

# BUSINESS SITUATION

This article was prepared by Daniel Larkins, Ralph W. Morris, Jennifer S. Argueta, and Peter G. Beall.

**P**RODUCTION in the first quarter of 2001 stepped up less than previously estimated, as inventories were drawn down more than previously estimated. (The source data underlying these revisions are discussed in the section "Revisions.") According to the "preliminary" estimates of the national income and product accounts (NIPAs),

- Real gross domestic product (GDP)—a measure of domestic production of goods and services—increased 1.3 percent in the first quarter, 0.7 percentage point less than last month's "advance" estimate (table 1 and chart 1).<sup>1</sup> GDP had increased 1.0 percent in the fourth quarter of

2000 and 2.2 percent in the third quarter. (The average rate of growth in the current expansion, which began in the second quarter of 1991, is 3.6 percent.)

- Real private inventories decreased \$18.9 billion, more than twice as much as the \$7.1 billion reported last month. The rundown in stocks was the first in 9 1/2 years.

- Growth of final sales of domestic product—GDP less inventory investment—was revised

1. Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are the differences between the published estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data unless otherwise specified.

Real estimates are calculated using a chain-type Fisher formula with annual weights for all years and quarterly weights for all quarters; real estimates are expressed both as index numbers (1996=100) and as chained (1996) dollars. Price indexes (1996=100) are also calculated using a chain-type Fisher formula.

**Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers**  
[Seasonally adjusted at annual rates]

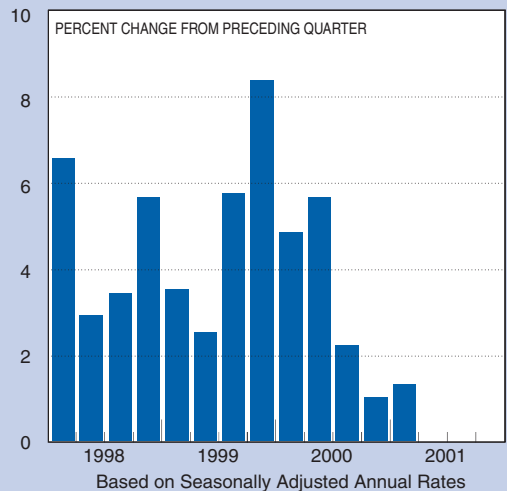
	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
		2001	2000			II	III	IV	I
		I	II	III	IV	I			
<b>Gross domestic product</b> .....	<b>9,424.5</b>	<b>127.1</b>	<b>50.6</b>	<b>24.2</b>	<b>30.8</b>	<b>5.6</b>	<b>2.2</b>	<b>1.0</b>	<b>1.3</b>
Less: Exports of goods and services .....	1,132.1	37.0	37.0	-19.0	-7.7	14.3	13.9	-6.4	-2.7
Plus: Imports of goods and services .....	1,544.0	63.5	61.2	-4.9	-37.5	18.6	17.0	-1.2	-9.1
<b>Equals: Gross domestic purchases</b> .....	<b>9,807.9</b>	<b>150.7</b>	<b>71.7</b>	<b>37.2</b>	<b>4.7</b>	<b>6.5</b>	<b>3.0</b>	<b>1.5</b>	<b>2</b>
Less: Change in private inventories .....	-18.9	42.0	-6.1	-16.8	-74.6				
Nonfarm .....	-25.1	39.3	-4.9	-16.9	-75.6				
Farm .....	6.2	2.6	-1.2	.3	.9				
<b>Equals: Final sales to domestic purchasers</b> .....	<b>9,813.3</b>	<b>110.6</b>	<b>76.8</b>	<b>51.6</b>	<b>74.4</b>	<b>4.7</b>	<b>3.2</b>	<b>2.1</b>	<b>3.1</b>
Personal consumption expenditures .....	6,418.8	47.1	69.2	43.5	45.5	3.1	4.5	2.8	2.9
Durable goods .....	922.3	-11.5	16.5	-7.2	26.3	-5.0	7.6	-3.1	12.2
Nondurable goods .....	1,894.4	16.3	21.5	4.8	7.0	3.6	4.7	1.0	1.5
Services .....	3,618.5	39.5	32.6	43.2	16.0	4.6	3.7	4.9	1.8
Private fixed investment .....	1,797.1	46.7	13.7	-4.2	10.0	11.2	3.1	-9	2.3
Nonresidential .....	1,445.8	47.2	26.3	-5	7.5	14.6	7.7	-1	2.1
Structures .....	305.7	3.0	9.6	7.2	11.9	4.4	14.6	10.4	17.2
Equipment and software .....	1,145.2	46.2	15.8	-9.7	-7.5	17.9	5.6	-3.3	-2.6
Residential .....	361.5	1.2	-10.3	-3.3	2.5	1.3	-10.6	-3.6	2.9
Government consumption expenditures and gross investment .....	1,608.1	18.6	-5.5	11.4	18.5	4.8	-1.4	2.9	4.7
Federal .....	557.5	21.7	-13.0	5.1	6.6	17.2	-9.0	3.8	4.9
National defense .....	358.4	13.6	-8.9	7.5	4.7	16.9	-9.7	8.9	5.4
Nondefense .....	199.0	8.2	-4.2	-2.3	1.9	17.8	-7.9	-4.6	3.9
State and local .....	1,050.0	-2.8	7.3	6.2	11.9	-1.1	2.9	2.5	4.7
<b>Addendum: Final sales of domestic product</b> .....	<b>9,429.7</b>	<b>87.3</b>	<b>55.6</b>	<b>38.6</b>	<b>100.2</b>	<b>3.9</b>	<b>2.4</b>	<b>1.7</b>	<b>4.4</b>

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 (1996) dollar levels and residuals, which measure the extent of nonadditivity in each table, are shown in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table S.1. (See "Selected NIPA Tables," which begins on page D-2 in this issue.)

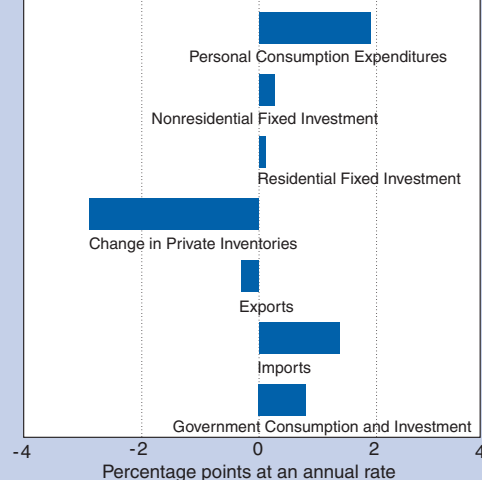
**CHART 1**

## Real Gross Domestic Product

Percent



CONTRIBUTIONS TO 1.3-PERCENT INCREASE IN REAL GDP IN 2001:1



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down much less than that of GDP, only 0.2 percentage point, to 4.4 percent.

- Growth of gross domestic purchases—a measure of domestic demand for goods and services regardless of where they were produced—was revised down 0.4 percentage point, to 0.2 percent.<sup>2</sup> Gross domestic purchases had increased 1.5 percent in the fourth quarter and twice that in the third.

**Table 2.—Contributions to Percent Change in Real Gross Domestic Product**

[Seasonally adjusted at annual rates]

	2000			2001
	II	III	IV	I
<b>Percent change at annual rate:</b>				
Gross domestic product .....	5.6	2.2	1.0	1.3
<b>Percentage points at annual rates:</b>				
Personal consumption expenditures .....	2.14	2.99	1.87	1.95
Durable goods .....	-.42	.61	-.26	.94
Nondurable goods .....	.74	.93	.21	.30
Services .....	1.83	1.46	1.92	.71
Gross private domestic investment .....	3.66	.33	-.78	-2.56
Fixed investment .....	1.93	.55	-.17	.40
Nonresidential .....	1.87	1.02	-.02	.28
Structures .....	.14	.44	.33	.55
Equipment and software .....	1.73	.58	-.35	-.27
Residential .....	.06	-.47	-.15	.12
Change in private inventories .....	1.73	-.22	-.62	-2.96
Net exports of goods and services .....	-1.00	-.90	-.55	1.11
Exports .....	1.48	1.45	-.74	-.30
Goods .....	1.37	1.54	-.84	-.37
Services .....	.11	-.09	.10	.07
Imports .....	-2.48	-2.35	.19	1.41
Goods .....	-2.26	-1.90	.28	1.34
Services .....	-.22	-.44	-.09	.06
Government consumption expenditures and gross investment .....	.85	-.24	.50	.82
Federal .....	.97	-.57	.22	.29
National defense .....	.60	-.38	.32	.20
Nondefense .....	.37	-.18	-.10	.08
State and local .....	-.12	.33	.28	.53

NOTE.—More detailed contributions to percent change in real gross domestic product are shown in NIPA table 8.2. Contributions to percent change in major components of real gross domestic product are shown in tables 8.3 through 8.6.

- Growth of real disposable personal income was revised up 0.3 percentage point, to 2.3 percent. It was 0.7 percent in the fourth quarter and 2.6 percent in the third.

- Production of goods was revised down. As a result, the preliminary estimate shows a second consecutive quarterly decrease, the first back-to-back decreases since the last recession; the advance estimate had shown an upturn in goods production.

Despite these revisions, the preliminary and advance estimates paint pictures of the economy that are similar in many important respects.

- Both consumer spending and government spending contributed substantially to the increase in real GDP in the first quarter; they had also contributed substantially to the fourth-quarter increase (table 2).<sup>3</sup>

- The largest offset to GDP growth in the first quarter was a sharp drop in inventory investment. (In the preliminary estimate, it subtracted almost 3 percentage points from GDP growth; in the advance, about 2 1/2 percentage points.) The drop reflected a swing from accumulation to liquidation of inventory stocks.

- Final sales of domestic product accelerated, posting its biggest increase in a year.

2. Gross domestic purchases is calculated as the sum of personal consumption expenditures, gross private domestic investment, and government consumption expenditures and gross investment; thus, gross domestic purchases includes imports of goods and services, which are subtracted in the calculation of GDP, and does not include exports of goods and services, which are added in the calculation of GDP.

3. In the NIPA's, consumer spending is shown as personal consumption expenditures, government spending is shown as government consumption expenditures and gross investment, and inventory investment is shown as change in private inventories.

- Imports fell much more than exports; as a result, the increase in gross domestic purchases was smaller than that in GDP for only the second time in 4 years.

- Real disposable personal income accelerated, and the personal saving rate, at -0.9 percent, was at its lowest quarterly level since the beginning of the series in 1946. The national saving rate decreased to 17.5 percent, its third consecutive decrease.<sup>4</sup>

- Real final sales of computers posted below-average growth for the second quarter in a

row, and real motor vehicle output decreased substantially for the third consecutive quarter (table 3). Excluding computers, real GDP would have increased 1.1 percent in the first quarter after having increased 0.8 percent in the fourth. Excluding motor vehicles, real GDP would have increased 1.9 percent in each quarter.

4. The personal saving rate is measured as personal saving as a percentage of current-dollar disposable personal income. The national saving rate is measured as gross saving as a percentage of gross national product.

**Table 3.—Real Gross Domestic Product by Type of Product**  
[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
	2001	2000			2001	2000			2001
	I	II	III	IV	I	II	III	IV	I
<b>Gross domestic product</b> .....	<b>9,424.5</b>	<b>127.1</b>	<b>50.6</b>	<b>24.2</b>	<b>30.8</b>	<b>5.6</b>	<b>2.2</b>	<b>1.0</b>	<b>1.3</b>
Goods .....	3,800.5	76.9	39.0	-31.7	-25.6	8.5	4.1	-3.2	-2.7
Services .....	4,812.3	59.5	14.8	46.0	32.7	5.2	1.3	3.9	2.8
Structures .....	821.9	-6.1	-1.2	5.3	19.0	-3.0	-6	2.7	9.8
<b>Addenda:</b>									
Motor vehicle output .....	307.1	-4.1	-16.1	-19.9	-12.1	-4.5	-16.9	-21.5	-14.3
Gross domestic product less motor vehicle output .....	9,114.3	130.6	65.5	42.6	41.9	6.0	3.0	1.9	1.9
Final sales of computers .....						55.4	40.6	17.9	18.7
Gross domestic product less final sales of computers .....						5.2	1.8	.8	1.1

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals for most items are shown in NIPA table 1.4. Detail on motor vehicle output is shown in NIPA table 8.9B.

### Personal Consumption Expenditures

Real personal consumption expenditures (PCE) increased 2.9 percent in the first quarter, about the same as in the fourth. An upturn in durable goods and a modest acceleration in nondurable goods were offset by a deceleration in services (table 4 and chart 2). For the current expansion, real PCE has increased at an average annual rate of 3.8 percent.

Expenditures for durable goods increased 12.2 percent after decreasing 3.1 percent. Motor vehicles and parts turned up, primarily reflecting upturns in new light trucks and in new and used

autos. Furniture and household equipment and "other" durable goods accelerated.

Expenditures for services slowed to a 1.8-percent increase after increasing 4.9 percent. "Other" services edged down after increasing, partly reflecting a downturn in brokerage and investment counseling. Household operation declined after increasing, reflecting a downturn in electricity and gas.

Expenditures for nondurable goods increased 1.5 percent after increasing 1.0 percent. Clothing and shoes turned up; "other" nondurable goods

**Table 4.—Real Personal Consumption Expenditures**

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
	2001	2000			2001				
	I	II	III	IV	I	II	III	IV	I
<b>Personal consumption expenditures</b> .....	<b>6,418.8</b>	<b>47.1</b>	<b>69.2</b>	<b>43.5</b>	<b>45.5</b>	<b>3.1</b>	<b>4.5</b>	<b>2.8</b>	<b>2.9</b>
Durable goods .....	922.3	-11.5	16.5	-7.2	26.3	-5.0	7.6	-3.1	12.2
Motor vehicles and parts .....	349.8	-15.9	6.1	-9.7	17.5	-16.9	7.5	-10.9	22.8
<i>Of which:</i> New autos .....	101.9	-3.7	-4.0	-3.2	3.8	-13.0	-14.4	-11.9	16.2
New light trucks .....	114.0	-7.8	7.0	-3.7	10.1	-25.7	30.7	-13.1	45.0
Furniture and household equipment .....	395.5	5.2	7.9	2.7	5.6	5.6	8.6	2.8	5.9
Other <sup>1</sup> .....	180.5	1.0	2.6	1.0	1.9	2.3	6.1	2.4	4.4
Nondurable goods .....	1,894.4	16.3	21.5	4.8	7.0	3.6	4.7	1.0	1.5
Food .....	880.1	4.3	2.6	2.3	-1.3	2.0	1.2	1.1	-6
Clothing and shoes .....	352.1	4.6	7.9	-2	2.1	5.6	9.5	-2	2.4
Gasoline, fuel oil, and other energy goods .....	150.7	1.7	2.0	0	1.2	4.5	5.7	0	3.1
Other <sup>2</sup> .....	513.7	5.9	9.4	2.7	5.1	4.9	7.8	2.1	4.0
Services .....	3,618.5	39.5	32.6	43.2	16.0	4.6	3.7	4.9	1.8
Housing .....	861.5	5.6	4.7	5.1	4.7	2.7	2.3	2.4	2.2
Household operation .....	377.1	10.1	.4	5.1	-3.2	11.6	.4	5.6	-3.3
Electricity and gas .....	134.6	6.5	-2.6	4.6	-3.9	21.4	-7.4	14.6	-10.9
Other household operation .....	242.5	3.7	3.0	.3	1.1	6.4	5.2	.5	1.7
Transportation .....	254.2	2.4	.9	1.6	1.8	3.9	1.5	2.5	2.9
Medical care .....	923.2	6.4	5.3	7.8	6.3	2.9	2.4	3.5	2.8
Recreation .....	248.7	4.9	4.5	5.7	6.3	9.0	7.9	10.1	10.8
Other .....	951.9	10.6	16.3	17.8	-2	4.8	7.3	7.9	-1

1. Includes jewelry and watches, ophthalmic products and orthopedic equipment, books and maps, bicycles and motorcycles, guns and sporting equipment, photographic equipment, boats, and pleasure aircraft.

2. Includes tobacco, toilet articles, drug preparations and sundries, stationery and writing supplies, toys, film, flowers, cleaning preparations and paper products, semidurable house furnishings,

and magazines and newspapers.

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA tables 2.3 and 8.9B (motor vehicles). Percent changes in major aggregates are shown in NIPA table S.1.

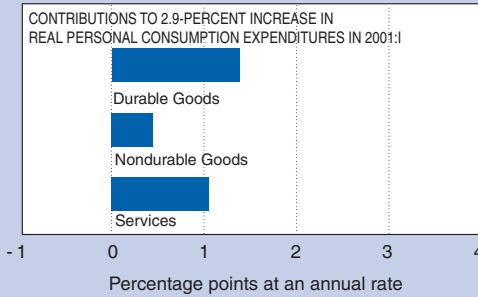
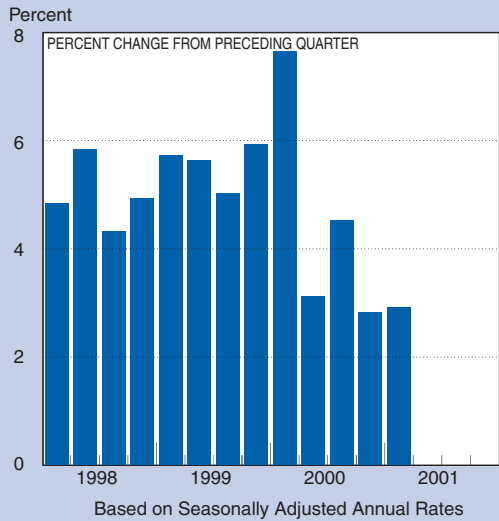
and gasoline, fuel oil, and other energy products accelerated. In contrast, food turned down.

Some of the factors frequently considered in analyses of consumer spending were less favorable (chart 3). The Index of Consumer Sentiment (prepared by the University of Michigan's Survey Re-

search Center) decreased for the fourth consecutive quarter, and the unemployment rate increased to 4.2 percent. In contrast, real disposable personal income rebounded in the first quarter after slowing sharply in the fourth.

**CHART 2**

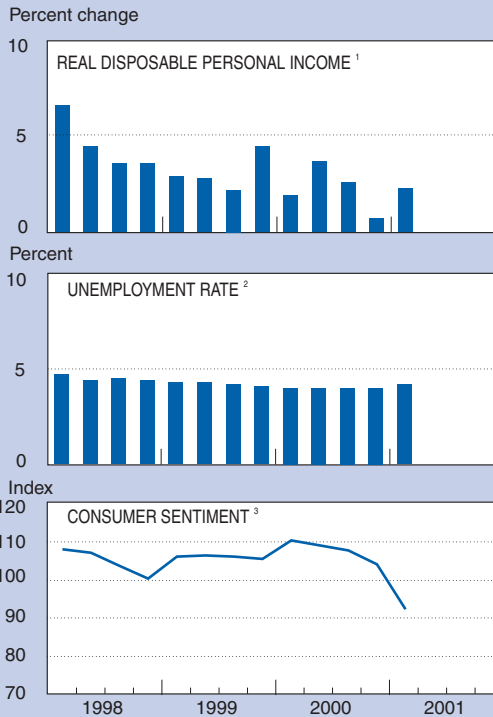
**Real Personal Consumption Expenditures**



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**CHART 3**

**Selected Factors Affecting Consumer Spending**



1. Based on 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

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### Private Fixed Investment

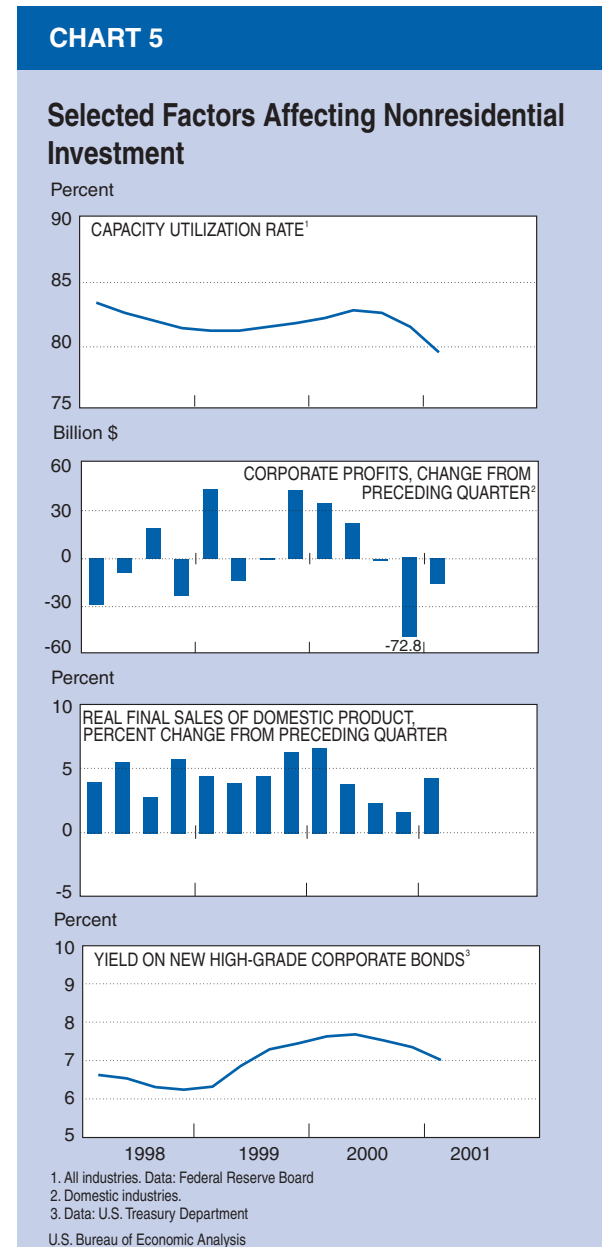
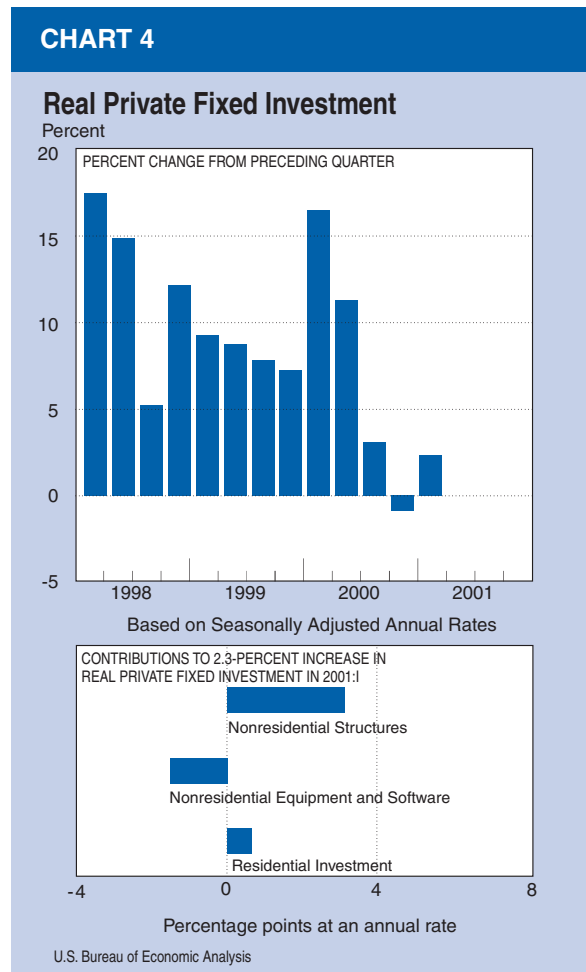
In the first quarter, real fixed investment rebounded from a fourth-quarter decrease—its first drop in 5 1/2 years (table 5 and chart 4). Nonresidential investment increased after changing little; residential investment increased after decreasing.

*Nonresidential fixed investment.*—Real private nonresidential fixed investment increased 2.1 percent after slipping 0.1 percent. Spending on structures accelerated, while spending on equipment and software decreased almost as much as in the fourth quarter.

Information processing equipment and software fell. By component, communications equipment posted the largest decrease; computers decreased for the first time since 1991, and software decreased for the first time since 1982. Industrial equipment decreased modestly for the second

straight quarter. Transportation equipment turned up after two quarterly decreases; the upturn reflected the pattern of motor vehicles.

The investment climate has been mixed in recent quarters. Domestic corporate profits has decreased in the last three quarters, and the capacity utilization rate edged down in the third quarter and dropped in the fourth and first quarters. Real final sales of domestic product posted subpar growth in the last two quarters of 2000, but it in-



creased 4.4 percent in the first quarter of 2001. Long-term interest rates have trended down; for example, the yield on high-grade corporate bonds decreased from 7.85 percent in May 2000 to 6.87 percent in March 2001 (chart 5).

3.6 percent. Single-family structures turned up, and multifamily structures increased more than in the fourth quarter. In contrast, "other" residential structures decreased a little more than in the fourth quarter; the first-quarter decrease largely reflected a drop in brokers' commissions on home sales.

*Residential investment.*—Real private residential investment increased 2.9 percent after decreasing

**Table 5.—Real Private Fixed Investment**

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
	2001	2000			2001				
	I	II	III	IV	I	II	III	IV	I
<b>Private fixed investment</b> .....	<b>1,797.1</b>	<b>46.7</b>	<b>13.7</b>	<b>-4.2</b>	<b>10.0</b>	<b>11.2</b>	<b>3.1</b>	<b>-0.9</b>	<b>2.3</b>
Nonresidential .....	1,445.8	47.2	26.3	-5	7.5	14.6	7.7	-1	2.1
Structures .....	305.7	3.0	9.6	7.2	11.9	4.4	14.6	10.4	17.2
Nonresidential buildings, including farm .....	211.8	3.0	3.2	1.9	7.2	6.2	6.6	3.9	14.9
Utilities .....	49.3	-2.1	2.8	3.8	-1	-17.4	28.6	37.8	-1.2
Mining exploration, shafts, and wells .....	37.4	2.3	2.1	2.0	4.9	40.9	33.3	27.7	76.7
Other structures .....	7.0	-4	1.6	-3	-8	-24.3	147.1	-16.1	-34.0
Equipment and software .....	1,145.2	46.2	15.8	-9.7	-7.5	17.9	5.6	-3.3	-2.6
Information processing equipment and software .....	698.9	39.7	26.5	16.7	-13.4	27.7	16.8	10.0	-7.3
Computers and peripheral equipment <sup>1</sup> .....	327.8	33.2	27.0	6.9	-3.4	60.5	41.6	8.7	-4.0
Software <sup>2</sup> .....	238.4	9.5	9.8	6.5	-2.4	18.9	18.6	11.6	-3.9
Other .....	194.5	9.3	.9	4.2	-7.2	21.4	1.7	8.8	-13.4
Industrial equipment .....	165.9	5.1	3.4	-4	-1.1	13.5	8.5	-8	-2.6
Transportation equipment .....	176.1	1.9	-8.6	-18.6	4.1	3.9	-16.1	-33.7	10.0
Of which: Motor vehicles .....	141.8	-8.0	-4.4	-18.7	6.1	-17.8	-10.6	-40.4	19.4
Other .....	138.2	3.4	-1.1	-2.6	.5	10.2	-3.3	-7.1	1.4
Residential .....	361.5	1.2	-10.3	-3.3	2.5	1.3	-10.6	-3.6	2.9
Structures .....	351.8	1.1	-10.3	-3.4	2.6	1.3	-10.9	-3.8	2.9
Single-family .....	187.1	-2.3	-8.6	-1.7	3.9	-4.5	-16.7	-3.6	8.7
Multifamily .....	24.0	-2	-1.8	.7	1.5	-2.5	-27.7	13.4	31.1
Other structures <sup>3</sup> .....	140.5	3.7	.3	-2.5	-3.0	10.6	.9	-6.6	-8.3
Equipment .....	9.9	0	.1	.1	0	1.9	1.2	3.6	0

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

3. Includes home improvements, new manufactured home sales, brokers' commissions on home sales, net purchases of used structures, and other residential structures (which consists primarily

of dormitories and of fraternity and sorority houses).

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA tables 5.5 and 6.9B (motor vehicles). Percent changes in major aggregates are shown in NIPA table S.1.

### Inventory Investment

Real inventory investment (that is, change in private inventories) was -\$18.9 billion in the first quarter, as the stock of inventories decreased for the first time since the third quarter of 1991 (table 6 and chart 6). This liquidation followed an accumulation of \$55.7 billion in the fourth quarter. The resulting \$74.6 billion decrease in inventory investment was substantially larger than any other decrease during the current expansion.

Retail trade, manufacturing, and wholesale trade all contributed to the first-quarter decrease in inventory investment. In contrast, investment in "other" nonfarm inventories and in farm inventories increased.

Retail inventories decreased \$18.6 billion after increasing \$22.7 billion. Inventories of dura-

ble-goods retailers decreased after increasing; inventories of motor vehicle dealers accounted for about three-fourths of the downturn. Inventories of nondurable-goods retailers increased less than in the fourth quarter.

Manufacturing inventories decreased \$11.4 billion after increasing \$12.2 billion. Inventories of durable-goods manufacturers turned down. Inventories of electronic machinery and transportation equipment other than motor vehicles decreased after increasing, and inventories of primary metals and motor vehicles decreased more than in the fourth quarter. Inventories of nondurable-goods manufacturers decreased less than in the fourth quarter.

**Table 6.—Real Change in Private Inventories**

[Billions of chained (1996) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter			
	2000				2001	2000			2001
	I	II	III	IV	I	II	III	IV	I
<b>Change in private inventories</b> .....	<b>36.6</b>	<b>78.6</b>	<b>72.5</b>	<b>55.7</b>	<b>-18.9</b>	<b>42.0</b>	<b>-6.1</b>	<b>-16.8</b>	<b>-74.6</b>
Farm .....	3.6	6.2	5.0	5.3	6.2	2.6	-1.2	.3	.9
Nonfarm .....	33.0	72.3	67.4	50.5	-25.1	39.3	-4.9	-16.9	-75.6
Manufacturing .....	10.3	17.6	22.6	12.2	-11.4	7.3	5.0	-10.4	-23.6
Durable goods .....	6.5	11.3	15.4	17.9	-7.8	4.8	4.1	2.5	-25.7
Nondurable goods .....	3.8	6.4	7.2	-5.0	-3.6	2.6	.8	-12.2	1.4
Wholesale trade .....	21.5	32.5	22.3	13.2	-2.8	11.0	-10.2	-9.1	-16.0
Durable goods .....	17.3	23.8	10.6	7.7	-4.9	6.5	-13.2	-2.9	-12.6
Nondurable goods .....	4.4	8.9	11.4	5.4	1.9	4.5	2.5	-6.0	-3.5
Retail trade .....	-4.4	21.5	20.0	22.7	-18.6	25.9	-1.5	2.7	-41.3
Durable goods .....	-3.6	16.0	13.9	14.8	-22.6	19.6	-2.1	.9	-37.4
Of which: Motor vehicle dealers .....	-6.4	9.7	10.5	7.4	-20.6	16.1	.8	-3.1	-28.0
Nondurable goods .....	-8	5.7	6.2	8.1	3.3	6.5	.5	1.9	-4.8
Other <sup>1</sup> .....	6.1	.9	2.8	2.3	7.1	-5.2	1.9	-5	4.8
Durable goods .....	1.3	-1.5	.2	1.0	2.0	-2.8	1.7	.8	1.0
Nondurable goods .....	4.8	2.5	2.6	1.3	5.2	-2.3	.1	-1.3	3.9
<b>Addenda:</b>									
Motor vehicles .....	-2.0	14.7	6.4	9.1	-24.8	16.7	-8.3	2.7	-33.9
Autos .....	.4	2.3	8.9	5.0	-8.0	1.9	6.6	-3.9	-13.0
Trucks .....	-2.1	11.2	-1.8	4.0	-15.5	13.3	-13.0	5.8	-19.5

1. Includes inventories held by establishments in the following industries: Mining; construction; public utilities; transportation; communication; finance, insurance, and real estate; and services.

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA tables 5.11 and 8.9B (motor vehicles).



Wholesale inventories decreased \$2.8 billion after increasing \$13.2 billion. Inventories of durable goods turned down; about half of the downturn was accounted for by motor vehicles. Inventories of nondurable goods increased less than in the fourth quarter; the slowdown reflected a downturn in paper products.

Farm inventories increased \$6.2 billion after increasing \$5.3 billion. Livestock inventories accounted for the step-up.

The ratio of real private nonfarm inventories to final sales of goods and structures decreased to 3.58 from 3.65 (see NIPA table 5.13). A ratio that includes all final sales of domestic businesses de-

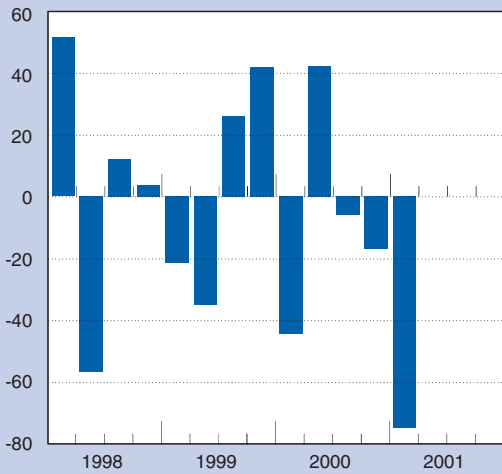
creased to 2.06 from 2.09.<sup>5</sup> For both ratios, the decreases followed three quarters of increases and brought them back down to virtually the same levels as a year ago—the lowest levels in the current expansion.

5. Using the ratio that includes all final sales of domestic businesses in the denominator implies that the production of services results in a demand for inventories that is similar to that generated in the production of goods and structures. In contrast, using the "goods and structures" ratio implies that the production of services does not generate demand for inventories. Both implications are extreme. Production of some services may require substantial inventories, while production of other services may not.

**CHART 6**

**Real Private Inventory Investment:  
Change from Preceding Quarter**

Billion chained (1996) \$



Based on Seasonally Adjusted Annual Rates

U.S. Bureau of Economic Analysis

### Exports and Imports

Both exports and imports decreased for the second consecutive quarter—exports after 6 consecutive increases, and imports after 38 consecutive increases.

Real exports of goods decreased 4.6 percent, about half as much as in the fourth quarter (table 7 and chart 7). Nonautomotive capital goods de-

creased less than in the fourth quarter, largely because of an upturn in civilian aircraft. Non-automotive consumer goods and foods, feeds, and beverages also turned up.

Exports of services increased less than in the fourth quarter. Downturns in passenger fares and in transfers under U.S. military agency sales con-

**Table 7.—Real Exports and Imports of Goods and Services**

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
	2001	2000			2001				
	I	II	III	IV	I	II	III	IV	I
<b>Exports of goods and services</b> .....	<b>1,132.1</b>	<b>37.0</b>	<b>37.0</b>	<b>-19.0</b>	<b>-7.7</b>	<b>14.3</b>	<b>13.9</b>	<b>-6.4</b>	<b>-2.7</b>
Exports of goods <sup>1</sup> .....	841.9	35.4	40.7	-22.4	-9.9	19.0	21.0	-9.9	-4.6
Foods, feeds, and beverages .....	62.0	-5	5.8	-4.6	1.9	-3.3	45.7	-25.7	13.2
Industrial supplies and materials .....	168.6	3.7	8.1	-1.2	-3.7	9.4	21.0	-2.7	-8.4
Capital goods, except automotive .....	402.4	34.3	20.8	-11.0	-2.9	43.6	22.9	-10.1	-2.9
Automotive vehicles, engines, and parts .....	69.4	-4	.6	-2.7	-6.7	-2.1	3.2	-13.2	-30.6
Consumer goods, except automotive .....	93.0	1.2	3.0	-2.7	4.9	5.7	14.8	-11.6	24.3
Other .....	48.7	-1.7	3.2	-9	-2.6	-12.5	28.2	-6.2	-18.9
Exports of services <sup>1</sup> .....	293.0	2.5	-2.1	2.5	1.6	3.5	-2.8	3.4	2.3
<b>Imports of goods and services</b> .....	<b>1,544.0</b>	<b>63.5</b>	<b>61.2</b>	<b>-4.9</b>	<b>-37.5</b>	<b>18.6</b>	<b>17.0</b>	<b>-1.2</b>	<b>-9.1</b>
Imports of goods <sup>1</sup> .....	1,320.5	58.6	50.1	-7.3	-36.2	20.0	16.2	-2.1	-10.2
Foods, feeds, and beverages .....	49.4	1.5	2.3	-6	-1.1	13.0	20.0	-4.6	-8.1
Industrial supplies and materials, except petroleum and products .....	166.2	-1.3	4.6	-3.5	-3	-3.0	11.6	-8.0	-8
Petroleum and products .....	91.3	6.5	-1.1	-1.0	5.2	35.3	-4.9	-4.3	26.6
Capital goods, except automotive .....	463.1	33.7	27.4	4.8	-22.7	36.2	26.5	4.1	-17.4
Automotive vehicles, engines, and parts .....	180.6	1.4	6.8	-8.6	-9.6	3.1	14.9	-16.3	-18.7
Consumer goods, except automotive .....	293.5	17.7	4.2	5.2	-4.1	28.9	5.9	7.4	-5.4
Other .....	81.9	2.0	10.0	-1.2	-9.1	10.0	58.7	-5.2	-34.3
Imports of services <sup>1</sup> .....	225.4	5.3	11.1	2.2	-1.6	10.6	22.3	4.0	-2.8

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services.

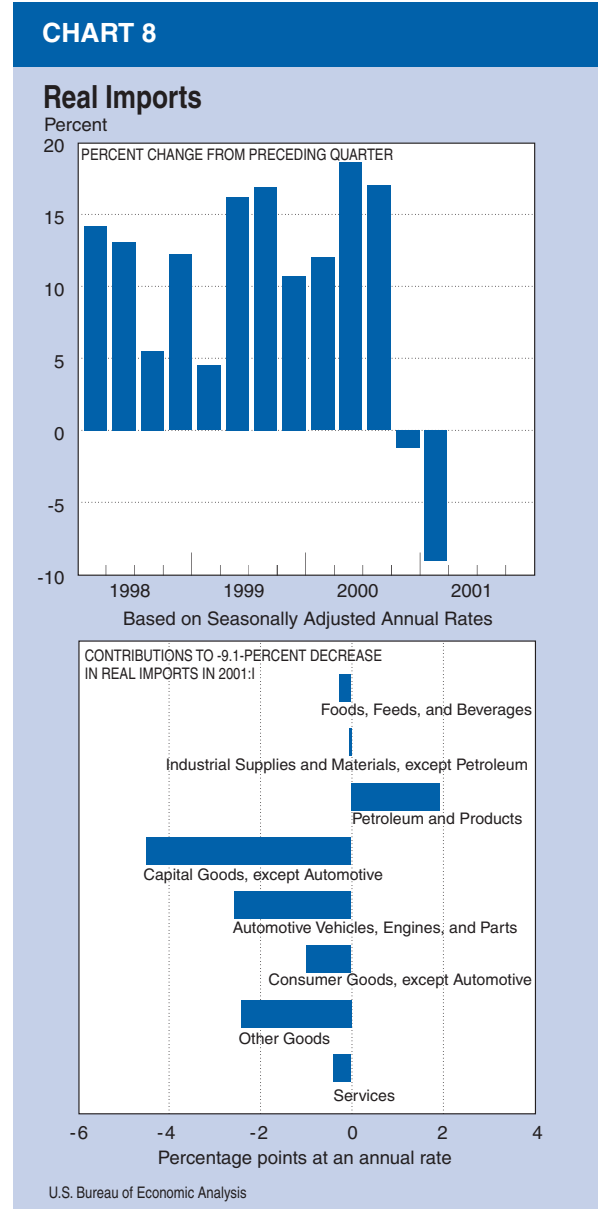
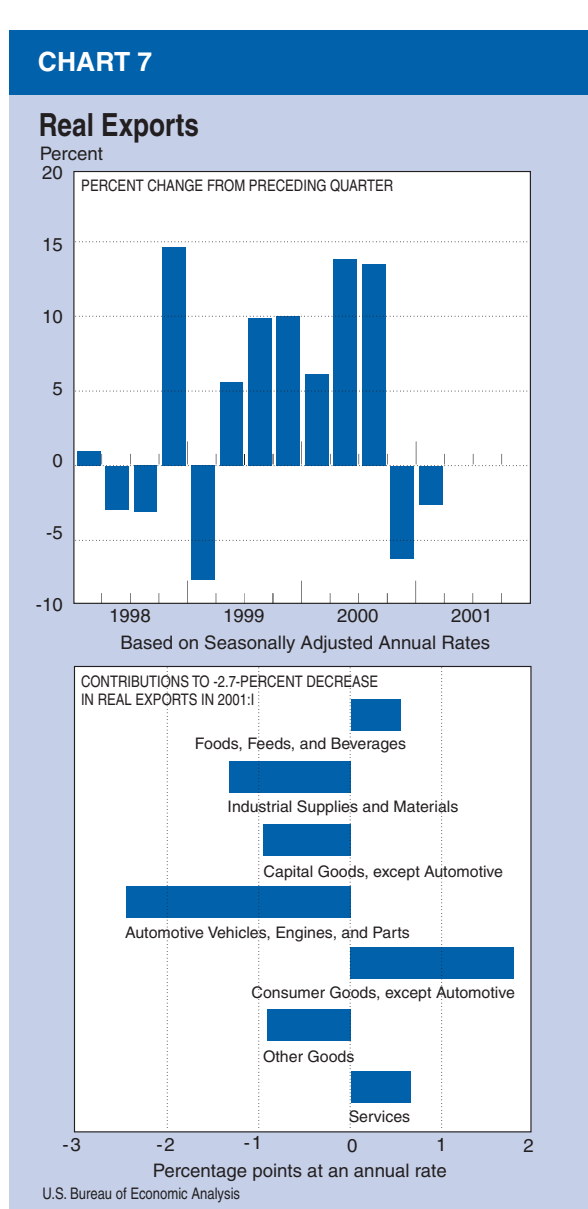
NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA table 4.4. Percent changes in major aggregates are shown in NIPA table S.1.

tracts were mainly responsible for the small slow-down.

Real imports of goods decreased 10.2 percent, much more than in the fourth quarter (chart 8). Nonautomotive capital goods and nonautomotive consumer goods turned down; "other" goods decreased more than in the fourth quarter. In con-

trast, petroleum and products increased after a small decrease.

Imports of services decreased after increasing. Travel and direct defense expenditures turned down, while "other transportation" decreased after no change. In contrast, royalties and license fees turned up, and "other private services" accelerated.



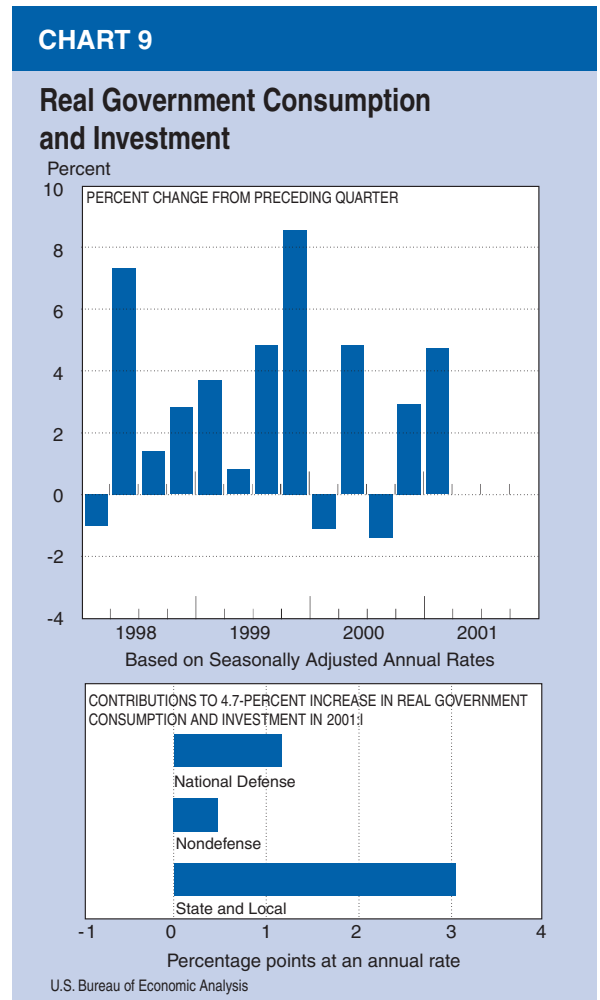
## Government Spending

Government spending picked up in the first quarter. Real spending increased 4.7 percent after increasing 2.9 percent in the fourth quarter (table 8 and chart 9). Spending by both the Federal Government and State and local governments increased more than in the fourth quarter.

Federal nondefense spending increased 3.9 percent after decreasing 4.6 percent. Consumption spending, especially for nondurable goods, was responsible for the upturn. A downturn in investment was accounted for by equipment and software.

Federal defense spending increased less than in the fourth quarter. Investment turned down, primarily reflecting a downturn in equipment and software. In contrast, consumption spending increased considerably more than in the fourth quarter; the acceleration was more than accounted for by a step-up in services other than compensation of employees.

State and local government spending increased 4.7 percent after increasing 2.5 percent. Consumption spending increased twice as much as in the fourth quarter, reflecting an upturn in compensation of employees. A pickup in investment spending was attributable to structures.



**Table 8.—Real Government Consumption Expenditures and Gross Investment**

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000			2001
	2001	2000		2001		2000			2001
	I	II	III	IV	I	II	III	IV	I
<b>Government consumption expenditures and gross investment<sup>1</sup></b> .....	<b>1,608.1</b>	<b>18.6</b>	<b>-5.5</b>	<b>11.4</b>	<b>18.5</b>	<b>4.8</b>	<b>-1.4</b>	<b>2.9</b>	<b>4.7</b>
Federal .....	557.5	21.7	-13.0	5.1	6.6	17.2	-9.0	3.8	4.9
National defense .....	358.4	13.6	-8.9	7.5	4.7	16.9	-9.7	8.9	5.4
Consumption expenditures .....	298.9	12.7	-7.9	1.4	7.0	19.0	-10.1	2.0	9.9
Gross investment .....	60.0	.7	-1.0	6.6	-2.6	5.4	-7.0	56.3	-15.6
Nondefense .....	199.0	8.2	-4.2	-2.3	1.9	17.8	-7.9	-4.6	3.9
Consumption expenditures .....	150.6	5.4	-3.5	-3.8	2.5	15.1	-8.6	-9.8	6.8
Gross investment .....	49.4	3.0	-7	1.7	-6	27.7	-5.4	15.4	-5.2
State and local .....	1,050.0	-2.8	7.3	6.2	11.9	-1.1	2.9	2.5	4.7
Consumption expenditures .....	832.1	5.3	5.7	3.6	7.7	2.6	2.9	1.8	3.8
Gross investment .....	218.4	-8.4	1.5	2.8	4.3	-14.5	2.9	5.3	8.3

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA table 3.8. Percent changes in major aggregates are shown in NIPA table S.1.

### Prices

The price index for gross domestic purchases, which measures the prices paid for goods and services purchased by U.S. residents, increased 2.8 percent in the first quarter after increasing about 2.0 percent in each of the preceding three quarters (table 9 and chart 10). Prices of gross domestic purchases less food and energy increased 2.4 percent after increasing 1.6 percent. The acceleration reflected step-ups in the prices of PCE and Federal Government spending; in contrast, prices of private nonresidential fixed investment turned down.

The step-up in PCE prices reflected pickups in the prices of services and of food. Prices paid by

the Federal Government increased 5.3 percent, reflecting a pay raise for Federal employees; excluding the pay raise, prices paid by the Federal Government increased 1.3 percent, a little less than in the fourth quarter.<sup>6</sup> The downturn in the prices of private nonresidential fixed investment reflected equipment and software prices, mainly computer prices, which declined more than in the fourth quarter.

6. In the NIPAs, an increase in the rate of Federal employee compensation is treated as an increase in the price of employee services purchased by the Federal Government.

**Table 9.—Percent Changes in Prices**

[Annual rates; based on seasonally adjusted index numbers (1996=100)]

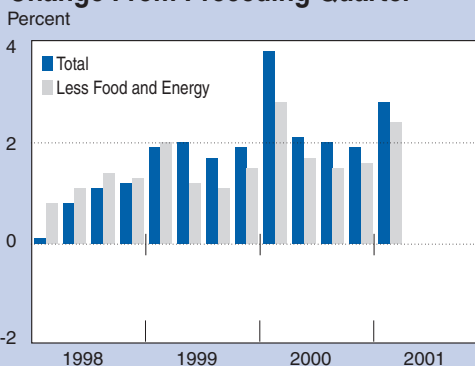
	2000			2001
	II	III	IV	I
<b>Gross domestic product</b> .....	<b>2.4</b>	<b>1.6</b>	<b>2.0</b>	<b>3.2</b>
Less: Exports of goods and services .....	1.9	.7	.5	-4
Plus: Imports of goods and services .....	.2	3.8	.2	-2.7
<b>Equals: Gross domestic purchases</b> .....	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>	<b>2.8</b>
Less: Change in private inventories .....				
<b>Equals: Final sales to domestic purchasers</b> .....	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>	<b>2.8</b>
Personal consumption expenditures .....	2.1	1.8	1.9	3.2
Durable goods .....	-6	-2.3	-1.1	-7
Nondurable goods .....	3.3	2.2	2.0	1.9
Services .....	2.0	2.5	2.5	4.7
Private fixed investment .....	1.9	2.0	1.1	.3
Nonresidential .....	1.6	1.8	.1	-1.3
Structures .....	3.7	5.0	5.4	6.7
Equipment and software .....	1.0	.8	-1.6	-3.8
Residential .....	2.6	2.7	4.4	5.7
Government consumption expenditures and gross investment .....	2.7	2.9	2.8	3.9
Federal .....	.6	2.6	1.5	5.3
National defense .....	.8	2.9	1.4	4.3
Nondefense .....	.4	2.1	1.7	7.2
State and local .....	3.8	3.1	3.5	3.2
<b>Addenda:</b>				
Gross domestic purchases:				
Food .....	2.3	3.5	1.8	4.0
Energy .....	11.2	11.1	10.3	8.2
Less food and energy .....	1.7	1.5	1.6	2.4
Personal consumption expenditures:				
Food .....	2.3	3.7	1.6	4.0
Energy goods and services <sup>1</sup> .....	13.0	8.6	8.9	10.8
Less food and energy .....	1.4	1.1	1.6	2.6

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE.—Percent changes in major aggregates are shown in NIPA table 8.1. Index numbers are shown in tables 7.1, 7.2, and 7.4.

**CHART 10**

### Gross Domestic Purchases Prices: Change From Preceding Quarter



Note—Percent change at annual rate from preceding quarter; based on seasonally adjusted index numbers (1996=100).

U.S. Bureau of Economic Analysis

### Revisions

The 0.7-percentage point downward revision to real GDP was larger than usual (table 10). Over the past 20 years, the average revision (without regard to sign) from the advance estimate to the preliminary estimate was 0.5 percentage point.

The major contributors to the revision in the first quarter were change in private nonfarm inventories (-0.48 percentage point), PCE for nondurable goods (-0.22 percentage point), and imports of goods (-0.20 percentage point). The negative contributions of those components were partly offset by positive contributions from non-

residential structures (0.19 percentage point) and State and local government spending (0.18 percentage point).

The downward revision to private nonfarm investment was primarily to manufacturing inventories. It reflected the incorporation of newly available Census Bureau data on inventories for March and revised data for February.

The downward revision to PCE for nondurable goods was primarily to food and to clothing and shoes. It reflected the incorporation of revised Census Bureau data on retail sales for February and March.

