.79	111.05	111.01	1.9	2.4	1.9	1.8
1997: I	7,101.6	7,034.1	7,091.8	4.9	3.0	111.78	111.32	111.71	111.67	2.4	1.9	2.4	2.4
II	7,159.6	7,077.7	7,144.4	3.3	2.5	112.27	111.55	112.22	112.17	1.8	.8	1.8	1.8
III	7,214.0	7,160.3	7,198.8	3.1	4.7	112.67	111.90	112.62	112.57	1.4	1.3	1.4	1.4
IV	7,280.0	7,201.1	7,262.6	3.7	2.3	113.07	112.28	113.01	112.96	1.4	1.4	1.4	1.4
1998: I	7,365.6	7,260.9	7,348.7	4.8	3.4	113.36	112.29	113.29	113.25	1.0	0	1.0	1.0

Table C.2.—Real Gross Domestic Product
 [Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
1997	2.8	2.7	2.6	2.7	2.9	2.7	2.6	2.5	2.5	2.6	2.7	3.0	2.9	2.6	2.5	2.5	2.4	2.3	2.2	2.3	2.8	2.9	3.0	2.8	3.3	3.8	
1996	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.6	2.6	2.9	2.9	2.5	2.4	2.4	2.3	2.1	1.9	2.0	2.6	2.7	2.4	2.8			
1995	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.6	2.6	2.9	2.9	2.5	2.4	2.3	2.2	2.0	1.8	1.9	2.6	2.6	2.7	2.0			
1994	2.8	2.7	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.6	2.6	3.0	2.9	2.5	2.4	2.4	2.3	2.0	1.7	1.9	2.8	2.9	3.5				
1993	2.8	2.6	2.5	2.6	2.8	2.7	2.5	2.4	2.3	2.5	2.6	3.0	2.9	2.4	2.3	2.2	2.1	1.7	1.3	1.4	2.5	2.3					
1992	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.6	2.6	3.1	2.9	2.5	2.3	2.2	2.0	1.6	1.0	1.1	2.7						
1991	3.0	2.8	2.7	2.9	3.1	3.0	2.8	2.6	2.6	2.9	3.0	3.6	3.6	3.0	2.9	2.8	2.8	2.3	1.2	-0.9							
1989	3.1	2.9	2.8	3.0	3.3	3.1	3.0	2.7	2.7	3.1	3.2	4.0	4.0	3.4	3.3	3.4	3.6	3.4									
1988	3.1	2.9	2.7	3.0	3.2	3.1	2.9	2.7	2.7	3.0	3.1	4.1	4.1	3.4	3.3	3.4	3.8										
1987	3.0	2.9	2.7	2.9	3.2	3.0	2.8	2.6	2.5	2.9	3.0	4.1	4.1	3.2	3.0	2.9											
1986	3.0	2.9	2.6	2.9	3.2	3.0	2.8	2.5	2.5	2.9	3.1	4.4	4.5	3.3													
1985	3.0	2.8	2.6	2.9	3.2	3.0	2.8	2.4	2.4	2.9	3.1	4.8	5.3	3.6	3.1												
1984	3.0	2.8	2.5	2.8	3.2	2.9	2.7	2.2	2.1	2.7	2.9	5.5	7.0														
1983	2.6	2.4	2.1	2.4	2.7	2.3	2.0	1.3		1.3		4.0															
1982	2.5	2.2	1.9	2.2	2.5	2.1	1.6			1.6																	
1981	3.0	2.7	2.4	2.8	3.3	2.9	2.5	1.6	1.0		-2.1																
1980	3.1	2.8	2.4	2.9	3.6	3.1	2.6	1.2		2.3																	
1979	3.5	3.2	2.8	3.5	4.6	4.3	4.1	2.8	-3																		
1978	3.6	3.5	2.8	3.7	5.1	5.0	5.4																				
1977	3.3	2.9	2.2	3.2	5.0	4.7																					
1976	3.1	2.5	1.4	2.4	5.4																						
1975	2.5	1.5	-0.5	-0.4																							
1974	3.5	2.5	-0.6																								
1973	5.6																										
1972	5.5	5.8																									

Table C.3.—Chain-Type Price Index for Gross Domestic Product
 [Average annual percent change]

Terminal year	Initial year																										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
1997	4.9	5.0	4.9	4.8	4.6	4.5	4.4	4.3	4.0	3.7	3.4	3.2	3.1	3.1	3.0	3.1	3.1	3.0	2.9	2.6	2.4	2.4	2.3	2.3	2.2	2.0	2.0
1996	5.1	5.1	5.1	4.9	4.7	4.6	4.5	4.4	4.1	3.8	3.5	3.3	3.2	3.2	3.1	3.2	3.2	3.1	3.0	2.8	2.5	2.5	2.4	2.4	2.3	2.3	2.3
1995	5.2	5.2	5.2	5.0	4.8	4.8	4.7	4.5	4.3	3.9	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.3	3.1	2.9	2.6	2.5	2.5	2.4	2.4	2.5	
1994	5.3	5.3	5.3	5.2	4.9	4.9	4.8	4.6	4.4	4.0	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.4	3.2	2.9	2.6	2.5	2.5	2.4	2.4	2.5	
1993	5.4	5.5	5.5	5.3	5.1	5.0	4.9	4.8	4.5	4.2	3.7	3.5	3.4	3.4	3.4	3.5	3.6	3.6	3.4	3.1	2.7	2.6					
1992	5.6	5.6	5.6	5.5	5.2	5.2	5.1	4.9	4.7	4.3	3.8	3.6	3.5	3.5	3.5	3.7	3.8	3.8	3.7	3.3	2.8						
1991	5.7	5.8	5.8	5.6	5.4	5.3	5.3	5.1	4.8	4.4	4.0	3.7	3.6	3.6	3.6	3.8	4.0	4.2	4.1	3.9							
1990	5.8	5.9	5.9	5.7	5.5	5.4	5.4	5.2	4.9	4.5	4.0	3.7	3.6	3.6	3.6	3.8	4.1	4.3	4.4								
1989	5.9	6.0	6.0	5.8	5.6	5.5	5.5	5.3	5.0	4.5	3.9	3.6	3.5	3.4	3.4	3.6	3.9	4.2									
1988	6.0	6.1	6.1	5.9	5.7	5.6	5.6	5.4	5.1	4.5	3.9	3.5	3.3	3.2	3.1	3.4	3.7										
1987	6.1	6.3	6.3	6.1	5.8	5.8	5.8	5.6	5.2	4.7	3.9	3.4	3.2	3.0	2.8	3.1											
1986	6.3	6.5	6.6	6.4	6.1	6.1	6.1	5.9	5.5	4.9	4.1	3.5	3.3	3.0	2.6												
1985	6.6	6.8	6.9	6.7	6.4	6.5	6.5	6.4	6.0	5.4	4.4	3.8	3.6	3.4													
1984	6.9	7.1	7.2	7.0	6.8	6.9	7.0	6.9	6.6	5.9	4.8	4.0	3.8														
1983	7.1	7.4	7.6	7.4	7.2	7.3	7.5	7.5	7.3	6.6	5.3	4.3															
1982	7.4	7.7	7.9	7.8	7.6	7.9	8.2	8.4	8.3	7.8	6.3																
1981	7.5	7.9	8.1	8.0	7.8	8.2	8.6	9.1	9.3	9.4																	
1980	7.3	7.7	8.0	7.8	7.5	7.9	8.4	8.9	9.3																		
1979	7.0	7.4	7.7	7.5	7.0	7.4	7.9	8.5																			
1978	6.8	7.3	7.6	7.2	6.5	6.9	7.3																				
1977	6.7	7.3	7.7	7.2	6.1	6.5																					
1976	6.8	7.5	8.1	7.6	5.8																						
1975	7.0	8.0	9.2																								
1974	6.3	7.3	8.9																								
1973	4.9	5.6																									
1972	4.2																										

Table C.4.—Real Gross Domestic Purchases
 [Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																										
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
1997	2.8	2.7	2.6	2.7	2.9	2.8	2.6	2.5	2.5	2.8	2.8	3.1	3.0	2.6	2.4	2.4	2.3	2.3	2.2	2.4	3.1	3.1	3.2	3.0	3.5	4.1	4.1
1996	2.7	2.6	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.7	2.7	3.1	2.9	2.4	2.3	2.2	2.1	2.0	1.9	2.1	2.9	2.9	2.9	2.4	2.9	2.9	
1995	2.7	2.6	2.5	2.7	2.9	2.7	2.5	2.4	2.4	2.7	2.7	3.1	2.9	2.4	2.2	2.1	2.0	1.9	1.8	2.0	2.9	2.9	2.9	2.9	2.9	2.9	
1994	2.7	2.6	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.8	2.8	3.2	3.0	2.4	2.3	2.1	2.1	1.9	1.8	2.0	3.2	3.4	3.9				
1993	2.7	2.6	2.4	2.7	2.9	2.7	2.5	2.3	2.3	2.7	2.7	3.1	2.9	2.3	2.1	1.9	1.8	1.5	1.2	1.4	2.9	2.9					
1992	2.7	2.5	2.4	2.6	2.9	2.7	2.5	2.3	2.3	2.7	2.7	3.1	2.9	2.2	1.9	1.7	1.5	1.2	0.7	1.6	2.8						
1991	2.7	2.5	2.4	2.6	2.9	2.6	2.5	2.2	2.2	2.6	2.7	3.1	2.9	2.1	1.8	1.5	1.2	0.6	-0.4	-1.6							
1990	2.9	2.7	2.6	2.9	3.2	3.0	2.8	2.6	2.6	3.1	3.1	3.7	3.5	2.7	2.5	2.3	2.1	1.8	0.8								
1989	3.0	2.9	2.7	3.0	3.4	3.1	2.9	2.7	2.8	3.3	3.4	4.2	4.0	3.1	2.9	2.8	2.8	2.7									
1988	3.0	2.9	2.7	3.1	3.4	3.2	3.0	2.7	2.8	3.4	3.5	4.4	4.2	3.2	3.0	2.8	2.9										
1987	3.0	2.9	2.7	3.1	3.4	3.2	3.0	2.7	2.8	3.5																	

Table C.5.—Chain-Type Price Index for Gross Domestic Purchases [Average annual percent change]

Table with 28 columns (Terminal year 1971-1996) and 28 rows (Terminal year 1997-1972). Shows average annual percent change for the price index.

Table C.6.—Real Final Sales of Domestic Product [Average annual percent change, based on chained (1992) dollar estimates]

Table with 28 columns (Terminal year 1971-1996) and 28 rows (Terminal year 1997-1972). Shows average annual percent change for real final sales.

Table C.7.—Real Disposable Personal Income [Average annual percent change, based on chained (1992) dollar estimates]

Table with 28 columns (Terminal year 1971-1996) and 28 rows (Terminal year 1997-1972). Shows average annual percent change for real disposable personal income.

D. Domestic Perspectives

This table presents data collected from other government agencies and private organizations, as noted. Quarterly data are shown in the middle month of the quarter.

Table D.1.—Domestic Perspectives

	1996	1997	1997										1998			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Consumer and producer prices, (seasonally adjusted) ¹																
Consumer price index for all urban consumers, 1982=100:																
All items	156.9	160.5	159.8	160.0	160.1	160.4	160.6	160.9	161.3	161.6	161.8	161.9	161.9	162.0	162.0	162.4
Less food and energy	165.6	169.5	168.6	169.2	169.4	169.7	170.0	170.1	170.4	170.8	171.0	171.4	171.7	172.2	172.4	172.9
Services	174.1	179.4	178.1	178.5	178.8	179.3	179.8	180.0	180.4	181.0	181.4	181.7	181.9	182.3	182.7	183.4
Producer price index, 1982=100:																
Finished goods	131.3	131.8	132.4	131.9	131.7	131.4	131.1	131.3	131.8	131.8	131.6	131.4	130.5	130.4	130.0	130.3
Less food and energy	142.0	142.5	142.6	142.6	142.3	142.3	142.1	142.2	142.7	142.6	142.5	142.4	142.3	142.5	142.5	142.8
Finished consumer goods	129.5	130.2	131.0	130.2	130.0	129.6	129.3	129.5	130.1	130.3	130.0	129.8	128.7	128.5	128.0	128.4
Capital equipment	138.3	138.3	138.5	138.4	138.2	138.2	138.1	138.1	138.4	138.0	137.9	137.7	137.6	137.6	137.6	137.7
Intermediate materials	125.7	125.6	126.0	125.6	125.5	125.4	125.2	125.3	125.5	125.4	125.6	125.3	124.5	124.2	123.6	123.6
Crude materials	113.8	110.9	107.4	107.9	109.9	106.9	106.4	106.8	108.2	113.2	115.0	108.6	103.3	100.7	99.1	100.1
Money, interest rates, and stock prices																
Money stock (seasonally adjusted): ²																
Percent change:																
M1			-0.36	-0.63	-0.38	0.10	0.01	0.51	-0.71	-0.16	0.68	0.63	-0.23	0.26	0.42	-0.13
M2 .....			.40	.54	.06	.39	.35	.79	.53	.49	.61	.56	.61	.79	.68	.75
Ratio:																
Gross domestic product to M1	6.904	7.551			7.537			7.616			7.696			7.748		
Personal income to M2	1.734	1.749	1.755	1.748	1.753	1.756	1.752	1.748	1.745	1.745	1.747	1.745	1.743	1.740	1.734	1.728
Interest rates (percent, not seasonally adjusted): ²																
Federal funds rate	5.30	5.46	5.39	5.51	5.50	5.56	5.52	5.54	5.54	5.50	5.52	5.50	5.56	5.51	5.49	5.45
Discount rate on new 91-day Treasury bills	5.02	5.07	5.14	5.17	5.13	4.92	5.07	5.13	4.97	4.95	5.15	5.16	5.09	5.11	5.03	5.00
Yield on new high-grade corporate bonds	7.62	7.40	7.85	8.04	7.90	7.71	7.44	7.30	7.04	6.90	6.79	6.68	6.62	6.66	6.63	6.59
10-Year U.S. Treasury bonds	6.44	6.35	6.69	6.89	6.71	6.49	6.22	6.30	6.21	6.03	5.88	5.81	5.54	5.57	5.65	5.64
Yield on municipal bonds, 20-bond average	5.76	5.52	5.76	5.88	5.70	5.53	5.35	5.41	5.39	5.38	5.33	5.19	5.06	5.10	5.21	5.23
Mortgage commitment rate	7.80	7.60	7.90	8.14	7.94	7.69	7.50	7.48	7.43	7.29	7.21	7.10	6.99	7.04	7.13	7.14
Average prime rate charged by banks	8.27	8.44	8.30	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Index of stock prices (not seasonally adjusted): ³																
500 common stocks, 1941-43=10	670.83	872.72	792.16	763.93	833.09	876.29	925.29	927.74	937.02	951.16	938.92	962.37	963.36	1023.74	1076.83	1112.20
Labor markets (thousands, seasonally adjusted, unless otherwise noted) ¹																
Civilian labor force	133,943	136,297	136,115	136,043	136,060	136,206	136,294	136,404	136,439	136,406	136,864	137,169	137,493	137,557	137,523	137,242
Labor force participation rates (percent):																
Males 20 and over	76.8	77.0	77.1	77.1	76.9	77.0	77.0	76.9	76.8	76.8	77.0	77.0	77.1	76.9	76.7	76.9
Females 20 and over	59.9	60.5	60.5	60.4	60.5	60.5	60.5	60.6	60.6	60.5	60.4	60.7	60.6	60.6	60.7	60.3
16-19 years of age	52.3	51.6	52.4	52.0	51.9	51.2	51.4	51.0	51.0	50.9	51.8	51.6	53.1	53.3	53.5	51.8
Civilian employment	126,708	129,558	129,035	129,275	129,494	129,392	129,661	129,747	129,761	129,910	130,575	130,777	131,083	131,163	130,994	131,383
Ratio, civilian employment to working-age population (percent)	63.2	63.8	63.7	63.8	63.8	63.7	63.8	63.7	63.8	63.7	64.0	64.1	64.2	64.2	64.0	64.2
Persons engaged in nonagricultural activities	123,264	126,159	125,648	125,813	126,076	126,003	126,209	126,368	126,339	126,583	127,191	127,392	127,764	127,829	127,862	128,033
Employees on nonagricultural payrolls	119,523	122,259	121,344	121,671	121,834	122,056	122,440	122,492	122,792	123,083	123,512	123,866	124,265	124,524	124,500	124,762
Goods-producing industries	24,431	24,739	24,670	24,667	24,702	24,714	24,713	24,765	24,771	24,814	24,888	24,995	25,139	25,174	25,079	25,100
Services-producing industries	95,092	97,520	96,674	97,004	97,132	97,342	97,727	97,727	98,021	98,269	98,624	98,871	99,126	99,350	99,421	99,662
Average weekly hours, manufacturing (hours)	41.6	42.0	42.1	42.1	42.0	41.8	41.8	41.8	41.9	42.0	42.1	42.2	42.1	42.0	41.8	40.7
Average weekly overtime hours, manufacturing (hours)	4.5	4.8	4.9	4.9	4.8	4.6	4.7	4.7	4.7	4.8	4.9	4.9	4.9	4.8	4.7	3.9
Number of persons unemployed	7,236	6,739	7,080	6,768	6,566	6,814	6,633	6,657	6,678	6,496	6,289	6,392	6,409	6,393	6,529	5,859
Unemployment rates (percent):																
Total	5.4	4.9	5.2	5.0	4.8	5.0	4.9	4.9	4.9	4.8	4.6	4.7	4.7	4.6	4.7	4.3
15 weeks and over	1.7	1.5	1.5	1.5	1.5	1.5	1.6	1.5	1.5	1.5	1.4	1.4	1.3	1.3	1.3	1.0
Average duration of unemployment (weeks)	16.7	15.8	15.4	15.4	15.3	15.3	16.5	15.8	15.9	16.3	15.6	16.3	15.6	15.6	14.3	14.3
Nonfarm business sector, 1992=100:																
Output per hour of all persons	102.6	104.3			104.0			104.9			105.3			105.3		
Unit labor costs	108.0	110.3			110.0			110.1			111.1			112.2		
Hourly compensation	110.8	115.0			114.4			115.5			117.0			118.1		

See footnotes at the end of the table.