The upward revision to imports of goods, notably to nonautomotive consumer goods and to industrial supplies and materials, mainly reflected the incorporation of newly available Census Bureau data on trade in goods for March.

The upward revisions to private nonresidential structures and to State and local government spending reflected newly available Census Bureau data on construction put in place for March and revised data for January and February.

**Table 10.—Revisions to Change in Real Gross Domestic Product and Prices, First Quarter 2001**

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Preliminary estimate minus advance estimate	
	Advance estimate	Preliminary estimate	Percentage points	Billions of chained (1996) dollars
<b>Gross domestic product</b> .....	<b>2.0</b>	<b>1.3</b>	<b>-0.7</b>	<b>-15.4</b>
Less: Exports .....	-2.2	-2.7	-.5	-1.5
Goods .....	-3.7	-4.6	-.9	-1.9
Services .....	1.8	2.3	.5	.3
Plus: Imports .....	-10.4	-9.1	1.3	5.5
Goods .....	-11.7	-10.2	1.5	5.3
Services .....	-3.2	-2.8	.4	.2
<b>Equals: Gross domestic purchases</b> .....	<b>.6</b>	<b>.2</b>	<b>-4</b>	<b>-9.1</b>
Less: Change in private inventories .....				-11.8
Farm .....				.3
Nonfarm .....				-12.0
<b>Equals: Final sales to domestic purchasers</b> .....	<b>3.0</b>	<b>3.1</b>	<b>.1</b>	<b>2.1</b>
Personal consumption expenditures .....	3.1	2.9	-.2	-3.8
Durable goods .....	11.9	12.2	.3	.8
Nondurable goods .....	2.6	1.5	-1.1	-5.2
Services .....	1.7	1.8	.1	.9
Fixed investment .....	1.6	2.3	.7	2.9
Nonresidential .....	1.1	2.1	1.0	3.6
Structures .....	11.0	17.2	6.2	4.1
Equipment and software .....	-2.1	-2.6	-.5	-1.5
Residential .....	3.3	2.9	-.4	-.4
Government consumption expenditures and gross investment .....	4.0	4.7	.7	3.0
Federal .....	5.7	4.9	-.8	-1.1
National defense .....	4.9	5.4	.5	.5
Nondefense .....	7.0	3.9	-3.1	-1.5
State and local .....	3.1	4.7	1.6	4.0
<b>Addenda:</b>				
Final sales of domestic product .....	4.6	4.4	-.2	-4.2
Gross domestic purchases price index .....	2.8	2.8	0	.....
GDP price index .....	3.2	3.2	0	.....

NOTE.—The preliminary estimates for the first quarter of 2001 incorporate the following revised or additional major source data that were not available when the advance estimates were prepared.

*Personal consumption expenditures:* Retail sales for February and March (revised), consumers' share of new-car purchases for March, average unit value for domestic new autos for March (revised), and consumers' share of new-truck purchases for March.

*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), manufacturers' shipments of complete civilian aircraft for February (revised) and March, 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 private inventories:* Manufacturing and trade inventories for 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 first quarter, and 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), unit-value index for petroleum imports for February (revised) and March, and housing prices for the first quarter.

### Corporate Profits

Profits decreased again in the first quarter. The current-production measure decreased \$21.3 billion (or 2.3 percent at a quarterly rate) after decreasing \$55.6 billion (5.7 percent) in the fourth quarter (table 11).<sup>7</sup> In percentage terms, the back-to-back decreases represent the biggest two-quarter drop since mid-1992.

First-quarter profits were reduced by a \$7.1 billion adjustment (annual rate) for settlement payments made by tobacco companies; fourth-quarter profits had been reduced by a \$14.2 billion adjustment. Excluding these adjustments, profits from current production decreased 3.1 percent (quarterly rate) in the first quarter after decreasing 4.9 percent in the fourth.

The first-quarter decrease in profits reflected drops in profits of domestic nonfinancial corporations and in profits from the rest of the world. Unit profits of domestic nonfinancial corporations fell,

as unit labor costs surged again after a large increase in the fourth quarter. The real output of domestic nonfinancial corporations increased slightly after a small decrease—the first since early 1993.<sup>8</sup>

The drop in rest-of-world profits mainly reflected lower receipts from foreign affiliates of U.S. corporations. Payments of earnings by U.S. affiliates of foreign corporations increased slightly.<sup>9</sup>

In contrast, profits of domestic financial corporations increased for the third consecutive quarter.

Cash flow from current production, a profits-related measure of internally generated funds

7. 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 begins on page D-2 of this issue) as corporate profits with inventory valuation and capital consumption adjustments.

Percent changes in profits are shown at quarterly, not annual, rates.

8. Output is defined here as nonfinancial corporate gross product. It is a measure of the contribution, or value added, of nonfinancial corporations to the Nation's output and is measured as the sum of income generated by these businesses. Consequently, the fourth-quarter decrease in nonfinancial corporate gross product partly reflected the difference between the growth of gross domestic income (GDI), which is a measure of output calculated as the sum of incomes earned in production, and GDP, which is calculated as the sum of expenditures for final goods and services. GDI grew more slowly than GDP in the fourth quarter.

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 include capital consumption adjustments (but not inventory valuation adjustments) and are derived from BEA's international transactions accounts.

**Table 11.—Corporate Profits**

[Seasonally adjusted]

	Billions of dollars (annual rate)					Percent change (quarterly rate)			
	Level	Change from preceding quarter				2000			2001
	2001	2000		2001	II	III	IV	I	
	I	II	III	IV					I
<b>Profits from current production</b> .....	<b>893.4</b>	<b>27.3</b>	<b>6.7</b>	<b>-55.6</b>	<b>-21.3</b>	<b>2.9</b>	<b>0.7</b>	<b>-5.7</b>	<b>-2.3</b>
Domestic industries .....	739.4	21.9	-1.2	-72.8	-15.9	2.7	-1	-8.8	-2.1
Financial .....	186.4	-5.5	6.1	2.8	8.4	-3.2	3.6	1.6	4.7
Nonfinancial .....	553.0	27.3	-7.1	-75.7	-24.3	4.3	-1.1	-11.6	-4.2
Rest of the world .....	154.0	5.4	7.8	17.3	-5.4	4.2	5.8	12.1	-3.4
Receipts (inflows) .....	202.8	12.0	-3.9	5.0	-5.1	6.2	-1.9	2.5	-2.5
Payments (outflows) .....	48.8	6.5	-11.7	-12.2	.2	10.0	-16.2	-20.1	.5
IVA .....	-3.5	11.4	9.1	-4.0	5.0	.....	.....	.....	.....
CCAdj .....	30.7	-5.9	-5.0	-6	1.6	.....	.....	.....	.....
Profits before tax .....	866.2	21.8	2.6	-51.0	-27.9	2.4	.3	-5.4	-3.1
Profits tax liability .....	259.0	5.7	-1.4	-22.9	-8.7	2.0	-.5	-7.9	-3.3
Profits after tax .....	607.2	16.0	4.0	-28.0	-19.2	2.5	.6	-4.3	-3.1
Cash flow from current production .....	998.2	35.3	20.1	-25.1	-6.3	3.6	2.0	-2.4	-6
<b>Domestic industry profits:</b>									
Corporate profits of domestic industries with IVA .....	708.7	27.7	3.9	-72.2	-17.5	3.6	.5	-9.0	-2.4
Financial .....	207.0	-3.8	7.4	3.4	8.1	-2.0	4.0	1.7	4.1
Nonfinancial .....	501.7	31.6	-3.6	-75.6	-25.6	5.5	-6	-12.5	-4.9
	Dollars								
Unit price, costs, and profits of nonfinancial corporations:									
Unit price .....	1.040	0.006	0.001	0.003	0.005	.....	.....	.....	.....
Unit labor cost .....	.683	.001	.002	.012	.010	.....	.....	.....	.....
Unit nonlabor cost .....	.253	.002	0	.007	-.001	.....	.....	.....	.....
Unit profits from current production .....	.104	.004	-0.003	-0.014	-.005	.....	.....	.....	.....

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

IVA Inventory valuation adjustment  
CCAdj Capital consumption adjustment

available for investment, decreased \$6.3 billion after decreasing \$25.1 billion.<sup>10</sup> 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 from 72.2 percent to 71.7 percent, its lowest value since the second quarter of 1982. During 1991–99, the ratio fluctuated between 74 percent and 94 percent; it averaged 84 percent.

*Domestic industry profits and related measures.*—Domestic industry profits decreased \$17.5 billion after plunging \$72.2 billion.<sup>11</sup> The first-quarter

10. Cash flow from current production is undistributed profits with inventory valuation and capital consumption adjustments plus the consumption of fixed capital.

11. Domestic industry profits are estimated as the sum of corporate profits before tax and the inventory valuation adjustment; they are shown in NIPA table 6.16C (on page D-16 of this issue). Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

## Government Sector

The combined current surplus of the Federal Government and of State and local governments—the NIPA measure of net saving by government—decreased \$20.4 billion, to \$319.7 billion, in the first quarter after increasing \$23.5 billion in the fourth (table 12).<sup>13</sup> The State and local government current surplus decreased in the first quarter after little change in the fourth, and the Federal Government current surplus increased less in the first quarter than in the fourth.

### *Federal*

The Federal Government current surplus increased \$2.4 billion, to \$279.4 billion, in the first quarter after increasing \$23.7 billion in the fourth. An upturn in current expenditures more than offset an acceleration in current receipts.

*Current receipts.*—Federal current receipts increased \$34.6 billion in the first quarter after increasing \$17.2 billion in the fourth. The acceler-

13. Net saving equals gross saving less consumption of fixed capital (CFC); the estimates of gross saving, CFC, and net saving are shown in NIPA table 5.1. For NIPA estimates of government current receipts, current expenditures, and the current surplus or deficit for 1999 and 2000, see NIPA tables 3.1, 3.2, and 3.3 in this issue.

decrease appears to have been concentrated in manufacturing and in wholesale trade.

Profits before tax decreased somewhat more than profits from current production. The difference between the two measures mainly reflected an increase in the inventory valuation adjustment, but the capital consumption adjustment also contributed.<sup>12</sup>

12. 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 NIPAs, inventory profits or losses are removed from business incomes by the inventory valuation adjustment (IVA); a negative IVA removes inventory profits, and a positive IVA removes inventory losses.

The capital consumption adjustment converts depreciation valued at historical cost and based on service lives and depreciation patterns specified in the tax code to depreciation valued at current cost and based on empirical evidence on the prices of used equipment and structures in resale markets. For information on depreciation in the NIPAs, see Arnold J. Katz and Shelby W. Herman, “Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95,” *SURVEY OF CURRENT BUSINESS* 77 (May 1997):69–92.

ation was more than accounted for by a smaller decrease in corporate profits tax accruals and by an acceleration in contributions for social insurance. In contrast, personal tax and nontax receipts decelerated.

Corporate profits tax accruals decreased \$7.7 billion after decreasing \$19.1 billion. The smaller decrease reflected the less steep decline in domestic corporate profits before tax.

Contributions for social insurance increased \$16.9 billion after increasing \$8.8 billion. The acceleration primarily reflected an increase in the social security taxable wage base that boosted contributions by employers, employees, and the self-employed to the old-age, survivors, disability, and health insurance trust funds.

Personal tax and nontax receipts increased \$24.7 billion after increasing \$27.5 billion. Income taxes increased \$24.5 billion after increasing \$27.3 billion.

*Current expenditures.*—Current expenditures increased \$32.2 billion in the first quarter after decreasing \$6.4 billion in the fourth. The turnaround was accounted for by upturns in “subsidies



less the current surplus of government enterprises," in consumption expenditures, and in grants-in-aid to State and local governments.

"Subsidies less current surplus of government enterprises" increased \$2.2 billion after decreasing \$20.0 billion. The upturn was mostly accounted for by agricultural subsidies, which increased \$1.4 billion after decreasing \$19.4 billion, reflecting the pattern of the special payments to farmers under the Agricultural Risk Protection Act of 2000.

Consumption expenditures increased \$18.4 billion after decreasing \$0.7 billion. The upturn was the result of a turnaround in nondefense consumption expenditures and an acceleration in defense consumption expenditures.

Nondefense consumption expenditures increased \$6.5 billion after decreasing \$3.6 billion. Nondurable goods increased \$3.3 billion after decreasing \$4.1 billion. The upturn largely reflected a decrease in sales from the Strategic Petroleum Reserve, which are treated as deductions from consumption expenditures; under the "Exchange 2000" program, the Strategic Petroleum Reserve released 30 million barrels of crude oil, with an estimated value of \$3.9 billion (annual rate), to private business in the fourth quarter.<sup>14</sup> Nondefense services increased \$3.2 billion after increasing \$0.4 billion. Within services, compensation of employees increased \$3.3 billion after decreasing \$0.6 billion; compensation was boosted \$2.4 billion by the January 2001 pay raise.

Defense consumption expenditures increased \$12.0 billion after increasing \$2.8 billion. The acceleration was more than accounted for by services, which increased \$13.6 billion after increasing \$1.7 billion. Within services, "other services"—which includes spending for research and development, for personnel support, for installation support, and for weapon support—increased \$10.4 billion after increasing \$1.6 billion. Also within services, compensation of employees increased \$3.1 billion after decreasing \$0.3 billion; compensation was boosted \$3.6 billion by the January 2001 pay raise.

Grants-in-aid to State and local governments increased \$11.6 billion after no change. Grants for medicaid, for education, for health and hospitals, and for unemployment insurance all turned up.

"Transfer payments (net)" increased \$9.4 billion after increasing \$16.8 billion. The deceleration was more than accounted for by transfer payments to the rest of the world, which decreased \$17.2 billion after increasing \$12.0 billion; these payments

had been boosted in the fourth quarter by the annual payment of \$2.8 billion (\$11.2 billion at an annual rate) to Israel for economic support. In contrast, transfer payments to persons increased \$26.7 billion after increasing \$4.8 billion. The step-up mainly reflected a 3.5-percent cost-of-living adjustment in January that boosted benefits \$16.3 billion for social security (old-age, survivors, disability, and health insurance), veterans pensions, supplemental security income, and other programs.

**Table 12.—Government Sector Current Receipts and Expenditures**

[Billions of dollars, seasonally adjusted at annual rates]

	Level	Change from preceding quarter				
	2001	2000				2001
	I	I	II	III	IV	I
Current receipts .....	3,151.5	83.0	62.8	45.4	34.4	36.1
Current expenditures .....	2,831.8	5.1	49.6	29.9	10.9	56.5
Current surplus or deficit (-) .....	319.7	77.9	13.2	15.5	23.5	-20.4
Social insurance funds .....	113.3	3.4	-2.5	7.6	7.2	-5.1
Other .....	206.4	74.6	15.6	7.9	16.4	-15.3
<b>Federal Government</b>						
Current receipts .....	2,141.2	70.9	42.9	34.6	17.2	34.6
Personal tax and nontax receipts .....	1,083.1	39.8	25.6	27.3	27.5	24.7
Corporate profits tax accruals .....	222.6	13.4	4.8	-1.1	-19.1	-7.7
Indirect business tax and nontax accruals .....	109.6	2.9	2.1	0	.1	.6
Contributions for social insurance .....	725.9	14.9	10.3	8.4	8.8	16.9
Current expenditures .....	1,861.8	-21.7	37.9	22.1	-6.4	32.2
Consumption expenditures .....	507.6	-8.3	20.3	-9.1	-7	18.4
National defense .....	334.4	-13.5	14.5	-6.1	2.8	12.0
Nondefense .....	173.2	5.2	5.8	-3.0	-3.6	6.5
Transfer payments (net) .....	811.4	5.5	15.8	6.2	16.8	9.4
To persons .....	805.3	16.1	15.0	3.9	4.8	26.7
To the rest of the world .....	6.2	-10.6	.8	2.3	12.0	-17.2
Grants-in-aid to State and local governments .....	262.8	-3.8	5.9	10.3	0	11.6
Net interest paid .....	245.5	3.2	-4.7	-3.1	-2.3	-9.4
Subsidies less current surplus of government enterprises .....	34.6	-18.2	5	17.8	-20.0	2.2
Subsidies .....	41.1	-16.9	.8	17.5	-19.3	1.8
Of which: Agricultural subsidies .....	17.7	-16.8	.8	17.4	-19.4	1.4
Less: Current surplus of government enterprises .....	6.5	1.3	.3	-4	.7	-3
Less: Wage accruals less disbursements .....	0	0	0	0	0	0
Current surplus or deficit (-) .....	279.4	92.5	5.1	12.4	23.7	2.4
Social insurance funds .....	113.6	3.3	-2.5	7.5	7.2	-5.2
Other .....	165.8	89.3	7.6	4.8	16.5	7.6
<b>State and local governments</b>						
Current receipts .....	1,273.1	8.3	25.8	21.1	17.1	13.2
Personal tax and nontax receipts .....	288.7	2.2	12.2	3.6	7.2	4.3
Corporate profits tax accruals .....	36.3	2.1	.9	-3	-3.7	-1.2
Indirect business tax and nontax accruals .....	675.1	7.6	6.5	7.5	13.6	-1.7
Contributions for social insurance .....	10.2	.2	.2	.1	.1	.1
Federal grants-in-aid .....	262.8	-3.8	5.9	10.3	0	11.6
Current expenditures .....	1,232.8	22.9	17.7	18.0	17.3	35.9
Consumption expenditures .....	954.6	20.1	13.8	13.9	12.7	16.7
Transfer payments to persons .....	278.9	3.1	4.0	4.0	4.8	4.5
Net interest paid .....	-4.9	-6	-4	.2	-3	-2
Less: Dividends received by government .....	.4	0	0	0	0	0
Subsidies less current surplus of government enterprises .....	4.6	.3	.2	-1	.1	15.0
Subsidies .....	15.7	0	0	0	0	15.2
Less: Current surplus of government enterprises .....	11.1	-3	-2	.1	-1	.2
Less: Wage accruals less disbursements .....	0	0	0	0	0	0
Current surplus or deficit (-) .....	40.3	-14.6	8.1	3.1	-1	-22.8
Social insurance funds .....	-4	.1	.1	0	0	0
Other .....	40.6	-14.7	8.1	3.0	-1	-22.9
<b>Addendum:</b>						
Net lending or net borrowing (-) <sup>1</sup> .....	231.0	70.3	20.5	15.7	16.3	-13.5
Federal government .....	267.8	92.7	2.6	13.6	17.2	10.1
State and local government .....	-36.8	-22.4	17.9	2.1	-9	-23.6

1. "Net lending or borrowing" is conceptually similar to "net financial investment" in the flow-of-funds accounts prepared by the Board of Governors of the Federal Reserve System. The two measures differ primarily because government net lending or borrowing is estimated from data for transactions, whereas net financial investment is estimated from data for financial assets. There are also small conceptual differences, such as the classification of the Federal Government's railroad retirement and veterans life insurance programs.

Net interest paid decreased \$9.4 billion after decreasing \$2.3 billion. Gross interest paid decreased \$8.5 after decreasing \$2.2, reflecting larger decreases in interest paid to persons and business and in interest paid to the rest of the world. In addition, gross interest received increased \$0.9 billion after increasing \$0.1 billion, reflecting an upturn in interest received from the rest of the world.

#### *State and local*

The State and local government current surplus decreased \$22.8 billion, to \$40.3 billion, in the first quarter after decreasing \$0.1 billion in the fourth. Current expenditures accelerated, and current receipts decelerated.

*Current receipts.*—State and local government current receipts increased \$13.2 billion in the first quarter after increasing \$17.1 billion in the fourth. The deceleration was more than accounted for by a downturn in indirect business tax and nontax accruals and a deceleration in personal tax and nontax receipts. In contrast, Federal grants-in-aid turned up, and the decline in corporate profits tax accruals slowed.

Indirect business tax and nontax accruals decreased \$1.7 billion after increasing \$13.6 billion. The downturn reflected “out-of-court” settlement payments to the States by tobacco companies, which fell \$7.1 (annual rate) after increasing \$8.0 billion (annual rate). In contrast, sales taxes accelerated to a \$3.3 billion increase from a \$1.8 billion increase.

Personal tax and nontax receipts increased \$4.3 billion after increasing \$7.2 billion. The deceleration was mostly accounted for by a deceleration in personal income taxes, which increased \$3.7 billion after increasing \$6.5 billion, primarily reflecting an increase in refunds issued by Colorado for tax year 2000.

Corporate profits tax accruals decreased \$1.2 billion after decreasing \$3.7 billion, reflecting the smaller decrease in domestic corporate profits before tax.

*Current expenditures.*—Current expenditures increased \$35.9 billion in the first quarter after increasing \$17.3 billion in the fourth. The acceleration was accounted for by accelerations in “subsidies less current surplus of government enterprises” and in consumption expenditures.

“Subsidies less current surplus of government enterprises” increased \$15.0 billion after increasing \$0.1 billion. Subsidies increased \$15.2 billion after no change; the increase was the result of electricity purchases of \$3.8 billion (\$15.2 billion annual rate) by the State of California.

Consumption expenditures increased \$16.7 billion after increasing \$12.7 billion. The acceleration was more than attributable to a step-up in services, which increased \$6.1 billion after increasing \$2.2 billion. Within services, compensation of employees increased \$3.8 billion after decreasing \$0.1 billion, mostly as a result of increased employment.



## Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 2001:I


TABLES 1, 2, AND 3 SHOW quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Table 4 shows real manufacturing inventories by stage of fabrication. Real estimates are in chained (1996) dollars.

### Data availability

Quarterly estimates for 1996:IV–2000:I of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the October 2000 SURVEY OF CURRENT BUSINESS. Estimates for 2000:II were published in the January 2001 SURVEY, and estimates for

2000:III were published in the April 2001 SURVEY.

The estimates for 1967–99 are available as downloadable files on BEA's Web site at <www.bea.doc.gov>; click on "GDP and related data" and look under "Supplementary estimates," underlying detail estimates for change in private inventories, historical file.

The most recent estimates are also available by subscription from BEA: On diskette as part of the NIPA monthly update (product number NDS-0171, price \$204.00) and as separate monthly printouts (product number NLS-0166, price \$108.00). To order, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666). 

NOTE.—As part of this year's annual revision of the national income and product accounts (NIPAs), the Bureau of Economic Analysis will convert its inventory estimates from the Standard Industrial Classification System to the North American Industry Classification System (NAICS) (see "An Upcoming Change in the NIPA Presentation of Private Inventories by Industry" in this issue). The estimates of real inventories for manufacturing and trade will be presented on a NAICS basis beginning with the fourth quarter of 1996 in the October 2001 SURVEY.

**Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period**  
[Billions of chained (1996) dollars]

	2000	2001	2000			2001		
	IV	I	Oct.	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>p</sup>
<b>Manufacturing and trade</b> .....	<b>1,212.3</b>	<b>1,203.7</b>	<b>1,207.0</b>	<b>1,210.2</b>	<b>1,212.3</b>	<b>1,212.1</b>	<b>1,206.3</b>	<b>1,203.7</b>
<b>Manufacturing</b> .....	<b>486.6</b>	<b>483.8</b>	<b>486.1</b>	<b>487.1</b>	<b>486.6</b>	<b>488.7</b>	<b>486.9</b>	<b>483.8</b>
Durable goods .....	306.8	304.8	304.9	306.4	306.8	308.7	307.9	304.8
Primary metal industries .....	25.3	24.7	25.4	25.4	25.3	25.2	25.0	24.7
Fabricated metal products .....	31.0	31.3	31.3	31.2	31.0	31.5	31.5	31.3
Industrial machinery and equipment .....	67.5	67.8	66.2	66.6	67.5	67.6	67.6	67.8
Electronic and other electric equipment .....	53.8	53.5	52.4	53.1	53.8	54.7	54.8	53.5
Transportation equipment .....	62.9	61.2	63.5	63.6	62.9	62.9	62.3	61.2
Motor vehicles and equipment .....	17.5	16.6	18.1	17.8	17.5	17.2	17.1	16.6
Other transportation equipment .....	45.5	44.7	45.5	46.0	45.5	45.8	45.3	44.7
Other durable goods <sup>1</sup> .....	67.2	67.4	66.9	67.3	67.2	67.8	67.7	67.4
Nondurable goods .....	180.0	179.1	181.3	180.8	180.0	180.2	179.2	179.1
Food and kindred products .....	40.7	40.5	40.9	40.7	40.7	40.4	40.3	40.5
Paper and allied products .....	17.0	16.7	17.4	17.2	17.0	17.0	17.0	16.7
Chemicals and allied products .....	50.7	50.5	50.7	50.8	50.7	50.9	50.3	50.5
Petroleum and coal products .....	11.9	12.1	12.0	11.9	11.9	12.0	12.3	12.1
Rubber and miscellaneous plastic products .....	17.6	17.4	17.6	17.4	17.6	17.6	17.5	17.4
Other nondurable goods <sup>2</sup> .....	41.5	41.1	42.2	42.2	41.5	41.6	41.3	41.1
<b>Merchant wholesalers</b> .....	<b>342.5</b>	<b>341.5</b>	<b>341.2</b>	<b>342.1</b>	<b>342.5</b>	<b>341.3</b>	<b>340.8</b>	<b>341.5</b>
Durable goods .....	219.9	218.5	219.4	220.1	219.9	220.2	219.3	218.5
Nondurable goods .....	122.6	122.9	121.8	122.0	122.6	121.0	121.5	122.9
Groceries and farm products .....	41.8	41.3	41.6	42.0	41.8	41.1	41.2	41.3
Other nondurable goods .....	80.9	81.6	80.3	80.2	80.9	80.0	80.4	81.6
<b>Retail trade</b> .....	<b>382.9</b>	<b>378.3</b>	<b>379.5</b>	<b>380.8</b>	<b>382.9</b>	<b>381.9</b>	<b>378.5</b>	<b>378.3</b>
Durable goods .....	215.4	209.7	212.5	213.8	215.4	214.1	210.6	209.7
Motor vehicle dealers <sup>3</sup> .....	110.9	105.7	109.1	109.5	110.9	108.9	106.0	105.7
Other durable goods <sup>3</sup> .....	104.5	104.0	103.3	104.3	104.5	105.1	104.5	104.0
Nondurable goods .....	167.8	168.6	167.1	167.2	167.8	168.0	168.0	168.6
Food stores .....	31.9	32.2	31.9	31.7	31.9	31.9	32.2	32.2
Other nondurable goods .....	135.9	136.5	135.3	135.6	135.9	136.2	135.9	136.5

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods."

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 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 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate**  
[Billions of chained (1996) dollars]

	2000	2001	2000			2001		
	IV	I	Oct.	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>p</sup>
<b>Manufacturing and trade</b> .....	<b>905.4</b>	<b>900.3</b>	<b>906.5</b>	<b>903.2</b>	<b>906.5</b>	<b>902.9</b>	<b>899.6</b>	<b>898.5</b>
<b>Manufacturing</b> .....	<b>371.2</b>	<b>364.4</b>	<b>372.3</b>	<b>370.9</b>	<b>370.3</b>	<b>364.5</b>	<b>363.5</b>	<b>365.4</b>
Durable goods .....	219.6	213.8	221.2	219.3	218.2	213.5	213.0	215.0
Primary metal industries .....	15.7	15.0	16.0	15.8	15.2	15.2	15.0	14.9
Fabricated metal products .....	19.1	18.5	19.4	19.0	19.0	18.7	18.4	18.4
Industrial machinery and equipment .....	55.7	55.6	55.9	55.7	55.5	57.3	54.6	54.9
Electronic and other electric equipment .....	43.5	42.3	43.1	43.1	44.2	42.9	42.5	41.6
Transportation equipment .....	45.1	43.3	45.5	45.3	44.5	40.7	43.4	45.9
Motor vehicles and equipment .....	30.5	28.7	31.9	30.4	29.2	27.2	28.4	30.5
Other transportation equipment .....	14.6	14.5	13.6	14.9	15.2	13.4	14.9	15.3
Other durable goods <sup>1</sup> .....	42.9	41.8	43.6	42.8	42.3	41.9	41.7	41.7
Nondurable goods .....	152.2	151.0	151.9	152.2	152.6	151.3	150.8	150.9
Food and kindred products .....	43.0	42.8	42.8	43.3	43.0	42.4	43.1	42.9
Paper and allied products .....	13.4	13.1	13.4	13.4	13.4	13.1	13.1	13.1
Chemicals and allied products .....	33.8	33.3	33.8	33.9	33.8	33.4	33.2	33.1
Petroleum and coal products .....	15.1	15.8	14.8	15.0	15.6	16.0	15.4	15.9
Rubber and miscellaneous plastic products .....	13.8	13.5	13.9	13.9	13.6	13.7	13.6	13.4
Other nondurable goods <sup>2</sup> .....	33.2	32.5	33.3	33.0	33.2	32.6	32.4	32.5
<b>Merchant wholesalers</b> .....	<b>252.9</b>	<b>252.7</b>	<b>251.7</b>	<b>251.7</b>	<b>255.3</b>	<b>254.3</b>	<b>253.3</b>	<b>250.6</b>
Durable goods .....	137.1	136.1	137.5	137.8	136.1	136.8	136.5	135.0
Nondurable goods .....	115.6	116.4	114.1	114.0	118.8	117.3	116.6	115.4
Groceries and farm products .....	46.6	47.0	45.8	46.0	47.9	46.4	47.3	47.2
Other nondurable goods .....	69.1	69.5	68.4	68.0	71.0	70.8	69.4	68.4
<b>Retail trade</b> .....	<b>281.3</b>	<b>283.1</b>	<b>282.4</b>	<b>280.6</b>	<b>280.0</b>	<b>284.0</b>	<b>282.8</b>	<b>282.5</b>
Durable goods .....	124.2	125.7	125.5	123.7	123.5	126.1	126.1	126.1
Motor vehicle dealers <sup>3</sup> .....	65.0	65.2	65.9	64.6	64.4	65.2	65.3	65.1
Other durable goods <sup>3</sup> .....	56.6	57.7	56.9	56.6	56.4	57.4	57.9	57.9
Nondurable goods .....	161.0	161.6	161.0	160.7	161.4	162.9	161.1	160.9
Food stores .....	38.2	38.2	38.1	38.0	38.3	38.2	38.2	38.2
Other nondurable goods .....	122.0	122.5	122.0	121.8	122.2	123.8	122.0	121.9

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods."

NOTE.—Chained (1996) dollar sales are calculated as the product of the chain-type quantity index and the 1996 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 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted**

[Ratio, based on chained (1996) dollars]

	2000		2000			2001		
	IV	I	Oct.	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>
<b>Manufacturing and trade</b> .....	<b>1.34</b>	<b>1.34</b>	<b>1.33</b>	<b>1.34</b>	<b>1.34</b>	<b>1.34</b>	<b>1.34</b>	<b>1.34</b>
<b>Manufacturing</b> .....	<b>1.31</b>	<b>1.33</b>	<b>1.31</b>	<b>1.31</b>	<b>1.31</b>	<b>1.34</b>	<b>1.34</b>	<b>1.32</b>
Durable goods .....	1.40	1.43	1.38	1.40	1.41	1.45	1.45	1.42
Primary metal industries .....	1.61	1.65	1.58	1.60	1.67	1.66	1.67	1.66
Fabricated metal products .....	1.62	1.69	1.62	1.64	1.63	1.69	1.71	1.70
Industrial machinery and equipment .....	1.21	1.22	1.18	1.20	1.22	1.18	1.24	1.24
Electronic and other electric equipment .....	1.24	1.26	1.22	1.23	1.22	1.27	1.29	1.29
Transportation equipment .....	1.39	1.41	1.39	1.40	1.41	1.55	1.44	1.33
Motor vehicles and equipment .....	.57	.58	.57	.59	.60	.63	.60	.55
Other transportation equipment .....	3.12	3.08	3.34	3.08	2.98	3.43	3.05	2.91
Other durable goods <sup>1</sup> .....	1.57	1.61	1.53	1.57	1.59	1.62	1.62	1.62
Nondurable goods .....	1.18	1.19	1.19	1.19	1.18	1.19	1.19	1.19
Food and kindred products .....	.95	.95	.96	.94	.95	.95	.94	.94
Paper and allied products .....	1.26	1.28	1.29	1.28	1.27	1.30	1.29	1.28
Chemicals and allied products .....	1.50	1.52	1.50	1.50	1.50	1.52	1.51	1.53
Petroleum and coal products .....	.79	.76	.81	.79	.76	.75	.80	.76
Rubber and miscellaneous plastic products .....	1.28	1.29	1.26	1.26	1.30	1.29	1.29	1.30
Other nondurable goods <sup>2</sup> .....	1.25	1.27	1.27	1.28	1.25	1.28	1.27	1.27
<b>Merchant wholesalers</b> .....	<b>1.36</b>	<b>1.35</b>	<b>1.36</b>	<b>1.36</b>	<b>1.34</b>	<b>1.34</b>	<b>1.35</b>	<b>1.36</b>
Durable goods .....	1.60	1.61	1.60	1.60	1.62	1.61	1.61	1.62
Nondurable goods .....	1.06	1.06	1.07	1.07	1.03	1.03	1.04	1.07
Groceries and farm products .....	.90	.88	.91	.91	.87	.89	.87	.88
Other nondurable goods .....	1.17	1.17	1.18	1.18	1.14	1.13	1.16	1.19
<b>Retail trade</b> .....	<b>1.36</b>	<b>1.34</b>	<b>1.34</b>	<b>1.36</b>	<b>1.36</b>	<b>1.35</b>	<b>1.34</b>	<b>1.34</b>
Durable goods .....	1.73	1.67	1.69	1.73	1.74	1.71	1.67	1.66
Motor vehicle dealers <sup>3</sup> .....	1.71	1.62	1.66	1.70	1.72	1.67	1.62	1.62
Other durable goods <sup>3</sup> .....	1.85	1.80	1.82	1.84	1.85	1.83	1.81	1.80
Nondurable goods .....	1.04	1.04	1.04	1.04	1.04	1.03	1.04	1.05
Food stores .....	.84	.84	.84	.83	.83	.84	.84	.84
Other nondurable goods .....	1.11	1.11	1.11	1.11	1.11	1.10	1.11	1.12

<sup>r</sup> Preliminary.

<sup>r</sup> Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods."

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

**Table 4.—Real Manufacturing Inventories by Stage of Fabrication, Seasonally Adjusted, End of Period**

[Billions of chained (1996) dollars]

	2000		2000			2001		
	IV	I	Oct.	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>
<b>Materials and supplies</b> .....								
<b>Manufacturing</b> .....	<b>170.0</b>	<b>168.8</b>	<b>169.7</b>	<b>171.2</b>	<b>170.0</b>	<b>171.3</b>	<b>170.4</b>	<b>168.8</b>
Durable goods .....	105.4	104.6	104.5	105.5	105.4	106.4	106.0	104.6
Primary metal industries .....	8.7	8.6	8.8	8.9	8.7	8.7	8.7	8.6
Fabricated metal products .....	11.6	11.6	11.7	11.7	11.6	11.7	11.7	11.6
Industrial machinery and equipment .....	23.5	23.4	22.9	22.8	23.5	23.9	23.7	23.4
Electronic and other electric equipment .....	20.8	20.4	20.5	20.8	20.8	20.8	20.8	20.4
Motor vehicles and equipment .....	9.8	9.3	9.9	9.8	9.8	9.6	9.4	9.3
Other transportation equipment .....	5.6	5.5	5.5	6.1	5.6	5.7	5.8	5.5
Other durable goods <sup>1</sup> .....	25.5	26.0	25.2	25.5	25.5	26.1	26.0	26.0
Nondurable goods .....	64.7	64.3	65.3	65.8	64.7	65.0	64.5	64.3
Food and kindred products .....	13.2	13.0	13.3	13.4	13.2	13.2	13.0	13.0
Paper and allied products .....	8.1	8.1	8.3	8.2	8.1	8.2	8.2	8.1
Chemicals and allied products .....	15.9	15.9	15.7	16.1	15.9	16.2	15.9	15.9
Petroleum and coal products .....	3.7	3.6	3.7	3.8	3.7	3.7	3.7	3.6
Rubber and miscellaneous plastic products .....	7.2	7.2	7.2	7.3	7.2	7.2	7.2	7.2
Other nondurable goods <sup>2</sup> .....	16.5	16.3	17.0	16.9	16.5	16.5	16.4	16.3
<b>Work-in-process</b> .....								
<b>Manufacturing</b> .....	<b>135.1</b>	<b>133.7</b>	<b>135.8</b>	<b>135.8</b>	<b>135.1</b>	<b>135.4</b>	<b>134.7</b>	<b>133.7</b>
Durable goods .....	105.7	104.5	105.8	106.1	105.7	106.9	105.5	104.5
Primary metal industries .....	8.5	7.9	8.4	8.4	8.5	8.2	8.1	7.9
Fabricated metal products .....	8.6	8.9	8.7	8.7	8.6	8.9	9.0	8.9
Industrial machinery and equipment .....	19.4	19.8	19.7	19.8	19.4	19.2	19.4	19.8
Electronic and other electric equipment .....	15.7	15.9	15.1	15.5	15.7	16.0	16.1	15.9
Motor vehicles and equipment .....	3.9	3.5	4.1	4.0	3.9	3.8	3.9	3.5
Other transportation equipment .....	33.3	32.5	33.4	33.5	33.3	33.5	32.8	32.5
Other durable goods <sup>1</sup> .....	16.4	16.3	16.4	16.5	16.4	16.4	16.4	16.3
Nondurable goods .....	29.3	29.0	29.9	29.6	29.3	29.4	29.2	29.0
Food and kindred products .....	6.9	6.9	6.8	6.8	6.9	6.9	6.9	6.9
Paper and allied products .....	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.6
Chemicals and allied products .....	8.5	8.2	8.4	8.6	8.5	8.4	8.2	8.2
Petroleum and coal products .....	2.6	2.6	2.9	2.6	2.6	2.6	2.7	2.6
Rubber and miscellaneous plastic products .....	2.2	2.3	2.2	2.1	2.2	2.3	2.3	2.3
Other nondurable goods <sup>2</sup> .....	7.4	7.3	7.7	7.6	7.4	7.4	7.3	7.3
<b>Finished goods</b> .....								
<b>Manufacturing</b> .....	<b>181.4</b>	<b>181.2</b>	<b>180.6</b>	<b>180.1</b>	<b>181.4</b>	<b>182.0</b>	<b>181.8</b>	<b>181.2</b>
Durable goods .....	96.0	95.8	94.9	95.0	96.0	96.6	96.7	95.8
Primary metal industries .....	8.1	8.2	8.1	8.1	8.1	8.2	8.2	8.2
Fabricated metal products .....	10.9	10.8	10.9	10.9	10.9	10.8	10.8	10.8
Industrial machinery and equipment .....	24.7	24.7	23.7	24.0	24.7	24.6	24.7	24.7
Electronic and other electric equipment .....	17.4	17.2	16.8	16.8	17.4	17.9	17.9	17.2
Motor vehicles and equipment .....	3.8	3.9	4.0	3.9	3.8	3.8	3.8	3.9
Other transportation equipment .....	6.5	6.6	6.6	6.5	6.5	6.6	6.7	6.6
Other durable goods <sup>1</sup> .....	25.3	25.1	25.2	25.2	25.3	25.2	25.3	25.1
Nondurable goods .....	85.8	85.7	86.0	85.4	85.8	85.7	85.5	85.7
Food and kindred products .....	20.5	20.6	20.8	20.5	20.5	20.4	20.4	20.6
Paper and allied products .....	7.2	7.0	7.4	7.3	7.2	7.1	7.1	7.0
Chemicals and allied products .....	26.2	26.4	26.5	26.1	26.2	26.3	26.2	26.4
Petroleum and coal products .....	5.6	5.8	5.4	5.5	5.6	5.8	5.9	5.8
Rubber and miscellaneous plastic products .....	8.2	8.0	8.2	8.1	8.2	8.1	8.0	8.0
Other nondurable goods <sup>2</sup> .....	17.6	17.5	17.4	17.6	17.6	17.7	17.6	17.5

<sup>r</sup> Preliminary.

<sup>r</sup> Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory.

Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 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.

## An Upcoming Change in the NIPA Presentation of Private Inventories by Industry

AS part of this year's annual revision of the national income and product accounts (NIPA's), the Bureau of Economic Analysis (BEA) will convert its inventory estimates from a Standard Industrial Classification (SIC) basis to a North American Industry Classification System (NAICS) basis. The conversion affects the detailed estimates by industry but not the aggregate measure of the change in private inventories; thus, current-dollar and real GDP are not affected. This note briefly describes the implementation of NAICS in the inventory estimates and then presents the by-industry breakdowns of the NIPA inventory tables on the old and new bases.

The change in presentation, which was announced last summer, reflects the implementation of NAICS by the Census Bureau in its collection of the major monthly source data that underlie these estimates.<sup>1</sup> The NIPA estimates of income and employment by industry will remain on an SIC basis until the next comprehensive revision of the NIPA's, which is currently scheduled for late 2003.<sup>2</sup>

During the next several years, BEA and the other Federal statistical agencies are implementing NAICS as the basis for identifying, compiling, and presenting industry data. The structure of the SIC has not materially changed since it was designed in the 1930s, and the focus of the SIC is mainly on manufacturing and other goods-producing industries. NAICS is organized on a more conceptually consistent basis, and it adds new classifications for high-tech and services industries. To

the extent feasible, data on inputs and outputs, on industry performance and productivity, and on unit labor costs and employment will be consistently categorized across the U.S. economy. In addition, NAICS was developed jointly with our two major trading partners—Canada and Mexico—to facilitate cross-border comparisons.<sup>3</sup>

The Census Bureau has already begun to implement NAICS. The data on manufacturers' shipments, inventories, and orders for March were initially reported on May 2 on an SIC basis, and the revised data were reported on June 5 on a NAICS basis. The data on wholesale trade inventories and sales for March were initially reported on May 8 on an SIC basis and were first published on a NAICS basis on June 1. The data for retail trade inventories and sales for March were initially reported on May 14 on an SIC basis and were first published on a NAICS basis on June 1. For the final NIPA estimate for the first quarter of 2001, BEA is planning to use the same SIC-based inventory data that were used for the preliminary estimate. The inventory estimates for the fourth quarter of 1996 through the advance estimate for the second quarter of 2001 will be presented on a NAICS basis as part of the annual NIPA revision, which will be released on July 27, 2001.

Because the implementation of NAICS results in significant discontinuities at the detailed industry level, the inventory estimates for 1997 will be presented on both the 1987 SIC basis and the NAICS basis. The estimates for 1929–97 on the SIC 1987 basis will be presented in tables 5.10A, 5.11A, 5.12A, 5.13A, and 7.16A. The estimates for 1997 forward on the NAICS basis will be presented in tables 5.10B, 5.11B, 5.12B, 5.13B, and 7.16B.<sup>4</sup> Footnotes to these tables have been added to clarify the A and B designations for each table.

1. See the box "Implementation of the North American Industry Classification System" "Annual Revision of the National Income and Product Accounts," *SURVEY OF CURRENT BUSINESS* 80 (August 2000): 27.

2. The NIPA estimates of income and employment by industry are based on data from various statistical agencies, each of which has its own NAICS implementation schedule. In order to maintain a consistent industry classification, the income and employment estimates will be converted to NAICS after all the source data for each income estimate has been converted. Converting inventories now maintains the relationship with the source data that have already been converted to a NAICS basis. Inventories are the only component of GDP final expenditures that are presented by industry; the other components (personal consumption expenditures, private fixed investment, net exports, and government consumption expenditures and gross investment) are presented by type of product.

NOTE.—This note was prepared by Paul R. Lally.

3. For more information on NAICS and its implementation, see John R. Kort, "The North American Industry Classification System in BEA's Economic Accounts," *SURVEY* 81 (May 2001): 7-13.

4. Beginning in the October 2001 *SURVEY*, the estimates in the quarterly report on real inventories, sales, and inventory-sales ratios for manufacturing and trade will be published on the NAICS basis. See the box "Implementing the North American Industry Classification System" in "Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade," *SURVEY* 81 (April 2001): 12.

**Table 5.10A—Change in Private Inventories by Industry Group**

[Billions of dollars]

	Line
<b>Change in private inventories</b> .....	1
Farm .....	2
Nonfarm .....	3
Change in book value <sup>1</sup> .....	4
Inventory valuation adjustment <sup>2</sup> .....	5
Manufacturing .....	6
Durable goods .....	7
Nondurable goods .....	8
Wholesale trade .....	9
Durable goods .....	10
Nondurable goods .....	11
Merchant wholesalers .....	12
Durable goods .....	13
Nondurable goods .....	14
Nonmerchant wholesalers .....	15
Durable goods .....	16
Nondurable goods .....	17
Retail trade .....	18
Durable goods .....	19
Motor vehicle dealers <sup>3</sup> .....	20
Other <sup>3</sup> .....	21
Nondurable goods .....	22
Other .....	23
Durable goods .....	24
Nondurable goods .....	25

1. This series is derived from the Census Bureau series "current cost inventories."  
 2. The inventory valuation adjustment (IVA) shown in this table differs from the IVA that adjusts business incomes. The IVA in this table reflects the mix of methods (such as first-in, first-out and last-in, first-out) underlying inventories derived primarily from Census Bureau statistics (see footnote 1). This mix differs from that underlying business income derived primarily from Internal Revenue Service statistics.  
 3. Inventories of auto and home supply stores are included in "other durable goods."  
 NOTE.— Estimates in this table are based on the Standard Industrial Classification (SIC).

**Table 5.10B—Change in Private Inventories by Industry**

[Billions of dollars]

	Line
<b>Change in private inventories</b> .....	1
Farm .....	2
Construction, mining, and utilities .....	3
Manufacturing .....	4
Durable goods industries .....	5
Nondurable goods industries .....	6
Wholesale trade .....	7
Durable goods industries .....	8
Nondurable goods industries .....	9
Retail trade .....	10
Motor vehicle dealers .....	11
Food and beverage stores .....	12
General merchandise stores .....	13
Other retail stores .....	14
Other industries .....	15
<b>Addenda:</b>	
Change in private inventories .....	16
Durable goods industries .....	17
Nondurable goods industries .....	18
Nonfarm industries .....	19
Nonfarm change in book value <sup>1</sup> .....	20
Nonfarm inventory valuation adjustment <sup>2</sup> .....	21
Wholesale trade .....	22
Merchant wholesale trade .....	23
Durable goods industries .....	24
Nondurable goods industries .....	25
Nonmerchant wholesale trade .....	26

1. This series is derived from the Census Bureau series "current cost inventories."  
 2. The inventory valuation adjustment (IVA) shown in this table differs from the IVA that adjusts business incomes. The IVA in this table reflects the mix of methods (such as first-in, first-out and last-in, first-out) underlying inventories derived primarily from Census Bureau statistics (see footnote 1). This mix differs from that underlying business income derived primarily from Internal Revenue Service statistics.  
 NOTE.— Estimates in this table are based on the North American Industry Classification System (NAICS).

**Table 5.11A—Real Change in Private Inventories by Industry Group**

[Billions of chained (1996) dollars]

	Line
<b>Change in private inventories</b> .....	1
Farm .....	2
Nonfarm .....	3
Manufacturing .....	4
Durable goods .....	5
Nondurable goods .....	6
Wholesale trade .....	7
Durable goods .....	8
Nondurable goods .....	9
Merchant wholesalers .....	10
Durable goods .....	11
Nondurable goods .....	12
Nonmerchant wholesalers .....	13
Durable goods .....	14
Nondurable goods .....	15
Retail trade .....	16
Durable goods .....	17
Motor vehicle dealers <sup>1</sup> .....	18
Other <sup>1</sup> .....	19
Nondurable goods .....	20
Other .....	21
Durable goods .....	22
Nondurable goods .....	23
Residual .....	24

1. Inventories of auto and home supply stores are included in "other durable goods."  
 NOTE.— Estimates in this table are based on the Standard Industrial Classification (SIC).  
 Chained (1996) dollar series for real change in private inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. 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 5.11B—Real Change in Private Inventories by Industry**

[Billions of chained (1996) dollars]

	Line
<b>Change in private inventories</b> .....	1
Farm .....	2
Construction, mining, and utilities .....	3
Manufacturing .....	4
Durable goods industries .....	5
Nondurable goods industries .....	6
Wholesale trade .....	7
Durable goods industries .....	8
Nondurable goods industries .....	9
Retail trade .....	10
Motor vehicle dealers .....	11
Food and beverage stores .....	12
General merchandise stores .....	13
Other retail stores .....	14
Other industries .....	15
Residual .....	16
<b>Addenda:</b>	
Change in private inventories .....	17
Durable goods industries .....	18
Nondurable goods industries .....	19
Nonfarm industries .....	20
Wholesale trade .....	21
Merchant wholesale trade .....	22
Durable goods industries .....	23
Nondurable goods industries .....	24
Nonmerchant wholesale trade .....	25

NOTE.— Estimates in this table are based on the North American Industry Classification System (NAICS).  
 Chained (1996) dollar series for real change in private inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. 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 5.12A—Private Inventories and Domestic Final Sales of Business by Industry Group**

[Billions of dollars]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Nonfarm .....	3
Durable goods .....	4
Nondurable goods .....	5
Manufacturing .....	6
Durable goods .....	7
Nondurable goods .....	8
Wholesale trade .....	9
Durable goods .....	10
Nondurable goods .....	11
Merchant wholesalers .....	12
Durable goods .....	13
Nondurable goods .....	14
Nonmerchant wholesalers .....	15
Durable goods .....	16
Nondurable goods .....	17
Retail trade .....	18
Durable goods .....	19
Motor vehicle dealers <sup>2</sup> .....	20
Other <sup>2</sup> .....	21
Nondurable goods .....	22
Other .....	23
Durable goods .....	24
Nondurable goods .....	25
<b>Final sales of domestic business</b> <sup>3</sup> .....	26
<b>Final sales of goods and structures of domestic business</b> <sup>3</sup> .....	27
<b>Ratio of private inventories to final sales of domestic business</b>	
Private inventories to final sales .....	28
Nonfarm inventories to final sales .....	29
Nonfarm inventories to final sales of goods and structures .....	30

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 the private inventories component of GDP. The former is the difference between two inventory stocks, each valued at its respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates, whereas, the change in private inventories is stated at annual rates.

2. Inventories of auto and home supply stores are included in "other durable goods."

3. 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 it includes a small amount of final sales by farm and by government enterprises.

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

**Table 5.12B—Private Inventories and Domestic Final Sales by Industry**

[Billions of dollars]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Construction, mining, and utilities .....	3
Manufacturing .....	4
Durable goods industries .....	5
Nondurable goods industries .....	6
Wholesale trade .....	7
Durable goods industries .....	8
Nondurable goods industries .....	9
Retail trade .....	10
Motor vehicle dealers .....	11
Food and beverage stores .....	12
General merchandise stores .....	13
Other retail stores .....	14
Other industries .....	15
<b>Addenda:</b>	
Private inventories .....	16
Durable goods industries .....	17
Nondurable goods industries .....	18
Nonfarm industries .....	19
Wholesale trade .....	20
Merchant wholesale trade .....	21
Durable goods industries .....	22
Nondurable goods industries .....	23
Nonmerchant wholesale trade .....	24
<b>Final sales of domestic business</b> <sup>2</sup> .....	25
<b>Final sales of goods and structures of domestic business</b> <sup>2</sup> .....	26
<b>Ratio of private inventories to final sales of domestic business</b>	
Private inventories to final sales .....	27
Nonfarm inventories to final sales .....	28
Nonfarm inventories to final sales of goods and structures .....	29

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 the private inventories component of GDP. The former is the difference between two inventory stocks, each valued at its respective end-of-quarter prices. The latter is the change in physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates, whereas, the change in private inventories 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 it includes a small amount of final sales by farm and by government enterprises.