Table D.1.—Domestic Perspectives—Continued

	1996	1997	1997										1998			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Construction (seasonally adjusted at annual rates) ⁴																
Total new private construction put in place (billions of dollars)	437.1	462.1	452.7	457.6	459.9	456.9	464.3	465.2	468.8	469.6	470.0	475.3	483.3	486.3	489.3	493.8
Residential	247.2	260.1	254.0	259.9	259.7	257.3	258.8	260.0	263.8	265.4	267.2	270.8	275.7	279.2	283.3	285.8
Nonresidential	149.4	161.5	160.5	156.5	160.0	159.2	164.5	163.4	163.3	162.1	161.1	162.5	164.6	162.6	163.5	167.3
Housing starts (thousands of units):																
Total	1,477	1,474	1,477	1,480	1,404	1,502	1,461	1,383	1,501	1,529	1,523	1,540	1,545	1,616	1,575	1,538
1-unit structures	1,161	1,134	1,139	1,134	1,095	1,132	1,144	1,076	1,174	1,124	1,167	1,130	1,225	1,263	1,232	1,241
New 1-family houses sold (thousands of units)	757	804	823	762	764	810	808	799	809	805	875	805	853	881	844	888
Manufacturing and trade, inventories and sales (millions of dollars, seasonally adjusted) ⁴																
Inventories:																
Total manufacturing and trade	1,007,352	1,050,536	1,016,541	1,020,380	1,022,394	1,029,681	1,031,527	1,032,780	1,040,059	1,043,457	1,046,599	1,050,536	1,051,959	1,059,340	1,064,400	.....
Manufacturing	434,434	453,591	438,560	441,508	443,460	444,823	446,602	448,447	449,152	452,139	454,182	453,591	455,122	458,058	458,752	.....
Merchant wholesalers	256,442	273,298	260,367	259,130	260,210	265,152	263,299	265,112	268,772	269,182	270,955	273,298	272,130	275,750	277,136	.....
Retail trade	316,476	323,647	317,614	319,742	318,724	319,706	321,626	319,221	322,135	322,136	321,462	323,647	324,707	325,532	328,512	.....
Sales:																
Total manufacturing and trade	8,597,762	9,015,055	744,354	746,609	742,486	749,425	757,399	751,871	761,560	759,217	757,282	763,417	762,880	770,071	774,954	.....
Manufacturing	3,735,183	3,948,737	322,923	326,909	323,567	328,315	332,895	330,178	335,366	334,064	332,955	336,734	333,652	337,893	340,497	.....
Merchant wholesalers	2,401,383	2,500,109	207,675	208,148	207,947	208,624	209,473	205,671	210,706	210,040	208,413	209,816	210,224	211,312	213,620	.....
Retail trade	2,461,196	2,566,209	213,756	211,552	210,972	212,486	215,031	216,022	215,488	215,113	215,914	216,867	219,004	220,866	220,837	.....
Industrial production indexes and capacity utilization rates (seasonally adjusted) ²																
Industrial production indexes, 1992=100:																
Total	118.5	124.5	122.5	123.1	123.3	123.5	124.5	125.2	125.6	126.5	127.5	127.9	127.8	127.4	127.7	127.8
By industry:																
Durable manufactures	131.7	142.3	138.7	139.5	140.1	141.2	142.4	144.3	144.4	145.5	147.7	148.6	148.3	147.8	148.1	148.7
Nondurable manufactures	108.0	111.1	110.5	110.8	110.7	110.5	110.9	111.0	111.3	112.2	112.6	112.9	113.6	113.1	112.4	112.6
By market category:																
Consumer goods	111.8	114.4	113.4	113.4	113.9	113.5	113.9	114.6	114.5	115.9	116.7	115.9	116.6	115.2	115.5	115.5
Capacity utilization rates (percent):																
Total industry	82.4	82.7	82.5	82.6	82.4	82.3	82.6	82.8	82.7	83.0	83.3	83.3	82.9	82.3	82.2	81.9
Manufacturing	81.4	81.7	81.6	81.6	81.4	81.3	81.5	81.8	81.6	81.9	82.3	82.3	82.1	81.5	81.0	80.8
Credit market borrowing (billions of dollars, seasonally adjusted at annual rates) ²																
All sectors, by instrument:																
Total	1,326.5	1,424.6	.....	.....	1,329.9	.....	.....	1,346.7	.....	.....	1,945.5	.....	.....	.....	.....	.....
Open market paper	102.6	184.1	.....	.....	108.5	.....	.....	171.1	.....	.....	258.1	.....	.....	.....	.....	.....
U.S. government securities	376.5	236.5	.....	.....	189.1	.....	.....	201.9	.....	.....	368.0	.....	.....	.....	.....	.....
Municipal securities	2.6	70.2	.....	.....	95.9	.....	.....	51.8	.....	.....	89.3	.....	.....	.....	.....	.....
Corporate and foreign bonds	278.4	302.8	.....	.....	335.5	.....	.....	356.8	.....	.....	387.1	.....	.....	.....	.....	.....
Bank loans, n.e.c.	92.1	129.7	.....	.....	126.8	.....	.....	48.7	.....	.....	189.4	.....	.....	.....	.....	.....
Other loans and advances	62.5	99.8	.....	.....	83.6	.....	.....	108.5	.....	.....	195.6	.....	.....	.....	.....	.....
Mortgages	323.1	347.8	.....	.....	330.6	.....	.....	354.9	.....	.....	426.4	.....	.....	.....	.....	.....
Consumer credit	88.8	53.8	.....	.....	60.0	.....	.....	53.0	.....	.....	31.5	.....	.....	.....	.....	.....

Sources:

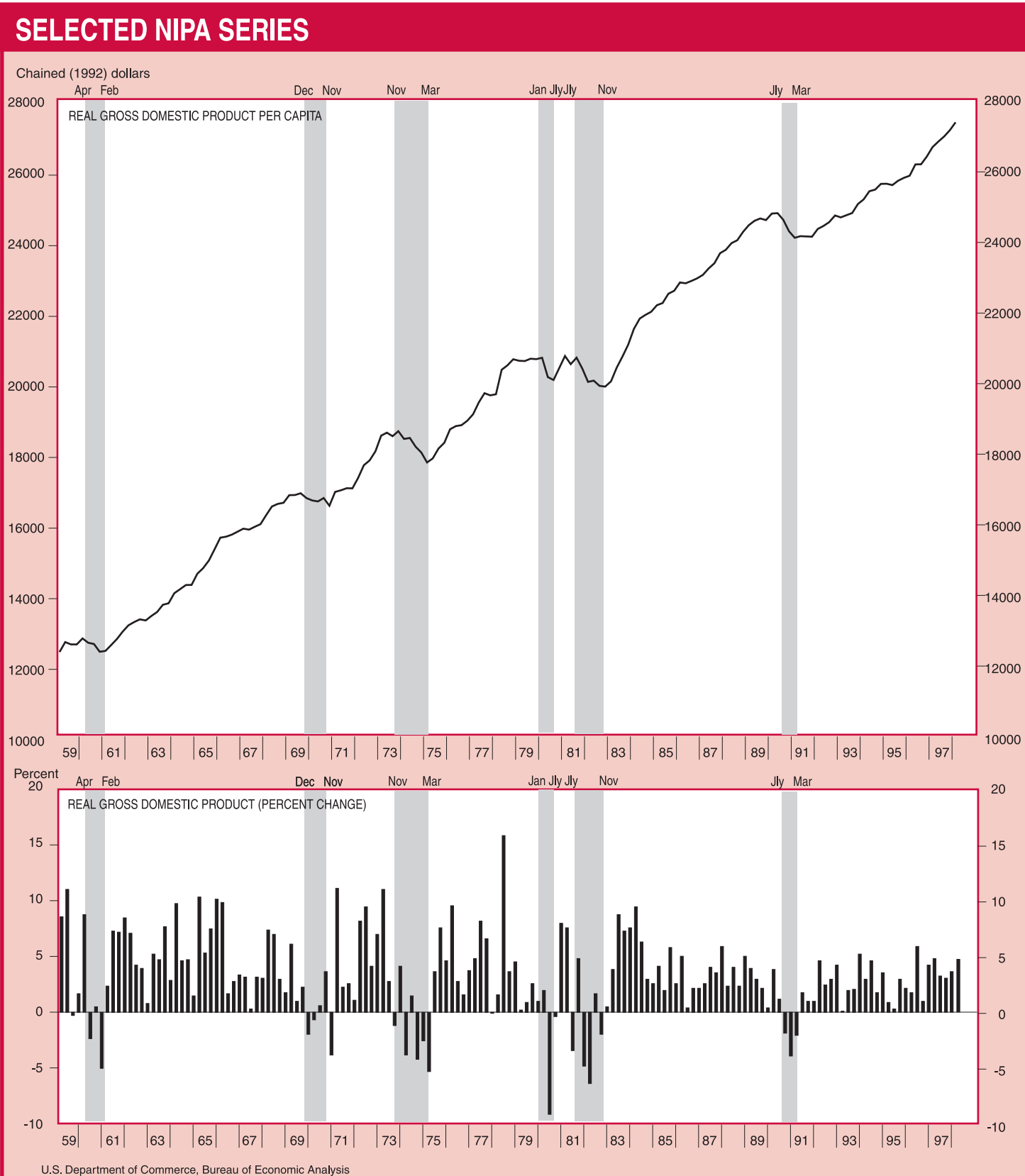
1. Bureau of Labor Statistics
2. Federal Reserve Board

3. Standard and Poor's, Inc.

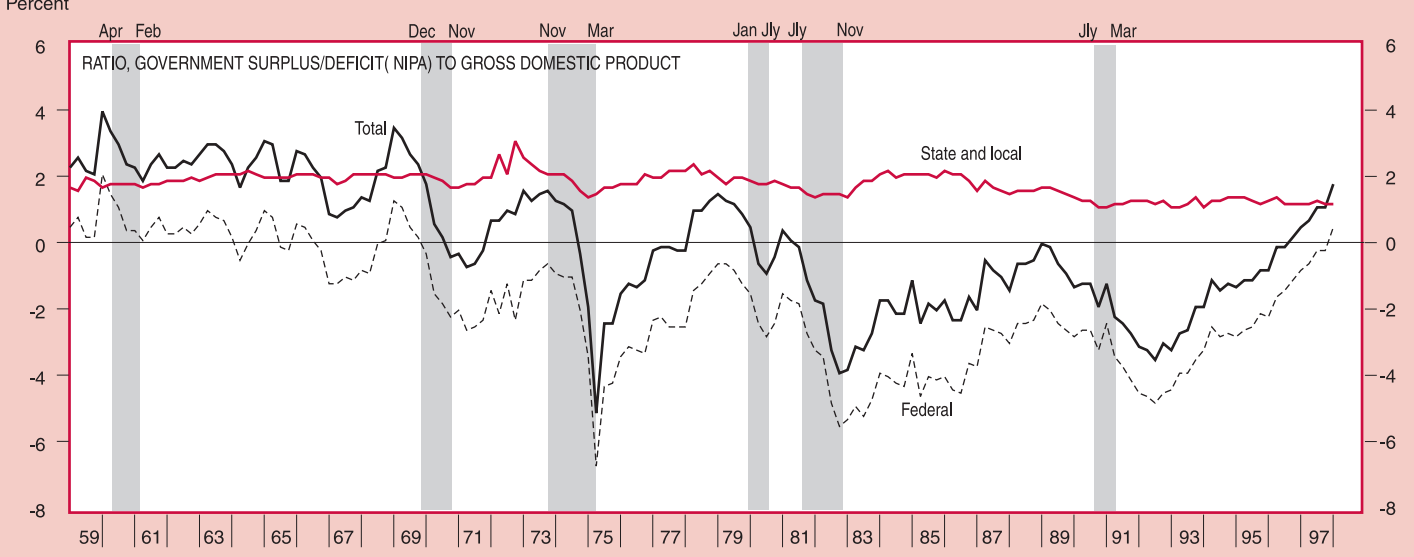
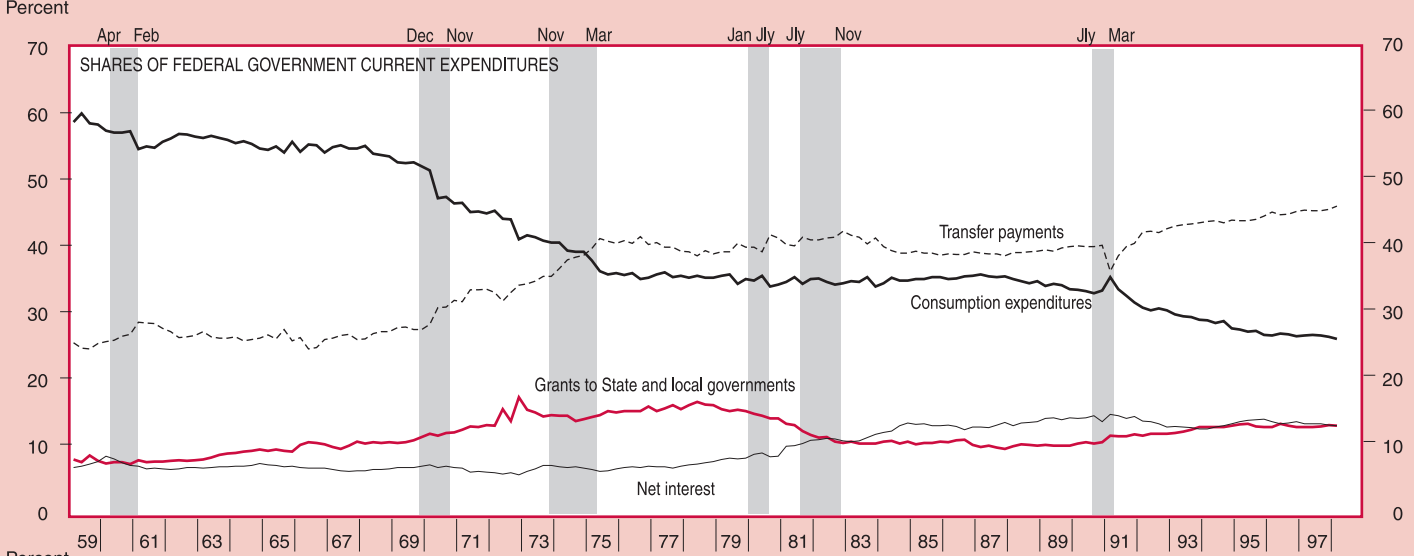
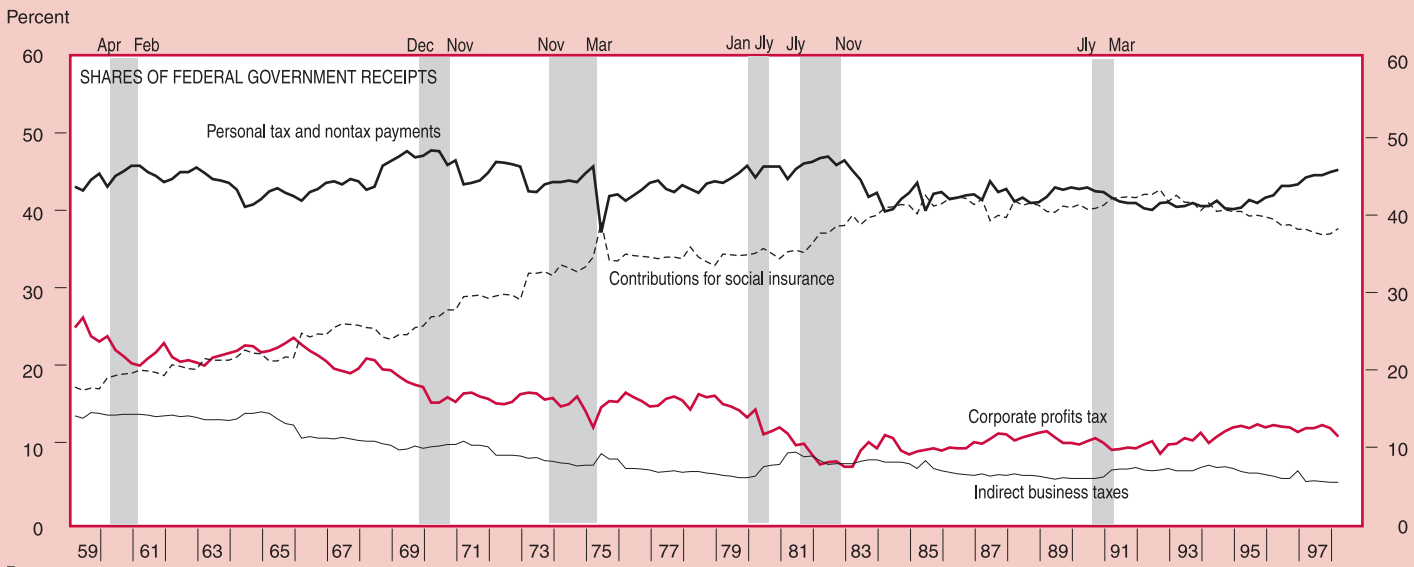
4. Bureau of the Census
n.e.c. Not elsewhere classified