NOTE.— Estimates in this table are based on the North American Industry Classification System (NAICS).

**Table 5.13A—Real Private Inventories and Real Domestic Final Sales of Business by Industry Group**

[Billions of chained (1996) dollars]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Nonfarm .....	3
Durable goods .....	4
Nondurable goods .....	5
Manufacturing .....	6
Durable goods .....	7
Nondurable goods .....	8
Wholesale trade .....	9
Durable goods .....	10
Nondurable goods .....	11
Merchant wholesalers .....	12
Durable goods .....	13
Nondurable goods .....	14
Nonmerchant wholesalers .....	15
Durable goods .....	16
Nondurable goods .....	17
Retail trade .....	18
Durable goods .....	19
Motor vehicle dealers <sup>2</sup> .....	20
Other <sup>2</sup> .....	21
Nondurable goods .....	22
Other .....	23
Durable goods .....	24
Nondurable goods .....	25
Residual .....	26
<b>Final sales of domestic business</b> <sup>3</sup> .....	27
<b>Final sales of goods and structures of domestic business</b> <sup>3</sup> .....	28
<b>Ratio of private inventories to final sales of domestic business</b>	
Private inventories to final sales .....	29
Nonfarm inventories to final sales .....	30
Nonfarm inventories to final sales of goods and structures .....	31

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

2. Inventories of auto and home supply stores are included in "other durable goods."

3. 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 it includes a small amount of final sales by farm and by government enterprises.

NOTE.— Estimates in this table are based on the Standard Industrial Classification (SIC). Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 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 for inventories.

**Table 5.13B—Real Private Inventories and Real Domestic Final Sales by Industry**

[Billions of chained (1996) dollars]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Construction, mining, and utilities .....	3
Manufacturing .....	4
Durable goods industries .....	5
Nondurable goods industries .....	6
Wholesale trade .....	7
Durable goods industries .....	8
Nondurable goods industries .....	9
Retail trade .....	10
Motor vehicle dealers .....	11
Food and beverage stores .....	12
General merchandise stores .....	13
Other retail stores .....	14
Other industries .....	15
Residual .....	16
<b>Addenda:</b>	
Private inventories .....	17
Durable goods industries .....	18
Nondurable goods industries .....	19
Nonfarm industries .....	20
Wholesale trade .....	21
Merchant wholesale trade .....	22
Durable goods industries .....	23
Nondurable goods industries .....	24
Nonmerchant wholesale trade .....	25
<b>Final sales of domestic business</b> <sup>2</sup> .....	26
<b>Final sales of goods and structures of domestic business</b> <sup>2</sup> .....	27
<b>Ratio of private inventories to final sales of domestic business</b>	
Private inventories to final sales .....	28
Nonfarm inventories to final sales .....	29
Nonfarm inventories to final sales of goods and structures .....	30

1. Inventories are as of the end of the quarter. The quarter-to-quarter changes calculated from this table are at quarterly rates, whereas, the change in private inventories 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 it includes a small amount of final sales by farm and by government enterprises.

NOTE.— Estimates in this table are based on the North American Industry Classification System (NAICS).

Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 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 for inventories.



**Table 7.16A—Implicit Price Deflators for Private Inventories by Industry Group**

[Index numbers, 1996=100]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Nonfarm .....	3
Durable goods .....	4
Nondurable goods .....	5
Manufacturing .....	6
Durable goods .....	7
Nondurable goods .....	8
Wholesale .....	9
Durable goods .....	10
Nondurable goods .....	11
Merchant wholesalers .....	12
Durable goods .....	13
Nondurable goods .....	14
Nonmerchant wholesalers .....	15
Durable goods .....	16
Nondurable goods .....	17
Retail trade .....	18
Durable goods .....	19
Motor vehicle dealers .....	20
Other .....	21
Nondurable goods .....	22
Other .....	23
Durable goods .....	24
Nondurable goods .....	25

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

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

**Table 7.16B—Implicit Price Deflators for Private Inventories by Industry**

[Index numbers, 1996=100]

	Line
<b>Private inventories</b> <sup>1</sup> .....	1
Farm .....	2
Construction, mining, and utilities .....	3
Manufacturing .....	4
Durable goods industries .....	5
Nondurable goods industries .....	6
Wholesale trade .....	7
Durable goods industries .....	8
Nondurable goods industries .....	9
Retail trade .....	10
Motor vehicle dealers .....	11
Food and beverage stores .....	12
General merchandise stores .....	13
Other retail stores .....	14
Other industries .....	15
<b>Addenda:</b>	
Private inventories .....	16
Durable goods industries .....	17
Nondurable goods industries .....	18
Nonfarm industries .....	19
Wholesale trade .....	20
Merchant wholesale trade .....	21
Durable goods industries .....	22
Nondurable goods industries .....	23
Nonmerchant wholesale trade .....	24

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

NOTE.— Estimates in this table are based on the North American Industry Classification System (NAICS).

# Foreign Direct Investment in the United States

## New Investment in 2000

By Ned G. Howenstine

**O**UTLAYS by foreign direct investors to acquire or establish businesses in the United States increased 17 percent to \$320.9 billion in 2000. Outlays had increased 28 percent to \$275.0 billion in 1999 after more than tripling to \$215.3 billion in 1998 (table 1 and chart 1).<sup>1</sup> In 2000, investors made sizable outlays to acquire high-tech businesses in several industries identified with the “new economy,” including telecommunications, information services, and communications and computer equipment manufacturing. Outlays were also substantial in a number of other indus-

1. The 2000 estimates are preliminary. The 1999 estimate of total outlays has been revised down 3 percent from the preliminary estimate that was published in Ned G. Howenstine and Rosaria Troia, “Foreign Direct Investment in the United States: New Investment in 1999,” *SURVEY OF CURRENT BUSINESS* 80 (June 2000): 55–63. For information on the coverage of the estimates, see the “Technical Note” on page 28.

NOTE.—The data presented in this article were drawn from BEA’s survey of new foreign direct investment in the United States that was conducted under the supervision of Dorrett E. Williams, with contributions by Constance T. Deve, Edward J. Kozerka, Ronald L. McNeil, and Amy R. Sweeney. Karen E. Poffel programmed the tables.

tries—including petroleum manufacturing; food manufacturing; mining; utilities; and investment banking, consulting, insurance, financial management, and advertising services.

### Spending in 1998–2000

The unprecedented levels of new investment spending in the last 3 years contributed to soaring worldwide merger and acquisition activity and coincided with the strong growth of the U.S. economy.<sup>2</sup> During this period, foreign direct investors’ spending was boosted by large investments to a much greater extent than in earlier years. In 1998–2000, investments of \$2 billion or more accounted for over 65 percent of total outlays; in the previous 6 years, large investments had never accounted for more than 30 percent of total outlays (table 2). In

2. Information on total worldwide merger and acquisition activity is available from Thompson Financial Securities Data.

In addition to new investment in the United States, the worldwide boom in mergers and acquisitions reflected the strong growth in U.S. direct investment abroad in 1998–2000; see Christopher L. Bach, “U.S. International Transactions, Fourth Quarter and Year 2000,” *SURVEY* 81 (April 2001): 21–68.

**Table 1.—Investment Outlays by Type of Investment and Investor, 1992–2000**

[Millions of dollars]

	1992	1993	1994	1995	1996	1997	1998	1999 <sup>r</sup>	2000 <sup>p</sup>
<b>Total outlays</b> .....	<b>15,333</b>	<b>26,229</b>	<b>45,626</b>	<b>57,195</b>	<b>79,929</b>	<b>69,708</b>	<b>215,256</b>	<b>274,956</b>	<b>320,858</b>
<b>By type of investment:</b>									
U.S. businesses acquired	10,616	21,761	38,753	47,179	68,733	60,733	182,357	265,127	316,461
U.S. businesses established	4,717	4,468	6,873	10,016	11,196	8,974	32,899	9,829	4,396
<b>By type of investor:</b>									
Foreign direct investors	4,058	6,720	13,628	11,927	32,230	13,899	120,828	120,878	102,935
U.S. affiliates	11,275	19,509	31,999	45,268	47,699	55,809	94,428	154,078	217,923

<sup>p</sup> Preliminary.  
<sup>r</sup> Revised.

**Table 2.—Distribution of Investment Outlays by Size, 1992–2000**

[Percent]

	1992	1993	1994	1995	1996	1997	1998	1999 <sup>r</sup>	2000 <sup>p</sup>
<b>Total outlays</b> .....	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
\$5 billion or more .....	0	0	0	( <sup>p</sup> )	0	0	55	55	48
\$2 billion–\$4.999 billion .....	0	( <sup>p</sup> )	27	18	29	12	11	16	20
\$100 million–\$1.999 billion .....	42	51	51	48	55	67	27	24	28
Less than \$100 million .....	58	( <sup>p</sup> )	22	( <sup>p</sup> )	16	21	7	5	4

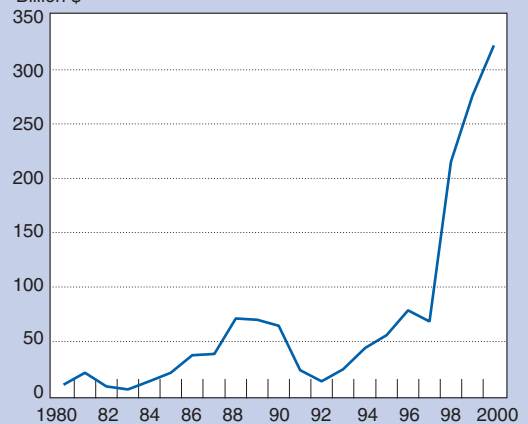
<sup>p</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>r</sup> Preliminary.  
<sup>p</sup> Revised.

**CHART 1**

### Outlays for New Investment in the United States by Foreign Direct Investors, 1980–2000

Billion \$



U.S. Bureau of Economic Analysis

the last 3 years, new investments tended to be in industries in which large companies predominate—such as petroleum, motor vehicle, and food manufacturing, telecommunications, and financial services. In both the telecommunications and the financial services industries, deregulation and rapid technological change during the latter half of the 1990s increased incentives for business consolidations.

The industry distribution of investment outlays varied from year to year, but nearly half of the total spending in 1998–2000 was in manufacturing; within manufacturing, spending was especially strong in petroleum and coal products and in computers and electronic products. Among non-manufacturing industries, spending was largest in information, particularly broadcasting and telecommunications, and in finance (except depository institutions) and insurance.

By country of ultimate beneficial owner (UBO), investors from Europe accounted for 75 percent of total outlays; their share had averaged 64 percent in 1995–97. Outside Europe, spending was evenly divided among investors from Canada, Latin America and Other Western Hemisphere, and Asia and Pacific. Spending by British investors was more than three times as large as that by investors in the country with the next largest outlays (the Netherlands), and British investors accounted for over a third of total outlays.

### Spending in 2000

Outlays to acquire existing U.S. companies rather than to establish new U.S. companies accounted for \$316.5 billion, or 99 percent, of total outlays in 2000 (table 1). Over two-thirds of total outlays were made by existing U.S. affiliates (\$217.9 billion) rather than by foreign direct investors themselves (\$102.9 billion); however, some of the outlays by these affiliates were financed with funds

provided by their foreign parents (outlays by source of funding is discussed later in the article).

Several of the largest acquisitions made by foreign direct investors involved exchanges of stock. In these exchanges, the shareholders in the acquired U.S. companies received stock in the foreign parent companies as partial or total payment for the acquisitions.

By industry, outlays increased sharply in manufacturing (from \$73.1 billion to \$144.9 billion) and in professional, scientific, and technical services (from \$9.4 billion to \$32.0 billion)(table 3).<sup>3</sup>

3. The estimates for 1998–2000 are classified by industry according to a system that is based on the 1997 North American Industry Classification System; see the box “New Industry Classifications” in Howenstine and Troia, “Foreign Direct Investment,” 59.

**Table 3.—Investment Outlays by Industry of U.S. Business Enterprise, 1998–2000**

(Millions of dollars)

	1998	1999 <sup>r</sup>	2000 <sup>p</sup>
<b>All industries</b> .....	<b>215,256</b>	<b>274,956</b>	<b>320,858</b>
Manufacturing .....	149,243	73,122	144,871
Food .....	1,286	859	(D)
Beverages and tobacco products .....	442	1,417	4,121
Petroleum and coal products .....	67,658	158	(D)
Chemicals .....	3,627	5,703	14,060
Plastics and rubber products .....	1,434	3,682	2,540
Nonmetallic mineral products .....	900	3,175	6,539
Primary metals .....	2,454	2,542	321
Fabricated metal products .....	532	1,388	467
Machinery .....	5,220	13,941	1,048
Computers and electronic products .....	17,861	30,601	43,945
Electrical equipment, appliances, and components .....	136	4,247	8,287
Transportation equipment .....	37,177	2,786	2,700
Other .....	10,516	2,667	6,643
Wholesale trade .....	3,321	(D)	7,486
Retail trade .....	1,153	3,458	(D)
Information .....	13,399	90,855	62,198
Publishing industries .....	9,856	(D)	9,387
Motion pictures and sound recording industries .....	36	(D)	(D)
Broadcasting and telecommunications .....	2,841	0	(D)
Information services and data processing services .....	667	(D)	12,502
Depository institutions .....	1,563	(D)	(D)
Finance (except depository institutions) and insurance .....	21,057	46,380	44,117
Real estate and rental and leasing .....	6,299	5,206	3,197
Professional, scientific, and technical services .....	4,289	9,366	31,999
Other industries .....	14,932	32,680	23,283

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>P</sup> Preliminary.

<sup>r</sup> Revised.

### Key Terms

*Foreign direct investment in the United States* is ownership or control, directly or indirectly, by one foreign person of 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. A *U.S. affiliate* is a U.S. business in which there is foreign direct investment.

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 *ultimate beneficial owner (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.

Within manufacturing, the largest increases were in food, petroleum, and computers and electronic products. In professional, scientific, and technical services, the largest increases were in management, scientific, and technical consulting and in “other,” particularly advertising and related services. Outlays decreased in information, but at \$62.2 billion, they remained substantial. Within information, outlays were largest in broadcasting and telecommunications and in information and data processing services.

By country of UBO, outlays by investors in Canada, Europe, and Asia and Pacific increased (table 4). In Europe, most of the increase was accounted for by investors from the Netherlands, Switzerland, and “other Europe,” particularly Spain, Finland, and Belgium. Spending by British investors, at \$107.7 billion, was much larger than that by investors from any other country and was more than twice the \$47.9 billion in outlays by investors from the Netherlands, who ranked second (chart 2). In Asia and Pacific, about three-fourths of the increase in outlays was accounted for by investors from Japan; investors from Singapore also contributed to the increase. Outlays by Japanese investors increased to \$25.3 billion from \$11.7 billion; a single acquisition by a minority-owned U.S. affiliate of a Japanese UBO accounted for a significant portion of the total.

Outlays financed by funds supplied by new or existing foreign parents rather than by existing

U.S. affiliates decreased slightly to \$207.2 billion in 2000 from \$219.5 billion in 1999. These outlays are part of overall capital inflows for foreign direct investment in the United States (FDIUS) as recorded in the financial account of the U.S. international transactions accounts.<sup>4</sup> Outlays financed by existing U.S. affiliates with funds from U.S. sources, including their own retained earnings, or from foreign sources other than their foreign parents increased to \$113.6 billion from \$55.4 billion.

U.S. businesses that were newly acquired or established by foreign investors in 2000 had total assets of \$446.8 billion, compared with \$454.0 billion for those acquired or established in 1999 (table 5). They employed 646,000 people, up from 603,000. In 2000, the largest shares of employment were accounted for by businesses in manufacturing (particularly computers and electronic products, food, and petroleum and coal products), in “other industries” (particularly employment services and investigation and security services), in professional, scientific, and technical services (par-

4. In addition to outlays from foreign parents to acquire or establish U.S. affiliates, capital inflows for FDIUS include foreign parents’ financing of their existing U.S. affiliates. In 2000, capital inflows increased to \$316.5 billion from \$275.5 billion in 1999. Of the components of total capital inflows for direct investment—equity capital, reinvested earnings, and intercompany debt—changes in equity capital inflows tend to most closely reflect the changes in new foreign investment; in 2000, equity capital inflows increased \$9.0 billion, to \$221.1 billion. Because some of the largest investments in 2000 were structured as exchanges of stock, the equity capital inflows for FDIUS were partly offset in the U.S. international transactions accounts by outflows that reflected increases in the U.S. holdings of foreign securities. The preliminary estimates of these flows were published in Bach, “U.S. International Transactions,” 50, 57, and 62–67. Revised estimates will be published in the July SURVEY.

**Table 4.—Investment Outlays by Country of Ultimate Beneficial Owner, 1998–2000<sup>1</sup>**

[Millions of dollars]

	1998	1999 <sup>r</sup>	2000 <sup>p</sup>
<b>All countries</b> .....	<b>215,256</b>	<b>274,956</b>	<b>320,858</b>
Canada .....	22,635	9,271	27,536
Europe .....	170,173	196,288	244,705
France .....	14,493	23,750	26,508
Germany .....	39,873	21,514	16,887
Netherlands .....	19,009	22,265	47,909
Switzerland .....	4,525	7,512	22,485
United Kingdom .....	84,995	109,226	107,666
Other Europe .....	7,278	12,021	23,250
Latin America and Other Western Hemisphere .....	11,354	33,046	13,072
South and Central America .....	920	1,622	(D)
Other Western Hemisphere .....	10,433	31,424	(D)
Africa .....	212	(D)	(D)
Middle East .....	2,810	848	(D)
Asia and Pacific .....	7,329	15,100	33,278
Australia .....	(D)	(D)	(D)
Japan .....	4,862	11,696	25,343
Other Asia and Pacific .....	(D)	(D)	(D)
United States <sup>2</sup> .....	743	(D)	(D)

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>p</sup> Preliminary.

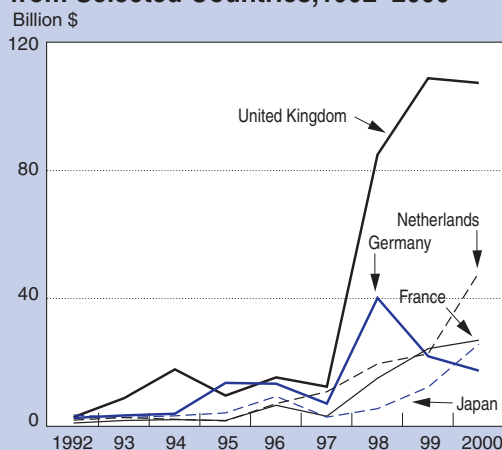
<sup>r</sup> Revised.

1. 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.

2. The United States is shown as the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are, in turn, ultimately owned by persons located in the United States (see the box “Key Terms”).

**CHART 2**

**Outlays for New Investment in the United States by Foreign Direct Investors from Selected Countries, 1992–2000**



U.S. Bureau of Economic Analysis

ticularly advertising and related services), and in retail trade.

U.S. businesses that were newly acquired or established had a record net income of \$7.5 billion, substantially higher than the previous record of \$4.6 billion in 1998. In 2000, newly acquired businesses in manufacturing and in finance (except depository institutions) and insurance accounted for most of the total.

### Technical Note

The estimates of new foreign direct investments cover U.S. business enterprises that were acquired or established by foreign direct investors during the year and that filed full or partial reports on the survey that the Bureau of Economic Analysis (BEA) used to collect the data. For the survey, a U.S. business enterprise is categorized as “established” if the foreign parent or its existing U.S. affiliate creates a new legal entity that is organized and begins operating as a new U.S. business enterprise or directly purchases U.S. real estate.<sup>5</sup> A U.S.

business enterprise is categorized as “acquired” if a foreign parent or its existing U.S. affiliate obtains a voting equity interest of 10 percent or more in an existing U.S. business enterprise and continues to operate it as a separate legal entity or if a foreign parent or its affiliate purchases a business segment or an operating unit of an existing U.S. business and organizes it as a new separate legal entity. A U.S. business is also categorized as “acquired” if an existing U.S. affiliate purchases a U.S. business, a segment of a U.S. business, or an operating unit of a U.S. business and merges it into its own operations.

These estimates do not cover the acquisition of additional equity in an existing U.S. affiliate, the

5. The number of new U.S. companies established is not equivalent to the number of “greenfield” investments, which typically refers to the construction of new plants or other business facilities. First, direct purchases of U.S. real estate—which often involve purchases of existing office buildings, hotels, retail stores, shopping centers, or other commercial property—are included in the “established” measure but are not considered “greenfield” investments. Second, new plants that are built by existing U.S. affiliates are considered “greenfield” investments, but they are included in the “established” measure only if the new plants are set up as separate legal entities.

### Data on Foreign Direct Investment in the United States

In addition to the data on new foreign direct investments presented in this article, BEA collects and publishes two other broad sets of data on foreign direct investment in the United States (FDIUS): Financial and operating data of U.S. affiliates, and balance-of-payments and direct-investment-position data.

The financial and operating data were most recently published in “U.S. Affiliates of Foreign Companies: Operations in 1998” in the [August 2000 SURVEY OF CURRENT BUSINESS](#); that article includes a detailed description of the three types of FDIUS data.

The balance-of-payments data and the direct-invest-

ment-position data were published in “The International Investment Position of the United States at Yearend 1999” and “Direct Investment Positions for 1999: Country and Industry Detail” in the July 2000 issue; “Foreign Direct Investment in the United States: Detail for Historical Cost Position and Related Capital and Income Flows, 1999” in the September 2000 issue; and “U.S. International Transactions, Fourth Quarter and Year 2000,” in the April 2001 issue.

Revised and updated balance-of-payments data and direct-investment-position data will be published in the July and September 2001 issues of the [SURVEY](#).

**Table 5.—Selected Operating Data of U.S. Businesses Acquired or Established, by Industry of U.S. Business Enterprise, 1999–2000**

	1999 <sup>r</sup>					2000 <sup>p</sup>				
	Millions of dollars			Thousands of employees	Number of hectares of land owned <sup>1</sup>	Millions of dollars			Thousands of employees	Number of hectares of land owned <sup>1</sup>
	Total assets	Sales	Net income			Total assets	Sales	Net income		
<b>All industries</b> .....	<b>454,012</b>	<b>124,253</b>	<b>895</b>	<b>602.7</b>	<b>582,642</b>	<b>446,838</b>	<b>142,315</b>	<b>7,454</b>	<b>645.5</b>	<b>310,301</b>
Manufacturing .....	73,715	42,219	-912	210.4	92,156	143,857	57,515	3,724	173.2	207,939
Wholesale trade .....	4,098	11,886	-229	45.2	1,089	6,163	12,579	239	27.2	570
Retail trade .....	5,807	10,099	-23	55.5	(P)	6,831	8,508	-62	69.5	(P)
Information .....	40,257	12,276	221	47.2	50	41,235	13,063	-345	47.7	1,392
Depository institutions .....	111,205	(P)	20	J	235	11,506	(P)	(P)	G	(P)
Finance (except depository institutions) and insurance .....	164,780	13,448	2,309	29.5	1,239	175,930	19,337	2,307	41.9	116
Real estate and rental and leasing .....	6,604	(P)	67	I	4,401	4,741	(P)	(P)	G	4,506
Professional, scientific, and technical services .....	3,273	2,196	-194	15.4	(P)	30,351	9,738	628	70.8	(P)
Other industries .....	44,272	20,310	-362	179.5	482,066	26,224	19,967	790	210.9	95,088

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>P</sup> Preliminary.

<sup>r</sup> Revised.

1. One hectare equals 2.471 acres. Thus, for all industries, the number of acres of land owned in 1999 and 2000 were 1,439,708 and 766,754, respectively.

NOTES.—For newly acquired businesses, data cover the most recently completed financial re-

porting 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.

acquisition of an existing U.S. affiliate by one foreign investor from another, or the expansion in the operations of existing U.S. affiliates. Selloffs or other disinvestments are not netted against the new investments. (For information about related BEA data, see the box “Data on Foreign Direct Investment in the United States.”)

U.S. businesses that are acquired or established by foreign direct investors and that have total assets of more than \$3 million or that own 200 or more acres of U.S. land are required to file full reports with BEA. In order to reduce reporting burden, smaller U.S. businesses—those having total assets of \$3 million or less and owning less than 200 acres of U.S. land—may file shorter, partial reports.<sup>6</sup>

For the partial reports it receives, BEA estimates the items that are only on the full report and adds these estimates and the reported data from the partial reports to the data from the full reports. Because the businesses that file partial reports are so small, their estimated and reported values have a negligible impact on the published aggregates. For example, in 1999, the total assets of U.S. businesses that filed partial reports were \$426.5 million, less than 0.1 percent of the \$454.0 billion of total assets for all investments.

Although the values for partial reports are negligible, their numbers are significant. For example, BEA received 1,156 partial reports in 1999, compared with 823 full reports. Furthermore, the number of businesses that are subject to partial reporting may be much higher than the number of partial reports BEA actually received, because not

all of the smaller U.S. businesses acquired or established by foreigners in 1999 filed reports. BEA makes every effort to contact all U.S. businesses that may have been newly acquired or established by foreigners, but it must concentrate its limited resources on ensuring compliance with reporting requirements by larger businesses.


Of the 823 full reports filed in 1999, 565 were for investments to acquire U.S. businesses, and 258 were for investments to establish new U.S. businesses. For 2000, BEA estimates that 890 businesses will have filed full reports by the time the revised estimates are published next year.<sup>7</sup>

The number of full reports by size of outlay is shown in the table below. For 2000, as is usually

	1998	1999 <sup>r</sup>	2000 <sup>p</sup>
<b>Total</b> .....	<b>927</b>	<b>823</b>	<b>890</b>
\$5 billion or more .....	6	9	11
\$2 billion–\$4.999 billion .....	8	14	10
\$100 million–\$1.999 billion .....	154	157	197
Less than \$100 million .....	759	643	672

the case for the preliminary estimates, reports covering virtually all of the largest investments have already been filed. Accordingly, among the four size classes shown, the numbers for the three largest classes represent the number of reports actually received; the number for investments of less than \$100 million includes an estimate of the number of late reports that will be received before the revised estimates are published.

The number of new investments for 1998–2000 is not comparable with the number of new investments for 1980–97, because the criterion for filing full reports was raised from \$1 million in total assets in 1980–97 to \$3 million in 1998. The incomparability affects only the total number and the number in the smallest size class. In addition, prior to 1998, the values for new investments did not include estimated values for partial reports. Because these estimated values would have been negligible, the previously published values for 1980–97 are reasonably comparable with those for 1998 forward.

Tables 6 and 7 follow. 

6. Copies of the full report (BE–13) and the partial report (BE–13, Supplement C) are on BEA’s Web site at <[www.bea.doc.gov/bea/surveys.htm](http://www.bea.doc.gov/bea/surveys.htm)>.

#### Availability of New Investment Data

Summary estimates of the outlays by foreign direct investors to acquire or establish businesses in the United States are presented in this article.

Detailed estimates on the number of investments and investors for 1999 and on investment outlays and selected operating data for the newly acquired or established businesses for 1999 and 2000 will be available on BEA’s Web site at <[www.bea.doc.gov](http://www.bea.doc.gov)> by early July; these estimates will also be available on diskette.

Detailed estimates beginning with 1980 are currently available on BEA’s Web site and on diskettes. To order the diskettes, call the BEA Order Desk at 1–800–704–0415 (outside the United States, call 202–606–9666).

7. Each year, BEA continues to receive survey reports after the preliminary estimates are published. To make the preliminary estimates as accurate as possible, BEA augments the reported data with estimates for late reports. An estimate is made for each of the data items covered by the survey, and these estimates cover both full and partial reports. BEA also estimates the number of full reports, but not the number of partial reports because the latter number may fluctuate significantly from year to year.

Table 6.—Investment Outlays by Type of Investment and Investor, by Industry of U.S. Business Enterprise, 1999–2000

[Millions of dollars]

	1999 <sup>r</sup>					2000 <sup>p</sup>				
	Total	By type of investment		By type of investor		Total	By type of investment		By type of investor	
		U.S. businesses acquired	U.S. businesses established	Foreign direct investors	U.S. affiliates		U.S. businesses acquired	U.S. businesses established	Foreign direct investors	U.S. affiliates
<b>All industries</b> .....	<b>274,956</b>	<b>265,127</b>	<b>9,829</b>	<b>120,878</b>	<b>154,078</b>	<b>320,858</b>	<b>316,461</b>	<b>4,396</b>	<b>102,935</b>	<b>217,923</b>
<b>Manufacturing</b> .....	<b>73,122</b>	<b>72,447</b>	<b>675</b>	<b>10,809</b>	<b>62,313</b>	<b>144,871</b>	<b>143,115</b>	<b>1,756</b>	<b>36,344</b>	<b>108,527</b>
Food .....	859	(P)	(P)	2	858	(P)	(P)	(P)	3	(P)
Beverages and tobacco .....	1,417	1,416	1	(P)	(P)	4,121	4,121	0	(P)	(P)
Textiles, apparel, and leather products .....	291	(P)	(P)	(P)	(P)	(P)	(P)	0	(P)	(P)
Wood products .....	(P)	(P)	(P)	(P)	(P)	(P)	(P)	0	(P)	(P)
Paper .....	162	162	(P)	(P)	162	(P)	(P)	0	(P)	7
Printing and related support activities .....	1,691	1,691	(P)	(P)	(P)	(P)	(P)	0	(P)	0
Petroleum and coal products .....	158	158	0	0	158	(P)	(P)	0	(P)	0
Chemicals .....	5,703	(P)	(P)	721	4,982	14,060	(P)	(P)	465	13,595
Basic chemicals .....	(P)	(P)	2	2	(P)	1,947	(P)	(P)	0	1,947
Resins and synthetic rubber, fibers and filaments .....	571	(P)	(P)	(P)	(P)	(P)	(P)	0	(P)	0
Pharmaceuticals and medicines .....	104	104	0	(P)	(P)	7,445	7,445	0	(P)	(P)
Soap, cleaning compounds, and toilet preparations .....	6	(P)	6	(P)	6	(P)	(P)	0	(P)	(P)
Other .....	(P)	(P)	0	(P)	99	3,398	3,398	0	168	3,231
Plastics and rubber products .....	3,638	(P)	(P)	(P)	(P)	2,540	2,540	0	(P)	(P)
Nonmetallic mineral products .....	3,175	3,170	5	(P)	(P)	6,539	6,539	0	0	6,539
Primary and fabricated metals .....	3,929	3,874	55	1,900	2,029	788	687	100	164	623
Primary metals .....	2,542	(P)	(P)	1,880	662	(P)	(P)	0	(P)	(P)
Fabricated metal products .....	1,388	(P)	(P)	20	1,367	467	366	100	(P)	(P)
Machinery .....	13,941	13,930	11	128	13,813	1,048	1,043	5	(P)	(P)
Agriculture, construction, and mining machinery .....	(P)	(P)	9	(P)	(P)	(P)	(P)	0	(P)	0
Industrial machinery .....	105	104	1	(P)	(P)	(P)	(P)	5	(P)	0
Other .....	(P)	(P)	1	(P)	(P)	674	674	0	(P)	0
Computers and electronic products .....	30,601	30,595	6	4,473	26,128	43,945	(P)	(P)	20,292	23,653
Computer and peripheral equipment .....	(P)	(P)	(P)	3	(P)	(P)	(P)	(P)	(P)	(P)
Communications equipment .....	7,563	7,560	3	(P)	(P)	19,827	19,827	0	(P)	(P)
Audio and video equipment .....	(P)	(P)	2	(P)	(P)	(P)	(P)	0	(P)	(P)
Semiconductors and other electronic components .....	20,793	20,792	(P)	(P)	(P)	20,163	(P)	(P)	17,533	2,631
Navigational, measuring, and other instruments .....	1,873	1,872	1	1,183	690	2,889	2,889	0	(P)	(P)
Magnetic and optical media .....	53	53	0	(P)	(P)	2	2	2	0	2
Electrical equipment, appliances, and components .....	4,247	4,245	3	(P)	(P)	8,287	8,287	0	(P)	(P)
Transportation equipment .....	2,786	(P)	(P)	(P)	(P)	2,700	2,650	51	(P)	(P)
Motor vehicles, bodies and trailers, and parts .....	2,256	(P)	(P)	(P)	(P)	(P)	(P)	(P)	(P)	(P)
Other .....	530	526	3	3	527	(P)	(P)	0	(P)	(P)
Furniture and related products .....	(P)	(P)	8	(P)	11	(P)	(P)	0	(P)	(P)
Miscellaneous manufacturing .....	433	(P)	(P)	(P)	(P)	1,412	1,412	0	(P)	(P)
<b>Wholesale trade</b> .....	<b>(P)</b>	<b>2,726</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>7,486</b>	<b>7,326</b>	<b>159</b>	<b>(P)</b>	<b>(P)</b>
Motor vehicles and motor vehicle parts and supplies .....	(P)	(P)	0	0	(P)	0	0	0	0	0
Professional and commercial equipment and supplies .....	642	642	(P)	(P)	(P)	177	(P)	(P)	(P)	(P)
Electrical goods .....	156	(P)	31	125	393	(P)	(P)	9	(P)	385
Other durable goods .....	357	348	9	49	309	427	(P)	(P)	(P)	(P)
Petroleum and petroleum products .....	(P)	0	(P)	0	(P)	0	0	0	(P)	0
Other nondurable goods .....	1,656	1,588	68	(P)	(P)	6,488	6,486	2	(P)	(P)
<b>Retail trade</b> .....	<b>3,458</b>	<b>3,448</b>	<b>10</b>	<b>210</b>	<b>3,249</b>	<b>(P)</b>	<b>(P)</b>	<b>0</b>	<b>509</b>	<b>(P)</b>
Food and beverage stores .....	0	0	0	0	0	0	0	0	0	0
Other .....	3,458	3,448	10	210	3,249	(P)	(P)	0	509	(P)
<b>Information</b> .....	<b>90,855</b>	<b>90,159</b>	<b>696</b>	<b>77,671</b>	<b>13,184</b>	<b>62,198</b>	<b>61,548</b>	<b>650</b>	<b>11,663</b>	<b>50,535</b>
Publishing industries .....	(P)	(P)	(P)	(P)	7,668	9,387	(P)	(P)	2,854	6,533
Motion pictures and sound recording industries .....	(P)	(P)	(P)	(P)	45	(P)	(P)	0	(P)	(P)
Broadcasting and telecommunications .....	78,202	(P)	(P)	(P)	(P)	(P)	(P)	(P)	754	(P)
Broadcasting, cable networks, and program distribution .....	(P)	(P)	0	0	0	0	0	0	0	0
Telecommunications .....	(P)	(P)	(P)	(P)	(P)	(P)	(P)	(P)	754	(P)
Information services and data processing services .....	(P)	(P)	(P)	112	(P)	12,502	12,502	(P)	(P)	(P)
<b>Depository institutions</b> .....	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>	<b>(P)</b>
<b>Finance (except depository institutions) and insurance</b> .....	<b>46,380</b>	<b>43,180</b>	<b>3,200</b>	<b>8,381</b>	<b>37,999</b>	<b>44,117</b>	<b>44,000</b>	<b>118</b>	<b>19,780</b>	<b>24,337</b>
Finance, except depository institutions .....	6,073	2,877	3,195	3,459	2,614	26,942	26,827	114	(P)	(P)
Insurance carriers and related activities .....	40,307	40,303	4	4,922	35,385	17,175	17,172	3	(P)	(P)
<b>Real estate and rental and leasing</b> .....	<b>5,206</b>	<b>(P)</b>	<b>(P)</b>	<b>1,308</b>	<b>3,899</b>	<b>3,197</b>	<b>(P)</b>	<b>(P)</b>	<b>56</b>	<b>3,141</b>
Real estate .....	(P)	(P)	(P)	(P)	(P)	(P)	(P)	(P)	55	(P)
Rental and leasing (except real estate) .....	(P)	(P)	(P)	(P)	(P)	(P)	(P)	(P)	2	(P)
<b>Professional, scientific, and technical services</b> .....	<b>9,366</b>	<b>9,166</b>	<b>199</b>	<b>2,049</b>	<b>7,317</b>	<b>31,999</b>	<b>(P)</b>	<b>(P)</b>	<b>18,919</b>	<b>13,080</b>
Architectural, engineering, and related services .....	(P)	(P)	(P)	(P)	121	(P)	(P)	0	(P)	(P)
Computer systems design and related services .....	6,558	6,493	65	488	6,070	(P)	7,113	(P)	(P)	(P)
Management, scientific, and technical consulting .....	(P)	(P)	(P)	(P)	(P)	15,507	(P)	(P)	14,629	877
Other .....	1,049	927	122	(P)	(P)	9,168	9,168	0	1,033	8,135
<b>Other industries</b> .....	<b>32,600</b>	<b>31,395</b>	<b>1,285</b>	<b>19,903</b>	<b>12,777</b>	<b>23,283</b>	<b>23,238</b>	<b>45</b>	<b>12,616</b>	<b>10,666</b>
Agriculture, forestry, fishing, and hunting .....	403	299	105	95	308	(P)	(P)	(P)	(P)	(P)
Mining .....	2,957	2,327	630	1,472	1,484	7,046	7,046	0	(P)	(P)
Utilities .....	(P)	(P)	40	(P)	(P)	7,907	7,907	0	4,117	3,790
Construction .....	(P)	(P)	(P)	(P)	1,478	(P)	(P)	0	(P)	(P)
Transportation and warehousing .....	4,526	4,511	15	(P)	(P)	2,266	(P)	(P)	(P)	(P)
Management of nonbank companies and enterprises .....	3,087	2,997	90	(P)	(P)	(P)	(P)	0	(P)	0
Administration, support, and waste management .....	2,652	(P)	(P)	(P)	(P)	4,048	4,048	(P)	2,021	2,027
Health care and social assistance .....	0	0	0	0	0	0	0	0	0	0
Accommodation and food services .....	2,473	2,469	3	(P)	(P)	700	(P)	(P)	(P)	(P)
Accommodation .....	(P)	(P)	3	23	(P)	(P)	(P)	0	(P)	(P)
Food services and drinking places .....	(P)	(P)	0	(P)	(P)	(P)	(P)	0	(P)	(P)
Miscellaneous services .....	328	(P)	(P)	26	301	637	637	0	(P)	(P)

(\*) Less than \$500,000.

(P) Suppressed to avoid disclosure of data of individual companies.

<sup>p</sup> Preliminary.<sup>r</sup> Revised.





Table 7.2.—Investment Outlays, Country of Ultimate Beneficial Owner by Industry of U.S. Business Enterprise, 2000

[Millions of dollars]

	All industries	Manufacturing								Wholesale trade	Retail trade	Information	Depository institutions	Finance (except depository institutions) and insurance	Real estate and rental and leasing	Professional, scientific, and technical services	Other industries
		Total	Of which:														
			Food	Chemicals	Primary and fabricated metals	Machinery	Computers and electronic products	Electrical equipment, appliances, and components	Transportation equipment								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
<b>All countries</b> .....	<b>320,858</b>	<b>144,871</b>	(P)	<b>14,060</b>	<b>788</b>	<b>1,048</b>	<b>43,945</b>	<b>8,287</b>	<b>2,700</b>	<b>7,486</b>	(P)	<b>62,198</b>	(P)	<b>44,117</b>	<b>3,197</b>	<b>31,999</b>	<b>23,283</b>
<b>Canada</b> .....	<b>27,536</b>	<b>18,753</b>	0	(P)	(P)	(*)	<b>13,236</b>	(P)	(P)	<b>83</b>	(P)	<b>3,758</b>	(P)	<b>1,299</b>	<b>86</b>	<b>1,064</b>	<b>2,447</b>
<b>Europe</b> .....	<b>244,705</b>	<b>87,000</b>	(P)	<b>10,235</b>	(P)	(P)	<b>5,329</b>	(P)	<b>2,645</b>	<b>6,983</b>	(P)	<b>55,506</b>	(P)	<b>40,688</b>	<b>2,249</b>	<b>30,177</b>	<b>20,144</b>
Austria .....	73	(P)	0	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0
Belgium .....	4,459	(P)	(P)	(P)	4	5	(P)	0	0	44	(P)	0	(P)	0	0	2	(P)
Denmark .....	(P)	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finland .....	(P)	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	(P)	0
France .....	26,508	3,253	(P)	832	0	(P)	(P)	(P)	0	0	(P)	(P)	0	(P)	0	16,090	1,422
Germany .....	16,887	6,234	0	4,887	(P)	(P)	(P)	0	(P)	5	(P)	1,005	0	3,777	711	(P)	1,942
Ireland .....	(P)	868	(P)	(P)	0	0	0	0	0	(P)	0	(P)	0	0	0	0	(P)
Italy .....	1,882	(P)	(P)	0	0	0	0	0	0	0	0	0	(P)	(P)	0	0	(P)
Liechtenstein .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Luxembourg .....	(P)	(P)	0	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands .....	47,909	28,292	(P)	2,835	100	0	(P)	(P)	0	(P)	720	0	(P)	(P)	(P)	0	2,043
Norway .....	(P)	(P)	0	0	(P)	0	0	0	0	0	0	0	0	0	0	0	0
Spain .....	(P)	0	0	0	0	0	0	0	0	0	0	(P)	0	0	0	0	(P)
Sweden .....	1,322	620	0	0	(P)	0	(P)	0	0	(P)	0	0	0	0	0	0	(P)
Switzerland .....	22,485	3,239	(P)	(P)	0	(P)	1,201	(P)	(P)	(P)	0	(P)	(P)	(P)	(P)	15	(P)
United Kingdom .....	107,666	37,258	(P)	(P)	406	489	563	(P)	(P)	515	(P)	42,900	(P)	2,719	24	10,490	12,157
Other .....	424	(P)	0	0	0	0	(P)	0	0	0	(P)	0	0	0	(*)	0	(P)
<b>Latin America and Other Western Hemisphere</b> .....	<b>13,072</b>	(P)	0	(P)	0	0	(P)	(P)	0	0	<b>506</b>	(P)	0	(P)	<b>635</b>	<b>0</b>	<b>9</b>
South and Central America .....	(P)	(P)	0	0	0	0	0	0	0	0	(P)	0	0	0	73	0	0
Brazil .....	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0
Mexico .....	(P)	(P)	0	0	0	0	0	0	0	0	(P)	0	0	0	0	0	0
Panama .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Venezuela .....	71	0	0	0	0	0	0	0	0	0	0	0	0	0	71	0	0
Other .....	(*)	0	0	0	0	0	0	0	0	0	0	0	0	0	(*)	0	0
Other Western Hemisphere .....	(P)	(P)	0	(P)	0	0	(P)	(P)	0	0	(P)	(P)	0	(P)	562	0	9
Bahamas .....	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(P)
Bermuda .....	8,783	(P)	0	(P)	0	0	(P)	(P)	0	0	(P)	0	(P)	0	0	0	0
Netherlands Antilles .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom Islands, Caribbean .....	1,101	0	0	0	0	0	0	0	0	(P)	(P)	0	0	0	562	0	(P)
Other .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Africa</b> .....	(P)	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	(P)	<b>0</b>
South Africa .....	(P)	1	0	0	0	0	0	0	0	0	0	0	0	(P)	5	(P)	0
Other .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Middle East</b> .....	(P)	(P)	0	0	0	0	(P)	2	0	0	(P)	0	0	(P)	0	0	(P)
Israel .....	555	(P)	0	0	0	0	(P)	0	0	0	0	0	0	0	0	0	0
Kuwait .....	2	2	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0
Lebanon .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Saudi Arabia .....	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(P)
United Arab Emirates .....	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	(P)	5	0
Other .....	(P)	(P)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Asia and Pacific</b> .....	<b>33,278</b>	<b>29,014</b>	0	(P)	0	(P)	(P)	0	(P)	<b>420</b>	(P)	<b>985</b>	(P)	(P)	<b>206</b>	(P)	<b>663</b>
Australia .....	(P)	(P)	0	0	0	0	0	0	0	(P)	0	0	0	0	0	0	(P)
China .....	(P)	(P)	0	0	0	(P)	0	0	0	0	0	0	0	0	0	0	0
Hong Kong .....	522	(P)	0	0	0	0	(P)	0	0	(P)	0	0	0	0	(*)	0	(P)
Indonesia .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Japan .....	25,343	(P)	0	(P)	0	3	(P)	0	(P)	(P)	(P)	985	(P)	(P)	206	(P)	(P)
Korea, Republic of .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Malaysia .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Zealand .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Philippines .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Singapore .....	(P)	(P)	0	0	0	0	(P)	0	0	0	0	0	0	0	0	0	5
Taiwan .....	209	(P)	0	0	0	0	(P)	0	0	0	0	0	0	0	0	3	(P)
Other .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>United States</b> <sup>1</sup> .....	(P)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	(P)	(P)	<b>0</b>	(P)
<b>Addenda:</b>																	
European Union (15) <sup>2</sup> .....	222,002	83,595	(P)	9,452	631	819	4,128	(P)	2,645	6,972	(P)	50,890	(P)	27,012	2,240	30,162	19,224
OPEC <sup>3</sup> .....	90	(P)	0	0	0	0	0	2	0	0	0	0	0	78	0	0	(P)

(\*) Less than \$500,000.

(P) Suppressed to avoid disclosure of data of individual companies.

1. The United States is shown as the country of ultimate beneficial owner for businesses newly acquired or established by foreign investors that are, in turn, ultimately owned by persons located in the United States (see the box "Key Terms").

2. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland,

Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

3. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

NOTE.—Data for 2000 are preliminary. For investments in which more than one investor participated, each investor and each investor's outlays are classified by the country of each individual ultimate beneficial owner.

# Convergence in State Per Capita Personal Income, 1950–99

By G. Andrew Bernat, Jr.

THE question of whether State per capita personal incomes are converging—that is, whether the differences in per capita incomes are getting smaller over time—is important for many reasons. Convergence is of great interest to economists and policymakers who believe that large differences in income levels among States are undesirable.

State income convergence is also important for theoretical reasons. During the past 10 to 15 years, there has been, in the words of Robert Solow, a “wildfire revival” of interest in economic growth theory.<sup>1</sup> Much of this resurgence has focused on the inconsistency between the standard growth theory’s prediction that national economies tend to converge and the absence of convergence among nations. The resulting controversy surrounding growth theory has rekindled interest in the question of whether State per capita incomes are converging because States—more so than nations—are likely to meet some of the important conditions under which the most widely accepted growth model is applicable. A finding of convergence among States has been interpreted as supporting the neoclassical explanation of economic growth.

This article provides new evidence on convergence in State per capita incomes. It uses data from BEA’s regional accounts to analyze the convergence of State per capita incomes from 1950, the first year for which data for Alaska and Hawaii are available, to 1999, the most recent year for which consistent data are available.<sup>2</sup> This article, like Garnick and Friedenbergs’ earlier analysis of convergence among BEA regions, is one of the few studies to analyze convergence in the major com-

ponents of State per capita personal income.<sup>3</sup> By extending the period of analysis to include all the 1990s, this article shows that the apparent break in convergence identified by earlier studies continued for 20 years.<sup>4</sup>

Among the key findings are the following:

- The convergence in State per capita income in 1950–99 occurred almost entirely during the first 29 years. Since 1979, there has been essentially no convergence.

- Because earnings accounts for such a large share of personal income, the convergence of per capita income in 1950–79 and the absence of convergence since 1979 are largely attributable to per capita earnings.

An overview of the theoretical issues is presented in the first section of the article. Trends in State per capita personal income and its components are discussed in the second section. The third section discusses some implications of the findings.

## Theories of Economic Growth and Convergence

Economic convergence is about how economies change over relatively long periods of time, so it is useful to look at economic growth theory for insights into whether economies are expected to converge over time. A comprehensive review of the vast and complex literature on economic growth and convergence is beyond the scope of this article, but the following discussion provides a brief overview of the concepts that are the most relevant to the question of economic convergence.

The neoclassical growth model is the most widely used theoretical framework for analyzing economic growth. In its simplest form, this model

1. Robert Solow, “Perspectives on Growth Theory,” *Journal of Economic Perspectives* 8 (Winter 1994): 45.

2. U.S. Bureau of Economic Analysis, *State Personal Income 1929–99*, CD-ROM RCN-0268 (November 2000).

3. Daniel H. Garnick and Howard L. Freidenburg, “Accounting for Regional Differences in Per Capita Income Growth, 1929–79,” *SURVEY OF CURRENT BUSINESS* 62 (September 1982): 24–34. See also Daniel H. Garnick, “Accounting for Regional Differences in Per Capita Personal Income Growth: An Update and Extension,” *SURVEY* 70 (January 1990): 29–40.

4. For example, see Sergio J. Rey and Brett D. Montouri, “U.S. Regional Income Convergence: A Spatial Econometric Perspective,” *Regional Studies* 33 (1999): 146.

NOTE.—This article condenses a more technical paper the author presented at the annual meeting of the Southern Regional Science Association in Austin, Texas, on April 5–7, 2001.

assumes an economy's output is determined by three inputs: Capital, labor, and technology. The way in which these inputs are combined to produce output—referred to as the economy's production function—largely determines whether convergence will occur. In studies of convergence, this production function is often expressed on a per worker—or, strictly speaking, a per unit of labor—basis. Thus, the neoclassical production function asserts that output per worker is a func-

tion of capital per worker and technology.

The key assumption underlying the neoclassical production function is that capital is subject to diminishing returns, which means that the increase in output associated with an additional unit of capital is less than the increase associated with the addition of the previous unit (holding everything else constant). Diminishing returns to capital contributes to convergence in two ways. First, because each additional unit of capital raises output less in

Table 1.—Per Capita Personal Income and Components, 1950–99

	Per capita personal income			Per capita earnings			Per capita dividends, interest, and rent			Per capita transfers		
	1950	1999	Average annual growth (percent)	1950	1999	Average annual growth (percent)	1950	1999	Average annual growth (percent)	1950	1999	Average annual growth (percent)
<b>United States</b> .....	<b>1,510</b>	<b>28,542</b>	<b>6.2</b>	<b>1,236</b>	<b>19,402</b>	<b>5.8</b>	<b>182</b>	<b>5,414</b>	<b>7.2</b>	<b>92</b>	<b>3,727</b>	<b>7.9</b>
Alabama .....	909	22,987	6.8	753	15,109	6.3	76	4,098	8.5	80	3,780	8.2
Alaska .....	2,400	28,577	5.2	2,257	19,127	4.5	81	5,141	8.8	62	4,309	9.0
Arizona .....	1,367	25,189	6.1	1,104	16,841	5.7	168	4,992	7.2	95	3,356	7.5
Arkansas .....	847	22,244	6.9	690	14,163	6.4	71	4,212	8.7	86	3,868	8.1
California .....	1,877	29,910	5.8	1,498	20,924	5.5	258	5,545	6.5	120	3,441	7.1
Colorado .....	1,521	31,546	6.4	1,183	22,919	6.2	219	5,860	6.9	119	2,767	6.6
Connecticut .....	1,891	39,300	6.4	1,498	27,723	6.1	309	7,174	6.6	84	4,403	8.4
Delaware .....	2,075	30,778	5.7	1,504	21,045	5.5	498	6,161	5.3	73	3,573	8.3
Florida .....	1,304	27,780	6.4	1,025	16,252	5.8	185	7,310	7.8	94	4,218	8.1
Georgia .....	1,065	27,340	6.8	887	19,743	6.5	101	4,572	8.1	77	3,025	7.8
Hawaii .....	1,429	27,544	6.2	1,202	18,866	5.8	166	5,361	7.3	61	3,317	8.5
Idaho .....	1,329	22,835	6.0	1,108	15,513	5.5	139	4,388	7.3	82	2,933	7.6
Illinois .....	1,831	31,145	6.0	1,526	21,459	5.5	223	6,219	7.0	82	3,467	7.9
Indiana .....	1,524	26,143	6.0	1,299	17,911	5.5	157	4,867	7.3	68	3,366	8.3
Iowa .....	1,532	25,615	5.9	1,268	16,682	5.4	193	5,467	7.1	71	3,466	8.3
Kansas .....	1,463	26,824	6.1	1,208	18,188	5.7	181	5,358	7.2	74	3,278	8.0
Kentucky .....	990	23,237	6.7	821	14,985	6.1	91	4,328	8.2	77	3,924	8.3
Louisiana .....	1,117	22,847	6.4	884	14,843	5.9	120	4,020	7.4	113	3,984	7.5
Maine .....	1,195	24,603	6.4	944	15,818	5.9	168	4,672	7.0	82	4,113	8.3
Maryland .....	1,642	32,465	6.3	1,355	23,073	6.0	212	6,112	7.1	75	3,279	8.0
Massachusetts .....	1,656	35,551	6.5	1,321	24,695	6.2	225	6,431	7.1	109	4,425	7.9
Michigan .....	1,718	28,113	5.9	1,439	19,195	5.4	202	5,149	6.8	77	3,768	8.2
Minnesota .....	1,437	30,793	6.5	1,171	20,954	6.1	172	6,498	7.7	94	3,340	7.6
Mississippi .....	770	20,688	6.9	626	13,413	6.5	64	3,436	8.5	79	3,839	8.2
Missouri .....	1,427	26,376	6.1	1,164	17,137	5.6	171	5,406	7.3	93	3,834	7.9
Montana .....	1,654	22,019	5.4	1,393	13,368	4.7	171	5,229	7.2	90	3,422	7.7
Nebraska .....	1,560	27,049	6.0	1,273	18,095	5.6	217	5,546	6.8	69	3,408	8.3
Nevada .....	1,991	31,022	5.8	1,657	20,945	5.3	238	6,979	7.1	95	3,098	7.4
New Hampshire .....	1,348	31,114	6.6	1,061	21,886	6.4	198	5,917	7.2	90	3,311	7.6
New Jersey .....	1,802	35,551	6.3	1,518	25,310	5.9	202	6,329	7.3	82	3,911	8.2
New Mexico .....	1,204	21,853	6.1	998	14,224	5.6	121	4,242	7.5	85	3,387	7.8
New York .....	1,858	33,890	6.1	1,500	22,446	5.7	259	6,121	6.7	99	5,323	8.5
North Carolina .....	1,077	26,003	6.7	914	17,830	6.3	93	4,617	8.3	70	3,555	8.4
North Dakota .....	1,360	23,313	6.0	1,096	14,512	5.4	187	5,120	7.0	76	3,681	8.2
Ohio .....	1,608	27,152	5.9	1,332	17,999	5.5	189	5,352	7.1	87	3,801	8.0
Oklahoma .....	1,144	22,953	6.3	915	15,246	5.9	126	4,141	7.4	103	3,566	7.5
Oregon .....	1,657	27,023	5.9	1,373	17,314	5.3	185	6,079	7.4	99	3,630	7.6
Pennsylvania .....	1,552	28,605	6.1	1,253	18,645	5.7	173	5,367	7.3	126	4,593	7.6
Rhode Island .....	1,553	29,377	6.2	1,238	18,677	5.7	191	5,842	7.2	123	4,857	7.8
South Carolina .....	925	23,545	6.8	774	15,684	6.3	77	4,315	8.6	73	3,546	8.2
South Dakota .....	1,283	25,045	6.3	1,062	15,959	5.7	147	5,707	7.8	74	3,379	8.1
Tennessee .....	1,028	25,574	6.8	844	17,520	6.4	97	4,131	7.9	86	3,923	8.1
Texas .....	1,363	26,858	6.3	1,128	19,638	6.0	152	4,157	7.0	83	3,063	7.6
Utah .....	1,348	23,288	6.0	1,109	16,832	5.7	150	4,090	7.0	89	2,366	6.9
Vermont .....	1,169	25,889	6.5	947	16,905	6.1	147	5,287	7.6	75	3,698	8.3
Virginia .....	1,257	29,789	6.7	1,070	21,402	6.3	120	5,525	8.1	67	2,862	8.0
Washington .....	1,721	30,392	6.0	1,388	21,193	5.7	190	5,649	7.2	144	3,550	6.8
West Virginia .....	1,056	20,966	6.3	879	12,400	5.5	98	3,815	7.8	79	4,750	8.7
Wisconsin .....	1,506	27,390	6.1	1,258	18,447	5.6	181	5,582	7.2	67	3,361	8.3
Wyoming .....	1,719	26,396	5.7	1,398	16,342	5.1	233	6,891	7.2	88	3,163	7.6

capital-abundant economies than in capital-scarce economies, a given increase in the capital-to-labor ratio will raise output per worker more in capital-scarce economies than in capital-abundant economies (all other things being equal). Second, the rate of investment will tend to be higher in capital-scarce economies than in capital-abundant economies because the rate of return is higher in the capital-scarce economies. In addition, if both capital and labor are mobile, the model predicts that convergence will occur relatively rapidly.

By assuming that capital is subject to diminishing returns, the neoclassical growth model predicts that output per worker will converge over time to a fixed value, given a particular level of technology. If all economies have the same production function and have access to the same technology, convergence will be a natural result of economic growth. However, it is now widely recognized that the neoclassical prediction of convergence has not been fulfilled, as the gap between the richest and poorest nations is not much smaller than it was more than 30 years ago. For example, the ratio of output per worker in the richest 5 percent of nations was 35 times that of the poorest 5 percent in 1950, and it was 34 times that of the poorest 5 percent in 1989.<sup>5</sup> The absence of convergence is seen by many economists as an indication that the neoclassical growth model is seriously flawed.

Like all models, the neoclassical growth model is a highly simplified description of how an economy grows. The inability of the model to reasonably describe the actual growth experience of nations over the past 30 years could therefore be more the result of over-simplification than the result of fundamental flaws in its description of the growth process. This is the view taken by proponents of “conditional convergence.” In the conditional convergence view, growth in output per worker is the result not just of growth in capital per worker and technology, as in the basic neoclassical growth model, but is also conditioned on a host of characteristics of an economy, such as the political system, culture, and the educational system. According to this view, once all of this “social infrastructure” is taken into account, the neoclassical prediction of convergence becomes evident.<sup>6</sup>

5. Ellen R. McGrattan and James A. Schmitz, Jr., “Explaining Cross-Country Income Differences,” Federal Reserve Bank of Minneapolis, Research Department Staff Report 250 (August 1998).

6. See Robert E. Hall and Charles I. Jones, “Why Do Some Countries Produce So Much More Output per Worker than Others?” *The Quarterly Journal of Economics* (February 1999): 83–116; and N. Gregory Mankiw, David Romer, and David N. Weil, “A Contribution to the Empirics of Economic Growth,” *The Quarterly Journal of Economics* (1992): 408–437.

In contrast, a group of models loosely referred to as the “new growth theories” takes the view that the neoclassical growth model’s failure to accurately describe the pattern of economic growth is the result of a basic flaw in the model. These growth models vary considerably in their details and are therefore difficult to characterize, but one feature they share is the abandonment of the neoclassical assumption of diminishing returns to capital.<sup>7</sup>

There are many reasons why returns to capital might not be diminishing, especially if capital is defined broadly to include information, knowledge, and human capital. For example, suppose that research and development, which produces new ideas and new technology, is an ordinary input into a firm’s production function, just like labor and capital. If ideas and information can be shared by all firms, research and development activity by each firm raises not only its own output but also the productivity of firms throughout the economy, resulting in nondecreasing returns to capital for the economy as a whole. Because returns are nondecreasing, investment will not automatically shift from economies with high capital per worker to economies with low capital per worker, as in the neoclassical growth model. The absence of this automatic mechanism for shifting investment from capital-abundant to capital-scarce economies will be magnified if information and knowledge flow more easily between nearby firms than between firms that are far apart. In this case, capital-per-worker, and therefore output-per-worker, can grow faster in capital-rich economies than in capital-poor economies, leading to income divergence rather than convergence.<sup>8</sup>

7. The absence of convergence is not the only, and possibly not the primary, reason for interest in these models. The neoclassical growth model is also criticized because technological change, the ultimate source of long-run growth, is entirely exogenous. The new growth models, and endogenous growth models in particular, attempt to rectify this shortcoming. For example, see Gene M. Grossman and Elhanan Helpman, “Endogenous Innovation in the Theory of Growth,” *Journal of Economic Perspectives* 8 (1994): 23–44; Peter Howitt, “Endogenous Growth and Cross-Country Income Differences,” *American Economic Review* (September 2000): 829–846; and Paul M. Romer, “The Origins of Endogenous Growth Theory,” *Journal of Economic Perspectives* 8 (1994): 3–32.

8. Many of the ideas in these models have been around for some time, in other disciplines as well as economics, but they have only recently been incorporated into formal models of economic growth. For example, two of the earliest skeptics of convergence were Gunnar Myrdal and Nicholas Kaldor, both of whom argued that there are strong forces contributing to what Myrdal called “cumulative causation.” More recently, models of economic geography and of endogenous growth have shown how geographic externalities or nondiminishing returns to knowledge can also lead to divergence. For example, see Martin and Sunley, “Slow Convergence? The New Endogenous Growth Theory and Regional Development,” *Economic Geography* 74 (1998): 201–227, and Paul Krugman, “The Role of Geography in Development,” *International Regional Science Review* 22 (1999): 142–161.

## Trends in Per Capita Personal Income and Its Components

In this section, trends in the spread and in the relative growth rates of State per capita personal income and its components are examined for evidence of convergence (see the box “Measuring Convergence”).<sup>9</sup> In addition, changes in geographic patterns are discussed.

### *Total per capita personal income*

*Dispersion.*—Whether measured by changes in the range of per capita incomes or by changes in the coefficient of variation (CV), there was substantial

convergence in total per capita personal income from 1950 to 1999. In 1950, per capita income in Alaska, the State with the highest per capita income, was 2.99 times per capita income in Mississippi, the State with the lowest per capita income. In 1999, the per capita income in Connecticut, the State with the highest per capita income, was only

9. State personal income is defined as the income received by, or on behalf of, all the residents of the State. It consists of the income received by persons from participation in production, from both government and business transfer payments, and from government interest (which is treated like a transfer payment). Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance, plus a residence adjustment (for more information, see *State Personal Income, 1929–99*). No adjustment is made for inflation, because State-level deflators do not exist.

### Measuring Convergence

The neoclassical model of economic growth is a model of aggregate production in an economy. Consequently, its predictions regarding convergence apply to output per worker and not, strictly speaking, to per capita income. Nevertheless, studies of income convergence frequently analyze per capita income because data on per capita income are available for much longer time periods than data on output per worker. For nations, using per capita income rather than output per worker may not be a serious problem because the relationship between personal income and output is likely to be close. However, for States, a large portion of some of the components of State personal income may come from outside the State, so the correspondence between per capita income and output per worker in any given State may be less direct.

#### *Two concepts of convergence*

Although there is only one type of convergence in theoretical models, the empirical literature distinguishes two distinct, though related, concepts of convergence.<sup>1</sup> The first concept focuses on the dispersion, or spread of incomes, and is used to answer the question of whether the distribution of per capita income among States is becoming narrower over time. The simplest way to answer this question is to look at the range of per capita incomes, or the difference between the States with the highest and the lowest per capita income. If the range is shrinking over time, convergence is taking place.

A more comprehensive measure of dispersion is the variance, which includes the values for all States rather than just the two extreme values. Two statistics that are based on the variance, the coefficient of variation (CV) and the standard deviation of the log of incomes, are the most fre-

quently used measures.<sup>2</sup> The CV is used in this article because it accounts for changes in the overall level of income, a particularly important attribute because the data used here have not been adjusted for price changes. If the CV of incomes for a group of economies is smaller at the end of a period than at the beginning, the economies have converged. This type of convergence is called  $\sigma$  convergence because the Greek letter  $\sigma$  (sigma) is the common symbol for the standard deviation.

The second concept focuses on the mobility, or the change in position, of individual economies within the distribution and is used to answer the question of whether poorer economies are catching up to richer economies. Many economists believe mobility is more important than dispersion; that is, the size of differences in incomes at any particular time is less important than the ability of poor economies to catch up to rich economies. Low mobility means it will take a long time to reduce the gap between the poorest and the richest economies, whereas high mobility means that individual economies quickly move up (and down) within the income distribution.

One way of looking at the mobility of economies is to compare the growth rates of the lowest income economies and the growth rates of the highest income economies; convergence is occurring if the economies with below-average initial income are growing relatively faster.<sup>3</sup> For this article, the States were grouped into quintiles according to per capita personal income at the beginning of the period, and averages of the State annual growth rates were calculated for each quintile. Because the CV suggests that convergence halted in 1979, these calculations were conducted separately for 1950–79 and 1979–99.

2. The CV is defined as the standard deviation divided by the mean. For a comparison of these two measures, see Carl-Johan Dalgaard and Jacob Vastrup, “On the Measurement of  $\sigma$  Convergence,” *Economic Letters* 70 (2001): 283–287.

3. A related method used in a large number of studies is to regress growth in per capita income on initial income. See, for example, Robert J. Barro and Xavier Sala-i-Martin, “Convergence,” *Journal of Political Economy* 100 (1992): 223–251 and Caudio Michelacci and Paolo Zaffaroni, “(Fractional) Beta Convergence,” *Journal of Monetary Economics* 45 (2000): 129–153.

1. A third type of convergence, called stochastic convergence, focuses on the time-series properties of the distribution of per capita income. See, for example, Gerald Carlino and Leonard Mills, “Convergence and the U.S. States: A Time Series Analysis,” *Journal of Regional Science* 36 (1996): 597–616. For a critical view of the usefulness of stochastic convergence, see Jonathan Temple, “The New Growth Evidence,” *Journal of Economic Literature* 37 (1999): 112–156.

1.89 times the per capita income in Mississippi, the State with the lowest per capita income.

Similarly, the CV for total per capita personal income declined substantially in 1950–99; virtually all of this decline occurred in the first half of the period (chart 1). From 1973 to 1987, the pattern of the CV was noticeably affected by a surge in per capita income in Alaska that was almost entirely due to the construction of the Alaska pipeline. Construction’s share of total personal income in Alaska increased from about 9 percent in 1973 to over 36 percent in 1976, and then fell back to 9 percent by 1986. When Alaska is included, the CV declines steadily until 1973, after which it fluctuates with little or no trend. When Alaska is excluded, the CV declines steadily until 1978, after which it fluctuates around a slight uptrend.

**Mobility.**—An examination of average per capita growth rates for 1950–79 by quintile shows a distinct decline from the lowest quintile to the highest quintile, indicating that the low-income states had above-average growth while the high-income States had below-average growth (chart 2). This pattern does not hold for 1979–99.

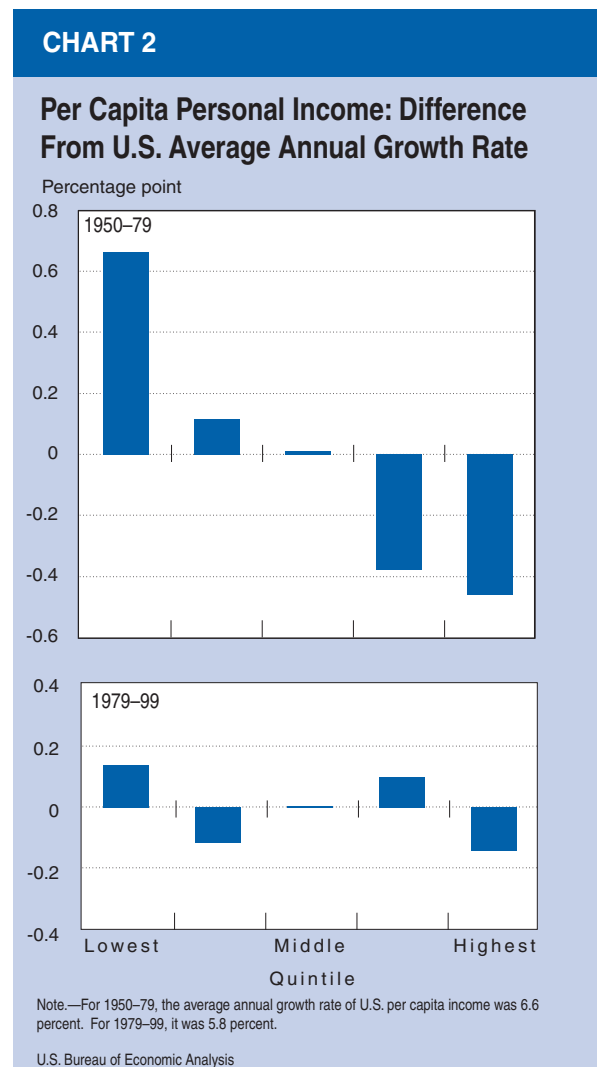
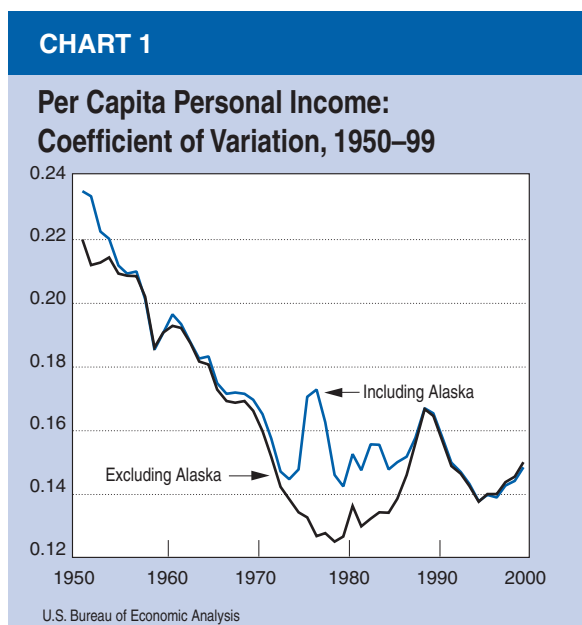
**Geographic patterns.**—There were substantial geographic shifts in per capita income among States (see map 1 on page 45). In 1950, 5 of the top 10 States were in the west, and the bottom 10 States were in the Southeast. In 1999, only 2 of the top 10 States were west of the Mississippi, and 4 of the Southeastern States (Georgia, North Carolina, South Carolina, and Tennessee) were replaced in the bottom 10 by Idaho, Montana, New Mexico, and Oklahoma.

**Trends in per capita earnings**

Earnings by place of residence is the sum of wage and salary disbursements, other labor income, and proprietors’ income with inventory valuation and capital consumption adjustments. It is often called net earnings by place of residence, but for simplicity, it will henceforth be referred to as earnings.<sup>10</sup> Earnings is the largest component of personal income: It accounted for about 82 percent of total personal income in 1950 and about 68 percent in 1999. For most States, the level of earnings closely reflects economic activity in the State because commuting across State borders is generally low. Because of this close relationship to production, convergence trends in earnings per capita may shed some light on the debate about how to model economic growth.<sup>11</sup>

10. Earnings are estimated by BEA on a place-of-work basis and are adjusted to a place-of-residence basis using commuting data from the Census Bureau. For more information, see U.S. Bureau of Economic Analysis, *State Personal Income 1929–97* (Washington, DC: U.S. Government Printing Office, 1999).

11. Earnings per capita differs from the appropriate growth theory concept both because of commuting and because it is based on population not on labor.



*Dispersion.*—The range of per capita earnings among States narrowed substantially. In 1950, earnings in Alaska, the State with the highest per capita earnings, was 3.6 times the per capita earnings in Mississippi, the State with the lowest per capita earnings. In 1999, per capita earnings in Connecticut were 2.2 times per capita earnings in West Virginia.

The CV for per capita earnings fell almost 40 percent in 1950–78 (chart 3). It then began to rise and by 1988 was at a level last attained in 1956. The CV then declined until 1994 and rose thereafter.

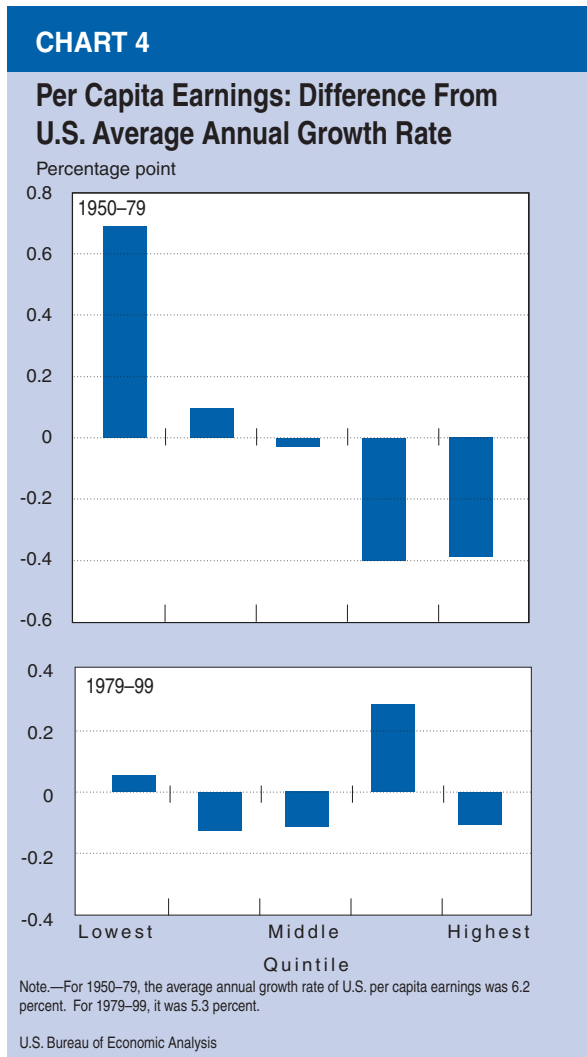
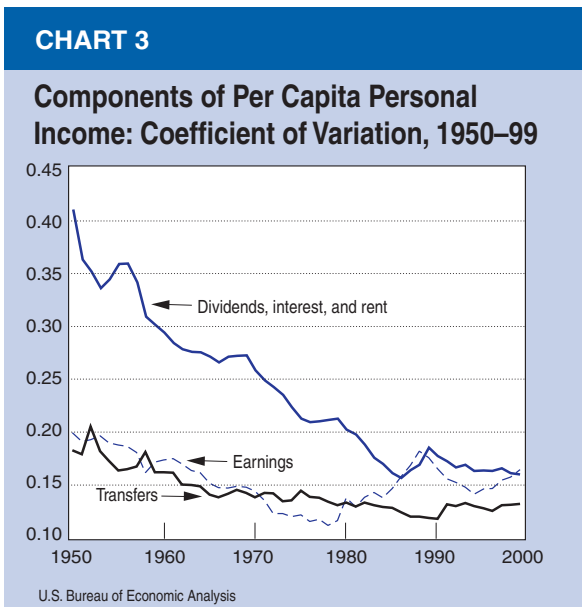
*Mobility.*—The pattern of per capita earnings growth rates by quintile is very similar to that of total per capita income: There was a strong pattern of convergence in 1950–79 but no evidence of convergence in 1979–99 (chart 4).

*Geographic patterns.*—In 1950, the States with the lowest per capita earnings were all in the Southeast region, and the States with the highest per capita earnings were dispersed across the West, Great Lakes, Mideast, and New England regions (see map 2 on page 46). In 1999, four Southeastern States (Georgia, Tennessee, North Carolina, and South Carolina) had moved out of the bottom quintile and were replaced by States west of the Mississippi River (Montana, North Dakota, New Mexico, and Oklahoma). The top quintile was still as dispersed, but there was a slight movement eastward.

*Trends in per capita dividends, interest, and rent*

Dividends, interest, and rent—henceforth referred to as DIR—is the second largest component of personal income. DIR’s share of total personal income gradually increased from about 11 percent of personal income in 1950 to 19 percent in 1999. Almost all of this increase was due to growth in interest income. Dividends’ share of total personal income rose only slightly, from 4 percent to 5 percent, and rental income’s share was essentially unchanged at 4 percent.

While DIR is closely related to production activity, per capita DIR in a particular State might not be closely related to economic activity in that State. Because financial markets are national in scope, the financial assets of the residents of a State are very likely related to firms and businesses throughout the nation rather than being related to those within the State. Hence, though convergence in



per capita DIR is an important element of convergence of per capita personal income, it is less relevant than convergence in per capita earnings to the predictions of economic growth theory.

*Dispersion.*—The range for per capita DIR narrowed substantially from 1950 to 1999. In 1950, per capita DIR in Delaware, the State with the highest per capita DIR, was 7.78 times per capita DIR in Alaska, the State with the lowest per capita DIR. In 1999, per capita DIR in Florida was only 2.13 times that in Mississippi.

The CV for per capita DIR declined through 1986 and increased modestly thereafter (chart 3).

The initial period of decline was longer and sharper than that for per capita earnings, and the subsequent increase was shorter and milder. Beginning in 1990, the CV for per capita DIR resumed its downtrend.

*Mobility.*—In 1950–79, the per capita DIR growth rates by quintile show a strong pattern of convergence. In 1979–99, the pattern of growth rates indicates convergence continued to some extent (chart 5).

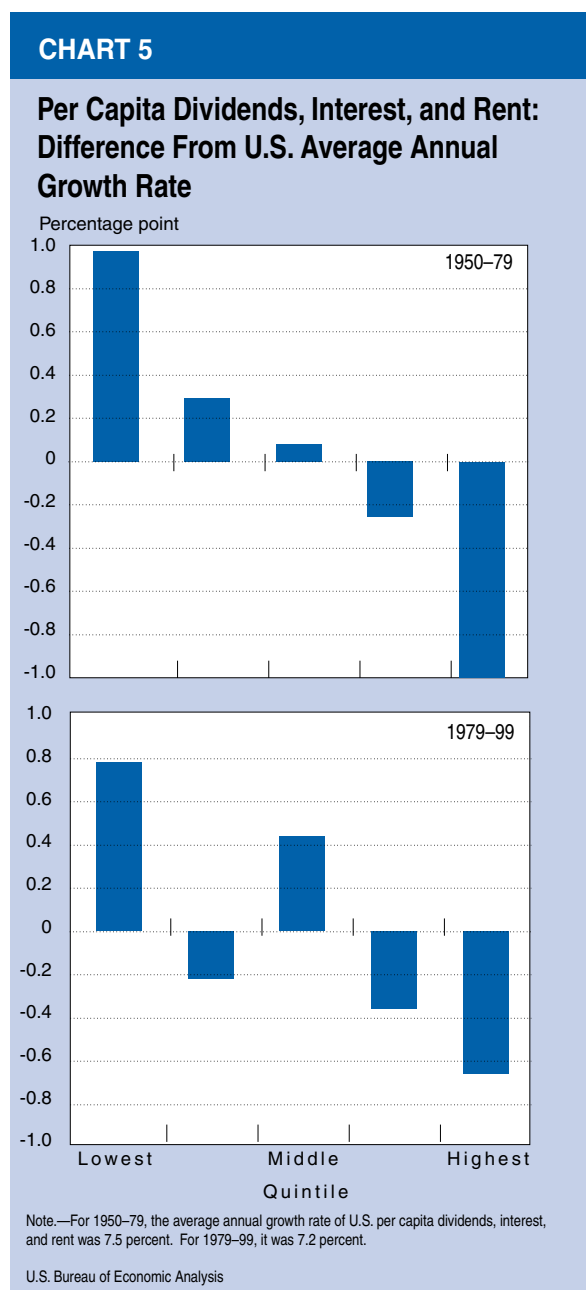
*Geographic patterns.*—In 1950, the geographic pattern of per capita DIR was very similar to that of per capita earnings; States with low per capita DIR were clustered in the Southeast, while States with high per capita DIR were more dispersed (see map 3 on page 47). In 1999, low per capita DIR States were still clustered, but the cluster had shifted to the west, as New Mexico, Texas, and Oklahoma replaced North Carolina, South Carolina, and Georgia. The high-per capita DIR States were again dispersed.

#### *Trends in per capita transfers*

Transfers (including both business and government transfers) is the smallest of the three components, but it exhibited the largest growth. Transfers' share of personal income more than doubled from about 6 percent in 1950 to 13 percent in 1999. Most of this increase was attributable to growth in old-age, survivors, disability, and health insurance payments. Because of its growing importance in personal income, per capita transfers are clearly relevant to the question of convergence in per capita personal income. However, the geographic distribution of transfers is determined more by where retired workers live than by the level of production in a particular state, thus, convergence in per capita transfers provides little or no insights on the accuracy of the predictions of economic growth theory.

*Dispersion.*—The range of per capita transfers changed the least among the three components. In 1950, Washington had the highest level of per capita transfers, 2.36 times that of Hawaii, which had the lowest level of per capita transfers. In 1999, the range was only slightly smaller; transfers per capita in New York was 2.25 times that of Utah.

The CV for per capita transfers was the lowest of the three components throughout most of the period, and it increased the least in the latter part of the period (chart 3). The CV for per capita





transfers declined about 30 percent from 1950 to 1990, moved up in 1991, and leveled off thereafter.

*Mobility.*—Like per capita earnings and per capita DIR, per capita transfers by quintile converged substantially in 1950–79 (chart 6). However, per capita transfers continued to converge in 1979–99, as indicated by the declining average growth rates from the second (next to the lowest) quintile to the highest quintile.

*Geographic patterns.*—In contrast to earnings and DIR, the distribution of per capita transfers appears to have become more clustered geographically (see map 4 on page 48). In 1950, only weak clustering was evident; western States tended to be in the upper two quintiles, and southeastern States formed a small cluster in the lowest quintile. In 1999, however, 6 of the 10 States with the lowest per capita transfers were in a contiguous group in the Rocky Mountain region, while nearly all of the States in the top two quintiles were in the eastern portion of the country.

### Implications of the Findings

One of the primary motivations in developing models of economic growth is to be able to predict how economies will evolve. The debate over the adequacy of the neoclassical model therefore has important implications regarding the ability to determine whether or not convergence will resume in the future. Although the presence or absence of convergence is not a definitive test of the neoclassical model, the finding that convergence essentially ceased in 1979 casts doubts about its adequacy as a description of the economic growth process. Nevertheless, it is still possible that a neoclassical model describes the underlying growth process. At least three possible explanations are consistent within the neoclassical framework.

One possibility is that the observed halt to convergence after 1979 is the result of transitory events and is therefore temporary. The large and rapid increase in defense spending during the 1980s may have disproportionately benefited higher income States because of the regional concentration of many defense industries. Recent research indicates a large share of the growth during the 1990s is attributable to information technology.<sup>12</sup> This may have contributed to the absence of convergence because these industries tend to be

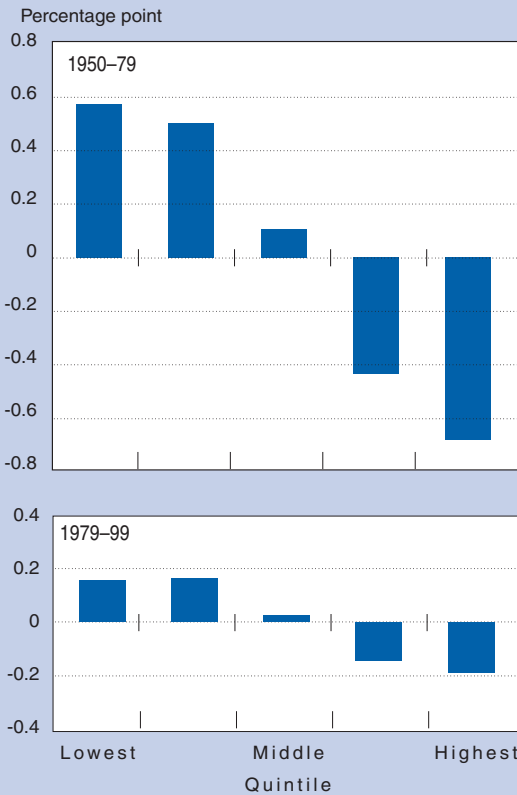
high-wage industries and tend to be geographically clustered. The key question regarding the effect of information technology on convergence is whether the experience of the 1990s is an aberration or is the beginning of a long-term trend.

A second possibility is that the convergence in nominal incomes in 1950–79 was the result of convergence in relative prices and that the remaining differences are due to State price level differences and random variation in State economies. There is a large body of research indicating that real income differences are smaller than nominal income differences at least partly because of the presence of amenities.<sup>13</sup> Because many of these amenities are related to the physical characteristics of a location—such as climate—they change very slowly, if at all, so it would be surprising to find complete convergence in nominal incomes.

13. For an analysis of the effects of amenities on the regional variation in manufacturing earnings per job, see G. Andrew Bernat, Jr., “Manufacturing Earnings in BEA Component Economic Areas, 1996,” SURVEY 78 (November 1998): 55–64.

CHART 6

### Per Capita Transfers: Difference From U.S. Average Annual Growth Rate



Note.—For 1950–79, the average annual growth rate of U.S. per capita transfers was 8.7 percent. For 1979–99, it was 6.7 percent.


U.S. Bureau of Economic Analysis

12. Stephen D. Oliner and Daniel E. Sichel, “The Resurgence of Growth in the Late 1990s: Is Information Technology the Story?” *Journal of Economic Perspectives* 14 (Fall 2000): 3–22.

Because many amenities do not change over time, they could contribute to convergence—through their effect on price-level differences—only if their value to people changed over time. Although it is certainly possible that people's preferences for different amenities change over time, it is not obvious why these changes in preferences would come to a halt in 1979.<sup>14</sup> In order to show that convergence, and the halt to convergence in 1979, is attributable to price level changes, it is necessary to show that relative price levels declined between 1950 and 1979 and have since remained constant.<sup>15</sup>

A third possibility is that further convergence did not occur because the States had reached their long-run rates of per capita income growth in 1979. As mentioned above, the neoclassical growth model predicts that each economy will reach a fixed level of output per worker (assuming a constant level of technology) or a constant rate of growth (assuming a constant rate of growth in technology). Thus, if technology is growing at the same rate in all States and if the States have reached their long-run growth rates, these rates

will not change, and convergence will cease. However, substantial changes in the State rankings of levels and growth of per capita income and in related factors continued after 1979.<sup>16</sup> Furthermore, the theory provides little guidance regarding the determinants of each State's long-run growth rate, so it is difficult to make a convincing case that States reached these rates in 1979.

Although the convergence trends described in this article appear to contradict the neoclassical growth model, it is also clear from the above discussion that this does not represent definitive evidence against the neoclassical framework. Much work remains to be done in terms of developing empirically testable theories of endogenous growth, and definitive answers are unlikely to be forthcoming without improvements in regional data. In particular, it would be extremely useful to have price deflators for the individual States. The absence of adequate deflators means it is not possible to determine how much of the convergence that occurred since 1950 can be attributed to changes in relative prices and how much to the underlying growth process. In addition, a longer time series of measures of State output—such as gross state product—is needed to avoid the complications involved in using per capita income to compare different growth models. 

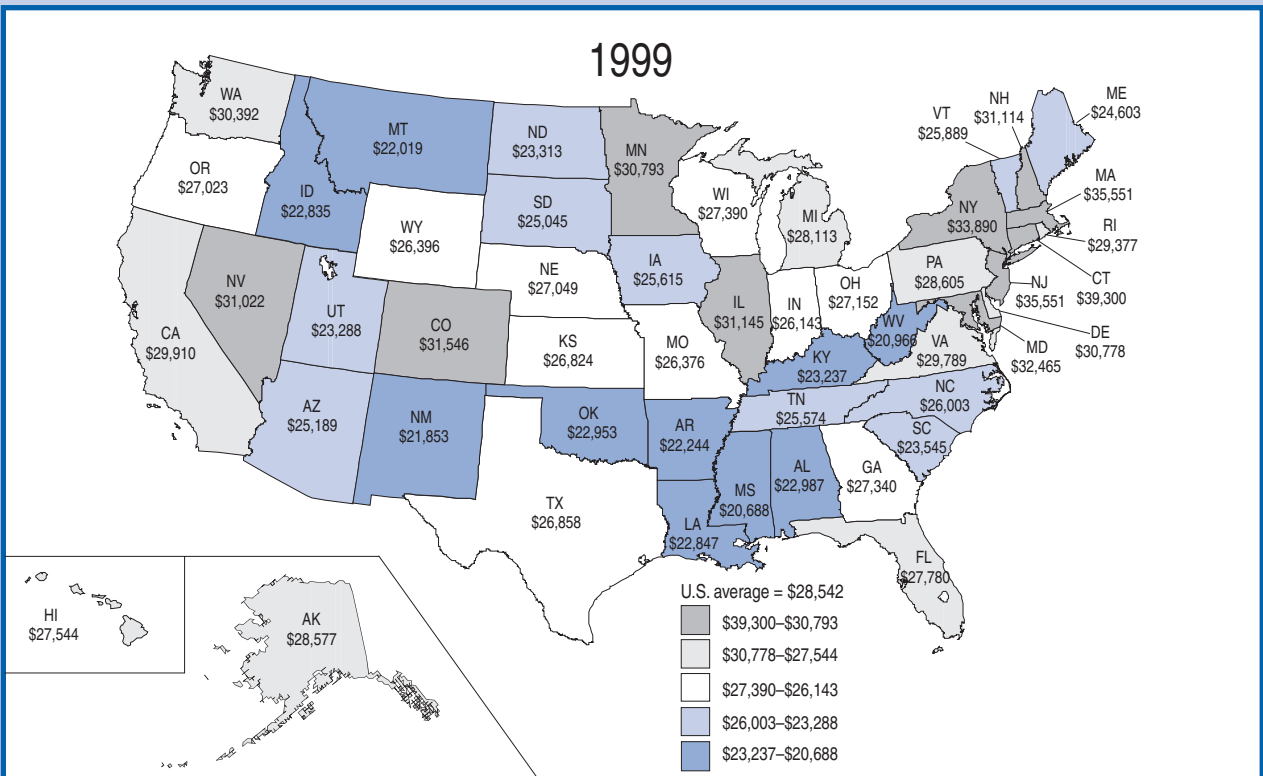
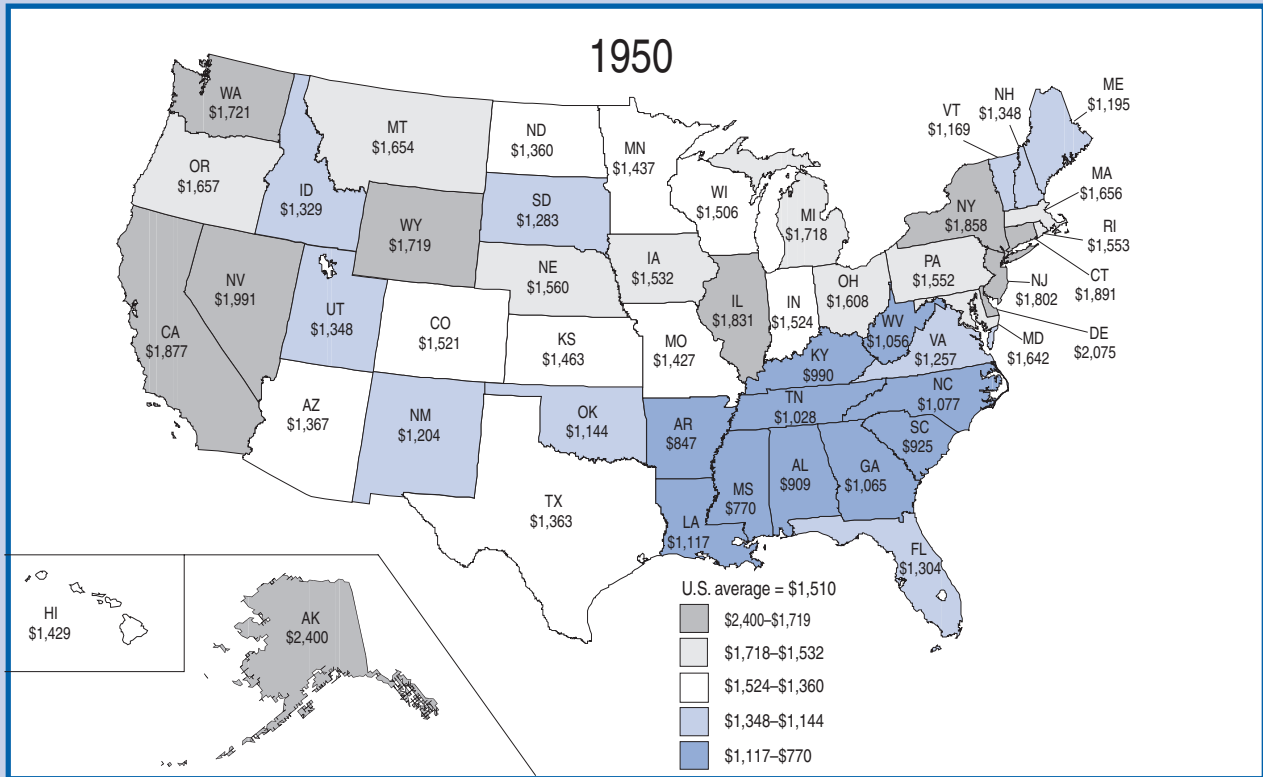
14. An example of changing preferences for amenities would be changes in how people value the warm climate of the South. Before the widespread adoption of air conditioning, hot weather was a disamenity—something to be avoided—for many people. Now that air conditioning is ubiquitous, the Southern climate is highly valued by many people. This example would contribute to divergence, rather than to convergence, in nominal incomes.

15. Sala-i-Martin states that price-level changes are unlikely to be the cause of convergence; see Xavier X. Sala-i-Martin, "Regional Cohesion: Evidence and Theories of Regional Growth and Convergence," *European Economic Review* 40 (1996): 1340. For a contrary view, see Steve Deller, Martin Shields, and David Tomberlin, "Price Differentials and Trends in State Income Levels: A Research Note," *The Review of Regional Studies* 26 (1996): 99–113.

16. For instance, preliminary results from the 2000 Census indicate that significant demographic changes occurred during the 1990s. Likewise, the industrial composition of States continues to change; recent research shows that States' industrial structures became more similar throughout the 1980s and 1990s even as convergence in State per capita income seemed to end (see G. Andrew Bernat, Jr. and Eric Repice, "Industrial Composition of State Earnings in 1958–1998," *SURVEY* 80 (February 2000): 70–78).

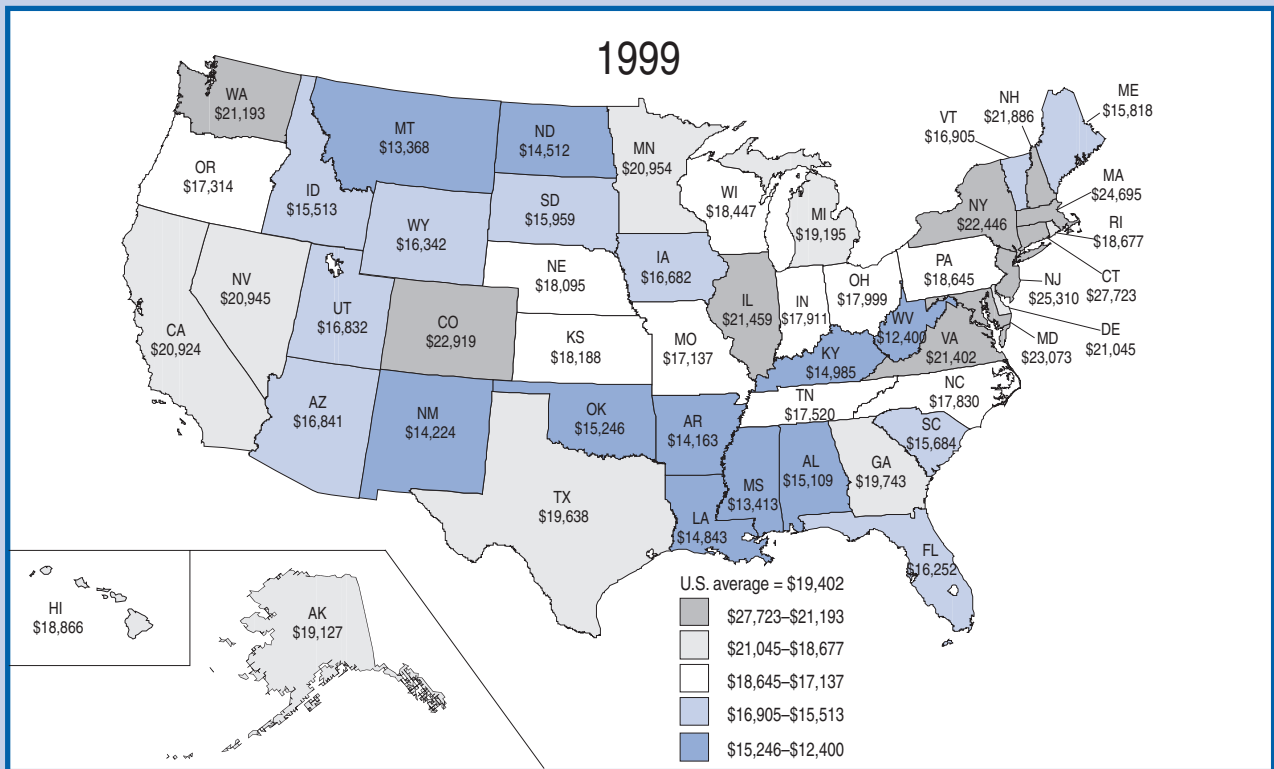
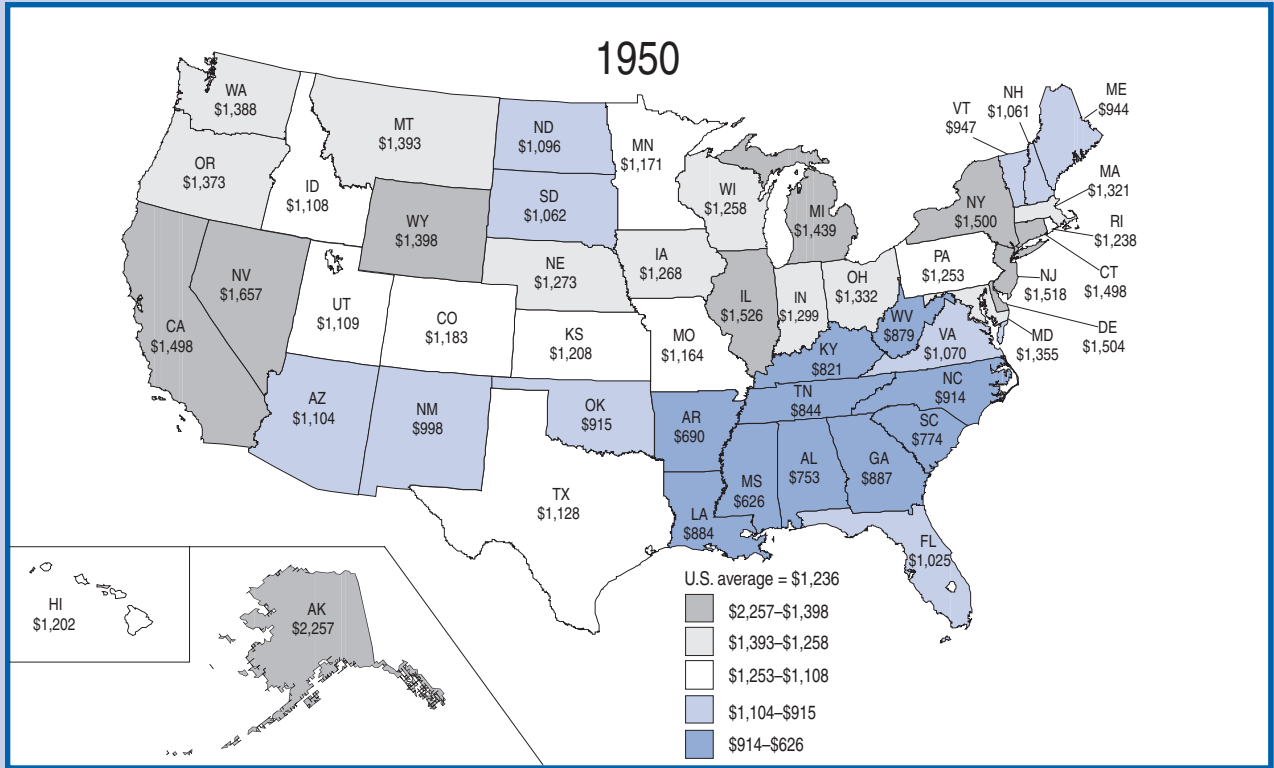
MAP 1