E. Charts

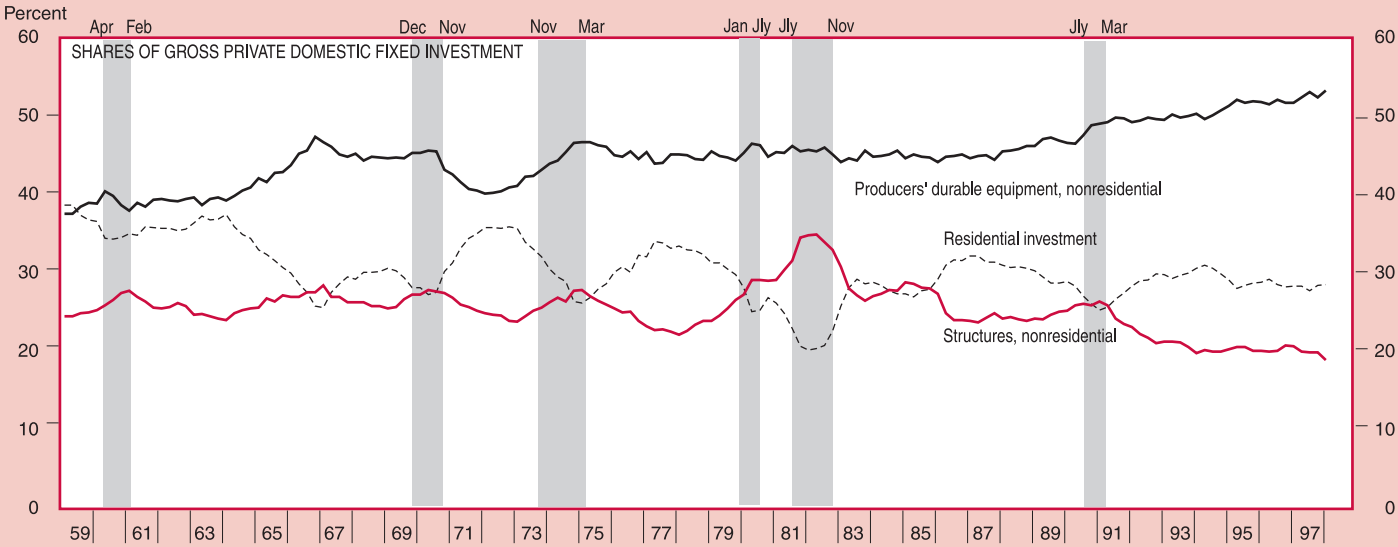
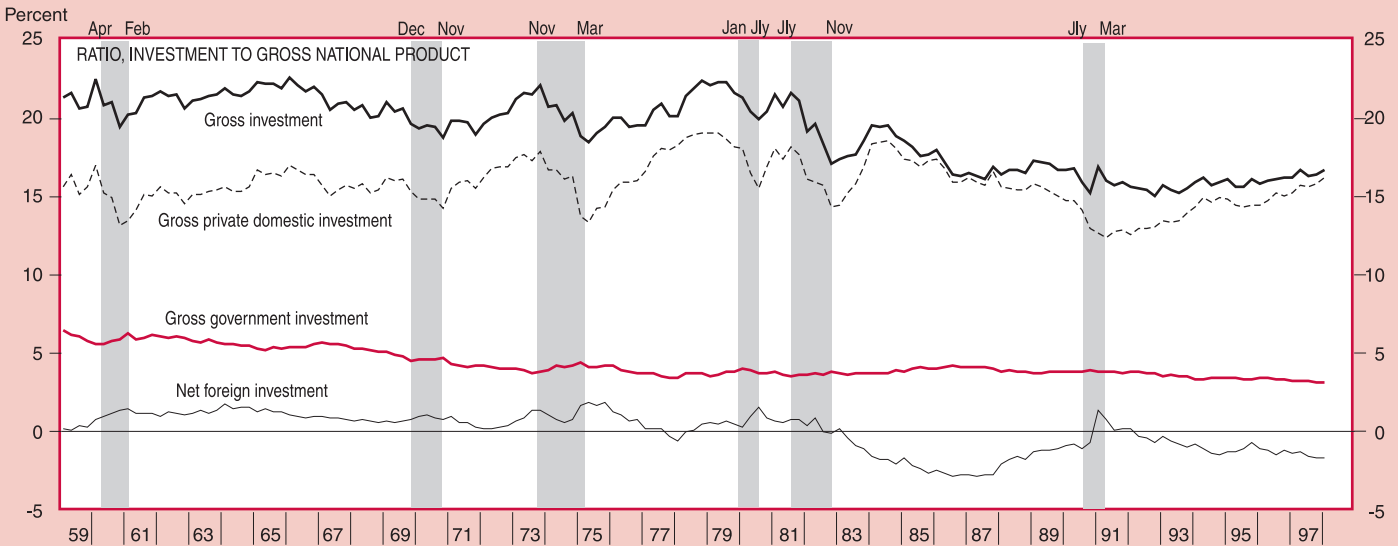
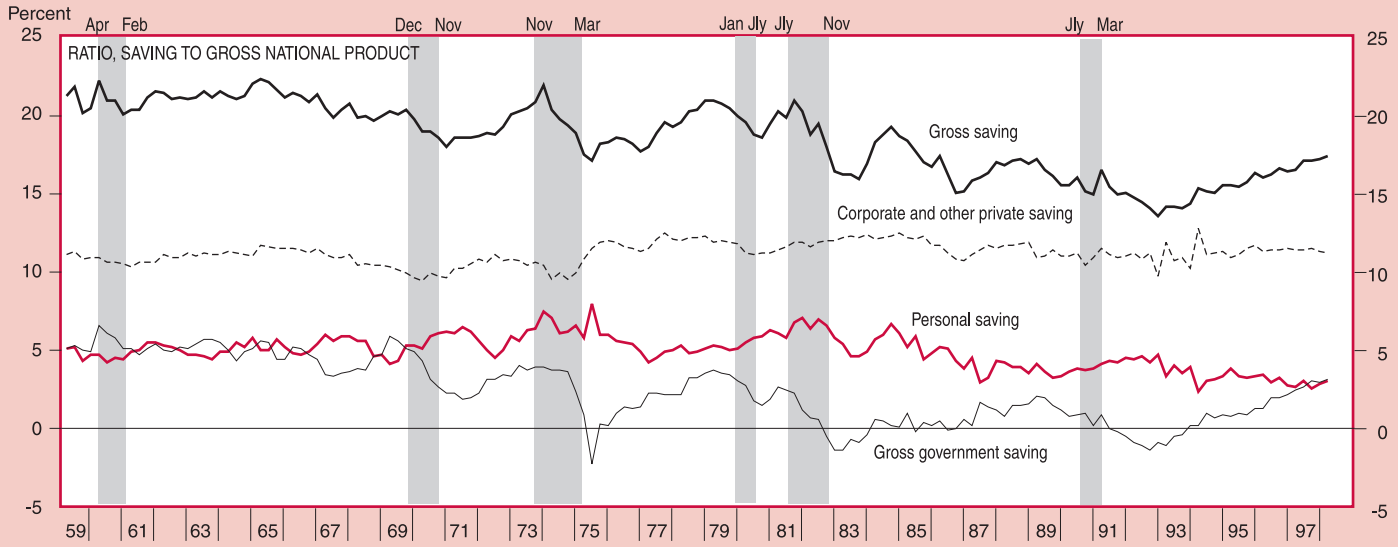
Percent changes shown in this section are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates; likewise, levels of series are expressed at seasonally adjusted annual rates as appropriate.



SELECTED NIPA SERIES

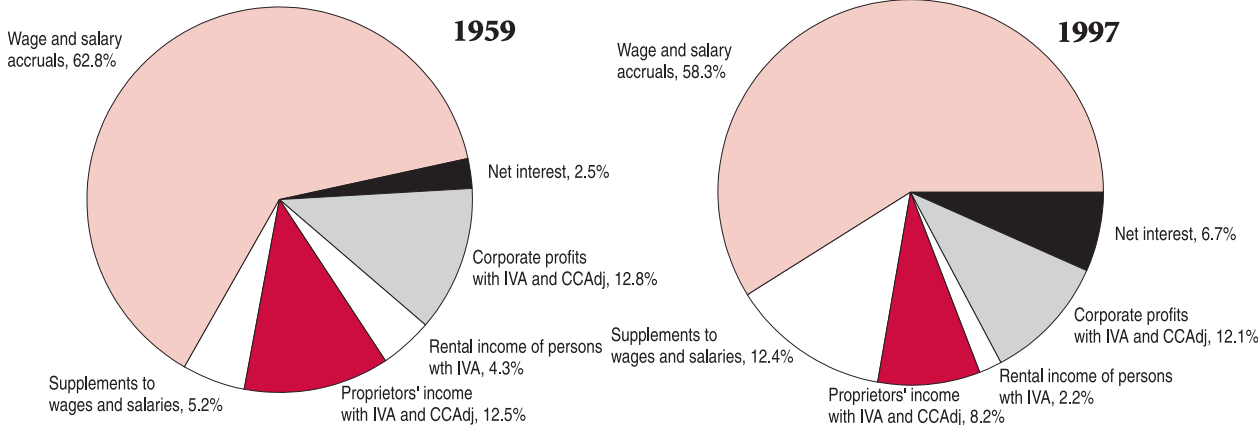


SELECTED NIPA SERIES

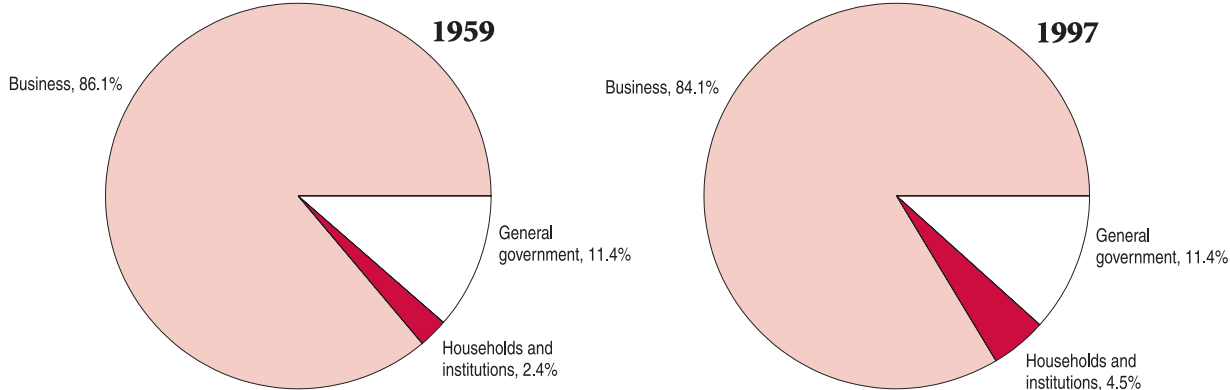


SELECTED NIPA SERIES

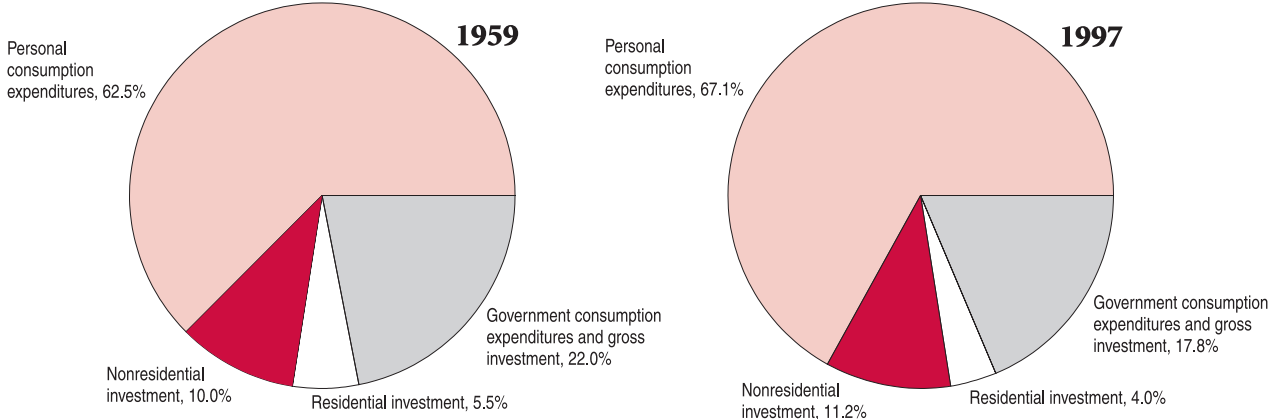
SHARES OF NATIONAL INCOME



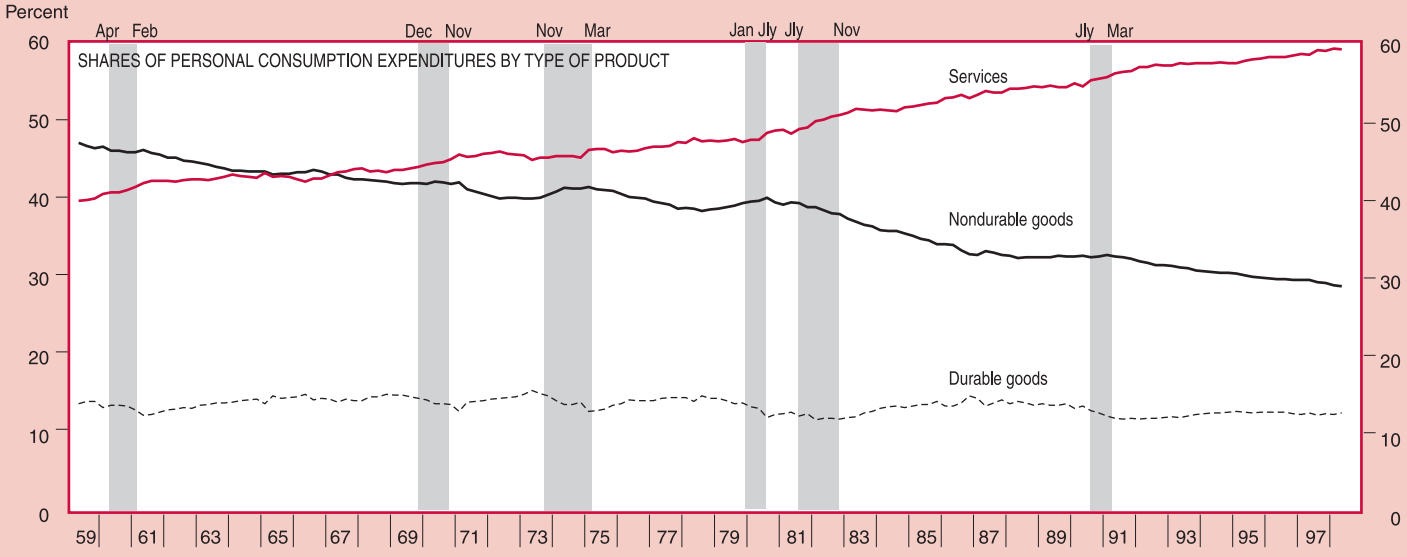
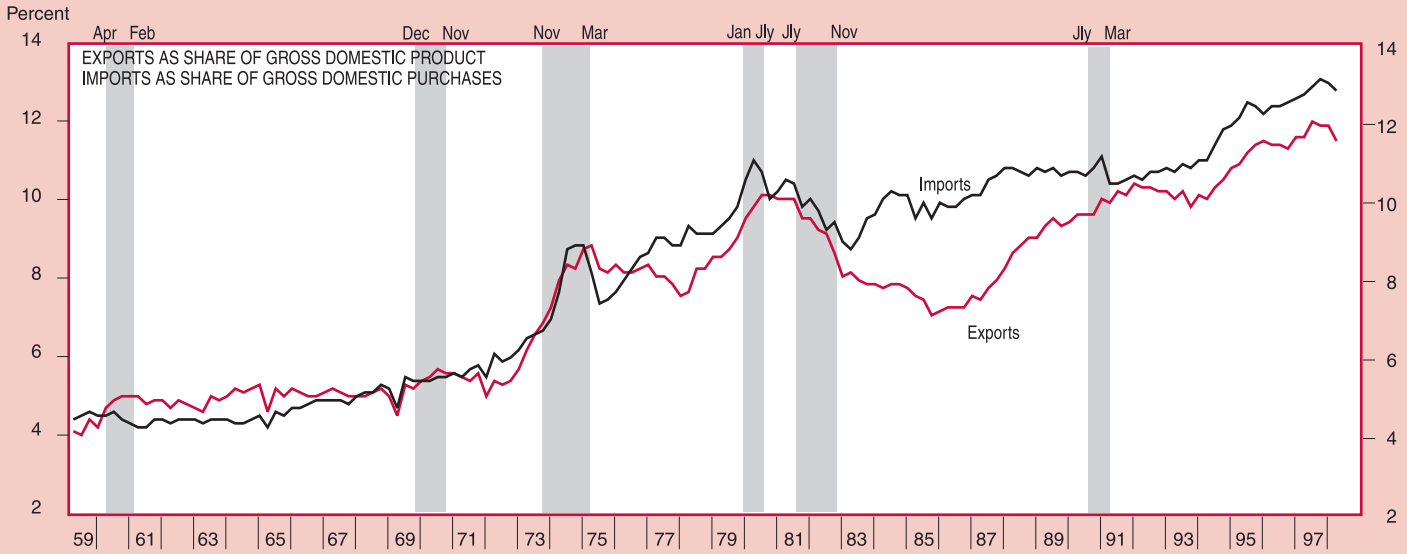
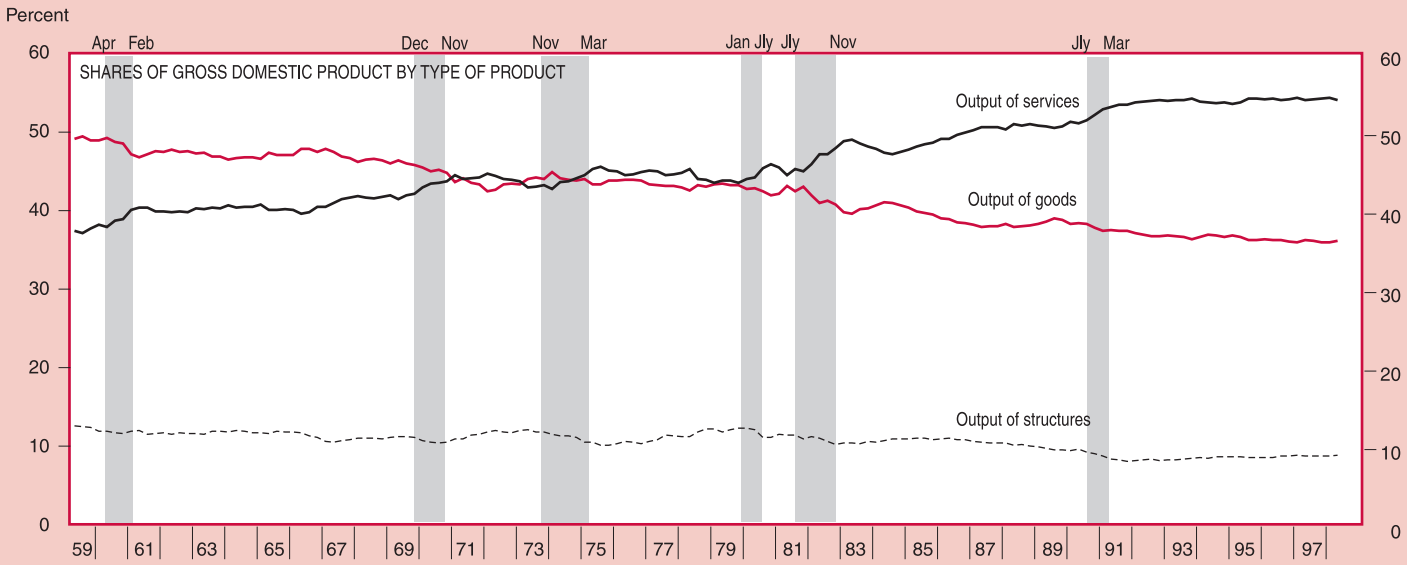
SHARES OF GROSS DOMESTIC PRODUCT BY SECTOR