Per Capita Personal Income



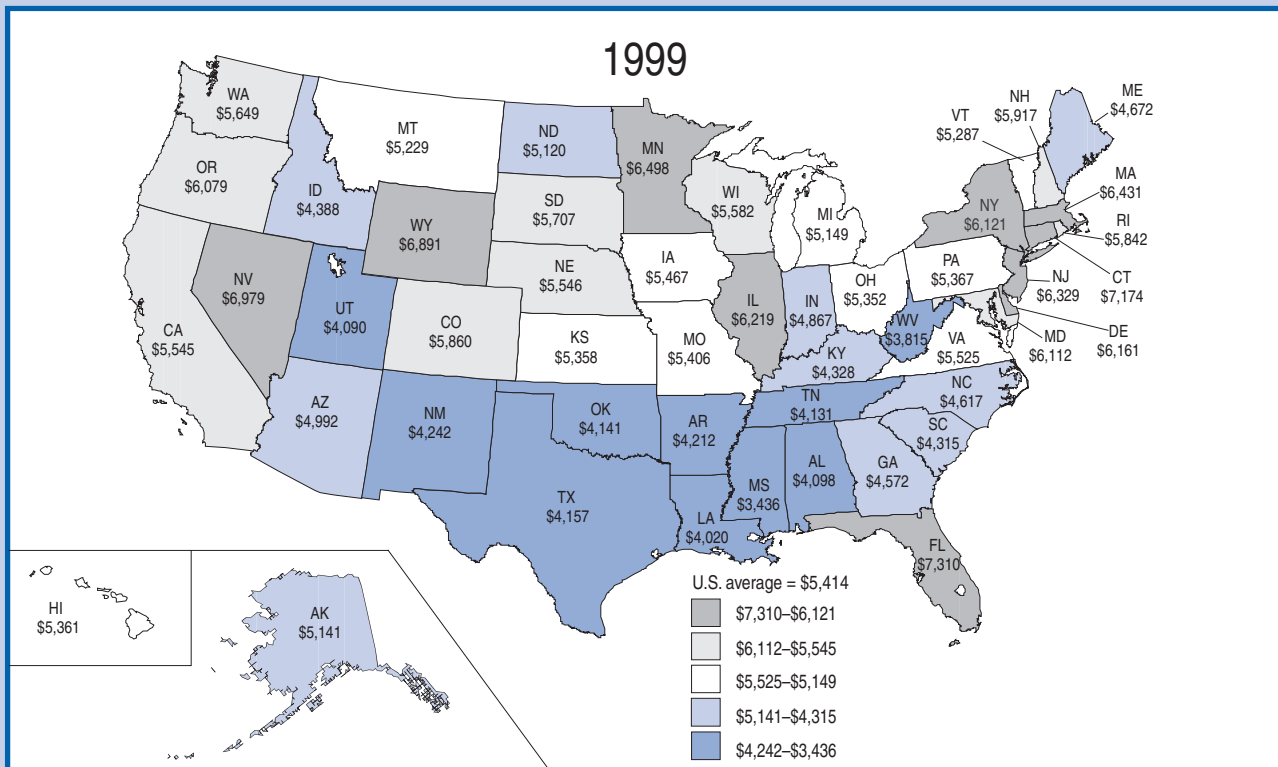
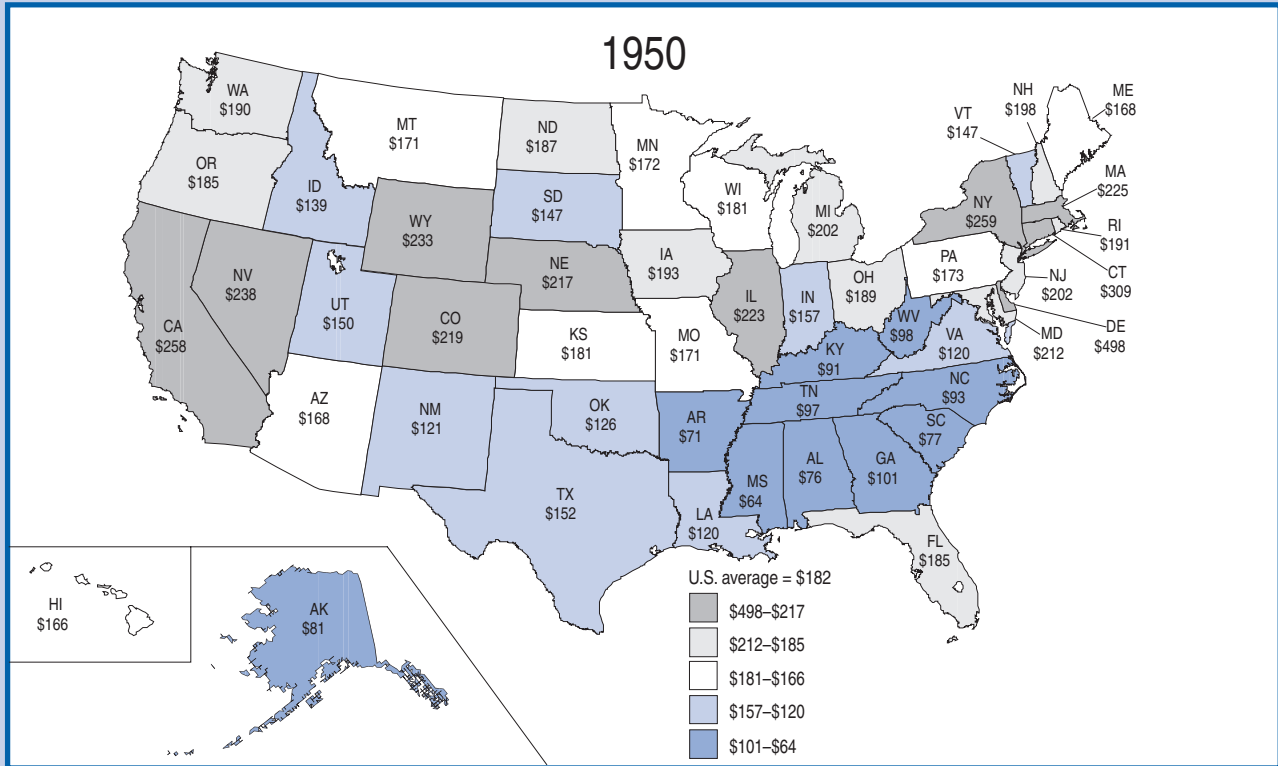
MAP 2

Per Capita Earnings



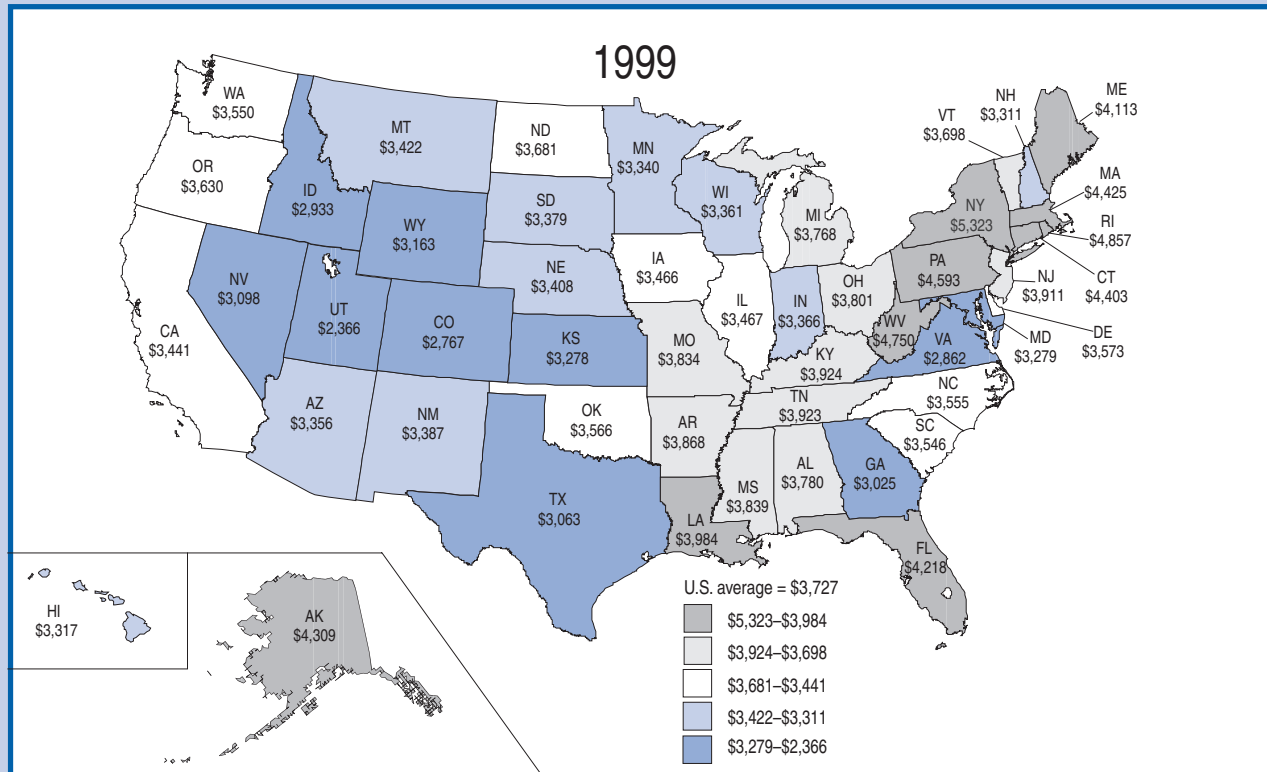
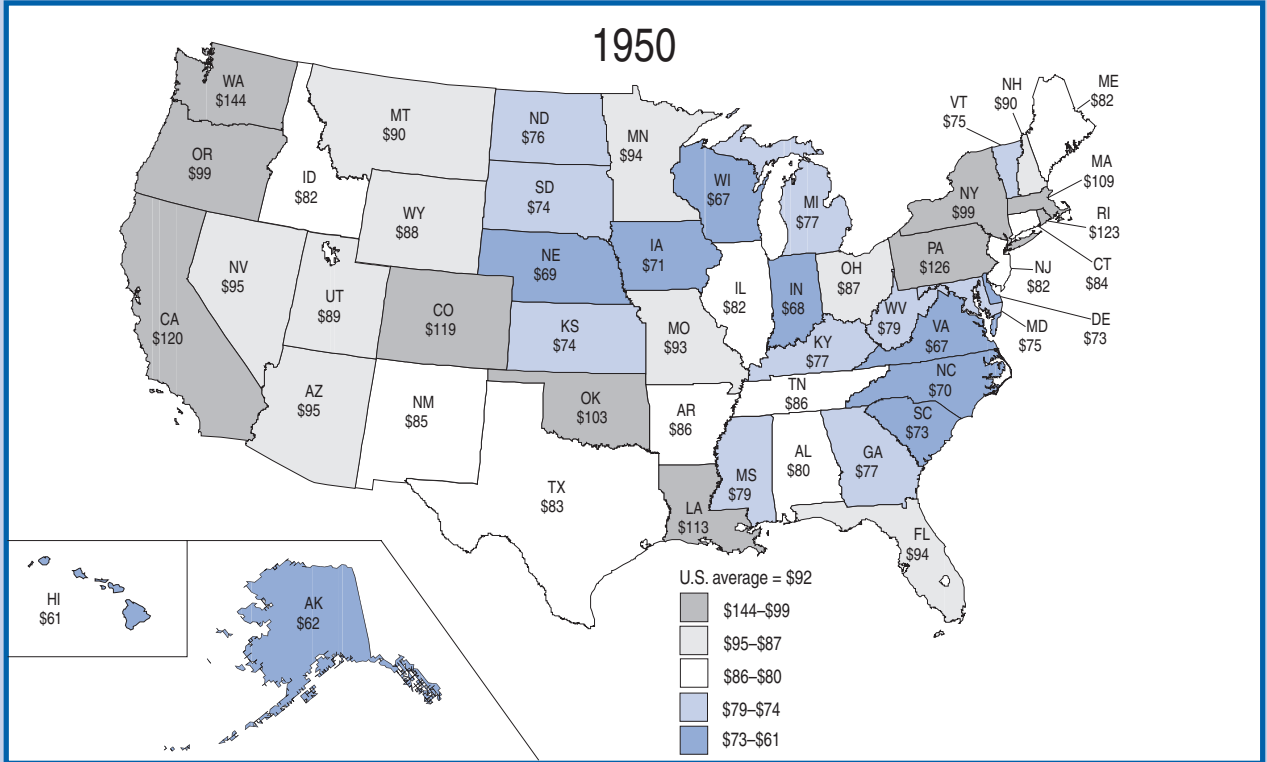
**MAP 3**

**Per Capita Dividends, Interest, and Rent**



**MAP 4**

**Per Capita Transfers**



# SUBJECT GUIDE

VOLUME 81 (2001)

This guide lists the major items that were published in the SURVEY OF CURRENT BUSINESS in the January–June 2001 issues. It gives the month of the issue and the beginning page number, and it includes selected boxes that are cited by title and page number.

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# BEA CURRENT AND HISTORICAL DATA

## National, International, and Regional Estimates

This section presents an extensive selection of economic statistics prepared by the Bureau of Economic Analysis (BEA) and a brief selection of collateral statistics prepared by other Government agencies and private organizations. Series originating in Government agencies are not copyrighted and may be reprinted freely. Series from private sources are provided through the courtesy of the compilers and are subject to their copyrights.

BEA's economic statistics are available on three Web

sites. BEA's Web site at <www.bea.doc.gov> contains data, articles, and news releases from the national, international, and regional programs. The Federal Statistical Briefing Room (FSBR) on the White House Web site at <www.whitehouse.gov/fsbr> provides key economic statistics, including gross domestic product. The Commerce Department's STAT-USA Web site at <www.stat-usa.gov> provides detailed databases and news releases from BEA and from other Federal Government agencies by subscription.

The tables present annual [A], quarterly [Q], and monthly [M] estimates.

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# 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 25, 2001, and include the "preliminary" estimates for the first quarter of 2001.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly; in most of these tables, annual estimates are also shown.

The news release on gross domestic product is available within minutes of the time of release, and the "Selected NIPA Tables" are available later that day, on BEA's Web site <www.bea.doc.gov> and on STAT-USA's Web site <www.stat-usa.gov>.

The "Selected NIPA Tables" are also available on printouts or diskettes from BEA. To order NIPA subscription products, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666).

## S. Summary Tables

Table S.1.—Summary of Percent Change From Preceding Period in Real Gross Domestic Product and Related Measures

[Percent]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
				IV	I	II	III	
<b>Gross domestic product</b> .....	4.2	5.0	8.3	4.8	5.6	2.2	1.0	1.3
<b>Personal consumption expenditures</b> .....	5.3	5.3	5.9	7.6	3.1	4.5	2.8	2.9
Durable goods .....	12.4	9.6	13.0	23.6	-5.0	7.6	-3.1	12.2
Nondurable goods .....	5.6	5.0	7.4	6.0	3.6	4.7	1.0	1.5
Services .....	3.7	4.5	3.8	5.2	4.6	3.7	4.9	1.8
<b>Gross private domestic investment</b> .....	6.6	10.2	17.9	5.1	21.7	1.8	-4.1	-13.3
Fixed investment .....	9.2	9.3	7.2	16.4	11.2	3.1	-9	2.3
Nonresidential .....	10.1	12.6	9.5	21.0	14.6	7.7	-1	2.1
Structures .....	-1.4	9.1	9.7	22.3	4.4	14.6	10.4	17.2
Equipment and software .....	14.1	13.7	9.5	20.6	17.9	5.6	-3.3	-2.6
Residential .....	6.4	-5	5	3.2	1.3	-10.6	-3.6	2.9
Change in private inventories .....								
<b>Net exports of goods and services</b> .....								
Exports .....	2.9	9.0	10.3	6.3	14.3	13.9	-6.4	-2.7
Goods .....	4.0	11.6	12.6	6.0	19.0	21.0	-9.9	-4.6
Services .....	.5	2.9	4.6	6.9	3.5	-2.8	3.4	2.3
Imports .....	10.7	13.5	10.7	12.0	18.6	17.0	-1.2	-9.1
Goods .....	12.5	13.9	11.2	11.2	20.0	16.2	-2.1	-10.2
Services .....	1.7	11.5	8.2	16.6	10.6	22.3	4.0	-2.8
<b>Government consumption expenditures and gross investment</b> .....	3.3	2.8	8.5	-1.1	4.8	-1.4	2.9	4.7
Federal .....	2.5	1.5	13.2	-14.2	17.2	-9.0	3.8	4.9
National defense .....	2.0	.2	12.6	-19.8	16.9	-9.7	8.9	5.4
Nondefense .....	3.4	3.8	14.4	-3.3	17.8	-7.9	-4.6	3.9
State and local .....	3.8	3.5	6.1	6.6	-1.1	2.9	2.5	4.7
<b>Addenda:</b>								
Final sales of domestic product .....	4.6	4.8	6.4	6.7	3.9	2.4	1.7	4.4
Gross domestic purchases .....	5.2	5.7	8.4	5.6	6.5	3.0	1.5	.2
Final sales to domestic purchasers .....	5.6	5.5	6.6	7.5	4.7	3.2	2.1	3.1
Gross national product .....	4.1	5.1	8.3	5.1	5.6	2.1	1.7	1.6
Disposable personal income .....	3.2	2.8	4.5	1.9	3.7	2.6	.7	2.3

NOTE.—Percent changes from preceding period in the current-dollar and price measures for these series are shown in table 8.1.

Table S.2.—Summary of Contributions to Percent Change in Real Gross Domestic Product

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
				IV	I	II	III	
<b>Percent change at annual rate:</b>								
<b>Gross domestic product</b> .....	4.2	5.0	8.3	4.8	5.6	2.2	1.0	1.3
<b>Percentage points at annual rates:</b>								
<b>Personal consumption expenditures</b> .....	3.52	3.56	4.08	5.03	2.14	2.99	1.87	1.95
Durable goods .....	.96	.77	1.04	1.79	-4.2	.61	-.26	.94
Nondurable goods .....	1.10	1.01	1.47	1.19	.74	.93	.21	.30
Services .....	1.46	1.78	1.58	2.04	1.83	1.46	1.92	.71
<b>Gross private domestic investment</b> .....	1.15	1.80	3.04	.92	3.66	.33	-.78	-2.56
Fixed investment .....	1.53	1.59	1.26	2.68	1.93	.55	-.17	.40
Nonresidential .....	1.26	1.62	1.22	2.54	1.87	1.02	-.02	.28
Structures .....	-.05	.28	.29	.63	.14	.44	.33	.55
Equipment and software .....	1.30	1.33	.94	1.91	1.73	.58	-.35	-.27
Residential .....	.27	-.02	.03	.14	.06	-.47	-.15	.12
Change in private inventories .....	-.37	.21	1.78	-1.76	1.73	-.22	-.62	-2.96
<b>Net exports of goods and services</b> .....	-1.03	-.87	-.37	-.94	-1.00	-.90	-.55	1.11
Exports .....	.32	.96	1.09	.67	1.48	1.45	-.74	-.30
Goods .....	.30	.87	.94	.46	1.37	1.54	-.84	-.37
Services .....	.02	.09	.15	.21	.11	-.09	.10	.07
Imports .....	-1.35	-1.83	-1.45	-1.61	-2.48	-2.35	.19	1.41
Goods .....	-1.32	-1.59	-1.28	-1.28	-2.26	-1.90	.28	1.34
Services .....	-.04	-.24	-.17	-.33	-.22	-.44	-.09	.06
<b>Government consumption expenditures and gross investment</b> .....	.59	.50	1.50	-.18	.85	-.24	.50	.82
Federal .....	.16	.09	.79	-.93	.97	-.57	.22	.29
National defense .....	.08	.01	.48	-.86	.60	-.38	.32	.20
Nondefense .....	.08	.08	.30	-.07	.37	-.18	-.10	.08
State and local .....	.43	.41	.71	.75	-.12	.33	.28	.53

NOTE.—More detailed contributions to percent change in real gross domestic product are shown in table 8.2. Contributions to percent change in major components of real gross domestic product are shown in tables 8.3 through 8.6.

## 1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
			IV	I	II	III	IV	I
<b>Gross domestic product</b> .....	<b>9,299.2</b>	<b>9,963.1</b>	<b>9,559.7</b>	<b>9,752.7</b>	<b>9,945.7</b>	<b>10,039.4</b>	<b>10,114.4</b>	<b>10,229.4</b>
<b>Personal consumption expenditures</b> .....	<b>6,268.7</b>	<b>6,757.3</b>	<b>6,446.2</b>	<b>6,621.7</b>	<b>6,706.3</b>	<b>6,810.8</b>	<b>6,890.2</b>	<b>6,994.1</b>
Durable goods .....	761.3	820.3	787.6	826.3	814.3	824.7	815.8	838.4
Nondurable goods .....	1,845.5	2,010.0	1,910.2	1,963.9	1,997.6	2,031.5	2,046.9	2,064.0
Services .....	3,661.9	3,927.0	3,748.5	3,831.6	3,894.4	3,954.6	4,027.5	4,091.7
<b>Gross private domestic investment</b> .....	<b>1,650.1</b>	<b>1,832.7</b>	<b>1,723.7</b>	<b>1,755.7</b>	<b>1,852.6</b>	<b>1,869.3</b>	<b>1,853.3</b>	<b>1,789.2</b>
Fixed investment .....	1,606.8	1,778.2	1,651.0	1,725.8	1,780.5	1,803.0	1,803.5	1,815.0
Nonresidential .....	1,203.1	1,362.2	1,242.2	1,308.5	1,359.2	1,390.6	1,390.4	1,393.2
Structures .....	285.6	324.2	290.4	308.9	315.1	330.1	342.8	362.5
Equipment and software .....	917.4	1,038.0	951.8	999.6	1,044.1	1,060.5	1,047.6	1,030.6
Residential .....	403.8	416.0	408.8	417.3	421.3	412.4	413.1	421.8
Change in private inventories .....	43.3	54.5	72.7	29.9	72.0	66.4	49.8	-25.8
<b>Net exports of goods and services</b> .....	<b>-254.0</b>	<b>-370.7</b>	<b>-299.1</b>	<b>-335.2</b>	<b>-355.4</b>	<b>-389.5</b>	<b>-402.7</b>	<b>-365.4</b>
Exports .....	990.2	1,097.3	1,031.0	1,051.9	1,092.9	1,130.8	1,113.7	1,105.2
Goods .....	699.2	788.6	734.6	747.5	783.6	821.9	801.5	791.3
Services .....	291.0	308.7	296.4	304.4	309.2	308.9	312.2	313.9
Imports .....	1,244.2	1,468.0	1,330.1	1,387.1	1,448.3	1,520.3	1,516.4	1,470.6
Goods .....	1,048.6	1,248.6	1,127.3	1,176.1	1,233.9	1,294.7	1,289.6	1,240.7
Services .....	195.6	219.5	202.8	211.0	214.4	225.6	226.8	229.8
<b>Government consumption expenditures and gross investment</b> .....	<b>1,634.4</b>	<b>1,743.7</b>	<b>1,688.8</b>	<b>1,710.4</b>	<b>1,742.2</b>	<b>1,748.8</b>	<b>1,773.6</b>	<b>1,811.5</b>
Federal .....	568.6	595.2	591.6	580.1	604.5	594.2	602.0	617.1
National defense .....	365.0	377.0	380.8	366.6	381.9	375.0	384.4	393.6
Nondefense .....	203.5	218.2	210.7	213.5	222.6	219.2	217.6	223.5
State and local .....	1,065.8	1,148.6	1,097.3	1,130.4	1,137.7	1,154.6	1,171.6	1,194.4

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 (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
			IV	I	II	III	IV	I
<b>Gross domestic product</b> .....	<b>8,875.8</b>	<b>9,318.5</b>	<b>9,084.1</b>	<b>9,191.8</b>	<b>9,318.9</b>	<b>9,369.5</b>	<b>9,393.7</b>	<b>9,424.5</b>
<b>Personal consumption expenditures</b> .....	<b>5,978.8</b>	<b>6,294.3</b>	<b>6,101.0</b>	<b>6,213.5</b>	<b>6,260.6</b>	<b>6,329.8</b>	<b>6,373.3</b>	<b>6,418.8</b>
Durable goods .....	817.8	896.0	851.8	898.2	886.7	903.2	896.0	922.3
Nondurable goods .....	1,779.4	1,869.0	1,818.1	1,844.8	1,861.1	1,882.6	1,887.4	1,894.4
Services .....	3,390.8	3,543.9	3,443.0	3,487.2	3,526.7	3,559.3	3,602.5	3,618.5
<b>Gross private domestic investment</b> .....	<b>1,669.7</b>	<b>1,839.8</b>	<b>1,751.6</b>	<b>1,773.6</b>	<b>1,863.0</b>	<b>1,871.1</b>	<b>1,851.5</b>	<b>1,786.8</b>
Fixed investment .....	1,621.4	1,771.7	1,666.6	1,730.9	1,777.6	1,791.3	1,787.1	1,797.1
Nonresidential .....	1,255.3	1,413.7	1,301.8	1,365.3	1,412.5	1,438.8	1,438.3	1,445.8
Structures .....	259.2	282.9	260.6	274.0	277.0	286.6	293.8	305.7
Equipment and software .....	1,003.1	1,140.5	1,050.1	1,100.4	1,146.6	1,162.4	1,152.7	1,145.2
Residential .....	368.3	366.3	368.5	371.4	372.6	362.3	359.0	361.5
Change in private inventories .....	45.3	60.9	80.9	36.6	78.6	72.5	55.7	-18.9
<b>Net exports of goods and services</b> .....	<b>-322.4</b>	<b>-412.4</b>	<b>-352.5</b>	<b>-376.8</b>	<b>-403.4</b>	<b>-427.7</b>	<b>-441.7</b>	<b>-411.9</b>
Exports .....	1,033.0	1,126.3	1,068.4	1,084.8	1,121.8	1,158.8	1,139.8	1,132.1
Goods .....	752.2	839.4	786.5	798.1	833.5	874.2	851.8	841.9
Services .....	281.7	289.9	283.7	288.5	291.0	288.9	291.4	293.0
Imports .....	1,355.3	1,538.7	1,420.9	1,461.7	1,525.2	1,586.4	1,581.5	1,544.0
Goods .....	1,161.1	1,322.5	1,222.5	1,255.3	1,313.9	1,364.0	1,356.7	1,320.5
Services .....	195.9	218.5	200.6	208.4	213.7	224.8	227.0	225.4
<b>Government consumption expenditures and gross investment</b> .....	<b>1,536.1</b>	<b>1,579.2</b>	<b>1,569.5</b>	<b>1,565.1</b>	<b>1,583.7</b>	<b>1,578.2</b>	<b>1,589.6</b>	<b>1,608.1</b>
Federal .....	540.1	548.2	558.1	537.1	558.8	545.8	550.9	557.5
National defense .....	348.5	349.1	360.9	341.5	355.1	346.2	353.7	358.4
Nondefense .....	191.5	198.9	197.1	195.4	203.6	199.4	197.1	199.0
State and local .....	995.6	1,030.5	1,011.2	1,027.4	1,024.6	1,031.9	1,038.1	1,050.0
Residual .....	-6	-7.8	-5.2	-8.0	-10.6	-11.2	-1.8	-6

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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.

Chain-type quantity indexes for the series in this table are shown in table 7.1.



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

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Gross domestic product</b>	<b>9,299.2</b>	<b>9,963.1</b>	<b>9,559.7</b>	<b>9,752.7</b>	<b>9,945.7</b>	<b>10,039.4</b>	<b>10,114.4</b>	<b>10,229.4</b>
Plus: Income receipts from the rest of the world .....	305.9	370.6	331.2	350.9	375.4	372.8	383.1	374.3
Less: Income payments to the rest of the world .....	316.9	374.9	344.6	358.6	383.7	381.7	375.7	360.8
<b>Equals: Gross national product</b>	<b>9,288.2</b>	<b>9,958.7</b>	<b>9,546.3</b>	<b>9,745.0</b>	<b>9,937.4</b>	<b>10,030.5</b>	<b>10,121.8</b>	<b>10,242.8</b>
Less: Consumption of fixed capital .....	1,161.0	1,257.1	1,188.5	1,215.4	1,244.3	1,272.3	1,296.4	1,318.6
Private .....	961.4	1,040.5	983.5	1,005.6	1,029.8	1,053.3	1,073.4	1,091.9
Capital consumption allowances ..	984.9	1,053.2	1,007.7	1,026.3	1,043.9	1,062.0	1,080.8	1,100.7
Less: Capital consumption adjustment ..	23.5	12.7	24.2	20.8	14.1	8.6	7.4	8.9
Government .....	199.6	216.6	205.0	209.8	214.6	219.0	223.0	226.8
General government enterprises ..	170.3	185.0	175.0	179.1	183.2	187.1	190.6	194.0
Government enterprises ..	29.3	31.6	30.0	30.7	31.4	31.8	32.3	32.7
<b>Equals: Net national product</b>	<b>8,127.1</b>	<b>8,701.6</b>	<b>8,357.7</b>	<b>8,529.6</b>	<b>8,693.1</b>	<b>8,758.2</b>	<b>8,825.4</b>	<b>8,924.2</b>
Less: Indirect business tax and nontax liability .....	718.1	769.6	745.5	755.9	764.6	772.0	785.8	784.6
Business transfer payments .....	39.7	41.7	40.6	41.3	42.0	41.6	41.8	42.4
Statistical discrepancy .....	-71.9	-83.7	-67.8	-77.7	-72.5	-101.8	-82.9	-53.4
Plus: Subsidies less current surplus of government enterprises	28.4	27.9	41.4	23.5	24.2	42.0	22.0	39.2
<b>Equals: National income</b>	<b>7,469.7</b>	<b>8,002.0</b>	<b>7,680.7</b>	<b>7,833.5</b>	<b>7,983.2</b>	<b>8,088.5</b>	<b>8,102.8</b>	<b>8,189.8</b>
Less: Corporate profits with inventory valuation and capital consumption adjustments .....	856.0	946.2	893.2	936.3	963.6	970.3	914.7	893.4
Net interest .....	507.1	567.2	530.6	545.4	565.9	575.7	582.0	581.8
Contributions for social insurance	662.1	705.6	676.1	691.2	701.7	710.2	719.1	736.1
Wage accruals less disbursements	5.2	0	5.2	0	0	0	0	0
Plus: Personal interest income .....	963.7	1,034.3	989.0	1,011.6	1,031.3	1,042.9	1,051.5	1,047.0
Personal dividend income .....	370.3	396.6	380.2	386.9	392.6	399.7	407.2	414.2
Government transfer payments to persons .....	986.5	1,037.1	997.3	1,016.5	1,035.5	1,043.5	1,053.0	1,084.1
Business transfer payments to persons .....	29.7	30.7	30.1	30.4	30.6	30.8	31.0	31.1
<b>Equals: Personal income</b>	<b>7,789.6</b>	<b>8,281.7</b>	<b>7,972.3</b>	<b>8,105.8</b>	<b>8,242.1</b>	<b>8,349.0</b>	<b>8,429.7</b>	<b>8,554.9</b>
<b>Addenda:</b>								
Gross domestic income	9,371.1	10,046.8	9,627.5	9,830.4	10,018.3	10,141.3	10,197.3	10,282.7
Gross national income	9,360.1	10,042.4	9,614.0	9,822.7	10,010.0	10,132.3	10,204.7	10,296.2
Net domestic product ..	8,138.1	8,706.0	8,371.2	8,537.3	8,701.4	8,767.1	8,818.0	8,910.7

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

[Billions of chained (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Gross domestic product</b>	<b>8,875.8</b>	<b>9,318.5</b>	<b>9,084.1</b>	<b>9,191.8</b>	<b>9,318.9</b>	<b>9,369.5</b>	<b>9,393.7</b>	<b>9,424.5</b>
Plus: Income receipts from the rest of the world .....	294.1	347.6	316.2	332.0	353.2	348.7	356.7	346.1
Less: Income payments to the rest of the world .....	301.5	349.1	325.0	335.8	357.9	354.8	347.7	331.8
<b>Equals: Gross national product</b>	<b>8,868.3</b>	<b>9,316.6</b>	<b>9,075.0</b>	<b>9,187.7</b>	<b>9,313.7</b>	<b>9,362.8</b>	<b>9,402.2</b>	<b>9,438.5</b>
Less: Consumption of fixed capital .....	1,169.7	1,269.5	1,202.8	1,229.1	1,256.0	1,283.0	1,310.0	1,337.1
Private .....	974.1	1,062.7	1,003.2	1,026.7	1,050.7	1,074.8	1,098.8	1,122.8
Government .....	195.8	207.2	199.7	202.7	205.6	208.6	211.8	214.9
General government enterprises .....	167.8	177.7	171.2	173.7	176.3	179.0	181.8	184.6
Government enterprises .....	28.0	29.5	28.5	29.0	29.3	29.6	30.0	30.3
<b>Equals: Net national product</b>	<b>7,701.6</b>	<b>8,052.7</b>	<b>7,875.1</b>	<b>7,962.3</b>	<b>8,062.2</b>	<b>8,086.1</b>	<b>8,100.4</b>	<b>8,111.7</b>
<b>Addenda:</b>								
Gross domestic income <sup>1</sup> .....	8,944.4	9,396.8	9,148.4	9,265.0	9,386.9	9,464.6	9,470.7	9,473.7
Gross national income <sup>2</sup> .....	8,936.9	9,394.9	9,139.4	9,260.9	9,381.7	9,457.8	9,479.1	9,487.6
Net domestic product .....	7,709.0	8,054.6	7,884.1	7,966.4	8,067.4	8,092.7	8,092.0	8,098.0

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 (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 chain-type quantity index for gross national product is shown in table 7.3.

Table 1.11.—Command-Basis Real Gross National Product

[Billions of chained (1996) dollars]

<b>Gross national product</b>	<b>8,868.3</b>	<b>9,316.6</b>	<b>9,075.0</b>	<b>9,187.7</b>	<b>9,313.7</b>	<b>9,362.8</b>	<b>9,402.2</b>	<b>9,438.5</b>
Less: Exports of goods and services and income receipts from the rest of the world .....	1,327.4	1,476.0	1,385.6	1,418.6	1,477.5	1,508.9	1,499.0	1,480.0
Plus: Command-basis exports of goods and services and income receipts from the rest of the world <sup>1</sup> .....	1,374.0	1,502.2	1,418.9	1,443.4	1,508.9	1,532.8	1,523.9	1,512.5
<b>Equals: Command-basis gross national product</b>	<b>8,915.0</b>	<b>9,342.8</b>	<b>9,108.3</b>	<b>9,212.5</b>	<b>9,345.1</b>	<b>9,386.7</b>	<b>9,427.1</b>	<b>9,470.9</b>
<b>Addendum:</b>								
Terms of trade <sup>2</sup> .....	103.5	101.8	102.4	101.7	102.1	101.6	101.7	102.2

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

2. Ratio of the implicit price deflator for exports of goods and services and income receipts to the corresponding implicit price deflator for imports divided by 100.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 gross national product are shown in table 8.1.

Chain-type quantity indexes for the series in this table are shown in table 7.3.

**Table 1.14.—National Income by Type of Income**

(Billions of dollars)

	1999	2000	Seasonally adjusted at annual rates					2001
			2000					
			IV	I	II	III	IV	
<b>National income</b> .....	<b>7,469.7</b>	<b>8,002.0</b>	<b>7,680.7</b>	<b>7,833.5</b>	<b>7,983.2</b>	<b>8,088.5</b>	<b>8,102.8</b>	<b>8,189.8</b>
<b>Compensation of employees</b> ...	<b>5,299.8</b>	<b>5,638.2</b>	<b>5,421.1</b>	<b>5,512.2</b>	<b>5,603.5</b>	<b>5,679.6</b>	<b>5,757.5</b>	<b>5,851.3</b>
Wage and salary accruals .....	4,475.1	4,769.4	4,583.5	4,660.4	4,740.1	4,804.9	4,872.0	4,951.1
Government .....	724.4	760.9	734.5	749.9	760.2	765.4	768.2	783.3
Other .....	3,750.7	4,008.5	3,849.0	3,910.5	3,980.0	4,039.5	4,103.9	4,167.8
Supplements to wages and salaries .....	824.6	868.8	837.7	851.8	863.3	874.7	885.5	900.2
Employer contributions for social insurance .....	323.6	344.8	330.3	337.8	342.9	347.1	351.5	359.0
Other labor income .....	501.0	524.0	507.4	514.0	520.5	527.6	534.0	541.2
<b>Proprietors' income with inventory valuation and capital consumption adjustments</b> .....	<b>663.5</b>	<b>710.4</b>	<b>689.6</b>	<b>693.9</b>	<b>709.5</b>	<b>724.8</b>	<b>713.2</b>	<b>724.8</b>
Farm .....	25.3	22.6	31.7	19.1	21.5	31.7	18.0	21.0
Proprietors' income with inventory valuation adjustment .....	33.6	31.1	39.8	27.4	29.9	40.3	26.8	30.0
Capital consumption adjustment .....	-8.3	-8.5	-8.1	-8.3	-8.4	-8.6	-8.8	-9.0
Nonfarm .....	638.2	687.8	657.9	674.8	688.1	693.1	695.2	703.8
Proprietors' income .....	586.9	634.8	605.7	624.1	635.2	639.6	640.4	646.4
Inventory valuation adjustment .....	-1.4	-1.2	-1.7	-2.9	-9	-7	-4	6
Capital consumption adjustment .....	52.7	54.2	53.9	53.6	53.8	54.2	55.1	56.8
<b>Rental income of persons with capital consumption adjustment</b> .....	<b>143.4</b>	<b>140.0</b>	<b>146.2</b>	<b>145.6</b>	<b>140.8</b>	<b>138.1</b>	<b>135.4</b>	<b>138.5</b>
Rental income of persons .....	199.4	198.3	202.3	203.1	198.8	196.6	194.9	199.4
Capital consumption adjustment .....	-56.0	-58.4	-56.1	-57.5	-58.0	-58.5	-59.5	-60.9
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	<b>856.0</b>	<b>946.2</b>	<b>893.2</b>	<b>936.3</b>	<b>963.6</b>	<b>970.3</b>	<b>914.7</b>	<b>893.4</b>
Corporate profits with inventory valuation adjustment .....	813.9	912.7	851.5	895.7	928.8	940.5	885.6	862.7
Profits before tax .....	823.0	925.6	870.7	920.7	942.5	945.1	894.1	866.2
Profits tax liability .....	255.9	284.2	270.8	286.3	292.0	290.6	267.7	259.0
Profits after tax .....	567.1	641.4	599.9	634.4	650.4	654.4	626.4	607.2
Dividends .....	370.7	397.0	380.6	387.3	393.0	400.1	407.6	414.7
Undistributed profits ...	196.4	244.4	219.3	247.1	257.4	254.4	218.8	192.6
Inventory valuation adjustment .....	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	-3.5
Capital consumption adjustment .....	42.1	33.5	41.6	40.6	34.7	29.7	29.1	30.7
<b>Net interest</b> .....	<b>507.1</b>	<b>567.2</b>	<b>530.6</b>	<b>545.4</b>	<b>565.9</b>	<b>575.7</b>	<b>582.0</b>	<b>581.8</b>
<b>Addenda:</b>								
Corporate profits after tax with inventory valuation and capital consumption adjustments .....	600.1	662.0	622.3	650.0	671.5	679.7	647.0	634.4
Net cash flow with inventory valuation and capital consumption adjustments ...	906.3	1,004.5	936.5	974.2	1,009.5	1,029.6	1,004.5	998.2
Undistributed profits with inventory valuation and capital consumption adjustments .....	229.4	265.0	241.7	262.7	278.5	279.6	239.4	219.8
Consumption of fixed capital .....	676.9	739.4	694.8	711.5	731.1	750.0	765.2	778.5
Less: Inventory valuation adjustment .....	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	-3.5
Equals: Net cash flow .....	915.4	1,017.4	955.8	999.2	1,023.2	1,034.2	1,013.1	1,001.7

**Table 1.16.—Gross Product of Corporate Business in Current Dollars and Gross Product of Nonfinancial Corporate Business in Current and Chained Dollars**

	1999	2000	Seasonally adjusted at annual rates					2001
			2000					
			IV	I	II	III	IV	
<b>Gross product of corporate business</b> .....	<b>5,692.5</b>	<b>6,109.9</b>	<b>5,852.7</b>	<b>5,975.9</b>	<b>6,094.7</b>	<b>6,175.9</b>	<b>6,193.3</b>	<b>6,240.7</b>
Consumption of fixed capital .....	676.9	739.4	694.8	711.5	731.1	750.0	765.2	778.5
<b>Net product</b> .....	<b>5,015.6</b>	<b>5,370.5</b>	<b>5,157.9</b>	<b>5,264.5</b>	<b>5,363.7</b>	<b>5,425.8</b>	<b>5,428.1</b>	<b>5,462.2</b>
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	523.3	564.4	542.9	554.5	561.1	564.1	577.9	569.4
Domestic income .....	4,492.3	4,806.1	4,614.9	4,710.0	4,802.5	4,861.7	4,850.2	4,892.8
Compensation of employees .....	3,585.2	3,823.8	3,677.1	3,733.0	3,797.1	3,852.8	3,912.3	3,973.8
Wage and salary accruals .....	3,082.1	3,293.7	3,167.5	3,213.3	3,270.4	3,319.1	3,372.1	3,424.5
Supplements to wages and salaries .....	503.1	530.1	509.6	519.7	526.7	533.7	540.3	549.3
Corporate profits with inventory valuation and capital consumption adjustments .....	744.6	805.0	772.7	807.4	829.3	828.1	755.3	739.4
Profits before tax .....	711.6	784.4	750.2	791.8	808.2	802.9	734.7	712.2
Profits tax liability .....	255.9	284.2	270.8	286.3	292.0	290.6	267.7	259.0
Profits after tax .....	455.7	500.2	479.4	505.5	516.1	512.3	467.0	453.2
Dividends .....	328.9	352.7	338.7	345.3	347.9	354.7	363.1	385.7
Undistributed profits .....	126.7	147.5	140.7	160.2	168.3	157.6	104.0	67.5
Inventory valuation adjustment .....	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	-3.5
Capital consumption adjustment .....	42.1	33.5	41.6	40.6	34.7	29.7	29.1	30.7
Net interest .....	162.5	177.3	165.2	169.6	176.2	180.8	182.6	179.6
<b>Gross product of financial corporate business</b> .....	<b>643.7</b>	<b>689.8</b>	<b>660.8</b>	<b>675.7</b>	<b>680.7</b>	<b>695.8</b>	<b>707.0</b>	<b>722.9</b>
<b>Gross product of nonfinancial corporate business</b> .....	<b>5,048.8</b>	<b>5,420.1</b>	<b>5,191.9</b>	<b>5,300.3</b>	<b>5,414.0</b>	<b>5,480.1</b>	<b>5,486.2</b>	<b>5,517.8</b>
Consumption of fixed capital .....	569.6	620.3	584.0	597.5	613.4	628.8	641.3	652.8
<b>Net product</b> .....	<b>4,479.3</b>	<b>4,799.9</b>	<b>4,607.9</b>	<b>4,702.7</b>	<b>4,800.7</b>	<b>4,851.3</b>	<b>4,844.9</b>	<b>4,865.0</b>
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	482.5	521.0	501.1	511.7	517.8	520.6	534.0	525.1
Domestic income .....	3,996.8	4,278.9	4,106.8	4,191.0	4,282.9	4,330.7	4,310.9	4,339.8
Compensation of employees .....	3,267.0	3,484.4	3,352.2	3,401.6	3,460.0	3,510.7	3,565.0	3,621.0
Wage and salary accruals .....	2,804.4	2,996.9	2,884.0	2,923.7	2,975.7	3,020.0	3,068.2	3,115.9
Supplements to wages and salaries .....	462.7	487.5	468.3	477.9	484.4	490.7	496.8	505.1
Corporate profits with inventory valuation and capital consumption adjustments .....	588.5	630.8	602.0	632.8	660.1	653.0	577.3	553.0
Profits before tax .....	539.5	590.8	563.0	599.9	620.1	607.4	535.8	505.2
Profits tax liability .....	166.6	182.7	173.5	186.0	193.5	188.3	162.9	151.2
Profits after tax .....	373.0	408.1	389.5	413.8	426.7	419.2	372.9	354.0
Dividends .....	250.9	268.2	257.5	262.5	264.5	269.7	276.1	293.2
Undistributed profits .....	122.1	140.0	132.0	151.3	162.2	149.5	96.9	60.8
Inventory valuation adjustment .....	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	-3.5
Capital consumption adjustment .....	58.0	52.9	58.2	57.9	53.7	50.1	50.0	51.2
Net interest .....	141.3	163.7	152.6	156.6	162.7	167.0	168.6	165.9
Billions of chained (1996) dollars								
<b>Gross product of nonfinancial corporate business</b> .....	<b>4,957.1</b>	<b>5,257.2</b>	<b>5,093.6</b>	<b>5,171.0</b>	<b>5,251.2</b>	<b>5,308.1</b>	<b>5,298.7</b>	<b>5,303.5</b>
Consumption of fixed capital <sup>1</sup> .....	586.7	647.3	607.3	623.1	639.2	655.4	671.5	687.6
Net product <sup>2</sup> .....	4,370.4	4,610.0	4,486.3	4,547.9	4,612.0	4,652.7	4,627.2	4,615.9

1. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100.  
2. Chained-dollar net product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

2. Personal Income and Outlays

Table 2.1.—Personal Income and Its Disposition
(Billions of dollars)

Table with columns for years 1999, 2000, and quarterly data for 1999 and 2000. Rows include Personal income, Wage and salary disbursements, Private industries, Government, Other labor income, Proprietors' income, Rental income, Personal dividend income, Personal interest income, Transfer payments, Less: Personal contributions for social insurance, Less: Personal tax and nontax payments, Equals: Disposable personal income, Less: Personal outlays, Equals: Personal saving, and Addenda.

1. Consists of aid to families with dependent children and, beginning with 1996, assistance programs operating under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
2. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

NOTE.—Percent changes from preceding period for disposable personal income are shown in table 8.1.

Table 2.2.—Personal Consumption Expenditures by Major Type of Product
(Billions of dollars)

Table with columns for years 1999, 2000, and quarterly data for 1999 and 2000. Rows include Personal consumption expenditures, Durable goods, Nondurable goods, Services, and Addenda.

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

Table 2.3.—Real Personal Consumption Expenditures by Major Type of Product
(Billions of chained (1996) dollars)

Table with columns for years 1999, 2000, and quarterly data for 1999 and 2000. Rows include Personal consumption expenditures, Durable goods, Nondurable goods, Services, Residual, and Addenda.

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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. Chain-type quantity indexes for the series in this table are shown in table 7.4. Contributions to the percent change in real personal consumption expenditures are shown in table 8.3.

## 3. Government Current Receipts and Expenditures

Table 3.1.—Government Current Receipts and Expenditures

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Current receipts</b> .....	<b>2,788.0</b>	<b>3,051.2</b>	<b>2,889.8</b>	<b>2,972.8</b>	<b>3,035.6</b>	<b>3,081.0</b>	<b>3,115.4</b>	<b>3,151.5</b>
Personal tax and nontax receipts .....	1,152.0	1,291.9	1,197.3	1,239.3	1,277.2	1,308.1	1,342.7	1,371.8
Corporate profits tax accruals .....	255.9	284.2	270.8	286.3	292.0	290.6	267.7	259.0
Indirect business tax and nontax accruals .....	718.1	769.6	745.5	755.9	764.6	772.0	785.8	784.6
Contributions for social insurance .....	662.1	705.6	676.1	691.2	701.7	710.2	719.1	736.1
<b>Current expenditures</b> .....	<b>2,613.5</b>	<b>2,739.8</b>	<b>2,679.8</b>	<b>2,684.9</b>	<b>2,734.5</b>	<b>2,764.4</b>	<b>2,775.3</b>	<b>2,831.8</b>
Consumption expenditures .....	1,325.7	1,407.2	1,364.5	1,376.2	1,410.3	1,415.2	1,427.1	1,462.2
Transfer payments (net) .....	998.1	1,050.2	1,016.2	1,024.8	1,044.7	1,054.9	1,076.4	1,090.3
To persons .....	986.5	1,037.1	997.3	1,016.5	1,035.5	1,043.5	1,053.0	1,084.1
To the rest of the world (net) .....	11.6	13.1	18.9	8.3	9.1	11.4	23.4	6.2
Net interest paid .....	261.7	254.9	258.2	260.8	255.7	252.8	250.2	240.6
Interest paid .....	357.0	356.3	355.1	360.6	358.0	354.2	352.4	344.3
To persons and business .....	261.8	248.6	254.5	256.3	250.4	244.7	243.1	236.9
To the rest of the world .....	95.1	107.7	100.6	104.3	107.6	109.5	109.3	107.4
Less: Interest received by government .....	95.2	101.4	96.9	99.8	102.2	101.4	102.2	103.7
Less: Dividends received by government .....	.4	.4	.4	.4	.4	.4	.4	.4
Subsidies less current surplus of government enterprises .....	28.4	27.9	41.4	23.5	24.2	42.0	22.0	39.2
Subsidies .....	43.9	45.3	57.7	40.7	41.6	59.1	39.8	56.8
Less: Current surplus of government enterprises .....	15.6	17.4	16.3	17.3	17.4	17.1	17.7	17.6
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>174.4</b>	<b>311.4</b>	<b>210.0</b>	<b>287.9</b>	<b>301.1</b>	<b>316.6</b>	<b>340.1</b>	<b>319.7</b>
Social insurance funds .....	90.3	109.8	102.7	106.1	103.6	111.2	118.4	113.3
Other .....	84.1	201.6	107.2	181.8	197.4	205.3	221.7	206.4
<b>Addenda:</b>								
Net lending or net borrowing (-) .....	94.9	219.4	121.7	192.0	212.6	228.3	244.5	231.0
Current surplus or deficit (-), national income and product accounts .....	174.4	311.4	210.0	287.9	301.1	316.6	340.1	319.7
Plus: Consumption of fixed capital .....	199.6	216.6	205.0	209.8	214.6	219.0	223.0	226.8
Plus: Capital transfers received (net) .....	36.8	36.5	39.2	37.1	36.2	36.4	36.2	38.7
Less: Gross investment .....	308.7	336.6	324.4	334.2	331.9	333.6	346.5	349.3
Less: Net purchases of nonproduced assets .....	7.2	8.6	8.0	8.6	7.5	10.0	8.2	4.9

Table 3.2.—Federal Government Current Receipts and Expenditures

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					2001
			1999	2000				
			IV	I	II	III	IV	
<b>Current receipts</b> .....	<b>1,874.6</b>	<b>2,065.7</b>	<b>1,941.0</b>	<b>2,011.9</b>	<b>2,054.8</b>	<b>2,089.4</b>	<b>2,106.6</b>	<b>2,141.2</b>
Personal tax and nontax receipts	902.2	1,017.7	938.2	978.0	1,003.6	1,030.9	1,058.4	1,083.1
Income taxes .....	892.7	1,007.7	928.4	968.2	993.7	1,020.8	1,048.1	1,072.6
Nontaxes .....	9.5	10.0	9.8	9.8	9.9	10.1	10.2	10.5
Corporate profits tax accruals ....	219.3	244.0	232.3	245.7	250.5	249.4	230.3	222.6
Federal Reserve banks .....	25.4	30.0	27.7	29.2	29.3	30.0	31.7	30.5
Other .....	193.9	213.9	204.6	216.5	221.3	219.4	198.5	192.1
Indirect business tax and nontax accruals .....	100.5	108.4	103.9	106.8	108.9	108.9	109.0	109.6
Excise taxes .....	65.6	70.0	66.2	70.1	70.0	69.2	70.7	70.0
Customs duties .....	19.2	21.0	20.8	19.4	21.8	22.0	21.0	21.7
Nontaxes .....	15.8	17.4	16.9	17.3	17.2	17.6	17.3	17.9
Contributions for social insurance	652.5	695.6	666.6	681.5	691.8	700.2	709.0	725.9
<b>Current expenditures</b> .....	<b>1,750.2</b>	<b>1,813.9</b>	<b>1,797.7</b>	<b>1,776.0</b>	<b>1,813.9</b>	<b>1,836.0</b>	<b>1,829.6</b>	<b>1,861.8</b>
Consumption expenditures .....	470.8	489.2	487.0	478.7	499.0	489.9	489.2	507.6
Transfer payments (net) .....	746.1	782.4	757.7	763.2	779.0	785.2	802.0	811.4
To persons .....	734.5	769.3	738.8	754.9	769.9	773.8	778.6	805.3
To the rest of the world (net) .....	11.6	13.1	18.9	8.3	9.1	11.4	23.4	6.2
Grants-in-aid to State and local governments .....	229.3	244.6	238.8	235.0	240.9	251.2	251.2	262.8
Net interest paid .....	264.7	259.4	261.8	265.0	260.3	257.2	254.9	245.5
Interest paid .....	281.8	279.7	279.4	284.5	281.5	277.4	275.2	266.7
To persons and business .....	186.7	172.0	178.8	180.2	173.9	167.9	165.9	159.3
To the rest of the world .....	95.1	107.7	100.6	104.3	107.6	109.5	109.3	107.4
Less: Interest received by government .....	17.1	20.3	17.6	19.6	21.2	20.2	20.3	21.2
Subsidies less current surplus of government enterprises .....	39.3	38.4	52.3	34.1	34.6	52.4	32.4	34.6
Subsidies .....	43.5	44.8	57.2	40.3	41.1	58.6	39.3	41.1
Less: Current surplus of government enterprises .....	4.2	6.4	4.9	6.2	6.5	6.1	6.8	6.5
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>124.4</b>	<b>251.8</b>	<b>143.3</b>	<b>235.8</b>	<b>240.9</b>	<b>253.3</b>	<b>277.0</b>	<b>279.4</b>
Social insurance funds .....	90.7	110.3	103.3	106.6	104.1	111.6	118.8	113.6
Other .....	33.7	141.5	40.0	129.3	136.9	141.7	158.2	165.8
<b>Addenda:</b>								
Net lending or net borrowing (-) .....	117.1	237.4	131.6	224.4	227.0	240.6	257.7	267.8
Current surplus or deficit (-), national income and product accounts .....	124.4	251.8	143.3	235.8	240.9	253.3	277.0	279.4
Plus: Consumption of fixed capital .....	92.8	99.8	95.0	97.2	98.9	100.8	102.3	103.6
Plus: Capital transfers received (net) .....	-3.2	-8.0	-2.4	-7.0	-8.3	-7.7	-9.1	-9.4
Less: Gross investment .....	97.8	106.0	104.5	101.3	105.5	104.3	112.8	109.5
Less: Net purchases of nonproduced assets .....	-8	.2	-2	.3	-9	1.6	-3	-3.7

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

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					2001
			1999	2000				
			IV	I	II	III	IV	
<b>Current receipts</b> .....	<b>1,142.7</b>	<b>1,230.1</b>	<b>1,187.6</b>	<b>1,195.9</b>	<b>1,221.7</b>	<b>1,242.8</b>	<b>1,259.9</b>	<b>1,273.9</b>
Personal tax and nontax receipts	249.7	274.1	259.2	261.4	273.6	277.2	284.4	288.7
Income taxes .....	194.8	216.3	203.2	204.6	216.1	219.0	225.5	229.2
Nontaxes .....	35.1	37.3	35.9	36.5	37.0	37.6	38.1	38.7
Other .....	19.8	20.5	20.1	20.3	20.5	20.6	20.8	20.9
Corporate profits tax accruals ....	36.6	40.2	38.5	40.6	41.5	41.2	37.5	36.3
Indirect business tax and nontax accruals .....	617.5	661.2	641.6	649.2	655.7	663.2	676.8	675.1
Sales taxes .....	307.1	331.7	318.3	327.4	329.8	334.0	335.8	339.1
Property taxes .....	238.5	248.5	242.1	244.8	247.5	249.8	251.9	254.3
Other .....	71.9	81.0	81.2	77.0	78.5	79.4	89.0	81.7
Contributions for social insurance	9.6	9.9	9.5	9.7	9.9	10.0	10.1	10.2
Federal grants-in-aid .....	229.3	244.6	238.8	235.0	240.9	251.2	251.2	262.8
<b>Current expenditures</b> .....	<b>1,092.7</b>	<b>1,170.5</b>	<b>1,121.0</b>	<b>1,143.9</b>	<b>1,161.6</b>	<b>1,179.6</b>	<b>1,196.9</b>	<b>1,232.8</b>
Consumption expenditures .....	855.0	918.0	877.4	897.5	911.3	925.2	937.9	954.6
Transfer payments to persons ...	252.0	267.8	258.5	261.6	265.6	269.6	274.4	278.9
Net interest paid .....	-3.0	-4.5	-3.6	-4.2	-4.6	-4.4	-4.7	-4.9
Interest paid .....	75.1	76.6	75.7	76.1	76.4	76.8	77.2	77.6
Less: Interest received by government .....	78.1	81.1	79.3	80.2	81.0	81.2	81.9	82.5
Less: Dividends received by government .....	.4	.4	.4	.4	.4	.4	.4	.4
Subsidies less current surplus of government enterprises .....	-11.0	-10.5	-10.9	-10.6	-10.4	-10.5	-10.4	4.6
Subsidies .....	.5	.5	.5	.5	.5	.5	.5	15.7
Less: Current surplus of government enterprises .....	11.4	11.0	11.4	11.1	10.9	11.0	10.9	11.1
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>50.0</b>	<b>59.6</b>	<b>66.6</b>	<b>52.0</b>	<b>60.1</b>	<b>63.2</b>	<b>63.1</b>	<b>40.3</b>
Social insurance funds .....	-4	-4	-6	-5	-4	-4	-4	-4
Other .....	50.4	60.1	67.2	52.5	60.6	63.6	63.5	40.6
<b>Addenda:</b>								
Net lending or net borrowing (-) .....	-22.1	-18.1	-9.9	-32.3	-14.4	-12.3	-13.2	-36.8
Current surplus or deficit (-), national income and product accounts .....	50.0	59.6	66.6	52.0	60.1	63.2	63.1	40.3
Plus: Consumption of fixed capital .....	106.8	116.8	109.9	112.7	115.6	118.2	120.6	123.2
Plus: Capital transfers received (net) .....	40.0	44.5	41.6	44.2	44.5	44.1	45.3	48.1
Less: Gross investment .....	210.9	230.6	219.8	232.9	226.4	229.3	233.7	239.8
Less: Net purchases of nonproduced assets .....	8.1	8.4	8.2	8.3	8.4	8.4	8.5	8.6



Table 3.7.—Government Consumption Expenditures and Gross Investment by Type

[Billions of dollars]

			Seasonally adjusted at annual rates					
	1999	2000	1999		2000			2001
			IV	I	II	III	IV	
<b>Government consumption expenditures and gross investment<sup>1</sup></b> .....	<b>1,634.4</b>	<b>1,743.7</b>	<b>1,688.8</b>	<b>1,710.4</b>	<b>1,742.2</b>	<b>1,748.8</b>	<b>1,773.6</b>	<b>1,811.5</b>
<b>Federal</b> .....	<b>568.6</b>	<b>595.2</b>	<b>591.6</b>	<b>580.1</b>	<b>604.5</b>	<b>594.2</b>	<b>602.0</b>	<b>617.1</b>
<b>National defense</b> .....	<b>365.0</b>	<b>377.0</b>	<b>380.8</b>	<b>366.6</b>	<b>381.9</b>	<b>375.0</b>	<b>384.4</b>	<b>393.6</b>
Consumption expenditures .....	311.2	319.7	324.7	311.2	325.7	319.6	322.4	334.4
Durable goods <sup>2</sup> .....	22.4	22.4	22.3	22.4	22.2	21.9	23.0	21.8
Nondurable goods .....	8.1	10.4	8.6	10.8	10.5	10.1	10.0	9.6
Services .....	280.7	287.0	293.8	277.9	292.9	287.7	289.4	303.0
Compensation of general government employees, except own-account investment <sup>3</sup> .....	133.2	137.9	132.8	137.0	137.2	138.9	138.7	141.7
Consumption of general government fixed capital <sup>4</sup> .....	63.1	65.3	63.8	64.5	65.0	65.6	66.0	66.2
Other services .....	84.4	83.7	97.2	76.4	90.8	83.1	84.7	95.1
Gross investment .....	53.8	57.2	56.1	55.4	56.2	55.4	62.0	59.2
Structures .....	5.3	4.6	5.2	4.7	4.5	4.6	4.6	4.6
Equipment and software .....	48.5	52.6	50.8	50.6	51.7	50.8	57.4	54.6
<b>Nondefense</b> .....	<b>203.5</b>	<b>218.2</b>	<b>210.7</b>	<b>213.5</b>	<b>222.6</b>	<b>219.2</b>	<b>217.6</b>	<b>223.5</b>
Consumption expenditures .....	159.6	169.5	162.3	167.5	173.3	170.3	166.7	173.2
Durable goods <sup>2</sup> .....	1.3	1.2	1.3	1.3	1.3	1.1	1.2	1.2
Nondurable goods .....	9.4	8.8	10.4	9.7	9.5	10.1	6.0	9.3
Commodity Credit Corporation inventory change ...	1.1	1.3	2.0	1.1	1.0	1.5	1.6	1.4
Other nondurables .....	8.2	7.5	8.4	8.7	8.5	8.6	4.4	7.9
Services .....	148.9	159.4	150.7	156.5	162.5	159.1	159.6	162.7
Compensation of general government employees, except own-account investment <sup>3</sup> .....	87.2	94.1	87.8	92.9	97.0	93.5	92.9	96.2
Consumption of general government fixed capital <sup>4</sup> .....	24.2	28.2	25.5	26.6	27.7	28.7	29.7	30.6
Other services .....	37.5	37.1	37.4	36.9	37.7	36.9	36.9	35.9
Gross investment .....	44.0	48.8	48.5	46.0	49.3	48.9	50.8	50.3
Structures .....	11.0	10.7	11.6	10.9	10.6	10.5	10.9	11.4
Equipment and software .....	33.0	38.0	36.8	35.1	38.7	38.4	39.9	38.9
<b>State and local</b> .....	<b>1,065.8</b>	<b>1,148.6</b>	<b>1,097.3</b>	<b>1,130.4</b>	<b>1,137.7</b>	<b>1,154.6</b>	<b>1,171.6</b>	<b>1,194.4</b>
Consumption expenditures .....	855.0	918.0	877.4	897.5	911.3	925.2	937.9	954.6
Durable goods <sup>2</sup> .....	15.9	17.1	16.4	16.6	16.9	17.2	17.5	17.8
Nondurable goods .....	91.3	109.5	97.4	105.1	107.6	111.1	114.2	114.5
Services .....	747.7	791.4	763.7	775.8	786.8	796.9	806.2	822.3
Compensation of general government employees, except own-account investment <sup>3</sup> .....	624.1	653.3	635.4	643.5	650.2	657.4	662.0	671.8
Consumption of general government fixed capital <sup>4</sup> .....	83.0	91.5	85.7	88.0	90.5	92.8	94.9	97.2
Other services .....	40.6	46.6	42.6	44.4	46.1	46.7	49.2	53.3
Gross investment .....	210.9	230.6	219.8	232.9	226.4	229.3	233.7	239.8
Structures .....	157.5	169.6	163.9	175.0	166.2	167.1	170.0	176.8
Equipment and software .....	53.4	61.0	56.0	57.9	60.1	62.2	63.7	63.0
<b>Addenda:</b>								
Compensation of general government employees <sup>3</sup> ....	854.7	895.6	866.4	883.6	894.4	900.2	904.3	921.0
Federal .....	222.2	233.8	222.4	231.7	235.9	234.3	233.4	240.2
State and local .....	632.5	661.8	644.0	651.9	658.5	666.0	670.9	680.7

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.

3. Compensation of government employees engaged in new own-account investment and related expenditures for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addenda.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

Table 3.8.—Real Government Consumption Expenditures and Gross Investment by Type

[Billions of chained (1996) dollars]

			Seasonally adjusted at annual rates					
	1999	2000	1999		2000			2001
			IV	I	II	III	IV	
<b>Government consumption expenditures and gross investment<sup>1</sup></b> .....	<b>1,536.1</b>	<b>1,579.2</b>	<b>1,569.5</b>	<b>1,565.1</b>	<b>1,583.7</b>	<b>1,578.2</b>	<b>1,589.6</b>	<b>1,608.1</b>
<b>Federal</b> .....	<b>540.1</b>	<b>548.2</b>	<b>558.1</b>	<b>537.1</b>	<b>558.8</b>	<b>545.8</b>	<b>550.9</b>	<b>557.5</b>
<b>National defense</b> .....	<b>348.5</b>	<b>349.1</b>	<b>360.9</b>	<b>341.5</b>	<b>355.1</b>	<b>346.2</b>	<b>353.7</b>	<b>358.4</b>
Consumption expenditures .....	293.8	291.6	304.0	285.7	298.4	290.5	291.9	298.9
Durable goods <sup>2</sup> .....	22.7	22.5	22.5	22.6	22.3	21.9	23.1	21.8
Nondurable goods .....	8.9	9.4	8.7	10.2	10.0	9.0	8.5	8.8
Services .....	262.5	260.1	273.0	253.4	266.4	259.9	260.9	268.6
Compensation of general government employees, except own-account investment <sup>3</sup> .....	121.0	120.1	120.2	119.7	119.8	120.7	120.4	119.2
Consumption of general government fixed capital <sup>4</sup> .....	62.7	63.6	62.9	63.2	63.4	63.7	64.0	64.4
Other services .....	78.9	76.6	90.1	70.6	83.4	75.7	76.7	85.4
Gross investment .....	55.0	58.0	57.2	56.3	57.0	56.0	62.6	60.0
Structures .....	4.8	4.0	4.7	4.2	4.0	4.0	4.0	3.9
Equipment and software .....	50.3	54.3	52.7	52.4	53.4	52.3	59.1	56.5
<b>Nondefense</b> .....	<b>191.5</b>	<b>198.9</b>	<b>197.1</b>	<b>195.4</b>	<b>203.6</b>	<b>199.4</b>	<b>197.1</b>	<b>199.0</b>
Consumption expenditures .....	147.5	151.4	148.9	150.0	155.4	151.9	148.1	150.6
Durable goods <sup>2</sup> .....	1.5	1.5	1.5	1.6	1.6	1.3	1.4	1.4
Nondurable goods .....	10.0	10.1	11.4	10.7	10.2	11.6	7.9	10.6
Commodity Credit Corporation inventory change ...	2.0	3.0	3.4	2.6	2.3	3.7	3.6	3.2
Other nondurables .....	8.1	7.1	8.0	8.1	8.0	7.9	4.3	7.3
Services .....	136.9	141.4	137.6	139.2	144.8	141.0	140.6	140.4
Compensation of general government employees, except own-account investment <sup>3</sup> .....	77.2	79.9	77.2	78.8	82.8	79.4	78.6	79.0
Consumption of general government fixed capital <sup>4</sup> .....	24.4	27.8	25.6	26.5	27.3	28.2	29.0	29.8
Other services .....	35.5	34.1	35.1	34.2	34.8	33.8	33.5	32.2
Gross investment .....	44.7	48.3	49.1	46.0	49.0	48.3	50.0	49.4
Structures .....	10.1	9.5	10.5	9.8	9.5	9.3	9.6	9.9
Equipment and software .....	35.0	39.5	39.1	36.7	40.2	39.7	41.2	40.1
<b>State and local</b> .....	<b>995.6</b>	<b>1,030.5</b>	<b>1,011.2</b>	<b>1,027.4</b>	<b>1,024.6</b>	<b>1,031.9</b>	<b>1,038.1</b>	<b>1,050.0</b>
Consumption expenditures .....	794.6	817.5	803.7	809.8	815.1	820.8	824.4	832.1
Durable goods <sup>2</sup> .....	16.1	17.1	16.5	16.8	17.0	17.3	17.5	17.8
Nondurable goods .....	93.4	98.3	95.3	96.5	97.7	98.9	100.1	101.3
Services .....	685.8	702.9	692.5	697.3	701.2	705.5	707.7	713.8
Compensation of general government employees, except own-account investment <sup>3</sup> .....	567.5	575.7	570.2	573.1	575.0	577.5	577.4	581.2
Consumption of general government fixed capital <sup>4</sup> .....	80.6	86.4	82.6	84.1	85.6	87.1	88.8	90.4
Other services .....	37.7	41.1	39.8	40.3	40.9	41.2	42.0	42.7
Gross investment .....	201.2	213.3	207.9	218.2	209.8	211.3	214.1	218.4
Structures .....	143.2	148.0	146.9	155.2	145.5	145.2	146.3	150.5
Equipment and software .....	58.9	67.2	62.1	64.0	66.3	68.4	70.2	70.1
<b>Residual</b> .....	<b>-4.4</b>	<b>-7.5</b>	<b>-6.1</b>	<b>-6.1</b>	<b>-7.1</b>	<b>-8.0</b>	<b>-9.7</b>	<b>-8.8</b>
<b>Addenda:</b>								
Compensation of general government employees <sup>3</sup> ....	774.9	784.9	777.0	780.7	786.7	786.8	785.7	789.1
Federal .....	199.9	201.7	199.0	200.1	204.3	201.8	200.6	200.2
State and local .....	575.1	583.3	578.0	580.6	582.3	585.0	585.1	588.9

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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.

See footnotes to table 3.7.

Chain-type quantity indexes for the series in this table are shown in table 7.11.

Contributions to percent change in real government consumption expenditures and gross investment are shown in table 8.6.

**Table 3.10.—National Defense Consumption Expenditures and Gross Investment**

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
			IV	I	II	III	IV	I
<b>National defense consumption expenditures and gross investment<sup>1</sup></b> .....	<b>365.0</b>	<b>377.0</b>	<b>380.8</b>	<b>366.6</b>	<b>381.9</b>	<b>375.0</b>	<b>384.4</b>	<b>393.6</b>
<b>Consumption expenditures</b> .....	<b>311.2</b>	<b>319.7</b>	<b>324.7</b>	<b>311.2</b>	<b>325.7</b>	<b>319.6</b>	<b>322.4</b>	<b>334.4</b>
<b>Durable goods<sup>2</sup></b> .....	<b>22.4</b>	<b>22.4</b>	<b>22.3</b>	<b>22.4</b>	<b>22.2</b>	<b>21.9</b>	<b>23.0</b>	<b>21.8</b>
Aircraft .....	10.9	10.1	10.5	10.7	9.7	10.3	9.9	9.4
Missiles .....	2.2	2.2	2.2	1.9	2.2	2.2	2.6	2.6
Ships .....	1.0	1.5	.9	1.5	1.5	1.5	1.4	1.4
Vehicles .....	.8	.8	.9	.7	.8	.8	.8	.9
Electronics .....	2.6	2.9	2.7	2.9	3.0	2.6	2.9	2.8
Other durable goods .....	4.9	4.9	5.2	4.8	5.0	4.5	5.3	4.8
<b>Nondurable goods</b> .....	<b>8.1</b>	<b>10.4</b>	<b>8.6</b>	<b>10.8</b>	<b>10.5</b>	<b>10.1</b>	<b>10.0</b>	<b>9.6</b>
Petroleum products .....	2.6	4.1	2.6	3.8	3.7	4.5	4.3	4.1
Ammunition .....	1.9	1.7	1.8	1.6	1.5	2.0	1.9	2.0
Other nondurable goods .....	3.7	4.5	4.3	5.4	5.4	3.6	3.8	3.6
<b>Services</b> .....	<b>280.7</b>	<b>287.0</b>	<b>293.8</b>	<b>277.9</b>	<b>292.9</b>	<b>287.7</b>	<b>289.4</b>	<b>303.0</b>
Compensation of general government employees, except own-account investment <sup>3</sup> .....	133.2	137.9	132.8	137.0	137.2	138.9	138.7	141.7
Military .....	85.0	88.7	85.1	87.9	87.8	89.6	89.6	92.1
Civilian .....	48.2	49.2	47.7	49.1	49.4	49.3	49.1	49.7
Consumption of general government fixed capital <sup>4</sup> .....	63.1	65.3	63.8	64.5	65.0	65.6	66.0	66.2
Other services .....	84.4	83.7	97.2	76.4	90.8	83.1	84.7	95.1
Research and development .....	19.0	17.9	23.2	14.5	20.4	18.3	18.4	25.1
Installation support .....	25.8	25.7	30.1	25.6	28.1	24.9	24.2	25.6
Weapons support .....	8.7	9.1	9.1	8.0	9.3	9.4	9.8	11.3
Personnel support .....	24.1	24.9	28.9	23.5	26.3	24.7	25.1	28.3
Transportation of material .....	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Travel of persons .....	3.8	3.4	3.5	3.4	3.3	3.3	3.4	3.4
Other .....	-1.8	-1.8	-2.0	-3.0	-1.2	-2.0	-8	-3.1
<b>Gross investment</b> .....	<b>53.8</b>	<b>57.2</b>	<b>56.1</b>	<b>55.4</b>	<b>56.2</b>	<b>55.4</b>	<b>62.0</b>	<b>59.2</b>
<b>Structures</b> .....	<b>5.3</b>	<b>4.6</b>	<b>5.2</b>	<b>4.7</b>	<b>4.5</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>
<b>Equipment and software</b> .....	<b>48.5</b>	<b>52.6</b>	<b>50.8</b>	<b>50.6</b>	<b>51.7</b>	<b>50.8</b>	<b>57.4</b>	<b>54.6</b>
Aircraft .....	7.0	7.7	6.5	9.1	6.7	7.9	7.2	7.3
Missiles .....	2.8	2.6	2.9	2.0	2.4	2.0	4.2	3.9
Ships .....	6.8	6.6	7.1	6.0	6.8	6.7	6.8	7.2
Vehicles .....	1.6	1.9	2.0	1.9	2.0	1.9	1.7	1.8
Electronics and software .....	15.6	19.2	16.3	17.6	18.9	19.3	20.9	20.2
Other equipment .....	14.7	14.6	16.0	14.1	14.9	13.0	16.6	14.3
<b>Addendum:</b>								
Compensation of general government employees <sup>3</sup> .....	133.7	138.8	133.4	137.8	138.0	139.8	139.6	142.7

**Table 3.11.—Real National Defense Consumption Expenditures and Gross Investment**

[Billions of chained (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
			IV	I	II	III	IV	I
<b>National defense consumption expenditures and gross investment<sup>1</sup></b> .....	<b>348.5</b>	<b>349.1</b>	<b>360.9</b>	<b>341.5</b>	<b>355.1</b>	<b>346.2</b>	<b>353.7</b>	<b>358.4</b>
<b>Consumption expenditures</b> .....	<b>293.8</b>	<b>291.6</b>	<b>304.0</b>	<b>285.7</b>	<b>298.4</b>	<b>290.5</b>	<b>291.9</b>	<b>298.9</b>
<b>Durable goods<sup>2</sup></b> .....	<b>22.7</b>	<b>22.5</b>	<b>22.5</b>	<b>22.6</b>	<b>22.3</b>	<b>21.9</b>	<b>23.1</b>	<b>21.8</b>
Aircraft .....	11.0	10.2	10.6	10.8	9.8	10.3	10.0	9.4
Missiles .....	2.2	2.3	2.1	1.9	2.2	2.2	2.7	2.6
Ships .....	1.0	1.5	.9	1.5	1.5	1.5	1.4	1.4
Vehicles .....	.7	.6	.7	.5	.6	.6	.6	.6
Electronics .....	2.9	3.2	3.0	3.2	3.4	3.0	3.3	3.2
Other durable goods .....	4.9	4.9	5.2	4.8	5.0	4.5	5.3	4.8
<b>Nondurable goods</b> .....	<b>8.9</b>	<b>9.4</b>	<b>8.7</b>	<b>10.2</b>	<b>10.0</b>	<b>9.0</b>	<b>8.5</b>	<b>8.8</b>
Petroleum products .....	3.3	3.1	2.6	3.1	3.1	3.3	2.7	3.1
Ammunition .....	1.9	1.8	1.8	1.6	1.6	2.1	1.9	2.0
Other nondurable goods .....	3.6	4.4	4.2	5.3	5.2	3.4	3.7	3.5
<b>Services</b> .....	<b>262.5</b>	<b>260.1</b>	<b>273.0</b>	<b>253.4</b>	<b>266.4</b>	<b>259.9</b>	<b>260.9</b>	<b>268.6</b>
Compensation of general government employees, except own-account investment <sup>3</sup> .....	121.0	120.1	120.2	119.7	119.8	120.7	120.4	119.2
Military .....	78.5	78.9	78.5	78.5	78.4	79.3	79.3	79.0
Civilian .....	42.5	41.4	41.8	41.3	41.5	41.4	41.2	40.3
Consumption of general government fixed capital <sup>4</sup> .....	62.7	63.6	62.9	63.2	63.4	63.7	64.0	64.4
Other services .....	78.9	76.6	90.1	70.6	83.4	75.7	76.7	85.4
Research and development .....	17.9	16.5	21.7	13.5	18.9	16.8	16.8	22.9
Installation support .....	24.6	24.2	28.5	24.3	26.4	23.2	22.7	23.7
Weapons support .....	8.0	8.1	8.2	7.2	8.3	8.3	8.6	9.8
Personnel support .....	21.4	21.6	25.2	20.5	23.0	21.5	21.4	23.9
Transportation of material .....	4.8	4.4	4.5	4.5	4.4	4.3	4.4	4.3
Travel of persons .....	3.7	3.2	3.5	3.2	3.1	3.1	3.2	3.1
Other .....	-1.6	-1.5	-1.8	-2.7	-1.0	-1.8	-7	-2.7
<b>Gross investment</b> .....	<b>55.0</b>	<b>58.0</b>	<b>57.2</b>	<b>56.3</b>	<b>57.0</b>	<b>56.0</b>	<b>62.6</b>	<b>60.0</b>
<b>Structures</b> .....	<b>4.8</b>	<b>4.0</b>	<b>4.7</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>
<b>Equipment and software</b> .....	<b>50.3</b>	<b>54.3</b>	<b>52.7</b>	<b>52.4</b>	<b>53.4</b>	<b>52.3</b>	<b>59.1</b>	<b>56.5</b>
Aircraft .....	7.2	8.2	6.5	9.4	7.1	8.4	7.7	8.1
Missiles .....	3.0	2.8	3.1	2.1	2.6	2.2	4.5	4.2
Ships .....	6.8	6.4	7.0	5.9	6.6	6.5	6.6	7.0
Vehicles .....	1.6	1.9	1.9	1.9	2.1	2.0	1.8	1.8
Electronics and software .....	17.2	20.7	18.1	19.2	20.4	20.7	22.5	21.6
Other equipment .....	14.7	14.5	16.1	14.0	14.8	12.9	16.4	14.1
Residual .....	-8	-1.8	-6	-1.4	-1.3	-1.2	-2.3	-1.6
<b>Addendum:</b>								
Compensation of general government employees <sup>3</sup> .....	121.5	120.9	120.7	120.4	120.5	121.4	121.1	120.1

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 line in the addendum.

Chain-type indexes for the series in this table are shown in table 7.12. See footnotes to table 3.10.

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries.

3. Compensation of government employees engaged in new own-account investment and related expenditures for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addendum.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

## 4. Foreign Transactions

Table 4.1.—Foreign Transactions in the National Income and Product Accounts

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates						
			1999		2000				2001
			IV	I	II	III	IV	I	
<b>Receipts from the rest of the world</b> .....	<b>1,296.1</b>	<b>1,467.9</b>	<b>1,362.2</b>	<b>1,402.8</b>	<b>1,468.3</b>	<b>1,503.6</b>	<b>1,496.9</b>	<b>1,479.5</b>	
Exports of goods and services ...	990.2	1,097.3	1,031.0	1,051.9	1,092.9	1,130.8	1,113.7	1,105.2	
Goods <sup>1</sup> .....	699.2	788.6	734.6	747.5	783.6	821.9	801.5	791.3	
Durable .....	504.5	570.1	528.4	538.1	569.3	594.4	578.5	569.9	
Nondurable .....	194.7	218.6	206.1	209.4	214.3	227.5	223.0	221.4	
Services <sup>1</sup> .....	291.0	308.7	296.4	304.4	309.2	308.9	312.2	313.9	
Income receipts .....	305.9	370.6	331.2	350.9	375.4	372.8	383.1	374.3	
<b>Payments to the rest of the world</b> .....	<b>1,296.1</b>	<b>1,467.9</b>	<b>1,362.2</b>	<b>1,402.8</b>	<b>1,468.3</b>	<b>1,503.6</b>	<b>1,496.9</b>	<b>1,479.5</b>	
Imports of goods and services ...	1,244.2	1,468.0	1,330.1	1,387.1	1,448.3	1,520.3	1,516.4	1,470.6	
Goods <sup>1</sup> .....	1,048.6	1,248.6	1,127.3	1,176.1	1,233.9	1,294.7	1,289.6	1,240.7	
Durable .....	715.4	823.6	758.7	783.8	818.8	850.3	841.6	802.0	
Nondurable .....	333.2	425.0	368.6	392.3	415.1	444.4	448.0	438.7	
Services <sup>1</sup> .....	195.6	219.5	202.8	211.0	214.4	225.6	226.8	229.8	
Income payments .....	316.9	374.9	344.6	358.6	383.7	381.7	375.7	360.8	
Transfer payments (net) .....	48.1	52.9	57.0	47.8	48.9	51.7	63.2	46.3	
From persons (net) .....	26.6	28.8	27.6	28.5	28.3	29.5	29.0	28.8	
From government (net) .....	11.6	13.1	18.9	8.3	9.1	11.4	23.4	6.2	
From business .....	9.9	11.0	10.5	11.0	11.4	10.8	10.8	11.4	
Net foreign investment .....	-313.2	-427.9	-369.6	-390.7	-412.5	-450.1	-458.5	-398.2	

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

Table 4.2.—Real Exports and Imports of Goods and Services and Receipts and Payments of Income

[Billions of chained (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates						
			1999		2000				2001
			IV	I	II	III	IV	I	
<b>Exports of goods and services</b> .....	<b>1,033.0</b>	<b>1,126.3</b>	<b>1,068.4</b>	<b>1,084.8</b>	<b>1,121.8</b>	<b>1,158.8</b>	<b>1,139.8</b>	<b>1,132.1</b>	
Goods <sup>1</sup> .....	752.2	839.4	786.5	798.1	833.5	874.2	851.8	841.9	
Durable .....	538.7	608.7	564.2	575.3	608.1	633.8	617.7	608.2	
Nondurable .....	213.4	230.6	222.1	222.7	225.4	240.3	234.0	233.6	
Services <sup>1</sup> .....	281.7	289.9	283.7	288.5	291.0	288.9	291.4	293.0	
Income receipts .....	294.1	347.6	316.2	332.0	353.2	348.7	356.7	346.1	
<b>Imports of goods and services</b> .....	<b>1,355.3</b>	<b>1,538.7</b>	<b>1,420.9</b>	<b>1,461.7</b>	<b>1,525.2</b>	<b>1,586.4</b>	<b>1,581.5</b>	<b>1,544.0</b>	
Goods <sup>1</sup> .....	1,161.1	1,322.5	1,222.5	1,255.3	1,313.9	1,364.0	1,356.7	1,320.5	
Durable .....	802.6	928.7	854.4	880.5	920.8	958.8	954.9	911.5	
Nondurable .....	358.8	395.5	369.1	376.2	394.5	407.2	404.0	407.7	
Services <sup>1</sup> .....	195.9	218.5	200.6	208.4	213.7	224.8	227.0	225.4	
Income payments .....	301.5	349.1	325.0	335.8	357.9	354.8	347.7	331.8	

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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. Chain-type quantity indexes for the series in this table are shown in table 7.9.



## 5. Saving and Investment

Table 5.1.—Gross Saving and Investment

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Gross saving</b> .....	<b>1,717.6</b>	<b>1,825.1</b>	<b>1,746.3</b>	<b>1,777.0</b>	<b>1,844.5</b>	<b>1,854.7</b>	<b>1,824.2</b>	<b>1,793.7</b>
<b>Gross private saving</b> .....	<b>1,343.5</b>	<b>1,297.1</b>	<b>1,331.4</b>	<b>1,279.2</b>	<b>1,328.8</b>	<b>1,319.2</b>	<b>1,261.2</b>	<b>1,247.2</b>
Personal saving .....	147.6	-8.5	101.0	11.0	20.6	-13.8	-51.6	-64.4
Undistributed corporate profits with inventory valuation and capital consumption adjustments .....	229.4	265.0	241.7	262.7	278.5	279.6	239.4	219.8
Undistributed profits .....	196.4	244.4	219.3	247.1	257.4	254.4	218.8	192.6
Inventory valuation adjustment .....	-9.1	-12.9	-19.2	-25.0	-13.6	-4.5	-8.5	-3.5
Capital consumption adjustment .....	42.1	33.5	41.6	40.6	34.7	29.7	29.1	30.7
Corporate consumption of fixed capital .....	676.9	739.4	694.8	711.5	731.1	750.0	765.2	778.5
Noncorporate consumption of fixed capital .....	284.5	301.1	288.7	294.1	298.7	303.3	308.2	313.4
Wage accruals less disbursements .....	5.2	0	5.2	0	0	0	0	0
<b>Gross government saving</b> .....	<b>374.0</b>	<b>528.0</b>	<b>414.9</b>	<b>497.7</b>	<b>515.7</b>	<b>535.5</b>	<b>563.0</b>	<b>546.5</b>
Federal .....	217.3	351.6	238.4	333.0	339.9	354.1	379.3	383.0
Consumption of fixed capital .....	92.8	99.8	95.0	97.2	98.9	100.8	102.3	103.6
Current surplus or deficit (-), national income and product accounts .....	124.4	251.8	143.3	235.8	240.9	253.3	277.0	279.4
State and local .....	156.8	176.4	176.6	164.7	175.8	181.4	183.7	163.4
Consumption of fixed capital .....	106.8	116.8	109.9	112.7	115.6	118.2	120.6	123.2
Current surplus or deficit (-), national income and product accounts .....	50.0	59.6	66.6	52.0	60.1	63.2	63.1	40.3
<b>Gross investment</b> .....	<b>1,645.6</b>	<b>1,741.3</b>	<b>1,678.5</b>	<b>1,699.3</b>	<b>1,771.9</b>	<b>1,752.8</b>	<b>1,741.3</b>	<b>1,740.3</b>
Gross private domestic investment .....	1,650.1	1,832.7	1,723.7	1,755.7	1,852.6	1,869.3	1,853.3	1,789.2
Gross government investment .....	308.7	336.6	324.4	334.2	331.9	333.6	346.5	349.3
Net foreign investment .....	-313.2	-427.9	-369.6	-390.7	-412.5	-450.1	-458.5	-398.2
<b>Statistical discrepancy</b> .....	<b>-71.9</b>	<b>-83.7</b>	<b>-67.8</b>	<b>-77.7</b>	<b>-72.5</b>	<b>-101.8</b>	<b>-82.9</b>	<b>-53.4</b>
<b>Addendum:</b>								
Gross saving as a percentage of gross national product .....	18.5	18.3	18.3	18.2	18.6	18.5	18.0	17.5

Table 5.4.—Private Fixed Investment by Type

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Private fixed investment</b> .....	<b>1,606.8</b>	<b>1,778.2</b>	<b>1,651.0</b>	<b>1,725.8</b>	<b>1,780.5</b>	<b>1,803.0</b>	<b>1,803.5</b>	<b>1,815.0</b>
<b>Nonresidential</b> .....	<b>1,203.1</b>	<b>1,362.2</b>	<b>1,242.2</b>	<b>1,308.5</b>	<b>1,359.2</b>	<b>1,390.6</b>	<b>1,390.4</b>	<b>1,393.2</b>
<b>Structures</b> .....	<b>285.6</b>	<b>324.2</b>	<b>290.4</b>	<b>308.9</b>	<b>315.1</b>	<b>330.1</b>	<b>342.8</b>	<b>362.5</b>
Nonresidential buildings, including farm .....	208.5	232.2	208.7	224.5	229.3	235.0	239.9	251.4
Utilities .....	45.0	48.4	45.8	47.1	45.4	48.5	52.8	52.6
Mining exploration, shafts, and wells .....	24.3	35.5	27.8	29.8	33.2	37.6	41.4	50.6
Other structures .....	7.8	8.1	8.1	7.5	7.1	9.0	8.7	7.9
<b>Equipment and software</b> .....	<b>917.4</b>	<b>1,038.0</b>	<b>951.8</b>	<b>999.6</b>	<b>1,044.1</b>	<b>1,060.5</b>	<b>1,047.6</b>	<b>1,030.6</b>
Information processing equipment and software .....	433.0	532.2	461.4	495.3	527.5	548.6	557.5	537.3
Computers and peripheral equipment <sup>1</sup> .....	94.3	114.3	98.9	104.3	113.6	120.3	119.0	108.4
Software <sup>2</sup> .....	180.1	229.6	196.8	210.5	224.5	238.4	245.1	242.6
Other .....	158.6	188.3	165.7	180.6	189.3	189.9	193.4	186.3
Industrial equipment .....	150.7	168.5	156.3	162.7	168.0	171.8	171.4	170.8
Transportation equipment .....	193.5	192.2	196.5	198.7	201.6	193.8	174.6	177.1
Other .....	140.2	145.1	137.6	142.9	147.1	146.4	144.1	145.5
<b>Residential</b> .....	<b>403.8</b>	<b>416.0</b>	<b>408.8</b>	<b>417.3</b>	<b>421.3</b>	<b>412.4</b>	<b>413.1</b>	<b>421.8</b>
<b>Structures</b> .....	<b>394.9</b>	<b>406.4</b>	<b>399.6</b>	<b>407.8</b>	<b>411.7</b>	<b>402.8</b>	<b>403.4</b>	<b>412.1</b>
Single family .....	207.2	216.9	211.5	222.8	220.6	211.9	212.4	220.0
Multifamily .....	27.3	27.9	27.3	28.7	28.6	26.5	27.7	30.0
Other structures .....	160.4	161.6	160.9	156.3	162.5	164.4	163.4	162.0
<b>Equipment</b> .....	<b>8.9</b>	<b>9.6</b>	<b>9.2</b>	<b>9.5</b>	<b>9.6</b>	<b>9.6</b>	<b>9.7</b>	<b>9.7</b>

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

Table 5.5.—Real Private Fixed Investment by Type

[Billions of chained (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Private fixed investment</b> .....	<b>1,621.4</b>	<b>1,771.7</b>	<b>1,666.6</b>	<b>1,730.9</b>	<b>1,777.6</b>	<b>1,791.3</b>	<b>1,787.1</b>	<b>1,797.1</b>
<b>Nonresidential</b> .....	<b>1,255.3</b>	<b>1,413.7</b>	<b>1,301.8</b>	<b>1,365.3</b>	<b>1,412.5</b>	<b>1,438.8</b>	<b>1,438.3</b>	<b>1,445.8</b>
<b>Structures</b> .....	<b>259.2</b>	<b>282.9</b>	<b>260.6</b>	<b>274.0</b>	<b>277.0</b>	<b>286.6</b>	<b>293.8</b>	<b>305.7</b>
Nonresidential buildings, including farm .....	187.4	200.8	185.1	196.5	199.5	202.7	204.6	211.8
Utilities .....	43.5	45.7	44.0	44.9	42.8	45.6	49.4	49.3
Mining exploration, shafts, and wells .....	21.5	29.4	24.6	26.1	28.4	30.5	32.5	37.4
Other structures .....	7.3	7.3	7.5	6.9	6.5	8.1	7.8	7.0
<b>Equipment and software</b> .....	<b>1,003.1</b>	<b>1,140.5</b>	<b>1,050.1</b>	<b>1,100.4</b>	<b>1,146.6</b>	<b>1,162.4</b>	<b>1,152.7</b>	<b>1,145.2</b>
Information processing equipment and software .....	542.2	676.6	587.9	629.4	669.1	695.6	712.3	698.9
Computers and peripheral equipment <sup>1</sup> .....	217.3	304.2	243.8	264.1	297.3	324.3	331.2	327.8
Software <sup>2</sup> .....	188.0	228.6	205.3	215.0	224.5	234.3	240.8	238.4
Other .....	163.1	195.8	171.6	187.3	196.6	197.5	201.7	194.5
Industrial equipment .....	147.8	164.3	152.8	158.9	164.0	167.4	167.0	165.9
Transportation equipment .....	191.8	189.8	195.9	197.3	199.2	190.6	172.0	176.1
Other .....	135.6	139.3	132.8	138.0	141.4	140.3	137.7	138.2
<b>Residential</b> .....	<b>368.3</b>	<b>366.3</b>	<b>368.5</b>	<b>371.4</b>	<b>372.6</b>	<b>362.3</b>	<b>359.0</b>	<b>361.5</b>
<b>Structures</b> .....	<b>359.2</b>	<b>356.6</b>	<b>359.2</b>	<b>361.8</b>	<b>362.9</b>	<b>352.6</b>	<b>349.2</b>	<b>351.8</b>
Single family .....	187.6	189.4	188.8	195.8	193.5	184.9	183.2	187.1
Multifamily .....	23.2	22.9	23.0	23.8	23.6	21.8	22.5	24.0
Other structures .....	148.5	144.3	147.5	142.0	145.7	146.0	143.5	140.5
<b>Equipment</b> .....	<b>9.1</b>	<b>9.8</b>	<b>9.3</b>	<b>9.7</b>	<b>9.7</b>	<b>9.8</b>	<b>9.9</b>	<b>9.9</b>
<b>Residual</b> .....	<b>-50.3</b>	<b>-99.9</b>	<b>-65.4</b>	<b>-75.4</b>	<b>-95.1</b>	<b>-112.5</b>	<b>-116.7</b>	<b>-110.8</b>

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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.

Chain-type quantity indexes for the series in this table are shown in table 7.6.

Contributions to the percent change in real private fixed investment are shown in table 8.4.

Table 5.10.—Change in Private Inventories by Industry Group

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
				IV	I	II	III	
<b>Change in private inventories .....</b>	<b>43.3</b>	<b>54.5</b>	<b>72.7</b>	<b>29.9</b>	<b>72.0</b>	<b>66.4</b>	<b>49.8</b>	<b>-25.8</b>
Farm .....	-2	-1.3	.9	-2.5	-1	-1.1	-1.3	-4
Nonfarm .....	43.5	55.8	71.8	32.4	72.2	67.5	51.0	-25.3
Change in book value <sup>1</sup> .....	59.1	79.0	95.5	65.1	99.2	78.0	73.5	-25.2
Inventory valuation adjustment <sup>2</sup> .....	-15.6	-23.2	-23.7	-32.7	-27.1	-10.6	-22.5	-1
Manufacturing .....	.2	15.2	7.4	9.9	16.9	22.0	12.0	-11.4
Durable goods .....	-.1	12.3	3.2	6.3	10.8	14.9	17.4	-7.7
Nondurable goods .....	.3	2.9	4.1	3.6	6.1	7.2	-5.4	-3.7
Wholesale trade .....	16.7	22.0	17.9	21.0	32.1	21.9	13.1	-2.8
Durable goods .....	12.5	14.4	14.6	16.7	23.0	10.3	7.5	-4.7
Nondurable goods .....	4.2	7.7	3.3	4.3	9.1	11.6	5.6	1.9
Merchant wholesalers .....	15.3	17.4	19.9	15.7	28.4	15.4	10.0	-4.0
Durable goods .....	11.2	10.5	16.7	11.9	20.6	4.9	4.6	-5.3
Nondurable goods .....	4.1	6.9	3.2	3.8	7.8	10.6	5.4	1.3
Nonmerchant wholesalers .....	1.4	4.6	-1.9	5.2	3.7	6.5	3.1	1.3
Durable goods .....	1.3	3.9	-2.1	4.8	2.4	5.4	2.9	.6
Nondurable goods .....	.1	.8	.2	.5	1.3	1.1	.2	.6
Retail trade .....	21.0	15.4	42.4	-4.5	22.1	20.5	23.4	-19.2
Durable goods .....	14.2	10.3	27.7	-3.6	16.1	13.9	14.9	-22.7
Motor vehicle dealers <sup>3</sup> .....	7.5	5.3	14.6	-6.4	9.7	10.4	7.5	-20.7
Other <sup>3</sup> .....	6.7	5.0	13.1	2.8	6.3	3.5	7.4	-2.0
Nondurable goods .....	6.8	5.0	14.7	-9	6.0	6.6	8.6	3.4
Other .....	5.6	3.2	4.1	6.1	1.1	3.1	2.5	8.1
Durable goods .....	.7	.2	2.0	1.3	-1.6	.2	1.0	2.0
Nondurable goods .....	5.0	2.9	2.1	4.8	2.6	2.9	1.5	6.0

1. This series is derived from the Census Bureau series "current cost inventories."

2. The inventory valuation adjustment (IVA) shown in this table differs from the IVA that adjusts business incomes. The IVA in this table reflects the mix of methods (such as first-in, first-out and last-in, first-out) underlying inventories derived primarily from Census Bureau statistics (see footnote 1). This mix differs from that underlying business income derived primarily from Internal Revenue Service statistics.

3. Inventories of auto and home supply stores are included in "other durable goods."

Table 5.11.—Real Change in Private Inventories by Industry Group

[Billions of chained (1996) dollars]

	1999	2000	Seasonally adjusted at annual rates					
			1999	2000				2001
				IV	I	II	III	
<b>Change in private inventories .....</b>	<b>45.3</b>	<b>60.9</b>	<b>80.9</b>	<b>36.6</b>	<b>78.6</b>	<b>72.5</b>	<b>55.7</b>	<b>-18.9</b>
Farm .....	0	5.1	7.9	3.6	6.2	5.0	5.3	6.2
Nonfarm .....	44.9	55.8	73.0	33.0	72.3	67.4	50.5	-25.1
Manufacturing .....	.1	15.7	7.6	10.3	17.6	22.6	12.2	-11.4
Durable goods .....	-.1	12.8	3.3	6.5	11.3	15.4	17.9	-7.8
Nondurable goods .....	.2	3.1	4.2	3.8	6.4	7.2	-5.0	-3.6
Wholesale trade .....	17.4	22.4	18.5	21.5	32.5	22.3	13.2	-2.8
Durable goods .....	13.0	14.9	15.2	17.3	23.8	10.6	7.7	-4.9
Nondurable goods .....	4.4	7.5	3.4	4.4	8.9	11.4	5.4	1.9
Merchant wholesalers .....	16.0	17.8	20.6	16.2	28.9	15.8	10.1	-4.1
Durable goods .....	11.7	10.8	17.4	12.3	21.3	5.0	4.8	-5.6
Nondurable goods .....	4.4	6.9	3.3	3.9	7.7	10.6	5.3	1.3
Nonmerchant wholesalers .....	1.4	4.5	-2.0	5.2	3.6	6.3	3.0	1.2
Durable goods .....	1.4	4.0	-2.2	5.0	2.5	5.7	3.0	.7
Nondurable goods .....	.1	.7	.2	.4	1.2	.9	.2	.6
Retail trade .....	20.8	15.0	41.7	-4.4	21.5	20.0	22.7	-18.6
Durable goods .....	14.2	10.3	27.7	-3.6	16.0	13.9	14.8	-22.6
Motor vehicle dealers <sup>1</sup> .....	7.6	5.3	14.7	-6.4	9.7	10.5	7.4	-20.6
Other <sup>1</sup> .....	6.7	5.0	13.0	2.7	6.3	3.4	7.4	-1.9
Nondurable goods .....	6.7	4.8	14.2	-8	5.7	6.2	8.1	3.3
Other .....	6.1	3.0	4.2	6.1	.9	2.8	2.3	7.1
Durable goods .....	.6	.2	1.9	1.3	-1.5	.2	1.0	2.0
Nondurable goods .....	5.4	2.8	2.2	4.8	2.5	2.6	1.3	5.2
Residual .....	.6	-.6	.8	-.5	-.7	-.2	-1.0	1.3

1. Inventories of auto and home supply stores are included in "other durable goods."

NOTE.—Chained (1996) dollar series for real change in private inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. 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 5.12.—Private Inventories and Domestic Final Sales of Business by Industry Group

[Billions of dollars]

	Seasonally adjusted quarterly totals					
	1999	2000				2001
	IV	I	II	III	IV	I
<b>Private inventories</b> <sup>1</sup> .....	<b>1,416.3</b>	<b>1,446.5</b>	<b>1,472.4</b>	<b>1,492.8</b>	<b>1,521.4</b>	<b>1,518.2</b>
Farm .....	100.3	108.3	108.0	105.3	112.7	121.4
Nonfarm .....	1,316.0	1,338.3	1,364.3	1,387.5	1,408.7	1,396.8
Durable goods .....	729.7	737.0	749.6	758.7	768.9	760.4
Nondurable goods .....	586.3	601.3	614.7	628.9	639.8	636.4
Manufacturing .....	458.6	466.1	472.6	480.7	484.1	482.7
Durable goods .....	283.3	286.2	288.4	292.4	296.5	295.7
Nondurable goods .....	175.3	179.9	184.2	188.4	187.5	187.1
Wholesale trade .....	363.4	373.2	381.3	387.8	391.4	388.8
Durable goods .....	230.4	235.3	241.4	243.4	244.7	242.8
Nondurable goods .....	133.0	137.9	140.0	144.5	146.7	146.0
Merchant wholesalers .....	315.4	322.7	329.6	334.0	337.2	334.6
Durable goods .....	201.7	205.4	210.8	211.5	212.2	210.2
Nondurable goods .....	113.7	117.4	118.8	122.4	125.1	124.4
Nonmerchant wholesalers .....	48.0	50.4	51.7	53.9	54.1	54.2
Durable goods .....	28.7	29.9	30.6	31.9	32.5	32.6
Nondurable goods .....	19.3	20.5	21.1	22.0	21.6	21.6
Retail trade .....	374.6	375.5	382.2	387.4	394.8	390.4
Durable goods .....	205.1	204.0	208.8	211.9	216.5	210.2
Motor vehicle dealers <sup>2</sup> .....	104.9	103.2	106.3	109.0	111.9	106.0
Other <sup>2</sup> .....	100.1	100.9	102.5	102.9	104.6	104.2
Nondurable goods .....	169.5	171.5	173.3	175.5	178.3	180.2
Other .....	119.5	123.5	128.2	131.5	138.5	134.9
Durable goods .....	11.0	11.5	11.0	11.0	11.2	11.7
Nondurable goods .....	108.4	112.0	117.2	120.5	127.3	123.2
<b>Final sales of domestic business</b> <sup>3</sup> .....	<b>669.8</b>	<b>687.3</b>	<b>698.2</b>	<b>705.0</b>	<b>711.4</b>	<b>724.7</b>
<b>Final sales of goods and structures of domestic business</b> <sup>3</sup> .....	<b>369.7</b>	<b>382.3</b>	<b>386.9</b>	<b>391.0</b>	<b>391.4</b>	<b>399.3</b>
<b>Ratio of private inventories to final sales of domestic business</b>						
Private inventories to final sales .....	2.11	2.10	2.11	2.12	2.14	2.09
Nonfarm inventories to final sales .....	1.96	1.95	1.95	1.97	1.98	1.93
Nonfarm inventories to final sales of goods and structures .....	3.56	3.50	3.53	3.55	3.60	3.50

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 the private inventories component of GDP. The former is the difference between two inventory stocks, each valued at its respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates, whereas, the change in private inventories is stated at annual rates.

2. Inventories of auto and home supply stores are included in "other durable goods."

3. 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 it includes a small amount of final sales by farm and by government enterprises.

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

[Billions of chained (1996) dollars]

	Seasonally adjusted quarterly totals					
	1999	2000				2001
	IV	I	II	III	IV	I
<b>Private inventories</b> <sup>1</sup> .....	<b>1,441.1</b>	<b>1,450.2</b>	<b>1,469.9</b>	<b>1,488.0</b>	<b>1,501.9</b>	<b>1,497.2</b>
Farm .....	108.2	109.1	110.6	111.9	113.2	114.8
Nonfarm .....	1,332.4	1,340.6	1,358.7	1,375.6	1,388.2	1,381.9
Durable goods .....	749.2	754.5	766.8	776.9	787.3	778.8
Nondurable goods .....	583.2	586.2	592.1	598.9	601.4	603.1
Manufacturing .....	470.9	473.5	477.9	483.5	486.6	483.8
Durable goods .....	294.0	295.7	298.5	302.3	306.8	304.8
Nondurable goods .....	176.8	177.8	179.4	181.2	180.0	179.1
Wholesale trade .....	373.1	378.5	386.6	392.1	395.4	394.7
Durable goods .....	239.0	243.3	249.3	251.9	253.8	252.6
Nondurable goods .....	134.1	135.2	137.4	140.2	141.6	142.1
Merchant wholesalers .....	324.8	328.8	336.0	340.0	342.5	341.5
Durable goods .....	209.0	212.1	217.4	218.7	219.9	218.5
Nondurable goods .....	115.7	116.7	118.6	121.3	122.6	122.9
Nonmerchant wholesalers .....	48.3	49.6	50.5	52.1	52.8	53.2
Durable goods .....	30.0	31.2	31.8	33.3	34.0	34.2
Nondurable goods .....	18.3	18.5	18.7	19.0	19.0	19.2
Retail trade .....	368.0	366.9	372.2	377.2	382.9	378.3
Durable goods .....	205.1	204.2	208.2	211.7	215.4	209.7
Motor vehicle dealers <sup>2</sup> .....	105.6	104.0	106.4	109.0	110.9	105.7
Other <sup>2</sup> .....	99.5	100.2	101.8	102.6	104.5	104.0
Nondurable goods .....	163.0	162.8	164.2	165.7	167.8	168.6
Other .....	120.2	121.7	121.9	122.6	123.2	125.0
Durable goods .....	10.7	11.0	10.7	10.7	11.0	11.5
Nondurable goods .....	109.4	110.6	111.2	111.8	112.2	113.5
Residual .....	.9	.5	.6	.5	0	.4
<b>Final sales of domestic business</b> <sup>3</sup> .....	<b>639.6</b>	<b>651.3</b>	<b>657.7</b>	<b>661.9</b>	<b>664.8</b>	<b>672.3</b>
<b>Final sales of goods and structures of domestic business</b> <sup>3</sup> .....	<b>364.8</b>	<b>375.1</b>	<b>377.3</b>	<b>380.8</b>	<b>380.0</b>	<b>385.8</b>
<b>Ratio of private inventories to final sales of domestic business</b>						
Private inventories to final sales .....	2.25	2.23	2.23	2.25	2.26	2.23
Nonfarm inventories to final sales .....	2.08	2.06	2.07	2.08	2.09	2.06
Nonfarm inventories to final sales of goods and structures .....	3.65	3.57	3.60	3.61	3.65	3.58

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

2. Inventories of auto and home supply stores are included in "other durable goods."

3. 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 it includes a small amount of final sales by farm and by government enterprises.