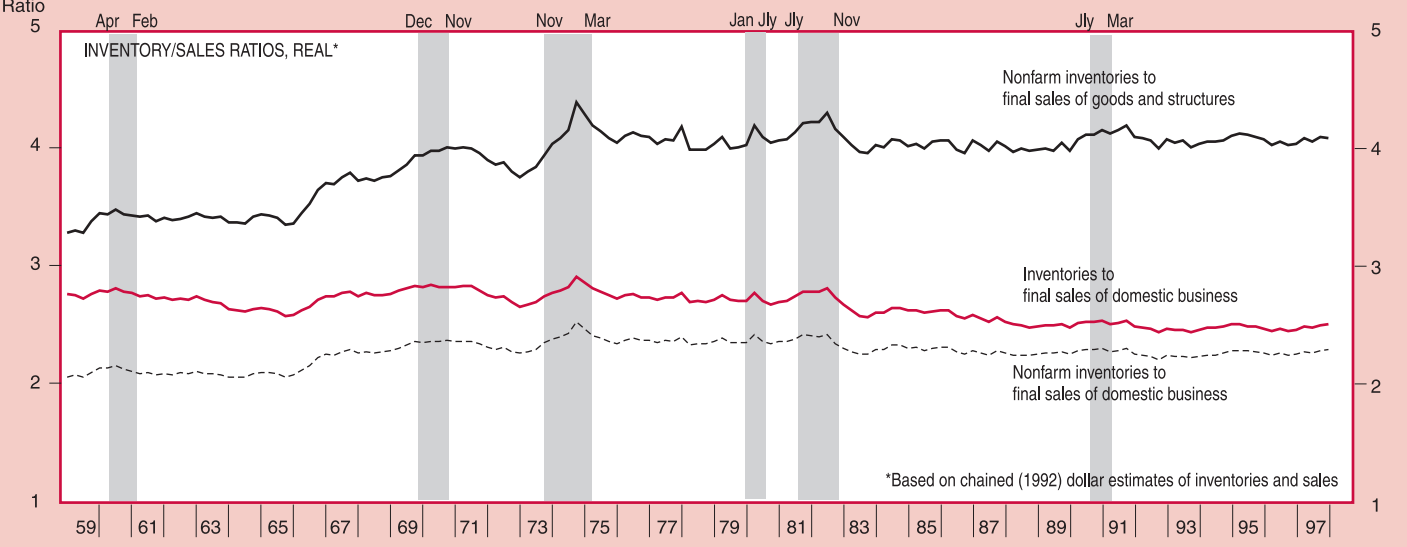
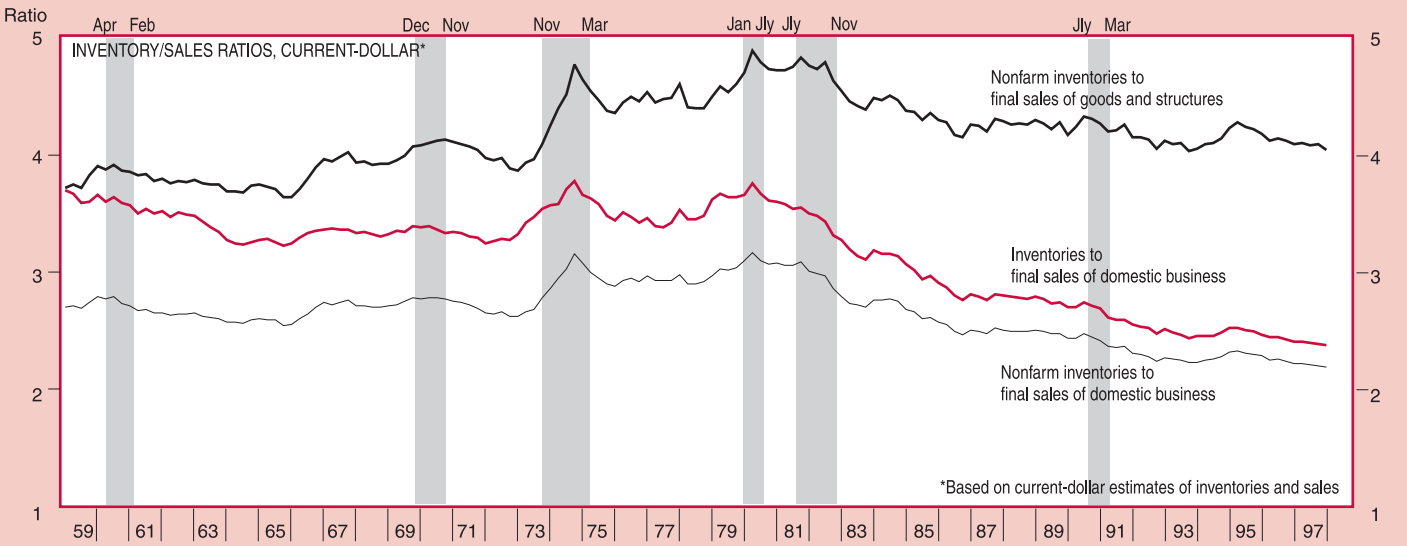
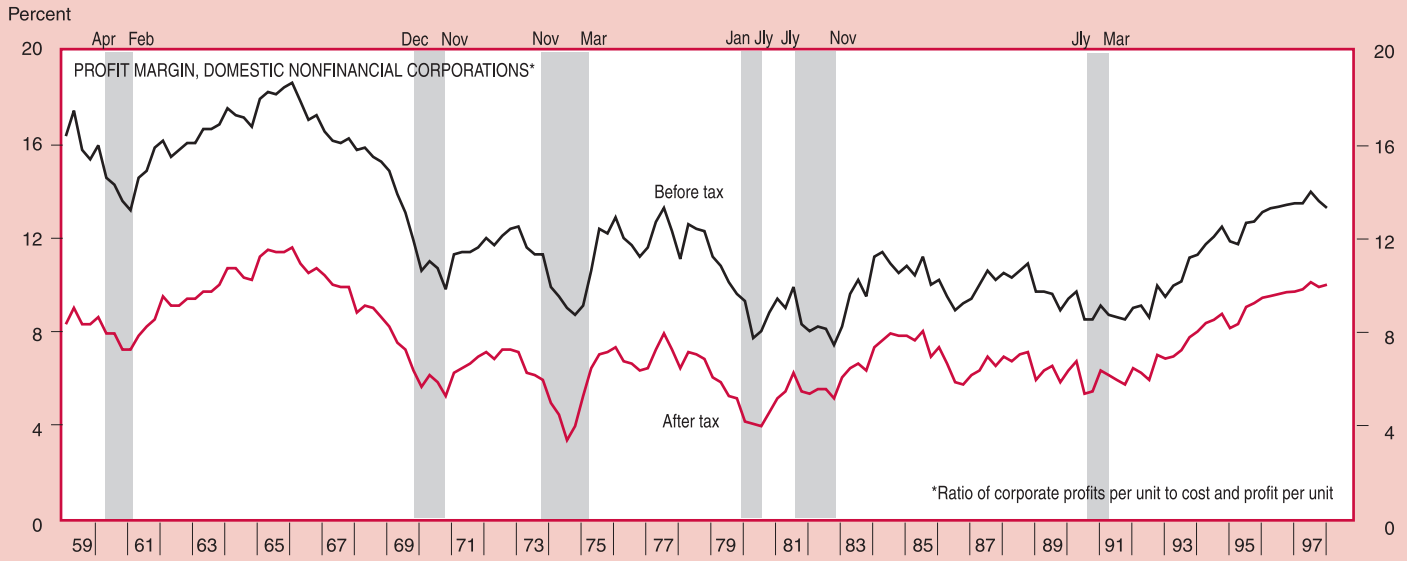
SHARES OF GROSS DOMESTIC PURCHASES



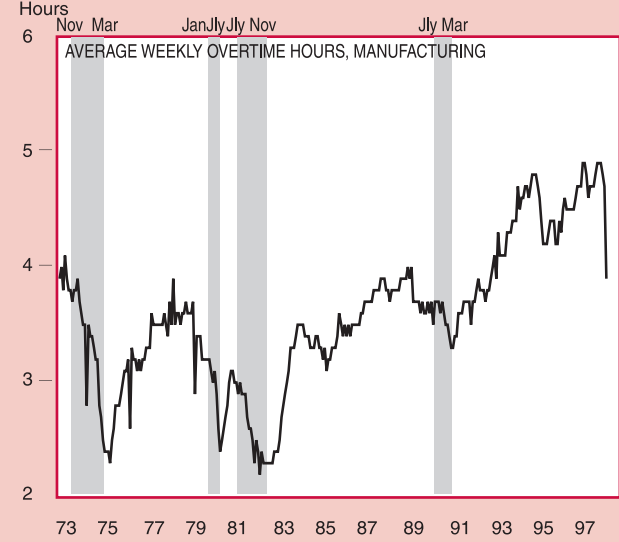
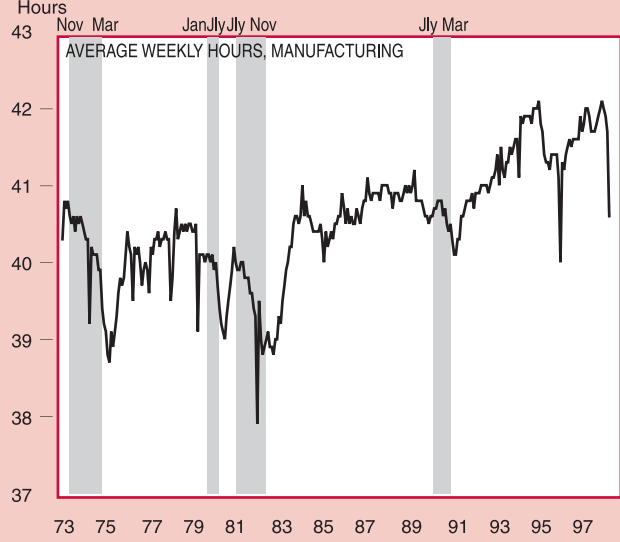
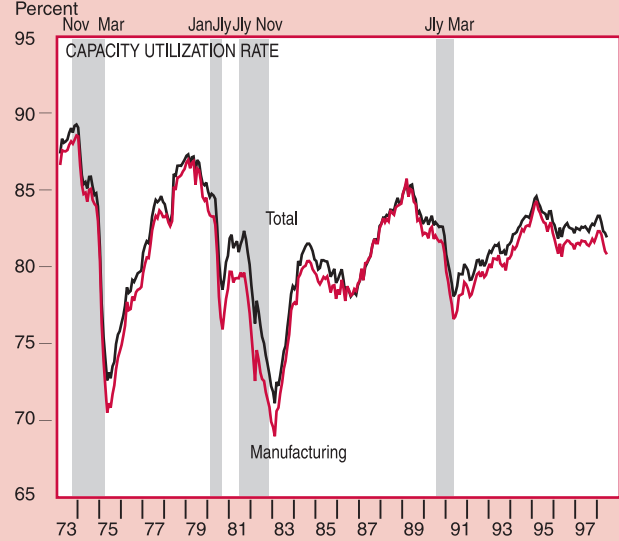
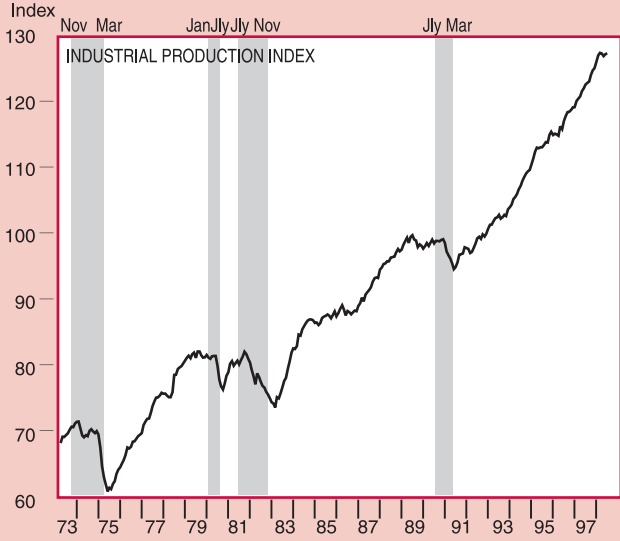
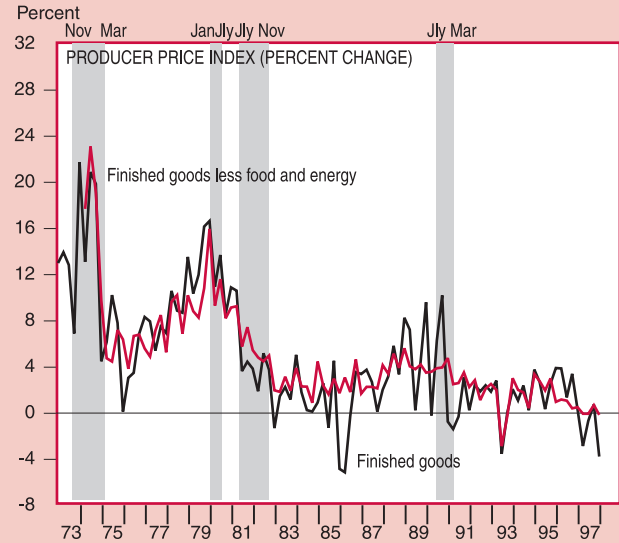
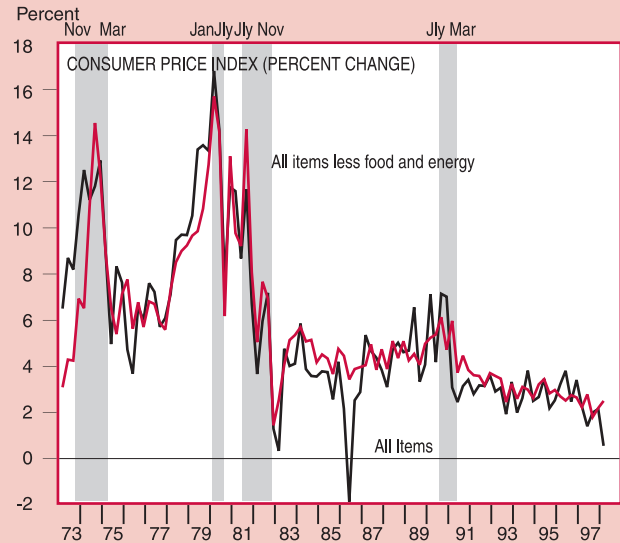
SELECTED NIPA SERIES



SELECTED NIPA SERIES



OTHER INDICATORS OF THE DOMESTIC ECONOMY



OTHER INDICATORS OF THE DOMESTIC ECONOMY

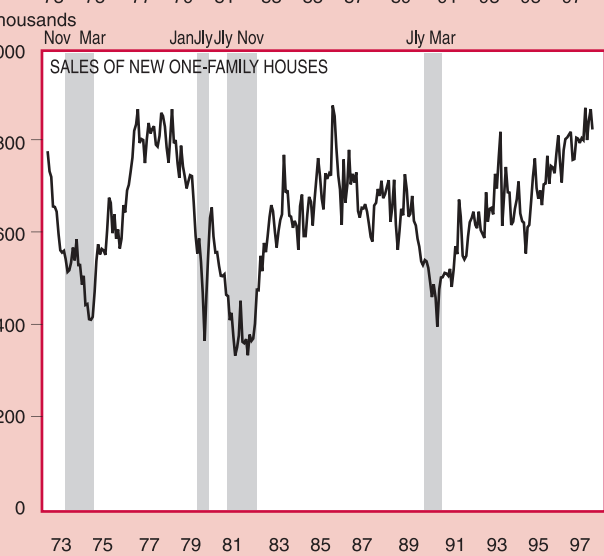
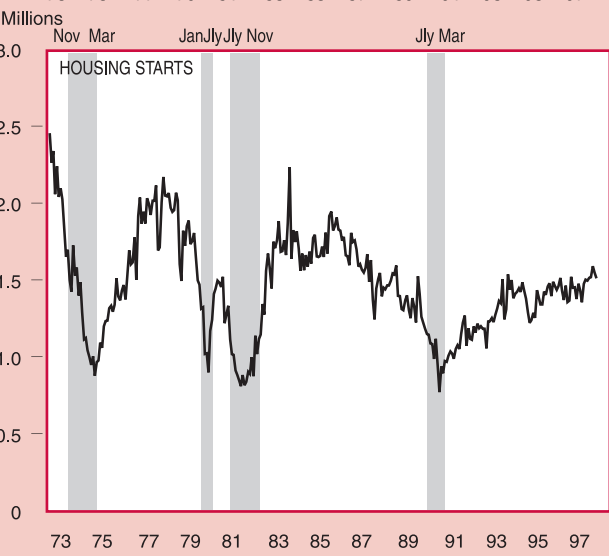
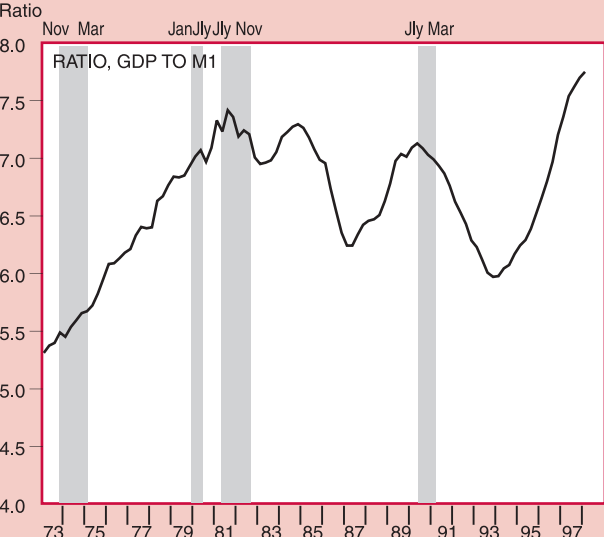
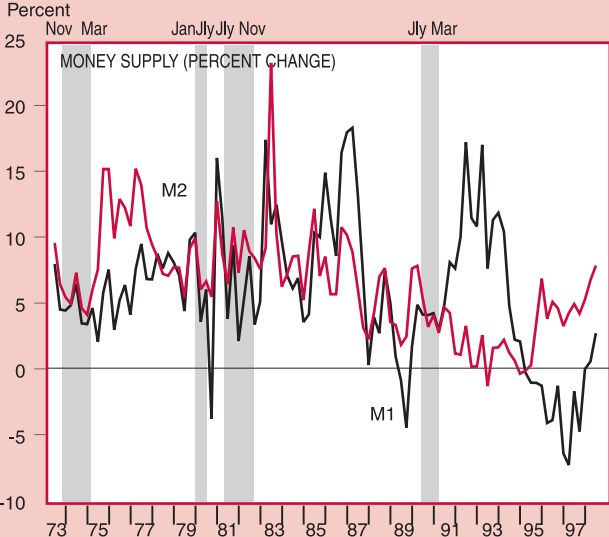
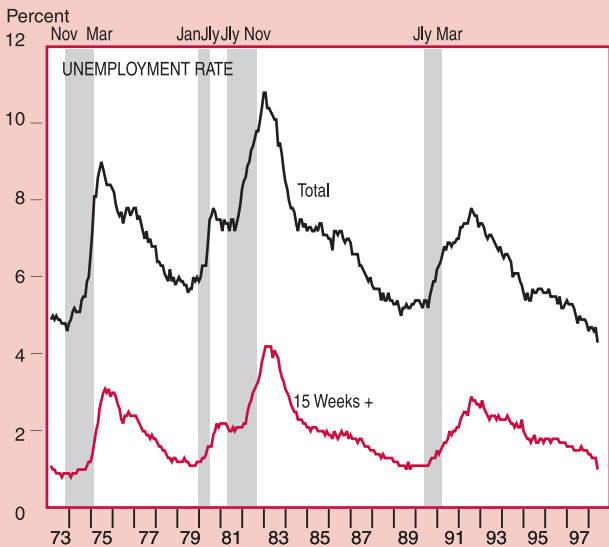


Table F.3.—Selected U.S. International Transactions, by Area—Continued
[Millions of dollars]

Table with columns: Line, (Credits +; debits -) 1, Australia (1997: II, III r, IV p), Other countries in Asia and Africa (1997: II, III r, IV p), International organizations and unallocated 16 (1997: II, III r, IV p). Rows include Exports of goods, services, and income; Imports of goods, services, and income; U.S. assets abroad, net; Foreign assets in the United States, net; Allocations of special drawing rights; and Memoranda.