NOTE.—Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 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 for inventories.

6. Income and Employment by Industry

Table 6.1C.—National Income Without Capital Consumption Adjustment by Industry Group

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates						
			1999		2000				2001
			IV	I	II	III	IV	I	
<b>National income without capital consumption adjustment</b> .....	<b>7,439.2</b>	<b>7,981.2</b>	<b>7,649.4</b>	<b>7,805.1</b>	<b>7,961.2</b>	<b>8,071.6</b>	<b>8,086.9</b>	<b>8,172.2</b>	
<b>Domestic industries</b> .....	<b>7,450.2</b>	<b>7,985.6</b>	<b>7,662.8</b>	<b>7,812.7</b>	<b>7,969.4</b>	<b>8,080.5</b>	<b>8,079.5</b>	<b>8,158.7</b>	
<b>Private industries</b> .....	<b>6,497.0</b>	<b>6,988.8</b>	<b>6,696.9</b>	<b>6,828.8</b>	<b>6,974.1</b>	<b>7,078.4</b>	<b>7,073.8</b>	<b>7,134.3</b>	
Agriculture, forestry, and fishing .....	109.2	113.1	118.6	106.9	110.9	124.5	110.2	.....	
Mining .....	51.3	57.4	52.3	53.8	57.6	59.5	58.6	.....	
Construction .....	381.8	420.6	393.1	410.8	418.5	423.8	429.4	.....	
Manufacturing .....	1,193.3	1,244.6	1,202.5	1,237.0	1,257.2	1,258.9	1,225.5	.....	
Durable goods .....	704.6	729.8	716.1	726.0	735.6	736.9	720.6	.....	
Nondurable goods .....	488.7	514.8	486.5	510.9	521.6	522.0	504.8	.....	
Transportation and public utilities .....	534.6	601.9	562.3	578.3	596.5	612.7	620.1	.....	
Transportation .....	236.9	257.8	244.4	248.3	257.7	261.3	263.9	.....	
Communications .....	161.9	191.8	174.2	183.2	188.6	194.4	201.1	.....	
Electric, gas, and sanitary services .....	135.9	152.3	143.7	146.7	150.3	157.0	155.1	.....	
Wholesale trade .....	441.8	478.3	457.1	465.0	480.6	486.5	481.2	.....	
Retail trade .....	635.2	685.0	651.5	674.5	682.6	691.0	691.8	.....	
Finance, insurance, and real estate .....	1,366.9	1,468.9	1,418.5	1,439.8	1,459.8	1,482.8	1,493.1	.....	
Services .....	1,782.9	1,918.9	1,841.0	1,862.7	1,910.4	1,938.7	1,963.9	.....	
<b>Government</b> .....	<b>953.2</b>	<b>996.8</b>	<b>965.9</b>	<b>984.0</b>	<b>995.3</b>	<b>1,002.1</b>	<b>1,005.7</b>	<b>1,024.4</b>	
<b>Rest of the world</b> .....	<b>-11.0</b>	<b>-4.4</b>	<b>-13.4</b>	<b>-7.7</b>	<b>-8.3</b>	<b>-8.9</b>	<b>7.4</b>	<b>13.5</b>	

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

Table 6.16C.—Corporate Profits by Industry Group

[Billions of dollars]

	1999	2000	Seasonally adjusted at annual rates						
			1999		2000				2001
			IV	I	II	III	IV	I	
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	<b>856.0</b>	<b>946.2</b>	<b>893.2</b>	<b>936.3</b>	<b>963.6</b>	<b>970.3</b>	<b>914.7</b>	<b>893.4</b>	
<b>Domestic industries</b> .....	<b>744.6</b>	<b>805.0</b>	<b>772.7</b>	<b>807.4</b>	<b>829.3</b>	<b>828.1</b>	<b>755.3</b>	<b>739.4</b>	
Financial .....	156.1	174.2	170.6	174.6	169.1	175.2	178.0	186.4	
Nonfinancial .....	588.5	630.8	602.0	632.8	660.1	653.0	577.3	553.0	
<b>Rest of the world</b> .....	<b>111.4</b>	<b>141.2</b>	<b>120.5</b>	<b>128.9</b>	<b>134.3</b>	<b>142.1</b>	<b>159.4</b>	<b>154.0</b>	
Receipts from the rest of the world .....	169.3	203.1	181.7	194.8	206.8	202.9	207.9	202.8	
Less: Payments to the rest of the world .....	57.9	62.0	61.2	66.0	72.5	60.8	48.6	48.8	
<b>Corporate profits with inventory valuation adjustment</b> .....	<b>813.9</b>	<b>912.7</b>	<b>851.5</b>	<b>895.7</b>	<b>928.8</b>	<b>940.5</b>	<b>885.6</b>	<b>862.7</b>	
<b>Domestic industries</b> .....	<b>702.5</b>	<b>771.5</b>	<b>731.0</b>	<b>766.8</b>	<b>794.5</b>	<b>798.4</b>	<b>726.2</b>	<b>708.7</b>	
Financial .....	172.0	193.6	187.3	191.9	188.1	195.5	198.9	207.0	
Federal Reserve banks .....	25.8	30.5	28.1	29.6	29.7	30.5	32.2	31.0	
Other .....	146.2	163.1	159.1	162.3	158.3	165.0	166.7	176.0	
Nonfinancial .....	530.4	577.9	543.8	574.9	606.5	602.9	527.3	501.7	
Manufacturing .....	181.6	185.0	173.0	193.7	201.8	192.1	152.4	.....	
Durable goods .....	92.2	89.0	92.6	94.7	97.2	92.4	71.8	.....	
Primary metal industries .....	2.6	4.1	2.2	4.8	5.1	3.6	2.7	.....	
Fabricated metal products .....	18.3	16.3	16.7	18.5	18.0	16.9	11.7	.....	
Industrial machinery and equipment .....	22.8	21.9	24.5	20.8	21.2	24.2	21.3	.....	
Electronic and other electric equipment .....	12.3	14.1	14.3	16.1	16.4	13.0	10.8	.....	
Motor vehicles and equipment .....	6.9	4.8	5.7	6.2	6.1	4.6	2.2	.....	
Other .....	29.4	28.0	29.2	28.3	30.3	30.1	23.1	.....	
Nondurable goods .....	89.4	96.0	80.4	99.0	104.6	99.7	80.6	.....	
Food and kindred products .....	21.9	17.7	14.1	21.0	20.3	21.5	8.0	.....	
Chemicals and allied products .....	29.9	35.6	25.3	32.7	37.9	35.2	36.6	.....	
Petroleum and coal products .....	5.4	13.8	7.1	10.4	15.4	15.2	14.2	.....	
Other .....	32.2	28.8	34.0	34.8	30.9	27.8	21.8	.....	
Transportation and public utilities .....	88.4	100.8	101.4	101.9	103.9	103.1	94.3	.....	
Transportation .....	23.0	23.9	24.9	22.6	28.2	24.5	20.3	.....	
Communications .....	26.9	32.2	32.6	35.2	31.9	31.2	30.4	.....	
Electric, gas, and sanitary services .....	38.4	44.7	43.8	44.1	43.8	47.5	43.5	.....	
Wholesale trade .....	56.7	65.1	59.2	61.2	69.7	71.1	58.6	.....	
Retail trade .....	81.5	89.5	81.9	90.2	92.4	91.8	83.5	.....	
Other .....	122.3	137.5	128.3	127.9	138.7	144.9	138.5	.....	
<b>Rest of the world</b> .....	<b>111.4</b>	<b>141.2</b>	<b>120.5</b>	<b>128.9</b>	<b>134.3</b>	<b>142.1</b>	<b>159.4</b>	<b>154.0</b>	

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







Table 7.6.—Chain-Type Quantity and Price Indexes for Private Fixed Investment by Type

[Index numbers, 1996=100]

	1999	2000	Seasonally adjusted					2001
			1999	2000				
			IV	I	II	III	IV	
Chain-type quantity indexes								
<b>Private fixed investment</b> .....	<b>133.70</b>	<b>146.10</b>	<b>137.43</b>	<b>142.73</b>	<b>146.59</b>	<b>147.71</b>	<b>147.37</b>	<b>148.19</b>
<b>Nonresidential</b> .....	<b>139.56</b>	<b>157.18</b>	<b>144.73</b>	<b>151.79</b>	<b>157.04</b>	<b>159.97</b>	<b>159.92</b>	<b>160.74</b>
<b>Structures</b> .....	<b>115.22</b>	<b>125.73</b>	<b>115.83</b>	<b>121.80</b>	<b>123.12</b>	<b>127.40</b>	<b>130.59</b>	<b>135.88</b>
Nonresidential buildings, including farm .....	115.92	124.22	114.48	121.56	123.39	125.37	126.57	131.04
Utilities .....	120.76	126.76	122.09	124.63	118.82	126.53	137.08	136.66
Mining exploration, shafts, and wells .....	102.09	139.32	116.53	123.71	134.79	144.82	153.94	177.48
Other structures .....	118.37	117.94	120.95	111.74	104.25	130.69	125.09	112.76
<b>Equipment and software</b> .....	<b>148.74</b>	<b>169.11</b>	<b>155.70</b>	<b>163.16</b>	<b>170.00</b>	<b>172.34</b>	<b>170.91</b>	<b>169.79</b>
Information processing equipment and software .....	188.74	235.53	204.64	219.11	232.93	242.13	247.97	243.30
Computers and peripheral equipment <sup>1</sup> .....	306.72	429.35	344.08	372.78	419.58	457.68	467.36	462.63
Software <sup>2</sup> .....	197.65	240.32	215.75	225.96	235.97	246.24	253.09	250.59
Other .....	134.50	161.42	141.52	154.45	162.13	162.82	166.29	160.41
Industrial equipment .....	108.31	120.43	111.99	116.44	120.20	122.67	122.42	121.61
Transportation equipment .....	138.07	136.62	141.03	142.04	143.39	137.23	123.81	126.79
Other .....	121.25	124.61	118.76	123.42	126.47	125.42	123.14	123.58
<b>Residential</b> .....	<b>117.56</b>	<b>116.93</b>	<b>117.63</b>	<b>118.56</b>	<b>118.93</b>	<b>115.64</b>	<b>114.59</b>	<b>115.40</b>
<b>Structures</b> .....	<b>117.54</b>	<b>116.69</b>	<b>117.53</b>	<b>118.37</b>	<b>118.75</b>	<b>115.38</b>	<b>114.28</b>	<b>115.11</b>
Single family .....	117.92	119.00	118.66	123.03	121.62	116.21	115.15	117.59
Multifamily .....	113.95	112.67	112.95	116.89	116.14	107.12	110.54	118.28
Other structures .....	117.69	114.39	116.89	112.59	115.47	115.72	113.77	111.33
<b>Equipment</b> .....	<b>118.61</b>	<b>127.70</b>	<b>122.07</b>	<b>126.79</b>	<b>127.37</b>	<b>127.76</b>	<b>128.90</b>	<b>128.89</b>
Chain-type price indexes								
<b>Private fixed investment</b> .....	<b>99.10</b>	<b>100.36</b>	<b>99.07</b>	<b>99.71</b>	<b>100.17</b>	<b>100.66</b>	<b>100.92</b>	<b>101.00</b>
<b>Nonresidential</b> .....	<b>95.84</b>	<b>96.34</b>	<b>95.42</b>	<b>95.84</b>	<b>96.23</b>	<b>96.64</b>	<b>96.66</b>	<b>96.36</b>
<b>Structures</b> .....	<b>110.19</b>	<b>114.57</b>	<b>111.42</b>	<b>112.72</b>	<b>113.75</b>	<b>115.15</b>	<b>116.67</b>	<b>118.58</b>
Nonresidential buildings, including farm .....	111.26	115.58	112.75	114.22	114.95	115.94	117.24	118.64
Utilities .....	103.42	105.99	104.02	104.85	106.01	106.30	106.78	106.89
Mining exploration, shafts, and wells .....	112.81	120.41	113.24	114.24	116.94	122.98	127.48	135.18
Other structures .....	106.74	110.47	107.47	108.24	110.35	110.97	112.32	113.43
<b>Equipment and software</b> .....	<b>91.46</b>	<b>90.99</b>	<b>90.62</b>	<b>90.82</b>	<b>91.05</b>	<b>91.22</b>	<b>90.86</b>	<b>89.98</b>
Information processing equipment and software .....	79.87	78.60	78.42	78.62	78.76	78.80	78.20	76.81
Computers and peripheral equipment <sup>1</sup> .....	43.40	37.43	40.28	39.20	37.96	36.84	35.70	32.85
Software <sup>2</sup> .....	95.75	100.38	95.89	97.91	100.03	101.78	101.80	101.76
Other .....	97.27	96.17	96.53	96.40	96.27	96.14	95.87	95.75
Industrial equipment .....	101.98	102.54	102.27	102.41	102.46	102.64	102.64	102.91
Transportation equipment .....	100.89	101.26	100.31	100.70	101.18	101.64	101.53	100.54
Other .....	103.40	104.14	103.62	103.55	103.98	104.38	104.64	105.29
<b>Residential</b> .....	<b>109.64</b>	<b>113.58</b>	<b>110.94</b>	<b>112.36</b>	<b>113.08</b>	<b>113.83</b>	<b>115.07</b>	<b>116.67</b>
<b>Structures</b> .....	<b>109.93</b>	<b>113.97</b>	<b>111.26</b>	<b>112.72</b>	<b>113.45</b>	<b>114.22</b>	<b>115.50</b>	<b>117.13</b>
Single family .....	110.41	114.57	112.01	113.80	114.00	114.60	115.89	117.58
Multifamily .....	117.69	121.69	118.96	120.87	121.08	121.72	123.09	124.89
Other structures .....	108.05	112.00	109.09	110.04	111.55	112.58	113.83	115.35
<b>Equipment</b> .....	<b>98.08</b>	<b>98.10</b>	<b>97.95</b>	<b>97.76</b>	<b>98.39</b>	<b>98.18</b>	<b>98.08</b>	<b>98.71</b>

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

Table 7.9.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services and for Receipts and Payments of Income

[Index numbers, 1996=100]

	1999	2000	Seasonally adjusted					2001
			1999	2000				
			IV	I	II	III	IV	
Chain-type quantity indexes								
<b>Exports of goods and services</b> .....	<b>118.17</b>	<b>128.84</b>	<b>122.22</b>	<b>124.10</b>	<b>128.33</b>	<b>132.56</b>	<b>130.39</b>	<b>129.51</b>
Goods <sup>1</sup> .....	121.63	135.74	127.18	129.06	134.79	141.37	137.74	136.14
Durable .....	127.75	144.36	133.80	136.42	144.21	150.31	146.49	144.22
Nondurable .....	108.46	117.21	112.91	113.21	114.56	122.14	118.94	118.74
Services <sup>1</sup> .....	110.14	113.37	110.92	112.79	113.78	112.98	113.92	114.57
<b>Income receipts</b> .....	<b>119.78</b>	<b>141.57</b>	<b>128.75</b>	<b>135.20</b>	<b>143.82</b>	<b>141.98</b>	<b>145.28</b>	<b>140.95</b>
<b>Imports of goods and services</b> .....	<b>140.72</b>	<b>159.76</b>	<b>147.53</b>	<b>151.76</b>	<b>158.36</b>	<b>164.72</b>	<b>164.20</b>	<b>160.32</b>
Goods <sup>1</sup> .....	143.64	163.60	151.23	155.29	162.54	168.74	167.83	163.36
Durable .....	150.51	174.15	160.22	165.10	172.67	179.79	179.05	170.92
Nondurable .....	130.45	143.78	134.18	136.78	143.42	148.03	146.88	148.22
Services <sup>1</sup> .....	126.54	141.14	129.59	134.66	138.07	145.20	146.63	145.60
<b>Income payments</b> .....	<b>132.53</b>	<b>153.44</b>	<b>142.85</b>	<b>147.59</b>	<b>157.34</b>	<b>155.98</b>	<b>152.86</b>	<b>145.84</b>
Chain-type price indexes								
<b>Exports of goods and services</b> .....	<b>95.86</b>	<b>97.44</b>	<b>96.51</b>	<b>96.98</b>	<b>97.43</b>	<b>97.60</b>	<b>97.73</b>	<b>97.64</b>
Goods <sup>1</sup> .....	92.96	93.96	93.41	93.68	94.02	94.02	94.11	94.00
Durable .....	93.65	93.65	93.65	93.54	93.62	93.77	93.65	93.71
Nondurable .....	91.25	94.83	92.84	94.07	95.13	94.74	95.36	94.82
Services <sup>1</sup> .....	103.30	106.47	104.50	105.52	106.27	106.92	107.17	107.12
<b>Income receipts</b> .....	<b>103.99</b>	<b>106.58</b>	<b>104.76</b>	<b>105.69</b>	<b>106.30</b>	<b>106.91</b>	<b>107.40</b>	<b>108.15</b>
<b>Imports of goods and services</b> .....	<b>91.80</b>	<b>95.46</b>	<b>93.68</b>	<b>94.97</b>	<b>95.03</b>	<b>95.91</b>	<b>95.96</b>	<b>95.31</b>
Goods <sup>1</sup> .....	90.31	94.48	92.30	93.77	93.99	95.00	95.14	94.04
Durable .....	89.14	88.67	88.78	89.00	88.90	88.66	88.12	87.98
Nondurable .....	92.85	107.59	100.06	104.48	105.42	109.36	111.10	107.82
Services <sup>1</sup> .....	99.89	100.49	101.14	101.25	100.33	100.41	99.96	101.99
<b>Income payments</b> .....	<b>105.10</b>	<b>107.45</b>	<b>106.10</b>	<b>106.85</b>	<b>107.25</b>	<b>107.61</b>	<b>108.10</b>	<b>108.81</b>

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

Table 7.10.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services by Type of Product

[Index numbers, 1996=100]

			Seasonally adjusted										Seasonally adjusted						
	1999	2000	1999								1999	2000	1999						
					2000			2001							2000			2001	
			IV	I	II	III	IV	I	IV				I	II	III	IV	I		
Chain-type quantity indexes									Chain-type price indexes										
<b>Exports of goods and services</b> .....	118.17	128.84	122.22	124.10	128.33	132.56	130.39	129.51	<b>Exports of goods and services</b> .....	95.86	97.44	96.51	96.98	97.43	97.60	97.73	97.64		
<b>Exports of goods</b> <sup>1</sup> .....	121.63	135.74	127.18	129.06	134.79	141.37	137.74	136.14	<b>Exports of goods</b> <sup>1</sup> .....	92.96	93.96	93.41	93.68	94.02	94.02	94.11	94.00		
Foods, feeds, and beverages	101.94	109.39	105.24	106.90	106.02	116.48	108.15	111.56	Foods, feeds, and beverages	80.42	78.99	79.24	79.24	80.31	77.36	79.07	79.11		
Industrial supplies and materials .....	108.29	119.28	113.69	114.67	117.27	123.00	122.17	119.51	Industrial supplies and materials .....	92.80	98.75	95.52	97.48	98.80	99.37	99.34	98.45		
Durable goods .....	114.10	130.95	120.59	126.74	130.90	133.02	133.14	128.30	Durable goods .....	92.57	94.25	93.21	93.98	94.48	94.54	94.03	93.31		
Nondurable goods .....	105.00	112.79	109.79	107.98	109.76	117.36	116.05	114.52	Nondurable goods .....	92.96	101.59	96.94	99.67	101.53	102.44	102.72	101.72		
Capital goods, except automotive .....	135.28	155.81	141.52	142.64	156.15	164.40	160.06	158.89	Capital goods, except automotive .....	91.01	90.35	90.75	90.32	90.25	90.45	90.36	90.53		
Civilian aircraft, engines, and parts .....	160.30	141.84	159.17	129.42	155.29	145.58	137.05	156.53	Civilian aircraft, engines, and parts .....	107.22	111.18	108.13	109.47	110.54	111.67	113.03	115.23		
Computers, peripherals, and parts .....	156.22	195.94	162.77	178.48	195.83	208.11	201.32	201.18	Computers, peripherals, and parts .....	68.41	64.66	67.05	65.56	64.64	64.33	64.12	63.61		
Other .....	126.39	151.33	133.98	138.76	149.06	160.27	157.23	151.55	Other .....	93.90	93.36	93.74	93.32	93.33	93.54	93.27	93.31		
Automotive vehicles, engines, and parts .....	114.72	119.87	116.96	120.92	120.28	121.24	117.04	106.81	Automotive vehicles, engines, and parts .....	101.56	102.43	101.96	102.19	102.39	102.59	102.53	102.61		
Consumer goods, except automotive .....	114.81	126.06	118.56	123.55	125.27	129.68	125.74	132.77	Consumer goods, except automotive .....	100.42	100.83	100.64	100.86	100.88	100.91	100.67	100.55		
Durable goods .....	115.67	128.45	122.89	128.88	126.41	132.07	126.43	137.94	Durable goods .....	100.07	100.76	100.20	100.61	100.95	100.91	100.58	100.87		
Nondurable goods .....	113.91	123.60	114.09	118.04	124.11	127.22	125.04	127.39	Nondurable goods .....	100.78	100.88	101.12	101.12	100.78	100.89	100.74	100.17		
Other .....	136.23	151.78	151.18	151.45	146.46	155.83	153.36	145.54	Other .....	95.60	96.79	96.36	96.59	96.82	96.54	97.22	97.17		
<b>Exports of services</b> <sup>1</sup> .....	110.14	113.37	110.92	112.79	113.78	112.98	113.92	114.57	<b>Exports of services</b> <sup>1</sup> .....	103.30	106.47	104.50	105.52	106.27	106.92	107.17	107.12		
Transfers under U.S. military agency sales contracts .....	104.98	92.42	90.27	89.34	93.84	92.28	94.20	93.49	Transfers under U.S. military agency sales contracts .....	100.17	99.43	100.68	99.83	99.39	99.25	99.22	98.42		
Travel .....	101.08	103.99	103.77	103.60	103.29	103.80	105.26	106.21	Travel .....	106.21	111.41	107.67	109.39	111.48	112.06	112.68	112.83		
Passenger fares .....	94.19	94.36	92.32	93.81	93.00	94.02	96.62	95.56	Passenger fares .....	102.86	105.45	105.17	104.46	105.92	106.61	104.83	105.55		
Other transportation .....	106.28	106.14	108.67	107.21	107.57	106.27	103.50	103.62	Other transportation .....	97.55	106.28	100.20	102.89	104.60	108.22	109.39	106.00		
Royalties and license fees .....	107.88	108.73	106.94	107.58	110.80	107.47	109.05	109.89	Royalties and license fees .....	104.10	106.73	104.91	105.85	106.46	107.07	107.56	108.31		
Other private services .....	133.43	143.47	138.87	144.25	144.29	142.30	143.04	143.99	Other private services .....	99.89	101.84	99.93	101.18	101.52	102.31	102.36	102.78		
Other .....	88.86	91.98	82.00	87.06	92.02	93.81	95.02	96.50	Other .....	117.75	115.41	122.31	119.69	116.35	112.62	112.96	112.69		
<b>Imports of goods and services</b> .....	140.72	159.76	147.53	151.76	158.36	164.72	164.20	160.32	<b>Imports of goods and services</b> .....	91.80	95.46	93.68	94.97	95.03	95.91	95.96	95.31		
<b>Imports of goods</b> <sup>1</sup> .....	143.64	163.60	151.23	155.29	162.54	168.74	167.83	163.36	<b>Imports of goods</b> <sup>1</sup> .....	90.31	94.48	92.30	93.77	93.99	95.00	95.14	94.04		
Foods, feeds, and beverages	129.15	138.44	132.67	132.58	136.70	143.08	141.41	138.46	Foods, feeds, and beverages	94.49	92.98	94.05	94.12	93.46	92.55	91.79	92.17		
Industrial supplies and materials, except petroleum and products .....	125.63	133.55	131.60	133.17	132.16	135.85	133.03	132.77	Industrial supplies and materials, except petroleum and products .....	94.47	103.18	96.85	99.21	101.98	104.42	107.12	109.90		
Durable goods .....	128.54	137.78	135.10	137.77	138.03	138.65	136.68	135.11	Durable goods .....	97.21	102.37	98.67	102.46	103.25	102.76	101.01	101.44		
Nondurable goods .....	122.54	129.02	127.89	128.29	125.94	132.72	129.12	130.01	Nondurable goods .....	91.65	104.20	94.98	95.80	100.76	106.39	113.86	119.16		
Petroleum and products .....	112.04	117.90	105.17	112.37	121.19	119.67	118.38	125.57	Petroleum and products .....	83.20	139.68	112.06	132.18	132.79	145.93	147.84	127.54		
Capital goods, except automotive .....	165.82	201.72	177.99	184.09	198.87	210.90	213.02	203.05	Capital goods, except automotive .....	78.56	76.47	77.46	77.17	76.77	76.31	75.62	75.34		
Civilian aircraft, engines, and parts .....	174.50	188.79	175.95	168.51	179.33	190.86	216.45	216.72	Civilian aircraft, engines, and parts .....	107.52	110.16	108.04	108.81	109.52	110.63	111.70	112.49		
Computers, peripherals, and parts .....	212.12	249.65	225.25	226.80	248.66	264.86	258.26	243.25	Computers, peripherals, and parts .....	62.43	58.38	60.36	59.99	58.68	58.20	56.65	55.83		
Other .....	148.93	186.10	161.79	170.57	183.51	194.21	196.11	186.57	Other .....	83.73	82.34	83.04	82.70	82.71	82.16	81.78	81.68		
Automotive vehicles, engines, and parts .....	137.71	149.61	143.99	147.82	148.93	154.19	147.50	140.07	Automotive vehicles, engines, and parts .....	101.03	101.77	101.27	101.44	101.79	101.91	101.93	101.66		
Consumer goods, except automotive .....	143.85	166.88	152.15	157.18	167.48	169.89	172.95	170.55	Consumer goods, except automotive .....	96.79	95.94	96.65	96.35	95.95	95.87	95.61	95.52		
Durable goods .....	145.63	170.23	154.54	162.45	171.12	171.58	175.76	168.97	Durable goods .....	94.09	93.01	93.80	93.41	93.04	92.93	92.66	92.53		
Nondurable goods .....	142.02	163.42	149.68	151.74	163.72	168.16	170.04	172.21	Nondurable goods .....	99.76	99.18	99.79	99.58	99.15	99.12	98.86	98.82		
Other .....	160.15	189.45	180.19	175.90	180.15	202.21	199.53	179.62	Other .....	99.30	100.15	99.51	99.70	99.91	100.42	100.58	101.27		
<b>Imports of services</b> <sup>1</sup> .....	126.54	141.14	129.59	134.66	138.07	145.20	146.63	145.60	<b>Imports of services</b> <sup>1</sup> .....	99.89	100.49	101.14	101.25	100.33	100.41	99.96	101.99		
Direct defense expenditures .....	135.39	143.60	130.79	137.37	141.88	144.75	150.39	147.31	Direct defense expenditures .....	91.41	87.39	93.11	90.03	87.88	86.61	85.03	86.80		
Travel .....	126.22	147.58	129.02	136.37	142.61	151.59	159.76	157.97	Travel .....	97.86	93.27	98.56	96.72	94.07	92.12	90.17	92.54		
Passenger fares .....	122.96	133.25	127.86	129.54	131.42	134.94	137.09	137.43	Passenger fares .....	110.06	116.81	110.12	113.63	115.61	117.45	120.57	124.54		
Other transportation .....	115.91	124.15	117.02	119.92	122.67	127.16	126.84	119.01	Other transportation .....	107.48	116.90	114.92	115.38	115.28	117.65	119.29	123.97		
Royalties and license fees .....	162.66	197.82	177.87	182.23	186.55	226.07	196.42	200.24	Royalties and license fees .....	104.13	106.72	104.90	105.83	106.44	107.05	107.54	108.29		
Other private services .....	129.76	142.67	134.17	139.87	140.99	144.62	145.21	150.01	Other private services .....	94.68	94.64	93.05	94.85	94.34	95.22	94.14	93.89		
Other .....	104.54	107.34	102.77	105.75	106.64	107.83	109.16	108.75	Other .....	102.61	102.44	104.13	103.00	102.58	102.42	101.77	102.76		
<b>Addenda:</b>									<b>Addenda:</b>										
Exports of agricultural goods <sup>2</sup> .....	102.69	112.86	104.24	110.29	109.74	119.91	111.49	113.95	Exports of agricultural goods <sup>2</sup> .....	78.58	77.18	77.90	77.36	78.17	75.66	77.52	77.86		
Exports of nonagricultural goods .....	123.62	138.11	129.53	131.04	137.35	143.63	140.42	138.45	Exports of nonagricultural goods .....	94.35	95.58	94.91	95.25	95.56	95.78	95.71	95.56		
Imports of nonpetroleum goods .....	146.37	167.70	155.50	159.09	166.01	173.26	172.43	166.31	Imports of nonpetroleum goods .....	91.09	91.49	91.06	91.26	91.45	91.61	91.63	91.89		

NOTE.—See footnotes to table 4.3.

Table 7.11.—Chain-Type Quantity and Price Indexes for Government Consumption Expenditures and Gross Investment by Type

[Index numbers, 1996=100]

	1999	2000	Seasonally adjusted						1999	2000	Seasonally adjusted												
			1999		2000						1999		2000				2001						
			IV	I	II	III	IV	I			IV	I	II	III	IV	I							
			Chain-type quantity indexes												Chain-type price indexes								
<b>Government consumption expenditures and gross investment<sup>1</sup></b>	<b>108.03</b>	<b>111.06</b>	<b>110.38</b>	<b>110.07</b>	<b>111.37</b>	<b>110.99</b>	<b>111.79</b>	<b>113.09</b>	<b>106.41</b>	<b>110.43</b>	<b>107.62</b>	<b>109.30</b>	<b>110.02</b>	<b>110.82</b>	<b>111.59</b>	<b>112.66</b>							
<b>Federal</b>	<b>101.61</b>	<b>103.12</b>	<b>104.98</b>	<b>101.04</b>	<b>105.13</b>	<b>102.67</b>	<b>103.63</b>	<b>104.88</b>	<b>105.27</b>	<b>108.59</b>	<b>106.02</b>	<b>108.01</b>	<b>108.18</b>	<b>108.88</b>	<b>109.28</b>	<b>110.70</b>							
<b>National defense</b>	<b>97.62</b>	<b>97.79</b>	<b>101.09</b>	<b>95.65</b>	<b>99.46</b>	<b>96.97</b>	<b>99.06</b>	<b>100.38</b>	<b>104.75</b>	<b>107.99</b>	<b>105.54</b>	<b>107.35</b>	<b>107.57</b>	<b>108.34</b>	<b>108.71</b>	<b>109.85</b>							
Consumption expenditures	97.16	96.44	100.54	94.47	98.68	96.08	96.55	98.85	105.93	109.65	106.83	108.95	109.17	110.04	110.46	111.90							
Durable goods <sup>2</sup>	108.28	107.14	107.48	107.56	106.44	104.58	110.00	104.09	98.67	99.62	98.85	99.37	99.62	99.74	99.76	99.79							
Nondurable goods	115.92	122.63	112.98	132.50	130.29	117.41	110.32	114.24	91.30	111.28	100.49	106.97	106.10	112.70	119.33	110.42							
Services	95.88	95.03	99.75	92.57	97.32	94.95	95.30	98.12	106.94	110.33	107.61	109.71	109.97	110.70	110.94	112.83							
Compensation of general government employees, except own-account investment <sup>3</sup>	90.90	90.28	90.32	89.95	90.05	90.68	90.46	89.60	110.08	114.82	110.47	114.48	114.44	115.15	115.19	118.86							
Consumption of general government fixed capital <sup>4</sup>	99.54	100.89	99.90	100.26	100.64	101.06	101.60	102.16	100.68	102.72	101.31	102.18	102.49	103.07	103.13	102.92							
Other services	101.65	98.66	115.98	90.95	107.39	97.54	98.77	109.92	106.91	109.35	108.02	108.23	108.90	109.79	110.48	111.42							
Gross investment	100.64	106.13	104.65	103.01	104.38	102.51	114.63	109.85	97.97	98.68	98.16	98.37	98.57	98.83	98.95	98.61							
Structures	72.18	60.15	70.12	62.68	59.50	59.40	59.01	58.48	110.09	114.40	111.79	112.65	113.95	114.97	116.03	117.36							
Equipment and software	104.93	113.24	109.89	109.20	111.31	109.16	123.29	117.84	96.51	96.91	96.55	96.70	96.82	97.02	97.07	96.62							
<b>Nondefense</b>	<b>109.72</b>	<b>113.93</b>	<b>112.88</b>	<b>111.95</b>	<b>116.62</b>	<b>114.24</b>	<b>112.91</b>	<b>114.00</b>	<b>106.27</b>	<b>109.73</b>	<b>106.95</b>	<b>109.26</b>	<b>109.35</b>	<b>109.92</b>	<b>110.38</b>	<b>112.31</b>							
Consumption expenditures	103.22	105.93	104.22	104.99	108.75	106.33	103.63	105.35	108.18	111.96	108.98	111.66	111.51	112.08	112.59	115.02							
Durable goods <sup>2</sup>																							
Nondurable goods																							
Commodity Credit Corporation inventory change	123.98	108.69	122.72	125.11	122.36	121.37	65.92	112.89	102.17	106.15	104.86	106.50	106.98	108.64	102.49	107.40							
Other nondurables	100.86	104.19	101.39	102.56	106.66	103.92	103.62	103.48	108.80	112.74	109.51	112.43	112.23	112.83	113.46	115.87							
Services																							
Compensation of general government employees, except own-account investment <sup>3</sup>	101.13	104.63	101.06	103.15	108.44	104.01	102.90	103.38	112.94	117.75	113.72	117.97	117.14	117.66	118.21	121.87							
Consumption of general government fixed capital <sup>4</sup>	135.52	154.26	142.28	147.20	151.96	156.64	161.25	165.61	99.11	101.57	99.55	100.56	101.45	101.95	102.34	102.64							
Other services	85.80	82.48	84.98	82.78	84.20	81.81	81.13	77.93	105.75	108.86	106.53	107.87	108.28	109.14	110.14	111.44							
Gross investment	141.01	152.56	154.86	145.36	154.54	152.39	157.96	155.84	98.47	100.90	98.78	99.86	100.76	101.34	101.64	102.01							
Structures	90.85	85.65	94.47	88.21	85.15	83.17	86.06	89.20	108.85	112.68	110.29	111.15	112.31	113.15	114.11	115.10							
Equipment and software	170.31	192.18	190.31	178.93	195.69	193.48	200.64	195.19	94.26	96.29	94.27	95.39	96.21	96.72	96.86	97.07							
<b>State and local</b>	<b>111.82</b>	<b>115.74</b>	<b>113.57</b>	<b>115.40</b>	<b>115.07</b>	<b>115.89</b>	<b>116.60</b>	<b>117.93</b>	<b>107.06</b>	<b>111.46</b>	<b>108.52</b>	<b>110.03</b>	<b>111.05</b>	<b>111.90</b>	<b>112.87</b>	<b>113.76</b>							
Consumption expenditures	109.37	112.53	110.62	111.46	112.18	112.98	113.48	114.53	107.59	112.29	109.20	110.84	111.83	112.73	113.78	114.73							
Durable goods <sup>2</sup>	123.10	131.10	126.18	128.12	130.08	132.08	134.10	136.16	98.95	99.59	99.17	99.34	99.50	99.73	99.81	99.89							
Nondurable goods	116.88	123.01	119.32	120.78	122.26	123.75	125.27	126.80	97.79	111.50	102.23	108.98	110.28	112.51	114.24	113.12							
Services	108.24	110.94	109.31	110.06	110.67	111.36	111.69	112.67	109.04	112.59	110.29	111.26	112.22	112.95	113.93	115.20							
Compensation of general government employees, except own-account investment <sup>3</sup>	104.64	106.17	105.15	105.68	106.02	106.49	106.47	107.17	109.99	113.47	111.43	112.28	113.08	113.84	114.67	115.59							
Consumption of general government fixed capital <sup>4</sup>	118.18	126.61	121.12	123.23	125.42	127.71	130.09	132.54	102.91	105.95	103.76	104.61	105.76	106.48	106.94	107.49							
Other services	163.57	178.44	172.94	175.11	177.56	178.99	182.12	185.42	107.82	113.30	106.95	109.98	112.78	113.13	117.31	124.85							
Gross investment	122.79	130.22	126.89	133.18	128.06	128.98	130.66	133.28	104.82	108.09	105.76	106.73	107.90	108.54	109.18	109.81							
Structures	116.88	120.85	119.94	126.68	118.75	118.54	119.45	122.84	110.02	114.59	111.54	112.79	114.27	115.10	116.21	117.48							
Equipment and software	142.56	162.60	150.32	154.83	160.25	165.40	169.92	169.51	90.55	90.69	90.08	90.37	90.77	91.00	90.63	89.87							
<b>Addenda:</b>																							
Compensation of general government employees <sup>3</sup>	102.04	103.36	102.31	102.80	103.59	103.60	103.46	103.91	110.30	114.10	111.51	113.19	113.70	114.42	115.10	116.72							
Federal	94.72	95.59	94.33	94.83	96.83	95.63	95.09	94.89	111.18	115.93	111.73	115.81	115.47	116.10	116.35	120.00							
State and local	104.86	106.35	105.39	105.87	106.18	106.68	106.68	107.39	109.99	113.47	111.43	112.28	113.08	113.84	114.67	115.59							

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.

3. Compensation of government employees engaged in new own-account investment and related expenditures

for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addenda.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

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

[Index numbers, 1996=100]

	1999	2000	Seasonally adjusted					
			1999	2000				2001
			IV	I	II	III	IV	I
Chain-type quantity indexes								
<b>Gross domestic product</b> .....	<b>113.60</b>	<b>119.27</b>	<b>116.27</b>	<b>117.65</b>	<b>119.27</b>	<b>119.92</b>	<b>120.23</b>	<b>120.62</b>
<b>Business</b> <sup>1</sup> .....	<b>115.27</b>	<b>121.64</b>	<b>118.34</b>	<b>119.88</b>	<b>121.66</b>	<b>122.36</b>	<b>122.66</b>	<b>122.98</b>
Nonfarm <sup>2</sup> .....	115.26	121.69	118.39	119.90	121.73	122.42	122.72	123.05
Nonfarm less housing .....	116.27	123.02	119.60	121.13	123.10	123.81	124.05	124.37
Housing .....	106.27	109.93	107.70	108.99	109.63	110.12	110.98	111.32
Farm .....	115.26	114.89	111.82	116.37	112.92	115.17	115.11	114.97
<b>Households and institutions</b> ...	<b>108.54</b>	<b>110.66</b>	<b>109.27</b>	<b>109.68</b>	<b>110.31</b>	<b>110.89</b>	<b>111.77</b>	<b>112.82</b>
Private households .....	87.94	68.83	72.02	67.99	68.36	69.05	69.91	69.94
Nonprofit institutions .....	109.29	112.19	110.63	111.20	111.84	112.41	113.29	114.38
<b>General government</b> <sup>3</sup> .....	<b>103.68</b>	<b>105.82</b>	<b>104.26</b>	<b>104.93</b>	<b>105.87</b>	<b>106.16</b>	<b>106.32</b>	<b>106.98</b>
Federal .....	98.12	100.10	98.29	99.01	100.85	100.29	100.26	100.45
State and local .....	106.29	108.50	107.07	107.72	108.22	108.91	109.16	110.05
Chain-type price indexes								
<b>Gross domestic product</b> .....	<b>104.77</b>	<b>106.99</b>	<b>105.31</b>	<b>106.17</b>	<b>106.80</b>	<b>107.22</b>	<b>107.75</b>	<b>108.61</b>
<b>Business</b> <sup>1</sup> .....	<b>104.18</b>	<b>106.17</b>	<b>104.63</b>	<b>105.41</b>	<b>106.03</b>	<b>106.38</b>	<b>106.87</b>	<b>107.63</b>
Nonfarm <sup>2</sup> .....	104.67	106.63	105.08	105.91	106.45	106.85	107.32	108.04
Nonfarm less housing .....	104.23	106.09	104.59	105.41	105.94	106.31	106.72	107.40
Housing .....	108.95	111.86	109.87	110.76	111.40	112.15	113.13	114.26
Farm .....	69.84	74.61	73.44	71.34	77.37	73.59	76.15	80.14
<b>Households and institutions</b> ...	<b>106.19</b>	<b>109.41</b>	<b>106.97</b>	<b>107.77</b>	<b>108.77</b>	<b>109.99</b>	<b>111.10</b>	<b>112.84</b>
Private households .....	108.58	113.33	110.00	111.34	112.99	114.09	114.90	117.05
Nonprofit institutions .....	106.10	109.29	106.88	107.67	108.65	109.87	110.98	112.71
<b>General government</b> <sup>3</sup> .....	<b>108.80</b>	<b>112.39</b>	<b>109.93</b>	<b>111.46</b>	<b>112.03</b>	<b>112.74</b>	<b>113.35</b>	<b>114.71</b>
Federal .....	108.03	111.99	108.58	111.69	111.61	112.21	112.44	114.92
State and local .....	109.16	112.60	110.54	111.39	112.23	112.99	113.77	114.64

1. Equals gross domestic product less gross product of households and institutions and of general government.  
 2. Equals gross domestic business product less gross farm product.  
 3. Equals compensation of general government employees plus general government consumption of fixed capital.

**Table 7.15.—Price, Costs, and Profit Per Unit of Real Gross Product of Nonfinancial Corporate Business**

[Dollars]

<b>Price per unit of real gross product of nonfinancial corporate business</b> <sup>1</sup> .....	<b>1.019</b>	<b>1.031</b>	<b>1.019</b>	<b>1.025</b>	<b>1.031</b>	<b>1.032</b>	<b>1.035</b>	<b>1.040</b>
<b>Compensation of employees (unit labor cost)</b> .....	<b>.659</b>	<b>.663</b>	<b>.658</b>	<b>.658</b>	<b>.659</b>	<b>.661</b>	<b>.673</b>	<b>.683</b>
<b>Unit nonlabor cost</b> .....	<b>.241</b>	<b>.248</b>	<b>.243</b>	<b>.245</b>	<b>.247</b>	<b>.247</b>	<b>.254</b>	<b>.253</b>
Consumption of fixed capital .....	.115	.118	.115	.116	.117	.118	.121	.123
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	.097	.099	.098	.099	.099	.098	.101	.099
Net interest .....	.029	.031	.030	.030	.031	.031	.032	.031
<b>Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production)</b> .....	<b>.119</b>	<b>.120</b>	<b>.118</b>	<b>.122</b>	<b>.126</b>	<b>.123</b>	<b>.109</b>	<b>.104</b>
Profits tax liability .....	.034	.035	.034	.036	.037	.035	.031	.029
Profits after tax with inventory valuation and capital consumption adjustments ...	.085	.085	.084	.086	.089	.088	.078	.076

1. The implicit price deflator for gross product of nonfinancial corporate business divided by 100.

**Table 7.16.—Implicit Price Deflators for Private Inventories by Industry Group**

[Index numbers, 1996=100]

	Seasonally adjusted					
	1999	2000				2001
	IV	I	II	III	IV	I
<b>Private inventories</b> <sup>1</sup> .....	<b>98.28</b>	<b>99.75</b>	<b>100.17</b>	<b>100.32</b>	<b>101.29</b>	<b>101.40</b>
Farm .....	92.73	99.28	97.67	94.11	99.52	105.78
Nonfarm .....	98.77	99.82	100.42	100.87	101.48	101.08
Durable goods .....	97.41	97.68	97.76	97.66	97.66	97.63
Nondurable goods .....	100.52	102.57	103.83	105.00	106.39	105.52
Manufacturing .....	97.38	98.43	98.90	99.42	99.48	99.79
Durable goods .....	96.34	96.79	96.63	96.70	96.66	96.99
Nondurable goods .....	99.14	101.19	102.70	103.96	104.21	104.47
Wholesale .....	97.40	98.60	98.64	98.90	98.97	98.49
Durable goods .....	96.40	96.70	96.83	96.62	96.38	96.12
Nondurable goods .....	99.21	102.02	101.89	103.02	103.64	102.75
Merchant wholesalers .....	97.11	98.14	98.10	98.22	98.46	97.97
Durable goods .....	96.51	96.83	96.96	96.74	96.50	96.23
Nondurable goods .....	98.22	100.55	100.17	100.94	102.02	101.16
Nonmerchant wholesalers .....	99.32	101.64	102.25	103.41	102.44	101.90
Durable goods .....	95.60	95.79	95.95	95.78	95.58	95.33
Nondurable goods .....	105.39	111.26	112.62	116.07	113.74	112.70
Retail trade .....	101.80	102.36	102.67	102.71	103.09	103.21
Durable goods .....	99.98	99.93	100.30	100.12	100.53	100.24
Motor vehicle dealers .....	99.39	99.25	99.95	100.03	100.91	100.24
Other .....	100.64	100.67	100.71	100.25	100.16	100.27
Nondurable goods .....	104.01	105.37	105.58	105.90	106.26	106.89
Other .....	99.40	101.45	105.15	107.21	112.38	107.94
Durable goods .....	102.90	104.05	103.50	102.75	102.00	102.00
Nondurable goods .....	99.15	101.30	105.42	107.74	113.49	108.61

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, 1996=100]

	1999	2000	Seasonally adjusted					2001
			1999	2000				
			IV	I	II	III	IV	
<b>Gross domestic product</b>	<b>113.60</b>	<b>119.27</b>	<b>116.27</b>	<b>117.65</b>	<b>119.27</b>	<b>119.92</b>	<b>120.23</b>	<b>120.62</b>
Final sales of domestic product	113.41	118.86	115.64	117.54	118.66	119.37	119.87	121.16
Change in private inventories								
<b>Goods</b>	<b>120.08</b>	<b>129.14</b>	<b>124.84</b>	<b>126.79</b>	<b>129.40</b>	<b>130.72</b>	<b>129.64</b>	<b>128.77</b>
Final sales	119.66	128.15	123.22	126.64	127.82	129.34	128.79	130.48
Change in private inventories								
Durable goods	131.80	145.82	138.26	142.10	146.86	147.72	146.60	144.06
Final sales	131.58	145.03	136.51	142.58	145.20	146.80	145.54	148.89
Change in private inventories								
Nondurable goods	110.55	115.80	113.99	114.49	115.47	117.12	116.10	116.47
Final sales	110.06	114.77	112.55	113.97	114.08	115.53	115.50	115.97
Change in private inventories								
<b>Services</b>	<b>108.89</b>	<b>112.69</b>	<b>110.50</b>	<b>111.18</b>	<b>112.59</b>	<b>112.95</b>	<b>114.05</b>	<b>114.83</b>
<b>Structures</b>	<b>115.74</b>	<b>119.40</b>	<b>116.54</b>	<b>119.98</b>	<b>119.06</b>	<b>118.89</b>	<b>119.68</b>	<b>122.50</b>
<b>Addenda:</b>								
Motor vehicle output	126.35	124.51	130.25	130.35	128.86	123.03	115.81	111.41
Gross domestic product less motor vehicle output	113.15	119.07	115.77	117.20	118.93	119.80	120.36	120.92

Table 7.18B.—Chain-Type Quantity Indexes for Motor Vehicle Output

[Index numbers, 1996=100]

	1999	2000	Seasonally adjusted					
			1999	2000				2001
			IV	I	II	III	IV	I
<b>Motor vehicle output</b>	<b>126.35</b>	<b>124.51</b>	<b>130.25</b>	<b>130.35</b>	<b>128.86</b>	<b>123.03</b>	<b>115.81</b>	<b>111.41</b>
Auto output	102.34	94.87	103.97	103.88	96.72	93.98	84.91	84.84
Truck output <sup>1</sup>	146.35	149.12	152.13	152.39	155.53	147.14	141.44	133.46
<b>Final sales of domestic product</b>	<b>121.07</b>	<b>120.18</b>	<b>123.04</b>	<b>129.35</b>	<b>121.59</b>	<b>118.97</b>	<b>110.79</b>	<b>119.61</b>
<b>Personal consumption expenditures</b>	<b>126.94</b>	<b>133.23</b>	<b>129.43</b>	<b>138.07</b>	<b>131.61</b>	<b>133.95</b>	<b>129.31</b>	<b>137.64</b>
New motor vehicles	130.15	139.03	134.24	144.92	137.22	139.28	134.70	144.00
Autos	120.73	126.35	126.32	133.18	128.63	123.72	119.87	124.46
Light trucks	141.32	153.99	143.66	158.77	147.41	157.60	152.16	166.97
Net purchases of used autos	117.17	115.85	114.95	117.57	114.78	117.93	113.14	118.69
<b>Private fixed investment</b>	<b>131.60</b>	<b>127.43</b>	<b>134.41</b>	<b>138.07</b>	<b>131.48</b>	<b>127.85</b>	<b>112.33</b>	<b>117.42</b>
New motor vehicles	126.83	122.88	128.53	132.91	125.82	123.13	109.64	115.69
Autos	106.96	101.23	105.29	109.78	100.72	99.71	94.69	102.81
Trucks	145.85	143.57	150.72	155.00	149.76	145.49	124.04	128.17
Light trucks	149.20	154.96	153.56	163.55	158.47	160.33	137.49	147.32
Other	139.13	122.09	144.88	138.69	133.18	117.63	98.84	92.57
Net purchases of used autos	109.19	105.99	106.81	113.79	104.95	105.68	99.54	108.92
<b>Gross government investment</b>	<b>118.29</b>	<b>122.59</b>	<b>135.82</b>	<b>123.54</b>	<b>115.38</b>	<b>118.65</b>	<b>132.81</b>	<b>123.41</b>
Autos	99.01	102.00	108.30	86.04	93.99	123.35	104.63	78.23
New trucks	129.04	134.03	151.25	144.75	127.34	115.53	148.50	148.86
<b>Net exports</b>								
Exports	96.65	98.75	98.34	100.25	101.69	97.45	95.62	82.13
Autos	94.99	95.20	95.86	96.79	98.45	93.91	91.63	83.36
Trucks	99.94	105.50	103.14	106.83	107.87	104.17	103.12	80.22
Imports	142.99	156.66	149.50	153.68	153.82	162.17	156.95	149.24
Autos	142.71	161.64	149.62	154.15	157.77	168.05	166.56	157.52
Trucks	144.23	133.08	148.84	151.37	135.07	134.32	111.57	110.17
<b>Change in private inventories</b>								
<b>Autos</b>								
New								
Domestic								
Foreign								
Used								
<b>New trucks</b>								
Domestic								
Foreign								
<b>Addenda:</b>								
Final sales of motor vehicles to domestic purchasers	128.35	130.79	131.46	137.60	131.04	131.24	123.27	129.85
Private fixed investment in new autos and new light trucks	124.11	123.06	124.90	131.63	124.20	124.36	112.05	120.87
Domestic output of new autos <sup>2</sup>	100.70	99.95	100.85	105.06	101.48	101.99	91.28	90.45
Sales of imported new autos <sup>3</sup>	144.38	150.93	152.66	152.30	150.64	149.25	151.53	144.63

1. Except for exports and imports, consists of new trucks only.

2. Consists of final sales and change in private inventories of new autos assembled in the United States.

3. Consists of personal consumption expenditures, private fixed investment, and gross government investment.





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

	Seasonally adjusted at annual rates								
	1999	2000	2000						2001
			IV	I	II	III	IV	I	
<b>Percent change at annual rate:</b>									
Gross domestic product .....	4.2	5.0	8.3	4.8	5.6	2.2	1.0	1.3	
<b>Percentage points at annual rates:</b>									
<b>Personal consumption expenditures</b>	<b>3.52</b>	<b>3.56</b>	<b>4.08</b>	<b>5.03</b>	<b>2.14</b>	<b>2.99</b>	<b>1.87</b>	<b>1.95</b>	
Durable goods .....	.96	.77	1.04	1.79	-.42	.61	-.26	.94	
Motor vehicles and parts .....	.35	.19	.27	.87	-.64	.25	-.38	.69	
Furniture and household equipment .....	.44	.39	.52	.56	.18	.26	.09	.18	
Other .....	.17	.19	.25	.37	.04	.10	.04	.07	
Nondurable goods .....	1.10	1.01	1.47	1.19	.74	.93	.21	.30	
Food .....	.39	.36	.90	.28	.20	.11	.10	-.06	
Clothing and shoes .....	.29	.27	0	.63	.18	.30	-.01	.08	
Gasoline, fuel oil, and other energy goods .....	.05	-.02	.09	-.26	.08	.10	0	.06	
Other .....	.37	.40	.48	.54	.27	.41	.12	.22	
Services .....	1.46	1.78	1.58	2.04	1.83	1.46	1.92	.71	
Housing .....	.25	.25	.29	.23	.27	.22	.23	.21	
Household operation .....	.17	.17	-.22	.23	.42	.02	.21	-.13	
Electricity and gas .....	.01	.04	-.32	.09	.27	-.11	.20	-.17	
Other household operation .....	.16	.13	.10	.14	.16	.12	.01	.04	
Transportation .....	.10	.10	.11	.12	.11	.04	.07	.08	
Medical care .....	.26	.29	.36	.22	.30	.24	.34	.28	
Recreation .....	.13	.20	.10	.24	.23	.20	.26	.28	
Other .....	.55	.78	.94	1.00	.50	.74	.80	-.01	
<b>Gross private domestic investment</b>	<b>1.15</b>	<b>1.80</b>	<b>3.04</b>	<b>.92</b>	<b>3.66</b>	<b>.33</b>	<b>-.78</b>	<b>-2.56</b>	
<b>Fixed investment</b>	<b>1.53</b>	<b>1.59</b>	<b>1.26</b>	<b>2.68</b>	<b>1.93</b>	<b>.55</b>	<b>-.17</b>	<b>.40</b>	
Nonresidential .....	1.26	1.62	1.22	2.54	1.87	1.02	-.02	.28	
Structures .....	-.05	.28	.29	.63	.14	.44	.33	.55	
Equipment and software .....	1.30	1.33	.94	1.91	1.73	.58	-.35	-.27	
Information processing equipment and software .....	1.03	1.13	.91	1.37	1.28	.84	.52	-.41	
Computers and peripheral equipment .....	.39	.37	.23	.34	.53	.41	.10	-.05	
Software <sup>1</sup> .....	.40	.42	.53	.39	.39	.40	.26	-.10	
Other .....	.25	.34	.15	.63	.37	.03	.16	-.27	
Industrial equipment .....	.01	.18	.17	.26	.22	.14	-.01	-.04	
Transportation equipment .....	.27	-.02	-.13	.06	.08	-.35	-.75	.16	
Other .....	-.01	.04	-.02	.23	.15	-.05	-.11	.02	
Residential .....	.27	-.02	.03	.14	.06	-.47	-.15	.12	
<b>Change in private inventories</b>	<b>-.37</b>	<b>.21</b>	<b>1.78</b>	<b>-1.76</b>	<b>1.73</b>	<b>-.22</b>	<b>-.62</b>	<b>-2.96</b>	
Farm .....	-.01	.05	.49	-.15	.10	-.05	.02	.04	
Nonfarm .....	-.37	.16	1.29	-1.60	1.63	-.17	-.63	-3.00	
<b>Net exports of goods and services</b>	<b>-1.03</b>	<b>-.87</b>	<b>-.37</b>	<b>-.94</b>	<b>-1.00</b>	<b>-.90</b>	<b>-.55</b>	<b>1.11</b>	
<b>Exports</b>	<b>.32</b>	<b>.96</b>	<b>1.09</b>	<b>.67</b>	<b>1.48</b>	<b>1.45</b>	<b>-.74</b>	<b>-.30</b>	
Goods .....	.30	.87	.94	.46	1.37	1.54	-.84	-.37	
Services .....	.02	.09	.15	.21	.11	-.09	.10	.07	
<b>Imports</b>	<b>-1.35</b>	<b>-1.83</b>	<b>-1.45</b>	<b>-1.61</b>	<b>-2.48</b>	<b>-2.35</b>	<b>.19</b>	<b>1.41</b>	
Goods .....	-1.32	-1.59	-1.28	-1.28	-2.26	-1.90	.28	1.34	
Services .....	-.04	-.24	-.17	-.33	-.22	-.44	-.09	.06	
<b>Government consumption expenditures and gross investment</b>	<b>.59</b>	<b>.50</b>	<b>1.50</b>	<b>-.18</b>	<b>.85</b>	<b>-.24</b>	<b>.50</b>	<b>.82</b>	
<b>Federal</b>	<b>.16</b>	<b>.09</b>	<b>.79</b>	<b>-.93</b>	<b>.97</b>	<b>-.57</b>	<b>.22</b>	<b>.29</b>	
National defense .....	.08	.01	.48	-.86	.60	-.38	.32	.20	
Consumption expenditures .....	.04	-.03	.46	-.82	.57	-.34	.06	.30	
Gross investment .....	.04	.03	.03	-.04	.03	-.04	.26	-.10	
Nondefense .....	.08	.08	.30	-.07	.37	-.18	-.10	.08	
Consumption expenditures .....	0	.05	.10	.05	.25	-.15	-.17	.11	
Gross investment .....	.07	.04	.20	-.12	.12	-.03	.07	-.03	
<b>State and local</b>	<b>.43</b>	<b>.41</b>	<b>.71</b>	<b>.75</b>	<b>-.12</b>	<b>.33</b>	<b>.28</b>	<b>.53</b>	
Consumption expenditures .....	.26	.27	.30	.29	.25	.26	.16	.35	
Gross investment .....	.17	.14	.41	.46	-.37	.07	.12	.19	
<b>Addenda:</b>									
Goods .....	2.28	2.84	5.14	2.41	3.18	1.57	-1.25	-1.01	
Services .....	1.64	1.86	2.45	1.34	2.75	.67	2.05	1.45	
Structures .....	.30	.29	.67	1.09	-.28	-.05	.24	.87	
Motor vehicle output .....	.34	-.05	.31	.01	-.16	-.64	-.79	-.48	
Final sales of computers <sup>2</sup> .....	.40	.46	.25	.60	.50	.40	.20	.20	

1. Excludes software "embedded," or bundled, in computers and other equipment.

2. For some components of final sales of computers, includes computer parts.

NOTE.—The quantity indexes on which the estimates in this table are based are shown in tables 7.1, 7.2, 7.4, 7.6, 7.9, 7.11, and 7.17.