14. The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.

15. The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.

16. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also

includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.

17. Details not shown separately; see totals in lines 49 and 56.

18. Details not shown separately are included in line 61.

NOTE.—The data in tables F.2 and F.3 are from tables 1 and 10 in "U.S. International Transactions, Fourth Quarter and Year 1997" in the April 1998 issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

Table F.4.—Private Service Transactions

[Millions of dollars]

Line		1996	1997 ^P	Seasonally adjusted					
				1996		1997			
				III	IV	I ^r	II ^r	III ^r	IV ^P
1	Exports of private services	221,224	237,261	55,540	57,427	58,343	59,417	59,936	59,567
2	Travel (table F.2, line 5)	69,908	74,407	17,659	18,183	18,585	18,634	18,732	18,456
3	Passenger fares (table F.2, line 6)	20,557	21,710	5,237	5,282	5,316	5,508	5,468	5,418
4	Other transportation (table F.2, line 7)	27,216	28,194	6,716	7,142	7,001	7,045	6,939	7,210
5	Freight	11,161	11,691	2,747	2,941	2,910	2,920	2,877	2,986
6	Port services	14,691	15,001	3,625	3,861	3,722	3,749	3,685	3,847
7	Other	1,364	1,503	343	339	370	377	378	378
8	Royalties and license fees (table F.2, line 8)	29,974	30,269	7,495	7,703	7,688	7,608	7,520	7,452
9	Affiliated,	23,760	23,411	5,929	6,091	6,022	5,901	5,785	5,703
10	U.S. parents' receipts	21,916	21,977	5,505	5,445	5,755	5,452	5,402	5,369
11	U.S. affiliates' receipts	1,844	1,434	424	646	267	449	383	334
12	Unaffiliated	6,214	6,857	1,566	1,612	1,666	1,707	1,735	1,749
13	Industrial processes ¹	3,979	4,456	1,006	1,040	1,080	1,109	1,129	1,139
14	Other ²	2,235	2,402	560	573	587	598	607	610
15	Other private services (table F.2, line 9)	73,569	82,681	18,433	19,117	19,753	20,622	21,277	21,031
16	Affiliated services,	22,810	25,483	5,777	5,840	6,103	6,425	6,622	6,334
17	U.S. parents' receipts	13,763	14,997	3,410	3,431	3,623	3,802	3,776	3,796
18	U.S. affiliates' receipts	9,047	10,486	2,367	2,409	2,480	2,623	2,846	2,538
19	Unaffiliated services	50,759	57,198	12,656	13,277	13,650	14,197	14,655	14,697
20	Education	7,807	8,134	1,998	1,955	1,986	2,003	2,074	2,071
21	Financial services	8,034	10,104	1,925	2,325	2,259	2,492	2,701	2,652
22	Insurance, net	2,121	2,558	561	597	620	637	648	654
23	Premiums received	6,179	6,744	1,567	1,609	1,650	1,681	1,702	1,712
24	Losses paid	4,058	4,186	1,006	1,012	1,030	1,044	1,054	1,058
25	Telecommunications	3,405	3,596	838	850	845	895	913	944
26	Business, professional, and technical services	19,247	22,116	4,847	4,985	5,287	5,543	5,642	5,644
27	Other unaffiliated services ³	10,145	10,690	2,486	2,565	2,653	2,627	2,677	2,732
28	Imports of private services	143,086	153,787	35,873	36,257	37,777	38,459	38,710	38,841
29	Travel (table F.2, line 19)	48,739	52,029	11,915	12,241	13,004	12,989	12,813	13,224
30	Passenger fares (table F.2, line 20)	15,776	16,927	3,920	4,053	4,272	4,190	4,166	4,298
31	Other transportation (table F.2, line 21)	28,453	29,771	7,218	7,166	7,377	7,541	7,368	7,484
32	Freight	16,879	17,799	4,312	4,130	4,319	4,637	4,447	4,396
33	Port services	10,792	11,162	2,709	2,838	2,844	2,705	2,730	2,883
34	Other	783	812	198	199	214	200	192	206
35	Royalties and license fees (table F.2, line 22)	7,322	7,512	2,144	1,770	1,797	1,846	2,043	1,826
36	Affiliated,	5,301	5,932	1,264	1,376	1,401	1,461	1,629	1,441
37	U.S. parents' payments	554	742	136	164	155	172	192	224
38	U.S. affiliates' payments	4,748	5,190	1,128	1,212	1,246	1,289	1,437	1,217
39	Unaffiliated	2,021	1,580	880	394	396	385	414	385
40	Industrial processes ¹	1,126	1,159	288	292	291	290	289	289
41	Other ²	895	421	592	103	106	95	125	96
42	Other private services (table F.2, line 23)	42,796	47,548	10,676	11,027	11,327	11,893	12,320	12,009
43	Affiliated services,	16,026	17,610	4,073	4,130	4,227	4,368	4,600	4,415
44	U.S. parents' payments	7,505	8,630	1,935	1,867	1,979	2,145	2,251	2,255
45	U.S. affiliates' payments	8,521	8,980	2,138	2,263	2,248	2,223	2,349	2,160
46	Unaffiliated services	26,770	29,938	6,603	6,897	7,100	7,525	7,720	7,594
47	Education	1,041	1,131	262	269	276	279	285	291
48	Financial services	3,184	4,059	769	859	888	1,106	1,182	883
49	Insurance, net	4,387	4,817	1,047	1,064	1,139	1,195	1,232	1,251
50	Premiums paid	15,473	16,525	3,877	3,947	4,046	4,119	4,168	4,192
51	Losses recovered	11,086	11,708	2,830	2,884	2,907	2,924	2,936	2,941
52	Telecommunications	8,385	8,576	2,066	2,089	2,076	2,137	2,157	2,205
53	Business, professional, and technical services	5,253	6,464	1,335	1,406	1,540	1,612	1,648	1,664
54	Other unaffiliated services ³	4,520	4,891	1,122	1,210	1,180	1,196	1,215	1,299
Memoranda:									
55	Balance on goods (table F.2, line 64)	-191,170	-198,934	-52,493	-48,190	-49,844	-47,188	-52,001	-49,901
56	Balance on private services (line 1 minus line 28)	78,138	83,474	19,667	21,170	20,566	20,958	21,226	20,726
57	Balance on goods and private services (lines 55 and 56)	-113,032	-115,460	-32,826	-27,020	-29,278	-26,230	-30,775	-29,175

^P Preliminary.^r Revised.

1. Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.

2. Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign govern-

ments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

NOTE.—The data in this table are from table 3 in "U.S. International Transactions, Fourth Quarter and Year 1997" in the April 1998 issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

G. Investment Tables

Table G.1.—International Investment Position of the United States at Yearend, 1995 and 1996

[Millions of dollars]

Line	Type of investment	Position 1995 ^r	Changes in position in 1996 (decrease (-))					Position 1996 ^r
			Attributable to:				Total (a+b+c+d)	
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes ¹	Other changes ²		
		(a)	(b)	(c)	(d)			
1	Net international investment position of the United States:							
2	With direct investment positions at current cost (line 3 less line 24) ...	-687,702	-195,111	32,038	-22,195	2,446	-182,822	-870,524
	With direct investment positions at market value (line 4 less line 25) ...	-637,480	-195,111	39,063	-46,339	8,564	-193,823	-831,303
	U.S. assets abroad:							
3	With direct investment positions at current cost (lines 5+10+15)	3,272,731	352,444	121,367	-21,849	-3,964	447,998	3,720,729
4	With direct investment positions at market value (lines 5+10+16)	3,700,432	352,444	267,858	-45,567	9,373	584,108	4,284,540
5	U.S. official reserve assets	176,061	-6,668	-4,581	-4,073		-15,322	160,739
6	Gold	101,279		³ -4,581		-4,581	96,698	
7	Special drawing rights	11,037	-370		-355		-725	10,312
8	Reserve position in the International Monetary Fund	14,649	1,280		-494		786	15,435
9	Foreign currencies	49,096	-7,578		-3,224		-10,802	38,294
10	U.S. Government assets, other than official reserve assets	81,897	690		-34	1	657	82,554
11	U.S. credits and other long-term assets ⁴	79,958	796		-1	1	796	80,754
12	Repayable in dollars	79,178	846			-12	834	80,012
13	Other ⁵	780	-50		-1	13	-38	742
14	U.S. foreign currency holdings and U.S. short-term assets	1,939	-106		-33		-139	1,800
	U.S. private assets:							
15	With direct investment at current cost (lines 17+19+22+23)	3,014,773	358,422	125,948	-17,742	-3,965	462,663	3,477,436
16	With direct investment at market value (lines 18+19+22+23)	3,442,474	358,422	272,439	-41,460	9,372	598,773	4,041,247
	Direct investment abroad:							
17	At current cost	884,290	87,813	7,375	-4,726	-3,954	86,508	970,798
18	At market value	1,311,991	87,813	153,866	-28,444	9,383	222,618	1,534,609
19	Foreign securities	1,054,352	108,189	118,573	-7,675		219,087	1,273,439
20	Bonds	355,284	49,403	806	-7,521		42,688	397,972
21	Corporate stocks	699,068	58,786	117,767	-154		176,399	875,467
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	307,982	64,234		-3,161		61,073	369,055
23	U.S. claims reported by U.S. banks, not included elsewhere	768,149	98,186		-2,180	-11	95,995	864,144
	Foreign assets in the United States:							
24	With direct investment at current cost (lines 26+33)	3,960,433	547,555	89,329	346	-6,410	630,820	4,591,253
25	With direct investment at market value (lines 26+34)	4,337,912	547,555	228,795	772	809	777,931	5,115,843
26	Foreign official assets in the United States	678,451	122,354	4,345		-1	126,698	805,149
27	U.S. Government securities	498,906	115,634	-4,333			111,301	610,207
28	U.S. Treasury securities	471,508	111,253	-3,802			107,451	578,959
29	Other	27,398	4,381	-531			3,850	31,248
30	Other U.S. Government liabilities ⁷	25,225	720			-1	719	25,944
31	U.S. liabilities reported by U.S. banks, not included elsewhere	107,394	4,722				4,722	112,116
32	Other foreign official assets	46,926	1,278	8,678			9,956	56,882
	Other foreign assets:							
33	With direct investment at current cost (lines 35+37+38+39+42+43)	3,281,982	425,201	84,984	346	-6,409	504,122	3,786,104
34	With direct investment at market value (lines 36+37+38+39+42+43)	3,659,461	425,201	224,450	772	810	651,233	4,310,694
	Direct investment in the United States:							
35	At current cost	654,502	76,955	5,356	-426	-7,335	74,550	729,052
36	At market value	1,031,981	76,955	144,822		-116	221,661	1,253,642
37	U.S. Treasury securities	389,383	155,578	-14,411			141,167	530,550
38	U.S. currency	192,300	17,300				17,300	209,600
39	U.S. securities other than U.S. Treasury securities	999,537	133,798	94,039	-1,887		225,950	1,225,487
40	Corporate and other bonds	534,116	121,194	721	-1,887		120,028	654,144
41	Corporate stocks	465,421	12,604	93,318			105,922	571,343
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	232,891	31,786		5,932	926	38,644	271,535
43	U.S. liabilities reported by U.S. banks, not included elsewhere	813,369	9,784		-3,273		6,511	819,880

^r Preliminary.^r Revised.

1. Represents gains or losses on foreign-currency-denominated assets due to their revaluation at current exchange rates.

2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.

3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.

4. Also includes paid-in capital subscriptions to international financial institutions and outstanding

amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

5. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

6. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

NOTE.—The data in this table are from table 1 in "International Investment Position of the United States in 1996" in the July 1997 issue of the SURVEY OF CURRENT BUSINESS.

Table G.2.—U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 1994–96

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
All countries, all industries	640,320	717,554	796,494	68,272	85,115	85,560	68,597	87,448	95,067
By country									
Canada	78,018	85,441	91,587	6,760	8,435	6,875	5,873	8,812	8,642
Europe	320,135	360,994	399,632	28,785	45,292	45,274	30,468	41,320	46,183
<i>Of which:</i>									
France	28,204	32,950	34,000	2,586	5,726	5,221	1,296	2,728	3,322
Germany	38,467	44,226	44,259	2,217	4,373	955	3,107	4,783	4,286
Netherlands	29,558	39,344	44,667	6,331	8,420	7,140	5,081	6,890	7,991
United Kingdom	121,321	122,767	142,560	7,177	4,515	18,310	8,082	11,384	13,862
Latin America and Other Western Hemisphere	115,093	128,252	144,209	19,010	14,753	14,299	16,299	15,221	17,404
<i>Of which:</i>									
Brazil	18,400	23,706	26,166	3,517	4,899	3,064	4,756	3,515	3,879
Mexico	16,169	15,980	18,747	3,674	2,955	2,747	2,497	1,369	2,931
Africa	5,606	6,383	7,568	332	873	1,221	1,395	1,861	1,963
Middle East	6,741	7,669	8,743	242	905	1,044	964	1,393	1,458
Asia and Pacific	111,373	125,834	140,402	13,121	15,241	14,752	13,474	18,542	18,937
<i>Of which:</i>									
Australia	20,217	25,003	28,769	32	6,450	3,789	2,392	3,402	2,979
Japan	36,524	38,406	39,593	2,384	1,079	1,817	2,379	4,117	3,950
International	3,355	2,981	4,352	22	-384	2,096	124	300	480
By industry									
Petroleum	67,104	70,229	75,479	1,690	2,437	6,144	7,177	9,730	11,960
Manufacturing	211,431	250,253	272,564	23,953	42,531	28,530	26,699	35,065	34,975
Food and kindred products	29,588	32,439	36,179	3,764	2,871	3,280	4,690	4,728	4,684
Chemicals and allied products	49,128	62,151	69,430	4,992	18,477	7,835	6,839	8,877	10,001
Primary and fabricated metals	10,017	12,032	13,603	819	1,935	5,009	896	1,365	1,004
Industrial machinery and equipment	26,781	33,716	35,020	2,010	5,286	2,016	2,177	4,373	4,579
Electronic and other electric equipment	19,925	25,242	29,519	2,867	4,995	4,513	3,234	4,494	4,374
Transportation equipment	29,420	33,972	33,543	5,993	4,636	714	3,539	3,952	3,429
Other manufacturing	46,572	50,701	55,270	3,508	4,330	5,163	5,324	7,277	6,903
Wholesale trade	62,608	67,222	72,462	6,325	8,511	7,048	7,753	9,191	9,272
Banking	26,693	28,123	32,504	1,786	714	1,329	3,785	2,889	3,767
Finance (except banking), insurance, and real estate	213,175	228,744	257,213	22,982	12,109	28,985	18,302	23,757	27,797
Services	26,734	32,769	36,673	5,613	7,702	3,644	2,796	3,815	3,997
Other industries	32,575	40,213	49,600	5,924	11,113	9,880	2,085	3,002	3,299

NOTE.—In this table, unlike in the international transactions accounts, income and capital outflows are shown without a current-cost adjustment, and income is shown net of withholding taxes. In addition, unlike in the international investment position, the direct investment position is valued at historical cost.

The data in this table are from tables 17 and 18 in "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996" in the September 1997 SURVEY OF CURRENT BUSINESS.

Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates of U.S. Companies, by Country and by Industry of Affiliate, 1995

	Number of affiliates	Millions of dollars			Number of employees (thousands)
		Total assets	Sales	Net income	
All countries, all industries	21,318	2,815,141	2,140,438	124,675	7,377.0
By country					
Canada	2,023	246,242	231,081	8,313	918.1
Europe	10,435	1,567,904	1,176,126	63,083	3,014.5
<i>Of which:</i>					
France	1,226	135,906	124,457	4,303	413.9
Germany	1,358	219,538	234,169	6,467	596.3
Italy	757	59,468	68,550	2,315	198.7
Netherlands	999	139,078	112,182	11,492	138.8
Switzerland	505	132,464	60,128	7,203	50.6
United Kingdom	2,393	641,348	363,372	14,338	928.8
Latin America and Other Western Hemisphere	3,256	316,495	191,340	23,419	1,485.2
<i>Of which:</i>					
Brazil	400	48,477	44,536	5,073	299.9
Mexico	823	59,115	61,122	4,732	743.6
Africa	502	22,604	20,587	1,845	126.5
Middle East	338	30,231	21,703	2,899	73.4
Asia and Pacific	4,665	614,555	492,181	24,464	1,747.6
<i>Of which:</i>					
Australia	855	81,055	63,056	2,944	258.7
Japan	1,006	280,164	211,821	4,979	414.9
International	99	17,110	7,421	653	11.8
By industry					
Petroleum	1,520	272,087	428,030	13,981	230.9
Manufacturing	8,023	779,339	984,868	53,795	4,376.6
Food and kindred products	764	99,571	113,166	7,064	554.4
Chemicals and allied products	1,942	180,964	189,096	15,695	591.9
Primary and fabricated metals	722	35,266	36,862	1,227	195.7
Industrial machinery and equipment	1,033	112,921	159,205	7,611	529.4
Electronic and other electric equipment	855	71,483	95,395	6,443	846.0
Transportation equipment	469	124,721	218,333	4,406	697.6
Other manufacturing	2,238	154,413	172,811	11,348	961.5
Wholesale trade	4,878	206,015	367,515	15,124	538.3
Finance (except banking), insurance, and real estate	2,742	1,229,643	108,441	30,507	191.0
Services	2,671	114,995	100,035	4,050	779.8
Other industries	1,484	213,062	151,548	7,219	1,260.4

NOTE.—The data in this table are from "U.S. Multinational Companies: Operations in 1995" in the October 1997 SURVEY OF CURRENT BUSINESS.

Table G.4.—Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of Affiliate, 1994–96

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
All countries, all industries	496,539	560,850	630,045	46,995	69,414	78,828	21,286	32,029	33,759
By country									
Canada	41,959	48,258	53,845	4,960	7,080	5,670	2,996	3,911	3,285
Europe	303,649	357,193	410,425	28,002	55,300	59,809	16,059	22,975	25,806
<i>Of which:</i>									
France	33,603	38,480	49,307	3,881	4,500	10,928	-63	1,722	2,654
Germany	40,345	49,269	62,242	7,144	10,229	16,283	2,256	1,908	2,097
Netherlands	67,210	65,806	73,803	-3,174	-1,789	8,225	4,120	5,212	6,294
United Kingdom	104,867	126,177	142,607	8,076	20,446	18,929	7,232	11,006	9,220
Latin America and Other Western Hemisphere	26,070	25,240	24,627	4,767	-1,121	131	1,391	1,349	1,557
<i>Of which:</i>									
Brazil	629	751	591	-8	97	-99	88	91	34
Mexico	2,412	1,980	1,078	1,248	-470	-447	2	81	-8
Africa	1,230	1,164	717	44	-66	-440	-19	54	-113
Middle East	6,674	6,008	6,177	161	-298	555	54	209	141
Asia and Pacific	116,956	122,986	134,255	9,061	8,519	13,104	805	3,531	3,084
<i>Of which:</i>									
Australia	8,080	7,833	9,747	1,101	504	2,129	-268	112	-31
Japan	102,999	107,933	118,116	6,238	6,591	11,930	985	3,405	3,106
By industry									
Petroleum	32,290	33,888	42,343	1,665	3,152	8,113	1,902	2,970	4,190
Manufacturing	189,459	213,026	234,323	19,673	27,849	29,112	10,788	15,886	17,262
Food and kindred products	21,411	26,898	28,089	-1,375	5,596	2,439	2,134	1,709	1,780
Chemicals and allied products	66,028	71,367	74,810	10,820	11,306	6,880	4,643	6,202	6,247
Primary and fabricated metals	14,320	14,085	18,727	1,982	312	5,280	-216	1,273	1,060
Machinery	35,196	37,638	37,093	3,826	3,986	-35	1,165	2,316	1,739
Other manufacturing	52,504	63,037	75,604	4,419	6,648	14,548	3,063	4,386	6,436
Wholesale trade	63,792	66,393	77,937	5,785	6,453	9,799	2,611	3,863	3,548
Retail trade	11,857	12,743	15,008	1,532	1,207	2,140	399	544	496
Depository institutions	27,139	34,076	31,903	3,800	6,566	562	2,837	4,725	2,626
Finance, except depository institutions	41,000	62,369	70,185	3,652	16,681	7,775	831	697	714
Insurance	38,833	50,975	59,566	2,759	4,114	7,739	2,237	1,913	3,048
Real estate	31,613	29,704	30,118	259	-880	388	-680	-623	62
Services	37,045	32,887	38,945	2,303	1,946	8,618	-345	212	396
Other industries	23,511	24,788	29,716	5,570	2,326	4,583	705	1,841	1,418

NOTE.—In this table, unlike in the international transactions accounts, income and capital inflows are shown without a current-cost adjustment, and income is shown net of withholding taxes. In addition, unlike in the international investment position, the direct investment position is valued at historical cost.

The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996" in the September 1997 SURVEY OF CURRENT BUSINESS.

Table G.5.—Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies, by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1996

	Number of affiliates	Millions of dollars				Thousands of employees	Millions of dollars	
		Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
All countries, all industries	12,626	2,613,985	1,596,022	21,110	339,485	4,977.5	136,588	252,990
By country								
Canada	1,289	263,862	121,650	5,035	30,026	618.6	5,658	14,123
Europe	5,411	1,507,678	881,931	15,885	218,174	3,103.9	63,104	86,533
<i>Of which:</i>								
France	667	274,775	127,434	3,120	32,584	411.8	18,386	12,888
Germany	1,328	249,891	168,151	3,096	40,467	610.2	13,493	28,304
Netherlands	397	180,292	111,395	2,785	29,299	378.8	4,468	8,969
Switzerland	623	275,890	96,026	310	19,461	306.2	6,457	7,550
United Kingdom	1,203	413,966	277,026	5,890	73,960	972.6	12,354	13,267
Latin America and Other Western Hemisphere	1,088	57,482	53,767	147	12,699	155.4	5,725	10,621
<i>Of which:</i>								
Brazil	78	10,652	4,462	160	283	4.5	1,192	1,241
Mexico	275	8,454	7,982	-643	1,439	35.8	688	2,248
Africa	74	11,708	10,605	733	2,555	22.7	522	560
Middle East	430	26,501	21,024	-258	5,292	61.8	607	5,481
Asia and Pacific	4,249	635,683	487,580	-3,370	65,469	972.9	60,077	134,416
<i>Of which:</i>								
Australia	171	44,617	23,013	243	5,539	77.4	1,268	1,375
Japan	3,240	549,408	418,320	-2,271	54,560	776.4	52,555	117,433
United States	85	111,071	19,466	2,938	5,270	42.2	894	1,255
By industry								
Petroleum	236	114,735	152,832	5,586	32,733	111.8	9,984	21,080
Manufacturing	2,950	578,886	552,023	7,153	156,354	2,213.6	58,821	78,531
Food and kindred products	257	58,624	49,562	3,591	11,783	205.4	2,848	3,379
Chemicals and allied products	338	180,996	134,451	549	42,095	409.8	15,656	14,254
Primary and fabricated metals	407	60,804	62,902	1,010	16,079	233.3	4,066	7,390
Machinery	736	95,234	124,066	-737	31,863	536.8	20,575	28,733
Other manufacturing	1,212	183,228	181,042	2,738	54,534	828.4	15,677	24,776
Wholesale trade	2,230	233,829	466,700	2,839	41,973	488.6	62,792	147,958
Retail trade	352	50,063	94,028	377	24,544	821.0	1,507	3,408
Finance, except depository institutions	907	705,181	58,230	64	6,001	49.3	15	21
Insurance	161	575,947	89,625	5,306	10,658	152.0	0	0
Real estate	3,507	100,549	13,903	-1,718	4,984	27.1	7	1
Services	1,283	105,297	56,247	-3,402	21,840	633.8	738	1,173
Other industries	1,000	149,497	112,434	4,907	40,398	480.3	2,725	818

^D Suppressed to avoid disclosure of data of individual companies.

NOTE.—The data in this table are from tables A1 and A2 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1996 Estimates* (forthcoming).

H. International Perspectives

Quarterly data in this table are shown in the middle month of the quarter.

Table H.1.—International Perspectives

	1996	1997	1997										1998			
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Exchange rates per U.S. dollar (not seasonally adjusted)																
Canada (Can./US\$)	1.3725	1.3638	1.3556	1.3725	1.3942	1.3804	1.3843	1.3775	1.3872	1.3872	1.3869	1.4128	1.4271	1.4409	1.4334	1.4166
France (FFr/US\$)	4.9864	5.1158	5.6536	5.7154	5.7672	5.7482	5.8293	6.0511	6.2010	6.0031	5.8954	5.8001	5.9542	6.0832	6.0744	6.1257
Germany (DM/US\$)	1.4321	1.5049	1.6747	1.6946	1.7119	1.7048	1.7277	1.7939	1.8400	1.7862	1.7575	1.7323	1.7788	1.8165	1.8123	1.8272
Italy (L/US\$)	16.2945	15.4276	16.5500	16.9121	16.9452	16.8433	16.9454	17.4591	17.9712	17.4322	17.2109	16.9708	17.4386	17.8787	17.8828	17.9907
Japan (¥/US\$) .....	.9396	1.0878	1.2296	1.2277	1.2564	1.1919	1.1429	1.1538	1.1793	1.2089	1.2106	1.2538	1.2973	1.2955	1.2585	1.2908
Mexico (Peso/US\$)	6.4467	7.6004	7.8023	7.9562	7.9059	7.9037	7.9498	7.8679	7.7818	7.7809	7.8708	8.2716	8.1271	8.2272	8.5021	8.5681
United Kingdom (US\$/£)	1.5785	1.5607	1.6285	1.6096	1.6293	1.6322	1.6449	1.6694	1.6035	1.6013	1.6330	1.6889	1.6597	1.6350	1.6408	1.6619
Addendum:																
Exchange value of the U.S. dollar ¹	84.25	87.34	94.52	95.60	96.39	95.29	95.42	97.48	99.96	98.29	97.07	96.37	98.82	100.52	99.93	100.47
Unemployment rates (percent, seasonally adjusted)																
Canada	9.7	9.2	9.7	9.3	9.5	9.4	9.1	9.0	9.0	9.0	9.1	9.0	8.6	8.9	8.6	8.5
France	12.3	12.5	12.5	12.5	12.5	12.5	12.6	12.5	12.5	12.5	12.5	12.4	12.2	12.1	12.1	12.0
Germany	10.4	11.5	11.2	11.2	11.2	11.4	11.4	11.5	11.6	11.7	11.8	11.8	11.8	11.6	11.5	11.5
Italy	12.1	12.3	12.2			12.4			12.1			12.2			12.0	
Japan	3.4	3.4	3.3	3.2	3.3	3.6	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.5		
Mexico	5.5	3.7	4.1	4.2	4.1	3.9	3.5	3.8	3.5	3.3	3.3	3.4	3.3	3.5	3.5	3.3
United Kingdom	7.5	5.6	6.2	6.1	5.9	5.8	5.7	5.5	5.4	5.3	5.2	5.1	5.0	5.0	4.9	4.9
Addendum:																
United States	5.6	5.4	5.3	5.2	5.0	4.8	5.0	4.9	4.9	4.9	4.8	4.6	4.7	4.7	4.6	4.7
Consumer prices (seasonally adjusted, 1990=100)																
Canada	113.5	115.3	114.9	115.2	115.2	115.3	115.5	115.5	115.7	115.6	115.7	115.5	115.4	116.0	116.1	116.2
France	113.8	115.2	114.9	115.0	115.0	115.2	115.2	115.0	115.3	115.5	115.5	115.7	115.7	115.3	115.7	115.9
Germany (1991=100)	116.5	118.6	118.1	117.9	117.9	118.4	118.6	119.2	119.3	119.0	118.9	118.9	119.1	119.1	119.4	119.2
Italy	133.2	136.0	135.1	135.4	135.6	136.0	136.0	136.0	136.1	136.2	136.6	137.1	137.1	137.5	137.9	138.3
Japan	107.1	109.0	107.6	107.5	109.1	109.0	109.3	109.3	109.5	109.7	109.9	109.7	109.6	109.6	109.7	109.9
Mexico	301.7	364.0	347.6	352.0	355.8	359.0	362.2	365.3	368.6	373.2	376.2	380.4	385.7	394.1	401.0	405.7
United Kingdom	121.1	124.9	122.9	123.2	123.9	124.4	124.9	124.9	125.7	126.3	126.5	126.5	126.9	126.5	127.1	127.5
Addendum:																
United States	120.0	122.9	122.3	122.5	122.5	122.5	122.8	122.9	123.1	123.5	123.7	123.8	123.9	123.9	124.0	124.0
Real gross domestic product (percent change from preceding quarter, seasonally adjusted at annual rates)																
Canada	1.2	3.8	4.7			5.2			3.9			3.0				
France	1.6	2.3	.8			4.6			3.5			3.0				
Germany	1.4	2.3	1.5			3.8			2.9			1.1				
Italy .....	.6	1.5	0			7.7			2.9			.6				
Japan	3.9	.9	8.3			-10.6			3.2			-.7				
Mexico	5.2	7.0	6.4			17.9			4.9			-1.7				
United Kingdom	2.2	3.3	3.3			3.4			3.1			1.3				
Addendum:																
United States	2.8	3.8	4.9			3.3			3.1			3.7			4.8	

See footnotes at the end of the table.

Table H.1.—International Perspectives—Continued

	1996	1997	1997												1998		
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Short-term, 3-month, interest rates (percent, not seasonally adjusted)																	
Canada	4.43	3.53	3.10	3.20	3.41	3.29	3.22	3.51	3.63	3.60	3.76	3.99	4.58	4.62	4.96	4.85	
France	3.94	3.46	3.33	3.36	3.40	3.48	3.43	3.39	3.43	3.41	3.59	3.69	3.69	3.62	3.57	3.57	
Germany	3.31	3.33	3.19	3.26	3.23	3.17	3.14	3.14	3.26	3.31	3.58	3.74	3.74	3.57	3.51	3.52	
Italy	8.82	6.88	7.36	7.43	7.13	6.83	6.88	6.89	6.87	6.67	6.65	6.49	6.08	6.09	6.13	5.62	
Japan .....	.59	.60	.55	.56	.56	.58	.61	.67	.59	.56	.53	.55	.89	.95	1.01	.....
Mexico	32.91	21.26	21.96	22.32	22.37	20.59	21.40	19.40	20.15	20.51	19.91	22.01	19.88	19.37	19.63	20.76	
United Kingdom	6.02	6.83	6.19	6.20	6.37	6.45	6.66	6.95	7.15	7.20	7.25	7.54	7.62	7.48	7.45	7.48	
Addendum:																	
United States	5.51	5.02	5.00	5.14	5.17	5.13	4.92	5.07	5.13	4.97	4.95	5.15	5.16	5.09	5.11	5.03	
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																	
Canada	7.54	6.47	6.74	6.92	7.09	6.90	6.63	6.30	6.30	6.19	5.94	5.76	5.85	5.58	5.60	5.64	
France	6.51	5.67	5.39	5.80	5.93	5.96	5.67	5.50	5.65	5.55	5.80	5.66	5.45	5.26	5.11	5.04	
Germany	6.10	5.50	5.40	5.60	5.70	5.60	5.60	5.40	5.50	5.50	5.50	5.50	5.30	5.10	4.90	4.90	
Italy	8.85	6.55	6.93	7.55	7.37	7.02	6.82	6.38	6.53	6.10	5.90	5.81	5.44	5.21	5.15	4.92	
Japan	2.98	2.11	2.40	2.27	2.36	2.55	2.37	2.12	2.01	1.88	1.62	1.73	1.66	1.77	1.66	1.58	
Mexico .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
United Kingdom	7.82	7.04	7.20	7.46	7.65	7.16	7.13	7.04	7.08	6.80	6.50	6.61	6.36	6.08	6.03	5.95	
Addendum:																	
United States	6.44	6.35	6.42	6.69	6.89	6.71	6.49	6.22	6.30	6.21	6.03	5.88	5.81	5.54	5.57	5.65	
Share price indices (not seasonally adjusted, 1990=100)																	
Canada	154.0	189.0	180.0	171.0	175.0	187.0	188.0	201.0	193.0	206.0	200.0	190.0	196.0	196.0	207.0	221.0	
France	118.0	152.0	145.0	148.0	145.0	149.0	151.0	161.0	161.0	160.0	159.0	151.0	157.0	163.0	175.0	195.0	
Germany	115.6	158.4	138.9	145.8	145.7	154.4	160.2	174.8	176.4	170.2	171.5	161.5	171.2	176.7	188.2	201.1	
Italy	96.0	131.0	119.0	114.0	116.0	119.0	123.0	138.0	139.0	145.0	149.0	145.0	154.0	175.0	189.0	214.0	
Japan	74.0	64.0	64.0	63.0	63.0	68.0	70.0	70.0	68.0	65.0	62.0	57.0	55.0	56.0	58.0	58.0	
Mexico	554.8	779.2	673.7	657.4	658.9	696.1	781.9	888.9	815.3	933.4	815.2	872.5	917.2	801.4	839.2	879.8	
United Kingdom	167.0	189.0	179.0	182.0	179.0	185.0	186.0	190.0	194.0	198.0	203.0	194.0	200.0	205.0	216.0	226.0	
Addendum:																	
United States	195.0	249.0	228.0	227.0	219.0	236.0	249.0	262.0	262.0	267.0	272.0	268.0	275.0	275.0	290.0	306.0	

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries. March 1973=100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see: "Index of the weighted-average exchange value of the U.S. dollar: Revision" on page 700 of the August 1978 *Federal Reserve Bulletin*.

NOTE.—All exchange rates are from the Board of Governors of the Federal Reserve System. U.S. interest rates, unemployment rates, and GDP growth rates are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. All other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1990 to facilitate comparison) are © OECD, April 1998, *OECD Main Economic Indicators* and are reproduced with permission of the OECD.

I. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY

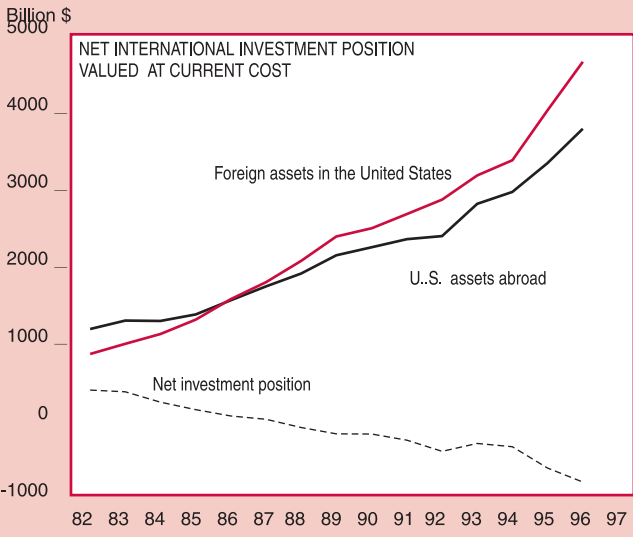
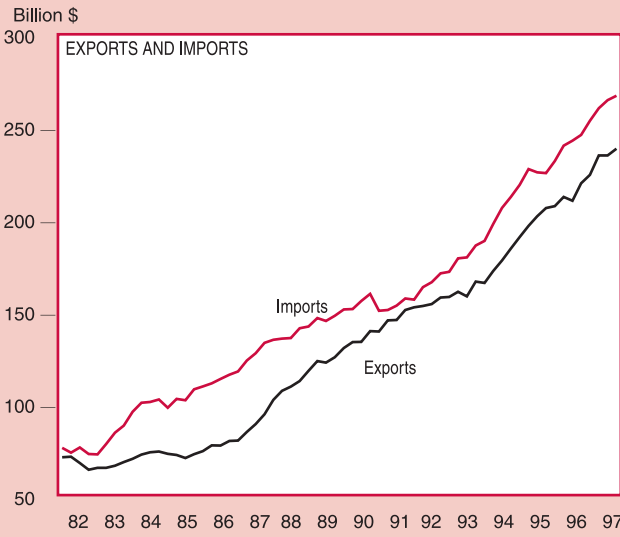
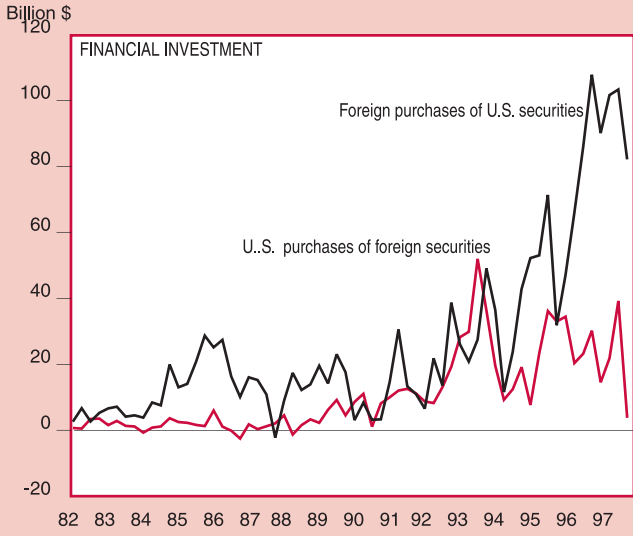
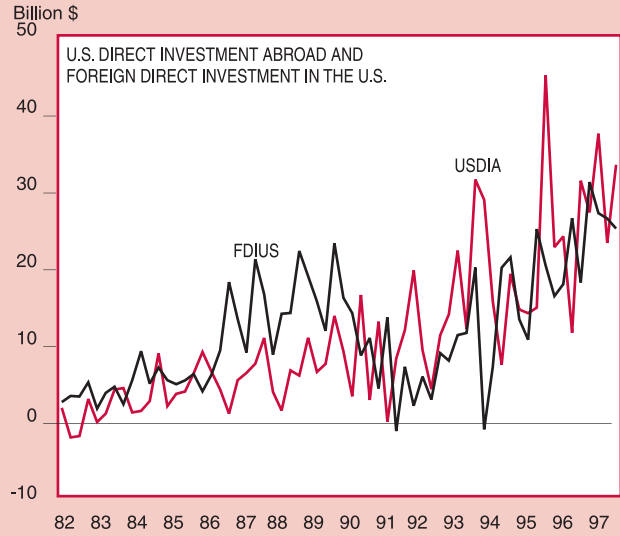
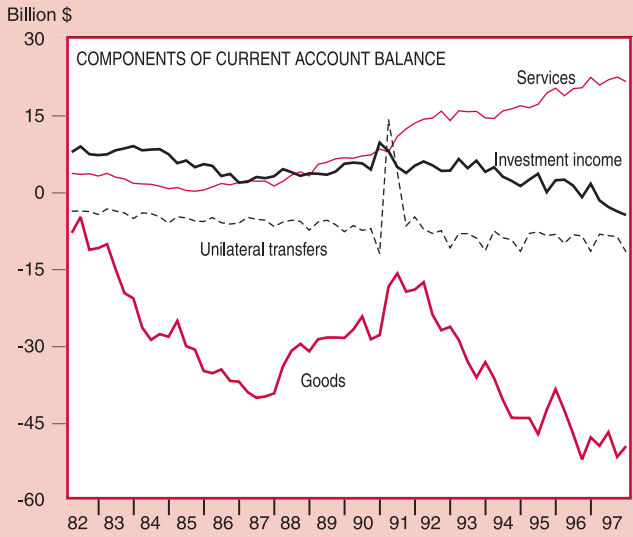
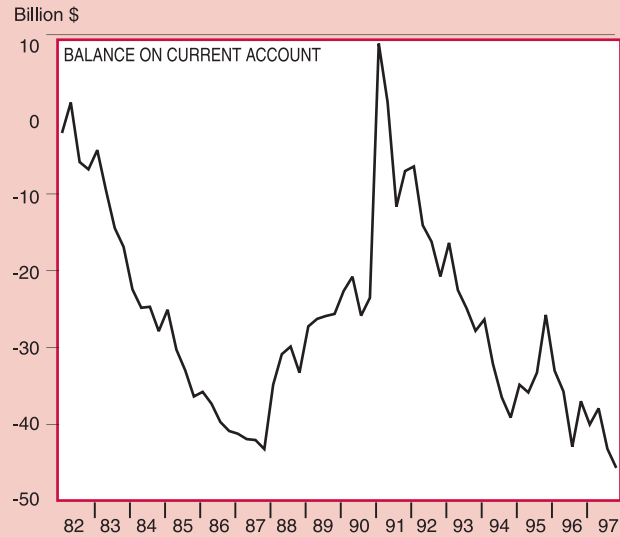


Table J.3.—Per Capita Personal Income and Per Capita Disposable Personal Income for States and Regions, 1995-97

Area name	Per capita personal income ¹				Per capita disposable personal income ¹			
	Dollars			Rank in U.S.	Dollars			Rank in U.S.
	1995	1996	1997	1997	1995	1996	1997	1997
United States	23,359	24,436	25,598	.....	20,337	21,096	21,908	.....
New England	27,800	29,099	30,717	.....	23,686	24,488	25,592	.....
Connecticut	32,603	34,174	36,263	1	27,318	28,200	29,598	1
Maine	20,227	21,087	22,078	36	17,904	18,535	19,256	36
Massachusetts	28,397	29,808	31,524	3	23,958	24,820	25,990	3
New Hampshire	25,726	26,772	28,047	8	22,857	23,567	24,438	5
Rhode Island	23,783	24,613	25,760	17	20,897	21,492	22,297	16
Vermont	21,609	22,545	23,401	30	19,099	19,808	20,401	29
Midwest	26,988	28,267	29,658	.....	23,150	24,048	25,020	.....
Delaware	26,235	27,782	29,022	5	22,486	23,600	24,430	6
District of Columbia	32,609	34,172	35,852	.....	27,871	29,202	30,372	.....
Maryland	26,567	27,676	28,969	6	22,762	23,540	24,386	7
New Jersey	29,982	31,265	32,654	2	25,739	26,535	27,422	2
New York	27,850	29,221	30,752	4	23,646	24,610	25,713	4
Pennsylvania	23,673	24,851	26,058	15	20,676	21,557	22,434	14
Great Lakes	23,518	24,521	25,658	.....	20,344	21,038	21,820	.....
Illinois	25,580	26,855	28,202	7	22,046	22,933	23,855	8
Indiana	21,716	22,633	23,604	29	18,837	19,492	20,166	31
Michigan	23,767	24,588	25,560	18	20,616	21,166	21,794	19
Ohio	22,560	23,493	24,661	21	19,586	20,242	21,093	21
Wisconsin	22,416	23,390	24,475	22	19,259	19,915	20,634	25
Plains	22,015	23,410	24,373	.....	19,145	20,207	20,825	.....
Iowa	20,826	22,330	23,102	32	18,298	19,522	20,014	33
Kansas	21,886	23,133	24,379	24	19,077	19,991	20,879	22
Minnesota	24,097	25,699	26,797	10	20,418	21,510	22,205	17
Missouri	21,927	22,984	24,001	26	19,216	20,040	20,706	24
Nebraska	21,424	22,975	23,803	27	18,797	20,017	20,503	28
North Dakota	18,504	20,479	20,271	45	16,534	18,282	17,837	43
South Dakota	19,032	20,749	21,447	37	17,211	18,717	19,195	37
Southeast	21,094	22,025	23,014	.....	18,609	19,296	19,998	.....
Alabama	19,254	20,056	20,842	38	17,136	17,753	18,334	39
Arkansas	18,144	18,967	19,585	48	16,170	16,876	17,304	48
Florida	23,139	24,198	25,255	20	20,434	21,167	21,894	18
Georgia	21,940	23,028	24,061	25	19,135	19,895	20,620	26
Kentucky	18,847	19,773	20,657	41	16,563	17,280	17,918	42
Louisiana	18,999	19,709	20,680	40	17,117	17,646	18,384	38
Mississippi	16,743	17,561	18,272	50	15,255	15,969	16,532	50
North Carolina	21,233	22,244	23,345	31	18,507	19,289	20,099	32
South Carolina	19,073	19,898	20,755	39	16,871	17,516	18,147	40
Tennessee	21,350	22,032	23,018	33	19,173	19,655	20,390	30
Virginia	24,284	25,255	26,438	14	20,949	21,639	22,388	15
West Virginia	17,576	18,225	18,957	49	15,746	16,239	16,803	49
Southwest	20,721	21,642	22,857	.....	18,502	19,170	20,091	.....
Arizona	20,316	21,335	22,364	35	17,849	18,609	19,345	35
New Mexico	18,246	18,814	19,587	47	16,305	16,736	17,327	47
Oklahoma	18,748	19,574	20,556	42	16,628	17,242	18,006	41
Texas	21,381	22,324	23,656	28	19,177	19,852	20,868	23
Rocky Mountain	21,445	22,462	23,547	.....	18,565	19,276	20,020	.....
Colorado	24,517	25,740	27,051	9	21,059	21,878	22,751	10
Idaho	19,199	19,865	20,478	43	16,813	17,301	17,687	44
Montana	18,602	19,278	20,046	46	16,417	16,878	17,465	45
Utah	18,317	19,384	20,432	44	15,822	16,625	17,370	46
Wyoming	20,954	21,587	22,648	34	18,551	18,997	19,801	34
Far West	24,073	25,209	26,407	.....	20,975	21,738	22,563	.....
Alaska	24,214	24,597	25,305	19	21,042	21,237	21,707	20
California	24,229	25,368	26,570	13	21,097	21,846	22,674	12
Hawaii	25,103	25,421	26,034	16	21,984	22,079	22,531	13
Nevada	24,809	26,059	26,791	11	21,487	22,323	22,742	11
Oregon	21,915	23,111	24,393	23	18,757	19,642	20,517	27
Washington	23,974	25,277	26,718	12	21,178	22,139	23,154	9

1. Per capita personal income and per capita disposable personal income were computed using midyear population estimates from the Bureau of the Census.

NOTE.—The personal income level shown for the United States is derived as the sum of the State estimates. It differs from the national income and product accounts (NIPA) estimate of per-

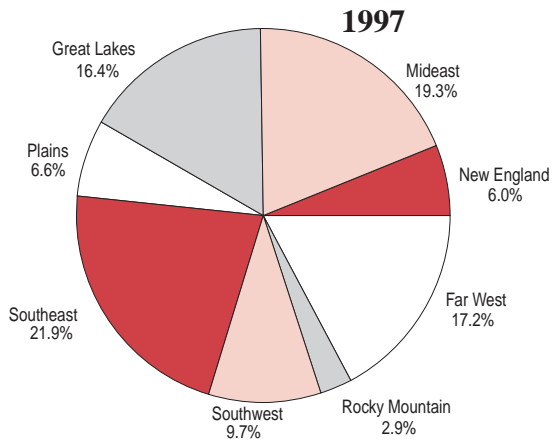
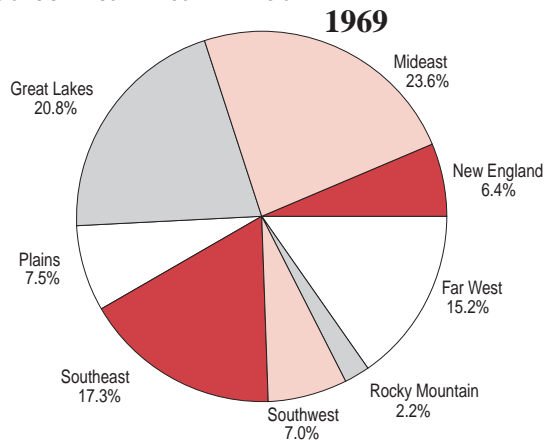
sonal income because, by definition, it omits the earnings of Federal civilian and military personnel stationed abroad and of U.S. residents employed abroad temporarily by private U.S. firms. It can also differ from the NIPA estimate because of different data sources and revision schedules.

Source: Tables 1 and 2 in "Personal Income and Per Capita Personal Income by State and Region, 1997" in the May 1998 issue of the SURVEY.

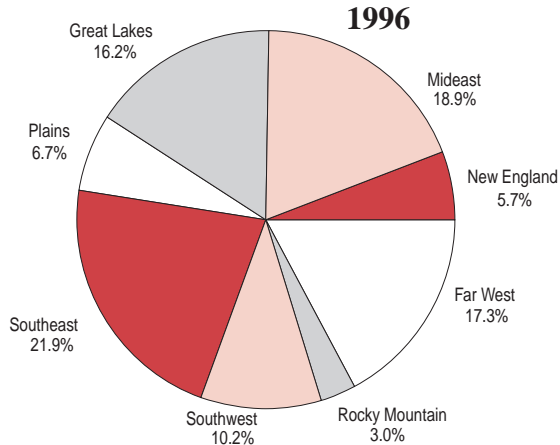
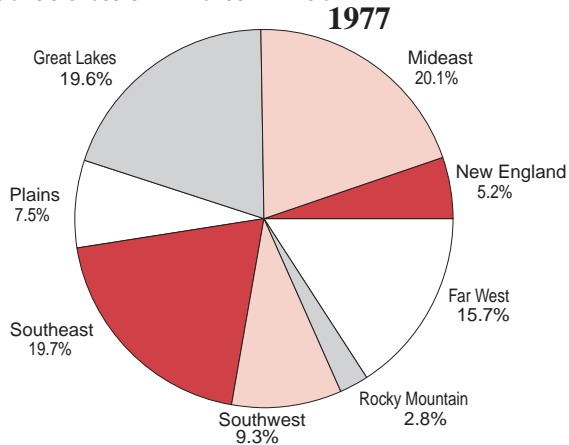
L. Charts

SELECTED REGIONAL ESTIMATES

SHARES OF U.S. PERSONAL INCOME BY REGION



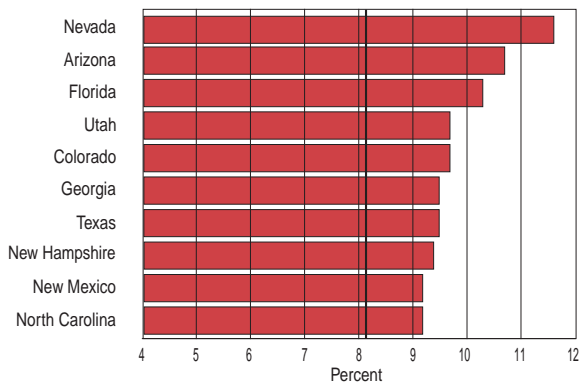
SHARES OF U.S. GROSS STATE PRODUCT BY REGION



AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1969-97

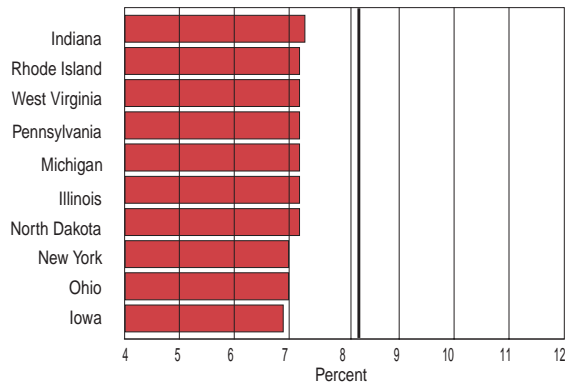
STATES WITH FASTEST GROWTH

U.S. average
8.1%



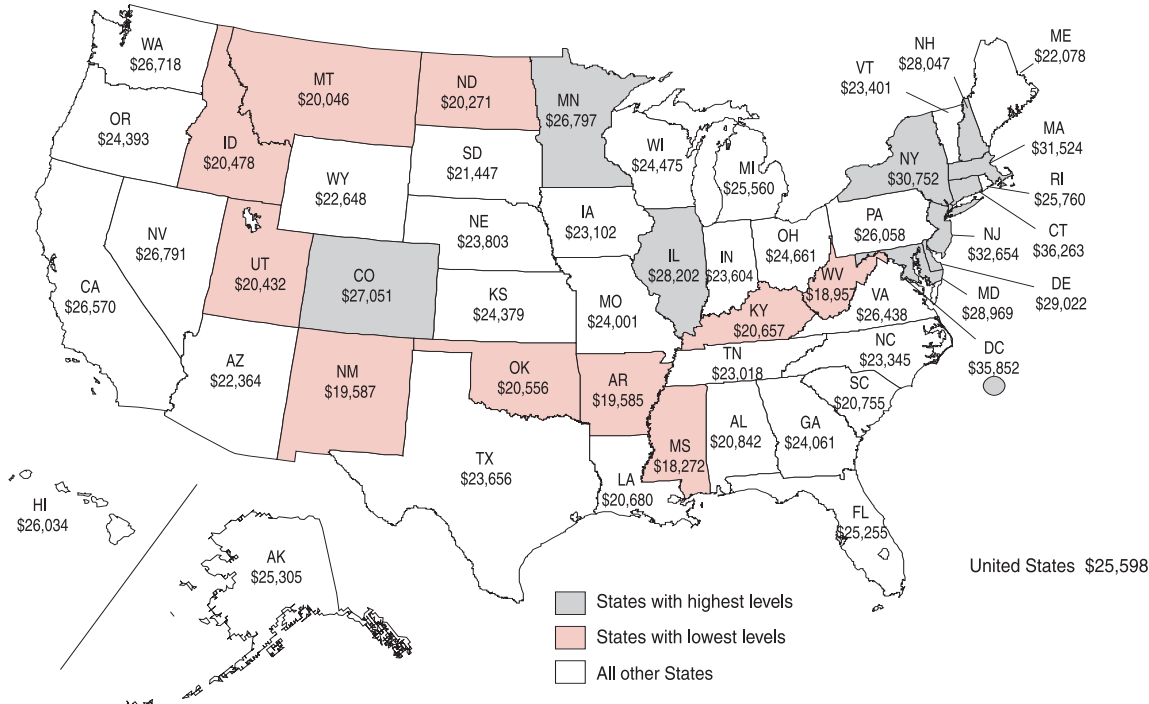
STATES WITH SLOWEST GROWTH

U.S. average
8.1%

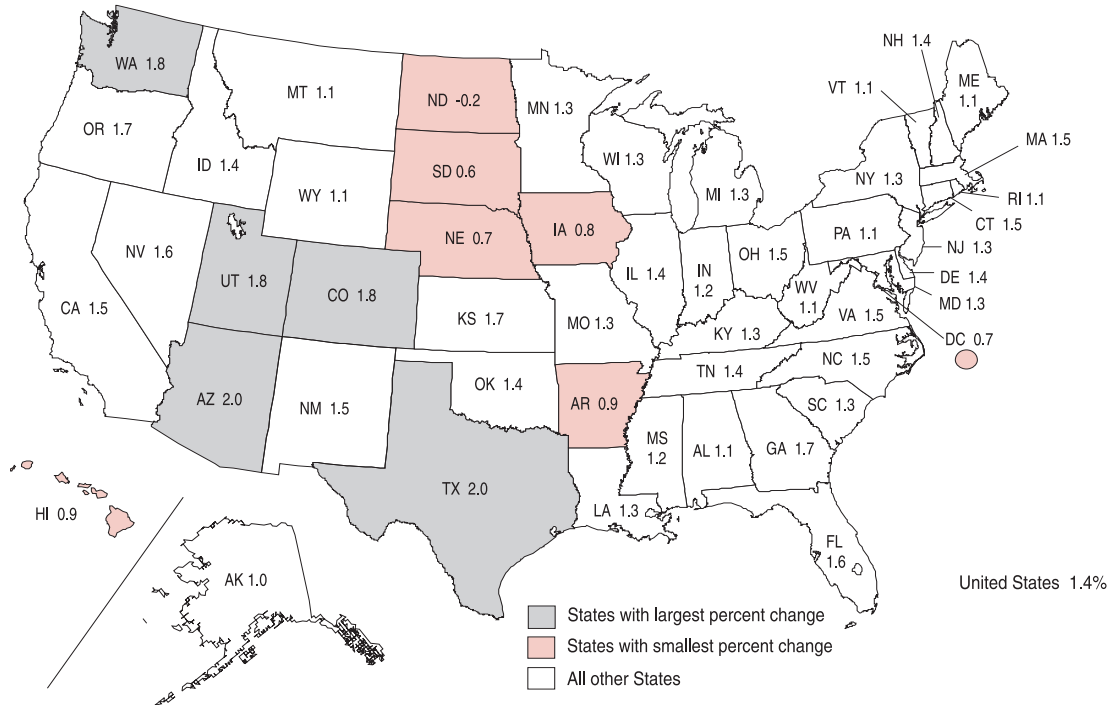


SELECTED REGIONAL ESTIMATES

PER CAPITA PERSONAL INCOME, 1997



PERSONAL INCOME GROWTH: AVERAGE QUARTERLY PERCENT CHANGE, 1996:IV-1997:IV



Appendix A

Additional Information About BEA's NIPA Estimates

Statistical Conventions

Changes in current-dollar GDP measure changes in the market value of goods and services produced in the economy in a particular period. For many purposes, it is necessary to decompose these changes into quantity and price components. To compute the quantity indexes, changes in the quantities of individual goods and services are weighted by their prices. (Quantity changes for GDP are often referred to as changes in "real GDP.") For the price indexes, changes in the prices for individual goods and services are weighted by quantities produced. (In practice, the current-dollar value and price indexes for most GDP components are determined largely using data from Federal Government surveys, and the real values of these components are calculated by deflation at the most detailed level for which all the required data are available.)

Except for the most recent period, the annual and quarterly changes in real GDP and prices are "chain-type" measures that are both based on the "Fisher Ideal" formula that incorporates weights from two adjacent years. For example, the 1992–93 percent change in real GDP uses prices for 1992 and 1993 as weights, and the 1992–93 percent change in price uses quantities for 1992 and 1993 as weights. Because the quantity and price index numbers calculated in this way are symmetric, the product of the index of real GDP and the index of prices equals the index of current-dollar GDP.

In the most recent period, a variant of the formula is used because only 1 year's information is available for computing the index number weights. Accordingly, BEA uses the prices and quantities from the two adjacent quarters as weights to calculate Fisher chain-type measures for those estimates. For example, the 1996:II–1996:III percent change in real GDP uses prices for 1996:II and 1996:III as weights, and the 1996:II–1996:III percent change in the GDP price index uses quantities for 1996:II and 1996:III as weights.

BEA also presents another measure, known as the "implicit price deflator," in the NIPA tables. The implicit price deflator is calculated as the ratio of current-dollar value to the corresponding chained-dollar value multiplied by 100.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated "*chained (1992) dollar estimates*." These estimates are computed by multiplying the 1992 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in

1992 and if real output for this component increased by 10 percent in 1993, then the "chained (1992) dollar" value of this component in 1993 would be \$110 ($\100×1.10). Note that percentage changes in the chained (1992) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1992) dollar estimates for detailed GDP components *do not add* to the chained-dollar value of GDP or to any intermediate aggregates. A "*residual*" line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. The table of contributions of the major components to the change in real GDP (NIPA table 8.2) provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

For quarters and months, the estimates are presented at annual rates, which show the value that would be registered if the rate of activity measured for a quarter or a month were maintained for a full year. Annual rates are used so that time periods of different lengths—for example, quarters and years—may be compared easily. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or 12 (for monthly data).

Percent changes in the estimates are also expressed at annual rates. Calculating these *changes* requires a variant of the compound interest formula:

$$r = \left[\left(\frac{X_t}{X_o} \right)^{m/n} - 1 \right] \times 100,$$

where r is the percent change at an annual rate;
 X_t is the level of activity in the later period;
 X_o is the level of activity in the earlier period;
 m is the yearly periodicity of the data (for example, 1 for annual data, 4 for quarterly, or 12 for monthly); and
 n is the number of periods between the earlier and later periods (that is, $t - o$).

Quarterly and monthly NIPA estimates are seasonally adjusted, if necessary. Seasonal adjustment removes from the time series the average impact of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.

Reconciliation Tables

Table 1.—Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings

[Percent change from preceding period]

	1995	1996	1997	Seasonally adjusted at annual rates				
				1997				1998 ^p
				I	II	III	IV	I
BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing)	2.5	3.8	3.8	4.3	3.2	3.8	5.2	4.0
Less: Contribution of supplements to wages and salaries per hour	-6	-6	-4	-6	-1	-1	-6	-5
Plus: Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions	0	-1	-1	-4	.3	-2	-4	-2
Less: Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed .....	.2	.1	.1	-2	.3	.3	-1	.3
Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector	2.8	4.3	4.1	4.6	3.3	3.5	5.6	4.0
Less: Contribution of wages and salaries per hour of nonproduction workers in manufacturing .....	.1	-2	-2	-1	-3	-1	.1	-3
Less: Other differences ¹	-1	1.2	.5	.6	.5	-2	.4	.1
Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls	2.9	3.3	3.8	4.2	3.0	3.8	5.1	4.2
Addendum: BLS estimates of compensation per hour in the nonfarm business sector ²	2.5	3.8	3.8	4.3	3.2	3.8	5.2	4.1

^p Preliminary.

1. Includes BEA use of non-BLS data and differences in detailed weighting. Annual estimates also include differences in BEA and BLS benchmark procedures; quarterly estimates also include differences in seasonal adjustment procedures.

2. These estimates differ from the BEA-derived estimates (first line) because the BLS estimates include compensation and hours of tenant-occupied housing.

Table 2.—Relation of Net Exports of Goods and Services and Net Receipts of Factor Income in the National Income and Product Accounts (NIPA's) to Balance on Goods, Services, and Income in the Balance of Payments Accounts (BPA's)

[Billions of dollars]

	Line	1996	1997	Seasonally adjusted at annual rates					
				1996		1997			
				III	IV	I	II	III	IV
Exports of goods, services, and income, BPA's	1	1,055.2	1,167.6	1,047.9	1,098.2	1,117.3	1,174.7	1,182.1	1,196.4
Less: Gold, BPA's	2	6.9	5.7	5.2	3.7	6.7	9.3	3.4	3.4
Statistical differences ¹	3	0	4.0	0	0	-2	4.8	5.4	6.2
Other items	4	1.1	.7	1.5	1.1	.8	.7	.6	.8
Plus: Adjustment for grossing of parent/affiliate interest payments	5	8.7	9.1	8.4	8.9	8.6	8.4	9.5	9.8
Adjustment for U.S. territories and Puerto Rico	6	34.0	36.2	33.6	34.9	35.4	36.5	36.0	37.0
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans	7	15.3	16.9	15.9	16.3	16.5	17.0	17.1	17.1
Equals: Exports of goods and services and receipts of factor income, NIPA's	8	1,105.1	1,219.3	1,099.0	1,153.4	1,170.4	1,221.9	1,235.2	1,249.9
Imports of goods, services, and income, BPA's	9	1,163.4	1,295.5	1,183.5	1,198.0	1,242.6	1,290.4	1,318.3	1,330.8
Less: Gold, BPA's	10	7.7	6.6	6.2	3.4	8.7	11.0	3.0	3.8
Statistical differences ¹	11	0	-2.4	0	0	-4.0	-4.2	-1.0	-4
Other items	12	0	0	0	0	0	0	0	0
Plus: Gold, NIPA's	13	-3.8	-3.7	-4.0	-4.2	-3.6	-3.9	-3.6	-3.7
Adjustment for grossing of parent/affiliate interest payments	14	8.7	9.1	8.4	8.9	8.6	8.4	9.5	9.8
Adjustment for U.S. territories and Puerto Rico	15	22.4	26.5	22.4	23.4	24.1	26.1	27.9	27.9
Imputed interest paid to rest of world	16	15.3	16.9	15.9	16.3	16.5	17.0	17.1	17.1
Equals: Imports of goods and services and payments of factor income, NIPA's	17	1,198.3	1,340.1	1,219.9	1,238.8	1,283.5	1,331.3	1,367.2	1,378.4
Balance on goods, services, and income, BPA's (1-9)	18	-108.2	-127.9	-135.6	-99.8	-125.3	-115.7	-136.2	-134.4
Less: Gold (2-10+13)	19	-4.6	-4.6	-5.0	-3.9	-5.6	-5.6	-3.2	-4.1
Statistical differences (3-11) ¹	20	0	6.4	0	0	3.8	9.0	6.4	6.6
Other items (4-12)	21	1.1	.7	1.5	1.1	.8	.7	.6	.8
Plus: Adjustment for U.S. territories and Puerto Rico (6-15)	22	11.6	9.7	11.2	11.5	11.3	10.4	8.1	9.1
Equals: Net exports of goods and services and net receipts of factor income, NIPA's (8-17)	23	-93.2	-120.8	-120.9	-85.4	-113.1	-109.4	-132.0	-128.5

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated into the BPA's (1997:IV) and statistical revisions in the BPA's that have not yet been incorporated into the NIPA's (1997:I-1997:IV).

Appendix B

Suggested Reading

Mid-Decade Strategic Plan

BEA has published the following articles in the SURVEY OF CURRENT BUSINESS on the development and implementation of its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts.

“Mid-Decade Strategic Review of BEA’s Economic Accounts: Maintaining and Improving Their Performance” (February 1995)*

“Mid-Decade Strategic Review of BEA’s Economic Accounts: An Update” (April 1995)*

“BEA’s Mid-Decade Strategic Plan: A Progress Report” (June 1996)*

Mid-Decade Strategic Review of BEA’s Economic Accounts: Background Papers (1995) presents seven background papers that evaluate the state of the U.S. economic accounts and that identify the problems and the prospects for improving the accounts.

Methodology

BEA has published a wealth of information about the methodology used to prepare its national, regional, and international estimates.

National

National income and product accounts (NIPA’s)

NIPA Methodology Papers: This series documents the conceptual framework of the NIPA’s and the methodology used to prepare the estimates.

An Introduction to National Economic Accounting (NIPA Methodology Paper No. 1, 1985)* [Also appeared in the March 1985 issue of the SURVEY]

Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends (NIPA Methodology Paper No. 2, 1985)*

Foreign Transactions (NIPA Methodology Paper No. 3, 1987) [Revised version forthcoming]

GNP: An Overview of Source Data and Estimating Methods (NIPA Methodology Paper No. 4, 1987) [Largely superseded by “A Guide to the NIPA’s” (March 1998 SURVEY)*]

Government Transactions (NIPA Methodology Paper No. 5, 1988)*

Personal Consumption Expenditures (NIPA Methodology Paper No. 6, 1990)*

The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the NIPA’s; these improvements are described in the SURVEY articles that cover these revisions.

“Annual Revision of the U.S. National Income and Product Accounts”: This series of SURVEY articles, the latest of which was published in the August 1997 issue,* describes the annual NIPA revisions and the improvements in methodology.

The most recent comprehensive revision of the NIPA’s was described in a series of SURVEY articles; the results are presented in the following articles.

“Improved Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision” (January/February 1996)*

“Completion of the Comprehensive Revision of the National Income and Product Accounts, 1929–96” (May 1997)*

“A Guide to the NIPA’s” (March 1998 SURVEY)* provides the definitions of the major NIPA aggregates and components; discusses the measures of real output and prices; explains how production is classified and how the NIPA’s are presented; describes the statistical conventions that are used; and lists the principal source data and methods used to prepare the estimates of gross domestic product (GDP).

Information on the sources and methods used to prepare the national estimates of personal income, which provide the basis for the State estimates of personal income, can be found in *State Personal Income, 1929–93* (1995).*

“Gross Domestic Product as a Measure of U.S. Production” (August 1991 SURVEY)* briefly explains the difference between GDP and gross national product.

Availability

For the availability of some of these publications, see the **inside back cover** of this issue. See also the *User’s Guide to BEA Information*: To request a copy, write to the Public Information Office, BE–53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington DC 20230, call 202–606–9900, or visit BEA’s Internet site at <<http://www.bea.doc.gov>>.

* Items with an asterisk can be found on BEA’s Internet site at <<http://www.bea.doc.gov>>.

The conceptual basis for the chain-type measures of real output and prices used in the NIPA's is described in the following SURVEY articles.

“Alternative Measures of Change in Real Output and Prices” (April 1992)*

“Economic Theory and BEA's Alternative Quantity and Price Indexes” (April 1992)*

“Alternative Measures of Change in Real Output and Prices, Quarterly Estimates for 1959–92” (March 1993)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA's New Featured Measures of Output and Prices” (July 1995)*

“BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth” (May 1997)*

“Reliability and Accuracy of the Quarterly Estimates of GDP” (October 1993 SURVEY)* evaluates GDP estimates by examining the record of revisions in the quarterly estimates.

Wealth and related estimates

“Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95” (May 1997 SURVEY)* describes the most recent comprehensive revision of the estimates of fixed reproducible tangible wealth.

Gross product by industry

“Improved Estimates of Gross Product by Industry, 1959–94” (August 1996 SURVEY)* describes the most recent comprehensive revision of the estimates of gross product by industry.

“Gross Product by Industry, 1947–96” (November 1997 SURVEY)* presents the most recent revision to the estimates of gross product by industry and briefly describes changes in methodology.

Input-output accounts

“Benchmark Input-Output Accounts for the U.S. Economy, 1992” (November 1997 SURVEY)* describes the preparation of the 1992 input-output accounts and the concepts and methods underlying the U.S. input-output accounts.

International

Balance of payments accounts (BPA's)

The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures (1990)* describes the methodologies used in preparing the estimates in the BPA's and of the international investment position of the United States. These methodologies are subject to periodic improvements that are typically introduced as part of the annual revisions of the BPA's.

“U.S. International Transactions, Revised Estimates”: This series of SURVEY articles, the latest of which was published in the July 1997 issue,* describes the annual BPA revisions and the improvements in methodology.

Direct investment

The coverage, concepts, definitions, and classifications used in the benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States are presented in the publications of the final results of the following benchmark surveys.

U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results (1998)

Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results (1995)*

The types of data on direct investment that are collected and published by BEA and the clarifications of the differences between the data sets are presented in the following SURVEY articles.

“A Guide to BEA Statistics on U.S. Multinational Companies” (March 1995)*

“A Guide to BEA Statistics on Foreign Direct Investment in the United States” (February 1990)*

Surveys of international services

U.S. International Transactions in Private Services: A Guide to the Surveys Conducted by the Bureau of Economic Analysis (1998)* provides information on the 11 surveys that BEA conducts on these transactions—including classifications, definitions, release schedules, and methods used to prepare the estimates—and samples of the survey forms.

Regional

Personal income

State Personal Income, 1929–93 (1995)* includes a description of the methodology used to prepare the estimates of State personal income. [Also available on the CD-ROM “State Personal Income, 1958–96”]

Local Area Personal Income, 1969–92 (1994)* includes a description of the methodology used to prepare the estimates of local area personal income. [Also available on the CD-ROM “Regional Economic Information System, 1969–95”]

Gross state product

“Comprehensive Revision of Gross State Product by Industry, 1977–94” (June 1997 SURVEY)* summarizes the sources and methods for BEA's estimates of gross state product.

“Gross State Product by Industry, 1977–96” (June 1998 SURVEY)* presents the most recent revision to the estimates of gross state product by industry and briefly describes changes in methodology. 