Table 8.3.—Contributions to Percent Change in Real Personal Consumption Expenditures by Major Type of Product

	Seasonally adjusted at annual rates								
	1999	2000	2000						2001
			IV	I	II	III	IV	I	
<b>Percent change at annual rate:</b>									
<b>Personal consumption expenditures</b>	<b>5.3</b>	<b>5.3</b>	<b>5.9</b>	<b>7.6</b>	<b>3.1</b>	<b>4.5</b>	<b>2.8</b>	<b>2.9</b>	
<b>Percentage points at annual rates:</b>									
<b>Durable goods</b>	<b>1.45</b>	<b>1.15</b>	<b>1.52</b>	<b>2.67</b>	<b>-.64</b>	<b>.91</b>	<b>-.38</b>	<b>1.39</b>	
Motor vehicles and parts .....	.53	.28	.39	1.29	-.95	.37	-.57	1.02	
Furniture and household equipment .....	.66	.58	.77	.83	.26	.39	-.13	.26	
Other .....	.26	.29	.36	.55	.06	.15	.06	.11	
<b>Nondurable goods</b>	<b>1.64</b>	<b>1.49</b>	<b>2.14</b>	<b>1.81</b>	<b>1.06</b>	<b>1.39</b>	<b>.32</b>	<b>.45</b>	
Food .....	.59	.53	1.32	.44	.29	.17	.15	-.08	
Clothing and shoes .....	.43	.40	0	.94	.27	.45	-.01	.12	
Gasoline, fuel oil, and other energy goods .....	.07	-.03	.12	-.38	.12	.15	0	.08	
Gasoline and oil .....	.05	-.02	.17	-.34	.07	.12	.03	.16	
Fuel oil and coal .....	.02	0	-.05	-.04	.05	.04	-.03	-.08	
Other .....	.55	.59	.70	.81	.39	.62	.17	.33	
<b>Services</b>	<b>2.20</b>	<b>2.64</b>	<b>2.27</b>	<b>3.10</b>	<b>2.64</b>	<b>2.19</b>	<b>2.84</b>	<b>1.06</b>	
Housing .....	.38	.37	.42	.36	.38	.33	.34	.32	
Household operation .....	.26	.25	-.34	.35	.62	.03	.31	-.19	
Electricity and gas .....	.02	.06	-.48	.14	.39	-.16	.29	-.26	
Other household operation .....	.24	.19	.14	.21	.23	.19	.02	.06	
Transportation .....	.14	.15	.16	.18	.16	.06	.10	.12	
Medical care .....	.39	.43	.51	.34	.42	.36	.51	.41	
Recreation .....	.20	.29	.15	.36	.33	.30	.39	.42	
Other .....	.83	1.15	1.37	1.51	.73	1.11	1.19	-.01	
<b>Addenda:</b>									
Energy goods and services <sup>1</sup> .....	.09	.03	-.35	-.24	.51	-.01	.29	-.17	
Personal consumption expenditures less food and energy .....	4.62	4.71	4.96	7.38	2.27	4.32	2.33	3.14	

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE.—The quantity indexes on which the estimates in this table are based are shown in table 7.4. The estimates in this table differ from those in table 8.2 because this table shows contributions to real personal consumption expenditures, whereas table 8.2 shows contributions to real gross domestic product.

Table 8.4.—Contributions to Percent Change in Real Private Fixed Investment by Type

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Percent change at annual rate:</b>								
Private fixed investment .....	9.2	9.3	7.2	16.4	11.2	3.1	-0.9	2.3
<b>Percentage points at annual rates:</b>								
<b>Nonresidential</b> .....	<b>7.54</b>	<b>9.35</b>	<b>7.04</b>	<b>15.37</b>	<b>10.83</b>	<b>5.71</b>	<b>-0.9</b>	<b>1.60</b>
Structures .....	-28	1.64	1.66	3.80	.86	2.47	1.85	3.11
Nonresidential buildings, including farm .....	-13	.94	.53	3.26	.84	.83	.50	1.89
Utilities .....	.04	.14	.11	.26	-5.0	.66	.90	-0.4
Mining exploration, shafts, and wells .....	-23	.56	.92	.43	.63	.57	.53	1.45
Other structures .....	.04	0	.10	-1.5	-1.2	.41	-0.9	-1.9
<b>Equipment and software</b> .....	<b>7.82</b>	<b>7.71</b>	<b>5.38</b>	<b>11.57</b>	<b>9.97</b>	<b>3.24</b>	<b>-1.94</b>	<b>-1.51</b>
Information processing equipment and software .....	6.21	6.56	5.26	8.15	7.37	4.68	2.92	-2.30
Computers and peripheral equipment <sup>1</sup> .....	2.33	2.17	1.35	2.02	3.01	2.28	.56	-25
Software <sup>2</sup> .....	2.40	2.44	3.04	3.28	2.24	2.21	1.47	-5.4
Other .....	1.49	1.95	.87	3.75	2.12	.18	.89	-1.51
Industrial equipment .....	.06	1.04	1.00	1.59	1.26	.78	-0.8	-25
Transportation equipment .....	1.62	-1.3	-7.8	.45	.49	-1.94	-4.19	.93
Other .....	-0.7	.23	-1.0	1.38	.85	-2.7	-5.9	.12
<b>Residential</b> .....	<b>1.62</b>	<b>-0.8</b>	<b>.18</b>	<b>1.00</b>	<b>.41</b>	<b>-2.61</b>	<b>-.84</b>	<b>.66</b>
Structures .....	1.57	-1.2	1.14	.91	.40	-2.62	-.85	.66
Single family .....	.86	.17	.90	2.02	-5.4	-2.20	-4.3	1.01
Multifamily .....	.12	-0.1	-0.8	.25	-0.4	-5.0	.19	.43
Other structures .....	.60	-2.7	-6.8	-1.35	.97	.08	-6.2	-7.8
Equipment .....	.05	.04	.04	.09	.01	.01	.02	0

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

NOTE.—The quantity indexes on which the estimates in this table are based are shown in table 7.6. The estimates in this table differ from those in table 8.2 because this table shows contributions to real private fixed investment, whereas table 8.2 shows contributions to real gross domestic product.

Table 8.5.—Contributions to Percent Change in Real Exports and in Real Imports of Goods and Services by Type of Product

	1999	2000	1999	2000	1999	2000	1999	2000
Exports of goods and services ....	2.9	9.0	10.3	6.3	14.3	13.9	-6.4	-2.7
<b>Percentage points at annual rates:</b>								
<b>Exports of goods<sup>1</sup></b> .....	<b>2.78</b>	<b>8.17</b>	<b>8.84</b>	<b>4.31</b>	<b>13.13</b>	<b>14.47</b>	<b>-7.35</b>	<b>-3.32</b>
Foods, feeds, and beverages .....	.13	.33	-.41	.29	-.12	1.71	-1.28	.54
Industrial supplies and materials .....	.12	1.49	2.80	.54	1.47	3.03	-.38	-1.33
Capital goods, except automotive .....	1.72	4.71	2.95	1.04	11.95	7.12	-3.46	-.95
Automotive vehicles, engines, and parts .....	.22	.34	-.04	1.03	-.11	.28	-.98	-2.45
Consumer goods, except automotive .....	.18	.80	1.11	1.37	.52	1.19	-.97	1.78
Other .....	.40	.50	2.44	.04	-.58	1.14	-.28	-.91
<b>Exports of services<sup>1</sup></b> .....	<b>.15</b>	<b>.87</b>	<b>1.43</b>	<b>1.99</b>	<b>1.21</b>	<b>-.62</b>	<b>.96</b>	<b>.65</b>
<b>Percent change at annual rate:</b>								
Imports of goods and services ....	10.7	13.5	10.7	12.0	18.6	17.0	-1.2	-9.1
<b>Percentage points at annual rates:</b>								
<b>Imports of goods<sup>1</sup></b> .....	<b>10.39</b>	<b>11.75</b>	<b>9.42</b>	<b>9.52</b>	<b>16.85</b>	<b>13.86</b>	<b>-1.83</b>	<b>-8.76</b>
Foods, feeds, and beverages .....	.34	.24	.10	-.01	.43	.61	-.14	-.25
Industrial supplies and materials, except petroleum and products ...	.60	.75	1.69	.64	-.23	1.42	-.98	-.05
Petroleum and products .....	0	.52	-2.41	1.95	2.54	-.34	-.36	1.93
Capital goods, except automotive ...	3.58	4.97	4.13	3.33	7.77	6.02	.97	-4.47
Automotive vehicles, engines, and parts .....	2.60	1.23	.37	1.57	.58	2.03	-2.31	-2.54
Consumer goods, except automotive .....	2.19	2.99	2.94	2.60	5.13	1.28	1.33	-.98
Other .....	1.08	1.05	2.60	-.55	.62	2.83	-.32	-2.41
<b>Imports of services<sup>1</sup></b> .....	<b>.29</b>	<b>1.77</b>	<b>1.30</b>	<b>2.45</b>	<b>1.71</b>	<b>3.19</b>	<b>.59</b>	<b>-.38</b>

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment were reclassified from goods to services.

NOTE.—The quantity indexes on which the estimates in this table are based are shown in table 7.10. The estimates in this table differ from those in table 8.2 because this table shows contributions to real exports and to real imports, whereas table 8.2 shows contributions to real gross domestic product. Because imports are subtracted in the calculation of gross domestic product, the contributions of components of real imports have opposite signs in this table and in table 8.2.

Table 8.6.—Contributions to Percent Change in Real Government Consumption Expenditures and Gross Investment by Type

	1999	2000	Seasonally adjusted at annual rates					
			1999		2000			2001
			IV	I	II	III	IV	I
<b>Percent change at annual rate:</b>								
Government consumption expenditures and gross investment <sup>1</sup> .....	3.3	2.8	8.5	-1.1	4.8	-1.4	2.9	4.7
<b>Percentage points at annual rates:</b>								
<b>Federal</b> .....	<b>.88</b>	<b>.52</b>	<b>4.47</b>	<b>-5.27</b>	<b>5.51</b>	<b>-3.24</b>	<b>1.28</b>	<b>1.66</b>
<b>National defense</b> .....	<b>.45</b>	<b>.04</b>	<b>2.75</b>	<b>-4.86</b>	<b>3.42</b>	<b>-2.20</b>	<b>1.86</b>	<b>1.17</b>
Consumption expenditures .....	.20	-.14	2.61	-4.65	3.25	-1.97	.37	1.75
Durable goods <sup>2</sup> .....	.07	-.01	-.44	0	-.05	-.09	.26	-.28
Nondurable goods .....	.05	.02	-.46	.36	-.04	-.24	-.14	-.08
Services .....	.08	-.15	3.51	-5.02	3.34	-1.63	.25	1.95
Compensation of general government employees, except own-account investment <sup>3</sup> .....	-.23	-.05	-.24	-.13	.04	.22	-.07	-.29
Consumption of general government fixed capital <sup>4</sup> .....	.02	.05	.05	.05	.06	.06	.08	.08
Other services .....	.29	-.15	3.69	-4.94	3.24	-1.91	.24	2.16
Gross investment .....	.25	.18	.15	-.21	.17	-.23	1.49	-.58
Structures .....	-.02	-.05	-.01	-.13	-.06	0	-.01	-.01
Equipment and software .....	.27	.23	.16	-.07	.23	-.23	1.50	-.57
<b>Nondefense</b> .....	<b>.43</b>	<b>.48</b>	<b>1.72</b>	<b>-.41</b>	<b>2.09</b>	<b>-1.04</b>	<b>-.58</b>	<b>.48</b>
Consumption expenditures .....	.02	.26	.59	.29	1.41	-.88	-.98	.64
Durable goods <sup>2</sup> .....	.10	0	.01	.02	0	-.05	.02	-.01
Nondurable goods .....	.01	-.04	.30	-.14	-.06	-.12	-.90	.68
Services .....	-.09	.30	.28	.41	1.47	-.96	-.10	-.04
Compensation of general government employees, except own-account investment <sup>3</sup> .....	.04	.19	.27	.43	1.11	-.91	-.23	.10
Consumption of general government fixed capital <sup>4</sup> .....	-.18	.20	.20	.21	.20	.20	.19	.18
Other services .....	-.31	-.09	-.19	-.23	.15	-.25	-.07	-.33
Gross investment .....	.41	.22	1.13	-.70	.68	-.16	.41	-.15
Structures .....	-.03	-.04	.21	-.18	-.09	-.06	.08	-.09
Equipment and software .....	.43	.26	.92	-.52	.77	-.10	.33	-.24
<b>State and local</b> .....	<b>2.46</b>	<b>2.29</b>	<b>4.04</b>	<b>4.17</b>	<b>-.69</b>	<b>1.87</b>	<b>1.63</b>	<b>3.07</b>
Consumption expenditures .....	1.50	1.51	1.72	1.60	1.40	1.49	.94	2.01
Durable goods <sup>2</sup> .....	.06	.06	.08	.06	.06	.06	.06	.06
Nondurable goods .....	.29	.31	.34	.29	.31	.30	.31	.32
Services .....	1.14	1.14	1.30	1.25	1.04	1.13	.57	1.63
Compensation of general government employees, except own-account investment <sup>3</sup> .....	.55	.56	.52	.77	.52	.66	-.02	1.01
Consumption of general government fixed capital <sup>4</sup> .....	.32	.36	.36	.35	.37	.38	.40	.41
Other services .....	.28	.23	.43	.13	.15	.09	.19	.21
Gross investment .....	.96	.78	2.31	2.57	-2.09	.38	.69	1.07
Structures .....	.53	.33	1.84	2.18	-2.56	-.07	.30	1.10
Equipment and software .....	.43	.45	.47	.40	.48	.44	.39	-.03

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.

2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.

3. Compensation of government employees engaged in new own-account investment and related expenditures for goods and services are classified as investment in structures and in software.

4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

NOTE.—The quantity indexes on which the estimates in this table are based are shown in table 7.11. The estimates in this table differ from those in table 8.2 because this table shows contributions to real government consumption expenditures and gross investment, whereas table 8.2 shows contributions to real gross domestic product.









Table B.5.—Private Fixed Investment in Structures by Type

	Billions of dollars			Billions of chained (1996) dollars		
	1997	1998	1999	1997	1998	1999
<b>Private fixed investment in structures</b> .....	<b>576.1</b>	<b>640.4</b>	<b>680.5</b>	<b>557.2</b>	<b>600.7</b>	<b>618.4</b>
<b>Nonresidential</b> .....	<b>255.8</b>	<b>283.2</b>	<b>285.6</b>	<b>245.4</b>	<b>263.0</b>	<b>259.2</b>
New .....	254.3	282.4	284.7	243.9	262.1	258.3
Nonresidential buildings, excluding farm .....	178.9	198.0	204.0	173.3	185.1	183.4
Industrial .....	33.1	36.5	31.5	32.1	34.1	28.3
Commercial .....	89.7	100.7	109.1	86.9	94.1	98.1
Office buildings <sup>1</sup> .....	39.9	49.1	54.2	38.7	45.9	48.7
Other <sup>2</sup> .....	49.8	51.6	54.9	48.2	48.2	49.4
Religious .....	5.6	6.4	7.3	5.4	6.0	6.6
Educational .....	9.8	10.9	10.6	9.5	10.2	9.5
Hospital and institutional .....	15.1	15.4	15.2	14.6	14.4	13.6
Other <sup>3</sup> .....	25.5	28.2	30.4	24.7	26.3	27.3
Utilities .....	36.1	44.5	45.0	35.3	43.0	43.5
Railroads .....	4.9	5.7	4.9	4.8	5.5	5.0
Telecommunications .....	12.3	13.2	15.1	12.0	12.9	15.0
Electric light and power .....	11.4	12.5	14.2	11.2	12.0	13.5
Gas .....	6.5	11.8	9.3	6.3	11.4	8.7
Petroleum pipelines .....	1.0	1.3	1.5	.9	1.2	1.4
Farm .....	3.8	4.3	4.5	3.7	4.0	4.0
Mining exploration, shafts, and wells .....	30.1	29.3	24.3	26.2	24.4	21.5
Petroleum and natural gas .....	28.4	28.0	22.8	24.5	23.2	20.2
Other .....	1.7	1.3	1.5	1.6	1.2	1.3
Other <sup>4</sup> .....	5.5	6.2	6.9	5.3	5.9	6.4
Brokers' commissions on sale of structures .....	2.0	2.3	2.4	2.0	2.2	2.3
Net purchases of used structures .....	-5	-1.5	-1.5	-5	-1.4	-1.3
<b>Residential</b> .....	<b>320.4</b>	<b>357.1</b>	<b>394.9</b>	<b>311.8</b>	<b>337.7</b>	<b>359.2</b>
New .....	281.2	311.0	342.9	272.9	293.0	310.4
New housing units .....	199.6	225.5	248.6	193.7	212.2	224.2
Permanent site .....	186.1	210.4	234.4	180.5	197.5	210.7
Single-family structures .....	163.2	185.8	207.2	158.6	175.9	187.6
Multifamily structures .....	22.9	24.6	27.3	21.9	21.7	23.2
Manufactured homes .....	13.5	15.2	14.2	13.3	14.7	13.4
Improvements .....	80.8	84.5	93.0	78.4	79.9	85.1
Other <sup>5</sup> .....	.8	1.0	1.3	.8	.9	1.2
Brokers' commissions on sale of structures .....	41.5	48.9	54.3	41.2	47.5	51.0
Net purchases of used structures .....	-2.3	-2.8	-2.3	-2.3	-2.7	-2.1
Residual .....				.3	-4	-9

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 and of fraternity and sorority houses.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 Fixed Investment in Equipment and Software by Type

	Billions of dollars			Billions of chained (1996) dollars		
	1997	1998	1999	1997	1998	1999
<b>Private fixed investment in equipment and software</b> .....	<b>751.5</b>	<b>832.6</b>	<b>926.3</b>	<b>772.0</b>	<b>887.3</b>	<b>1,012.1</b>
<b>Nonresidential equipment and software</b> .....	<b>743.6</b>	<b>824.3</b>	<b>917.4</b>	<b>764.2</b>	<b>879.0</b>	<b>1,003.1</b>
Information processing equipment and software .....	325.2	367.4	433.0	349.8	431.6	542.2
Computers and peripheral equipment <sup>1</sup> .....	79.6	84.9	94.3	102.9	149.3	217.3
Software <sup>2</sup> .....	116.5	144.1	180.1	119.0	151.0	188.0
Communication equipment .....	73.7	80.7	99.1	74.5	83.0	103.8
Instruments .....	33.3	36.4	39.0	33.2	36.2	38.7
Photocopy and related equipment .....	14.1	13.5	12.7	14.1	13.7	12.9
Office and accounting equipment .....	8.0	7.7	7.9	8.0	7.8	7.9
Industrial equipment .....	141.0	148.9	150.7	140.0	146.9	147.8
Fabricated metal products .....	12.2	12.6	13.0	12.2	12.6	13.1
Engines and turbines .....	4.1	4.8	5.6	4.1	4.6	5.4
Metalworking machinery .....	33.3	34.7	34.8	33.2	34.3	34.2
Special industry machinery, n.e.c. .....	35.8	37.3	38.3	35.4	36.6	37.1
General industrial, including materials handling, equipment .....	32.8	35.3	34.2	32.4	34.7	33.2
Electrical transmission, distribution, and industrial apparatus .....	22.8	24.1	24.9	22.7	24.1	24.8
Transportation equipment .....	151.4	168.2	193.5	150.5	168.0	191.8
Trucks, buses, and truck trailers .....	85.7	97.9	113.5	86.3	99.8	113.6
Autos .....	42.4	40.6	44.1	41.1	39.2	43.4
Aircraft .....	14.8	20.0	25.7	14.6	19.7	24.9
Ships and boats .....	2.6	2.6	2.5	2.6	2.5	2.4
Railroad equipment .....	5.9	7.0	7.7	6.0	7.1	7.8
Other equipment .....	130.5	143.5	144.4	129.1	140.9	140.7
Furniture and fixtures .....	32.3	36.0	35.8	31.7	35.2	34.9
Tractors .....	14.0	14.9	13.6	14.0	14.7	13.3
Agricultural machinery, except tractors .....	12.2	12.8	12.0	12.1	12.5	11.6
Construction machinery, except tractors .....	18.3	20.9	19.4	18.0	20.2	18.3
Mining and oilfield machinery .....	4.6	4.7	5.1	4.5	4.6	4.9
Service industry machinery .....	14.0	15.3	16.5	13.8	14.9	15.9
Electrical equipment, n.e.c. .....	12.2	13.8	14.6	12.4	14.2	15.2
Other .....	23.0	25.1	27.5	22.8	24.7	26.8
Less: Sale of equipment scrap, excluding autos .....	4.5	3.7	4.2	4.4	4.3	5.2
<b>Residential equipment</b> .....	<b>7.9</b>	<b>8.3</b>	<b>8.9</b>	<b>7.9</b>	<b>8.3</b>	<b>9.1</b>
Residual .....				-3.1	-13.9	-41.2
<b>Addenda:</b>						
Private fixed investment in equipment and software .....	751.5	832.6	926.3			
Less: Dealers' margin on used equipment .....	7.7	8.2	8.1			
Net purchases of used equipment from government .....	.9	1.2	1.0			
Plus: Net sales of used equipment .....	38.3	39.3	39.8			
Net exports of used equipment .....	.4	.5	.7			
Sale of equipment scrap .....	4.6	3.8	4.3			
<b>Equals: Private fixed investment in new equipment and software</b> .....	<b>786.3</b>	<b>866.8</b>	<b>962.1</b>			

1. Includes new computers and peripheral equipment only.

2. Excludes software "embedded," or bundled, in computers and other equipment.

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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.7.—Compensation and Wage and Salary Accruals by Industry  
[Millions of dollars]

	Compensation			Wage and salary accruals				Compensation			Wage and salary accruals		
	1997	1998	1999	1997	1998	1999		1997	1998	1999	1997	1998	1999
<b>Total</b> .....	<b>4,651,280</b>	<b>4,984,194</b>	<b>5,299,765</b>	<b>3,885,977</b>	<b>4,192,775</b>	<b>4,475,142</b>							
<b>Domestic industries</b> .....	<b>4,656,151</b>	<b>4,989,375</b>	<b>5,305,152</b>	<b>3,890,848</b>	<b>4,197,956</b>	<b>4,480,529</b>							
<b>Private industries</b> .....	<b>3,773,522</b>	<b>4,075,046</b>	<b>4,351,977</b>	<b>3,226,590</b>	<b>3,505,274</b>	<b>3,756,128</b>							
<b>Agriculture, forestry, and fishing</b> .....	<b>42,881</b>	<b>46,493</b>	<b>49,947</b>	<b>37,483</b>	<b>40,863</b>	<b>43,790</b>							
Farms .....	17,563	18,675	19,446	15,138	16,222	16,575							
Agricultural services, forestry, and fishing .....	25,318	27,818	30,501	22,345	24,641	27,215							
<b>Mining</b> .....	<b>35,245</b>	<b>36,036</b>	<b>34,461</b>	<b>29,792</b>	<b>30,587</b>	<b>29,290</b>							
Metal mining .....	3,190	2,956	2,907	2,678	2,481	2,449							
Coal mining .....	5,653	5,569	5,206	4,717	4,666	4,367							
Oil and gas extraction .....	21,429	22,234	20,888	18,181	18,948	17,813							
Nonmetallic minerals, except fuels .....	4,973	5,277	5,460	4,216	4,492	4,661							
<b>Construction</b> .....	<b>220,889</b>	<b>243,014</b>	<b>268,836</b>	<b>189,456</b>	<b>210,384</b>	<b>233,781</b>							
<b>Manufacturing</b> .....	<b>852,365</b>	<b>895,122</b>	<b>925,153</b>	<b>714,638</b>	<b>755,391</b>	<b>783,049</b>							
Durable goods .....	529,924	560,865	584,774	443,497	472,581	494,007							
Lumber and wood products .....	25,817	27,252	28,820	21,741	23,075	24,481							
Furniture and fixtures .....	16,535	17,840	18,885	13,966	15,065	16,003							
Stone, clay, and glass products .....	23,487	24,782	25,906	19,431	20,634	21,828							
Primary metal industries .....	36,042	36,745	37,105	29,637	30,427	30,819							
Fabricated metal products .....	61,786	64,619	66,858	51,357	54,094	56,122							
Industrial machinery and equipment .....	110,141	117,372	121,946	93,957	100,604	104,579							
Electronic and other electric equipment .....	85,705	91,567	97,885	71,809	77,237	82,848							
Motor vehicles and equipment .....	58,375	61,774	65,430	48,371	51,601	54,866							
Other transportation equipment .....	48,100	52,454	52,553	40,137	43,364	43,585							
Instruments and related products .....	48,777	51,731	54,059	41,372	44,104	46,160							
Miscellaneous manufacturing industries .....	14,159	14,729	15,327	11,819	12,376	12,916							
Nondurable goods .....	322,441	334,257	340,379	271,141	282,810	289,042							
Food and kindred products .....	62,478	64,923	66,467	52,659	55,034	56,561							
Tobacco products .....	2,928	2,706	2,669	2,375	2,188	2,170							
Textile mill products .....	18,878	18,843	18,290	16,102	16,141	15,887							
Apparel and other textile products .....	19,855	19,441	18,520	16,754	16,467	15,697							
Paper and allied products .....	33,383	33,880	34,621	28,437	28,977	29,679							
Printing and publishing .....	64,088	67,467	69,778	54,831	58,020	60,187							
Chemicals and allied products .....	70,667	74,657	77,347	57,901	61,798	64,430							
Petroleum and coal products .....	9,772	10,173	9,811	8,116	8,499	8,211							
Rubber and miscellaneous plastics products .....	37,755	39,614	40,399	31,721	33,507	34,301							
Leather and leather products .....	2,637	2,553	2,477	2,245	2,179	2,119							
<b>Transportation and public utilities</b> .....	<b>299,385</b>	<b>319,633</b>	<b>346,868</b>	<b>247,831</b>	<b>266,868</b>	<b>291,788</b>							
Transportation .....	163,507	175,713	186,061	133,757	145,260	154,893							
Railroad transportation .....	15,752	17,047	16,999	11,756	12,886	12,740							
Local and interurban passenger transit .....	10,495	11,189	11,874	8,862	9,516	10,159							
Trucking and warehousing <sup>1</sup> .....	62,099	66,240	70,421	50,688	54,688	58,689							
Water transportation .....	8,349	8,780	9,034	6,889	7,312	7,575							
Transportation by air <sup>2</sup> .....	49,875	54,141	58,478	41,092	45,120	49,117							
Pipelines, except natural gas .....	969	985	981	827	845	843							
Transportation services .....	15,968	17,331	18,274	13,643	14,893	15,770							
<b>Government</b> .....	<b>882,629</b>	<b>914,329</b>	<b>953,175</b>	<b>664,258</b>	<b>692,682</b>	<b>724,401</b>							
<b>Federal</b> .....	<b>266,816</b>	<b>270,094</b>	<b>278,402</b>	<b>177,133</b>	<b>179,468</b>	<b>184,902</b>							
<b>General government</b> .....	<b>213,247</b>	<b>215,071</b>	<b>222,200</b>	<b>141,026</b>	<b>142,471</b>	<b>147,112</b>							
Civilian .....	127,331	129,515	135,250	86,121	87,401	90,921							
Military <sup>3</sup> .....	85,916	85,556	86,950	54,905	55,070	56,191							
Government enterprises .....	53,569	55,023	56,202	36,107	36,997	37,790							
State and local .....	615,813	644,235	674,773	467,125	513,214	539,499							
General government .....	576,759	603,836	632,487	455,682	480,433	505,096							
Education .....	307,530	323,824	339,529	240,923	255,448	269,023							
Other .....	269,229	280,012	292,958	214,759	224,985	236,073							
Government enterprises .....	39,054	40,399	42,286	31,443	32,781	34,403							
<b>Rest of the world</b> .....	<b>-4,871</b>	<b>-5,181</b>	<b>-5,387</b>	<b>-4,871</b>	<b>-5,181</b>	<b>-5,387</b>							
Receipts from the rest of the world .....	1,802	1,934	2,208	1,802	1,934	2,208							
Less: Payments to the rest of the world <sup>4</sup> .....	6,673	7,115	7,595	6,673	7,115	7,595							
<b>Addenda:</b>													
Households and institutions .....	363,230	385,149	401,727										
Nonfarm business .....	3,485,352	3,706,644	4,029,292										

1. Reflects the reclassification of air couriers from trucking and warehousing to transportation by air.  
 2. Consists of museums, botanical and zoological gardens; engineering and management services; and services, not elsewhere classified.  
 3. Includes Coast Guard.  
 4. 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). Compensation equals wage and salary accruals plus supplements to wages and salaries. "Supplements" are listed in table B.17 of the August 2000 SURVEY OF CURRENT BUSINESS.



Table B.8.—Employment by Industry  
(Thousands)

	Full-time and part-time employees			Persons engaged in production <sup>1</sup>				Full-time and part-time employees			Persons engaged in production <sup>1</sup>		
	1997	1998	1999	1997	1998	1999		1997	1998	1999	1997	1998	1999
<b>Total</b> .....	<b>130,118</b>	<b>133,433</b>	<b>136,363</b>	<b>126,790</b>	<b>129,711</b>	<b>132,216</b>							
<b>Domestic industries</b> .....	<b>130,640</b>	<b>133,964</b>	<b>136,915</b>	<b>127,237</b>	<b>130,166</b>	<b>132,689</b>							
<b>Private industries</b> .....	<b>108,587</b>	<b>111,684</b>	<b>114,358</b>	<b>108,802</b>	<b>111,559</b>	<b>113,919</b>							
<b>Agriculture, forestry, and fishing</b> .....	<b>2,130</b>	<b>2,182</b>	<b>2,288</b>	<b>3,315</b>	<b>3,340</b>	<b>3,384</b>	Pipelines, except natural gas .....	14	13	13	14	13	13
Farms .....	876	880	923	1,814	1,705	1,693	Transportation services .....	453	470	475	455	464	473
Agricultural services, forestry, and fishing .....	1,254	1,302	1,365	1,501	1,635	1,691	Communications .....	1,420	1,475	1,556	1,323	1,363	1,426
<b>Mining</b> .....	<b>601</b>	<b>595</b>	<b>540</b>	<b>603</b>	<b>603</b>	<b>545</b>	Telephone and telegraph .....	1,003	1,044	1,109	938	958	1,013
Metal mining .....	54	49	44	54	49	45	Radio and television .....	417	431	447	385	405	413
Coal mining .....	97	93	87	95	93	86	Electric, gas, and sanitary services .....	871	860	864	866	852	861
Oil and gas extraction .....	340	341	296	345	350	304	<b>Wholesale trade</b> .....	<b>6,750</b>	<b>6,917</b>	<b>7,001</b>	<b>6,739</b>	<b>6,922</b>	<b>7,024</b>
Nonmetallic minerals, except fuels .....	110	112	113	109	111	110	<b>Retail trade</b> .....	<b>22,636</b>	<b>23,003</b>	<b>23,583</b>	<b>20,258</b>	<b>20,417</b>	<b>20,988</b>
<b>Construction</b> .....	<b>5,965</b>	<b>6,299</b>	<b>6,707</b>	<b>7,255</b>	<b>7,605</b>	<b>8,026</b>	<b>Finance, insurance, and real estate</b> .....	<b>7,257</b>	<b>7,536</b>	<b>7,723</b>	<b>7,425</b>	<b>7,634</b>	<b>7,826</b>
<b>Manufacturing</b> .....	<b>18,772</b>	<b>18,922</b>	<b>18,665</b>	<b>18,776</b>	<b>18,932</b>	<b>18,655</b>	Depository institutions .....	2,033	2,047	2,053	1,927	1,934	1,932
Durable goods .....	11,059	11,265	11,176	11,132	11,344	11,221	Nondepository institutions .....	574	662	710	563	643	692
Lumber and wood products .....	821	839	857	864	895	915	Security and commodity brokers .....	630	681	727	679	732	796
Furniture and fixtures .....	514	534	551	531	543	563	Insurance carriers .....	1,526	1,575	1,609	1,462	1,502	1,527
Stone, clay, and glass products .....	555	566	570	563	569	571	Insurance agents, brokers, and service .....	767	787	795	875	880	873
Primary metal industries .....	710	715	698	706	711	697	Real estate .....	1,481	1,534	1,571	1,684	1,706	1,762
Fabricated metal products .....	1,485	1,515	1,530	1,481	1,512	1,518	Holding and other investment offices .....	246	250	258	235	237	244
Industrial machinery and equipment .....	2,170	2,212	2,142	2,168	2,212	2,136	<b>Services</b> .....	<b>38,010</b>	<b>39,556</b>	<b>40,952</b>	<b>37,959</b>	<b>39,456</b>	<b>40,619</b>
Electronic and other electric equipment .....	1,695	1,709	1,669	1,684	1,699	1,655	Hotels and other lodging places .....	1,833	1,874	1,936	1,665	1,701	1,760
Motor vehicles and equipment .....	983	998	1,024	976	996	1,019	Personal services .....	1,326	1,340	1,365	1,789	1,804	1,833
Other transportation equipment .....	857	899	874	854	902	872	Business services .....	8,147	8,780	9,449	8,260	8,988	9,577
Instruments and related products .....	865	872	854	860	864	841	Auto repair, services, and parking .....	1,248	1,276	1,331	1,511	1,523	1,561
Miscellaneous manufacturing industries .....	404	406	407	445	441	434	Miscellaneous repair services .....	389	395	391	582	591	553
Nondurable goods .....	7,713	7,657	7,489	7,644	7,588	7,434	Motion pictures .....	569	593	618	610	645	664
Food and kindred products .....	1,694	1,694	1,694	1,676	1,672	1,677	Amusement and recreation services .....	1,664	1,726	1,783	1,485	1,494	1,547
Tobacco products .....	41	40	37	40	39	36	Health services .....	10,038	10,217	10,349	9,402	9,521	9,638
Textile mill products .....	617	597	559	619	598	555	Legal services .....	1,084	1,112	1,138	1,200	1,223	1,216
Apparel and other textile products .....	830	770	697	831	775	708	Educational services .....	2,183	2,272	2,350	2,006	2,101	2,164
Paper and allied products .....	686	679	669	678	672	664	Social services and membership organizations .....	4,951	5,155	5,350	4,818	4,992	5,157
Printing and publishing .....	1,579	1,594	1,575	1,562	1,578	1,556	Social services .....	2,622	2,751	2,861	2,881	2,993	3,087
Chemicals and allied products .....	1,037	1,043	1,039	1,024	1,029	1,028	Membership organizations .....	2,329	2,404	2,489	1,937	1,999	2,070
Petroleum and coal products .....	137	136	130	135	135	130	Other services <sup>3</sup> .....	3,345	3,536	3,641	3,797	3,991	4,087
Rubber and miscellaneous plastics products .....	1,000	1,017	1,010	990	1,005	1,000	Private households .....	1,233	1,280	1,251	834	882	862
Leather and leather products .....	92	87	79	89	85	80	<b>Government</b> .....	<b>22,053</b>	<b>22,280</b>	<b>22,557</b>	<b>18,435</b>	<b>18,607</b>	<b>18,770</b>
<b>Transportation and public utilities</b> .....	<b>6,466</b>	<b>6,674</b>	<b>6,899</b>	<b>6,472</b>	<b>6,650</b>	<b>6,852</b>	Federal .....	5,265	5,194	5,139	4,269	4,208	4,157
Transportation .....	4,175	4,339	4,479	4,283	4,435	4,565	General government .....	4,875	4,200	4,147	3,476	3,417	3,367
Railroad transportation .....	220	223	222	208	211	210	Civilian .....	1,899	1,878	1,856	1,869	1,846	1,818
Local and interurban passenger transit .....	457	473	491	481	486	504	Military <sup>4</sup> .....	2,376	2,322	2,291	1,607	1,571	1,549
Trucking and warehousing <sup>2</sup> .....	1,709	1,777	1,846	1,880	1,954	2,018	Government enterprises .....	990	994	992	793	791	790
Water transportation .....	182	185	187	178	185	184	State and local .....	16,788	17,086	17,418	14,166	14,399	14,613
Transportation by air <sup>2</sup> .....	1,140	1,198	1,245	1,067	1,122	1,163	General government .....	15,954	16,244	16,564	13,304	13,529	13,737
							Education .....	8,736	8,947	9,164	7,070	7,228	7,373
							Other .....	7,218	7,297	7,400	6,234	6,301	6,364
							Government enterprises .....	834	842	854	862	870	876
							<b>Rest of the world<sup>5</sup></b> .....	<b>-522</b>	<b>-531</b>	<b>-552</b>	<b>-447</b>	<b>-455</b>	<b>-473</b>

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

2. Reflects the reclassification of air couriers from trucking and warehousing to transportation by air.

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

4. Includes Coast Guard.

5. 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 (1996) dollars		
	1997	1998	1999	1997	1998	1999
<b>Farm output</b> .....	<b>226.3</b>	<b>214.6</b>	<b>208.4</b>	<b>237.5</b>	<b>238.4</b>	<b>243.9</b>
Cash receipts from farm marketings .....	208.6	198.2	190.7	218.7	220.5	224.3
Crops .....	112.0	104.0	95.3	121.2	122.2	123.7
Livestock .....	96.6	94.2	95.4	97.6	98.3	100.6
Farm housing .....	6.4	6.7	7.0	6.0	5.9	5.7
Farm products consumed on farms .....	.5	.5	.5	.5	.5	.5
Other farm income .....	7.8	8.6	10.4	8.2	9.6	12.4
Change in farm inventories .....	2.9	.6	-0.2	3.2	1.2	0
Crops .....	3.3	.9	.5	3.5	1.5	.9
Livestock .....	-4	-3	-7	-4	-3	-7
Less: Intermediate goods and services purchased ....	138.1	133.9	134.2	134.4	138.0	138.4
Intermediate goods and services, other than rent .....	122.1	118.8	120.1	119.0	122.4	124.0
Rent paid to nonoperator landlords .....	16.0	15.1	14.1	15.5	15.7	14.4
<b>Equals: Gross farm product</b> .....	<b>88.3</b>	<b>80.8</b>	<b>74.2</b>	<b>103.6</b>	<b>100.2</b>	<b>106.3</b>
Less: Consumption of fixed capital .....	26.3	27.4	29.2	25.9	26.6	28.1
<b>Equals: Net farm product</b> .....	<b>61.9</b>	<b>53.4</b>	<b>45.0</b>	<b>78.1</b>	<b>73.5</b>	<b>78.2</b>
Less: Indirect business tax and nontax liability .....	5.2	5.2	5.6	.....	.....	.....
Plus: Subsidies to operators .....	6.3	10.3	17.6	.....	.....	.....
<b>Equals: Farm national income</b> .....	<b>63.1</b>	<b>58.5</b>	<b>56.9</b>	.....	.....	.....
Compensation of employees .....	17.6	18.7	19.4	.....	.....	.....
Wage and salary accruals .....	15.1	16.2	16.6	.....	.....	.....
Supplements to wages and salaries .....	2.4	2.5	2.9	.....	.....	.....
Proprietors' income and corporate profits with inventory valuation and capital consumption adjustments .....	35.8	29.8	27.2	.....	.....	.....
Proprietors' income .....	29.7	25.4	25.3	.....	.....	.....
Corporate profits .....	6.1	4.4	1.9	.....	.....	.....
Net interest .....	9.7	10.0	10.3	.....	.....	.....

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 B.11.—Housing Sector Output, Gross Product, and National Income

	Billions of dollars			Billions of chained (1996) dollars		
	1997	1998	1999	1997	1998	1999
<b>Housing output</b> <sup>1</sup> .....	<b>778.0</b>	<b>823.2</b>	<b>868.7</b>	<b>756.1</b>	<b>775.5</b>	<b>795.0</b>
Nonfarm housing .....	771.6	816.6	861.7	750.1	769.6	789.4
Owner-occupied .....	585.5	622.7	661.1	569.0	586.7	605.7
Tenant-occupied .....	186.1	193.8	200.6	181.0	182.9	183.7
Farm housing .....	6.4	6.7	7.0	6.0	5.9	5.7
Less: Intermediate goods and services consumed .....	106.0	115.4	118.6	102.0	107.9	107.1
<b>Equals: Gross housing product</b> .....	<b>672.0</b>	<b>707.9</b>	<b>750.2</b>	<b>654.0</b>	<b>667.6</b>	<b>687.9</b>
Nonfarm housing .....	666.7	702.3	744.3	649.0	662.6	683.1
Owner-occupied .....	504.0	534.0	570.8	490.3	503.3	523.6
Tenant-occupied .....	162.6	168.3	173.5	158.7	159.4	159.5
Farm housing .....	5.3	5.6	5.9	5.0	5.0	4.8
Less: Consumption of fixed capital .....	126.5	133.7	143.7	122.7	125.8	130.1
Capital consumption allowances .....	67.6	72.0	77.5	.....	.....	.....
Less: Capital consumption adjustment .....	-58.8	-61.7	-66.2	.....	.....	.....
<b>Equals: Net housing product</b> .....	<b>545.5</b>	<b>574.2</b>	<b>606.5</b>	<b>531.3</b>	<b>541.7</b>	<b>557.8</b>
Less: Indirect business tax and nontax liability plus business transfer payments .....	124.2	129.9	135.6	.....	.....	.....
Plus: Subsidies less current surplus of government enterprises .....	23.7	23.7	24.2	.....	.....	.....
<b>Equals: Housing national income</b> .....	<b>445.0</b>	<b>468.0</b>	<b>495.2</b>	.....	.....	.....
Compensation of employees .....	8.8	9.5	10.1	.....	.....	.....
Proprietors' income with inventory valuation adjustment and capital consumption adjustment .....	21.3	20.7	20.2	.....	.....	.....
Rental income of persons with capital consumption adjustment .....	109.0	119.0	126.4	.....	.....	.....
Corporate profits with inventory valuation adjustment and capital consumption adjustment .....	4.7	4.5	4.4	.....	.....	.....
Net interest .....	301.2	314.4	334.1	.....	.....	.....

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

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 C.1.—GDP and Other Major NIPA Aggregates—Continued**  
 [Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1996) 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
1988: I	6,275.9	6,263.0	6,302.0	2.7	6.6	78.99	79.21	78.98	78.99	2.7	2.9	2.7	2.7
1988: II	6,349.8	6,334.0	6,372.8	4.8	4.6	79.79	80.01	79.79	79.79	4.1	4.1	4.1	4.1
1988: III	6,382.3	6,365.9	6,402.0	2.1	2.0	80.73	80.75	80.71	80.72	4.8	3.8	4.7	4.7
1988: IV	6,465.2	6,447.5	6,487.4	5.3	5.2	81.36	81.46	81.33	81.34	3.2	3.6	3.1	3.1
1989: I	6,543.8	6,492.7	6,565.6	5.0	2.8	82.20	82.36	82.20	82.20	4.2	4.5	4.3	4.3
1989: II	6,579.4	6,542.8	6,599.7	2.2	3.1	83.02	83.26	83.01	83.02	4.0	4.4	4.0	4.0
1989: III	6,610.6	6,605.8	6,633.4	1.9	3.9	83.62	83.74	83.62	83.63	2.9	2.4	2.9	3.0
1989: IV	6,633.5	6,620.4	6,663.4	1.4	.9	84.24	84.43	84.24	84.25	3.0	3.3	3.0	3.0
1990: I	6,716.3	6,705.8	6,743.6	5.1	5.3	85.19	85.48	85.18	85.20	4.6	5.1	4.5	4.6
1990: II	6,731.7	6,697.6	6,760.8	.9	-.5	86.17	86.27	86.16	86.17	4.7	3.7	4.7	4.6
1990: III	6,719.4	6,699.2	6,742.6	-.7	-.1	87.00	87.26	86.99	87.00	3.9	4.7	3.9	3.9
1990: IV	6,664.2	6,680.0	6,713.3	-3.2	-1.1	87.76	88.41	87.74	87.76	3.5	5.3	3.5	3.5
1991: I	6,631.4	6,652.5	6,667.4	-2.0	-1.6	88.78	89.09	88.76	88.78	4.7	3.1	4.8	4.7
1991: II	6,668.5	6,692.5	6,692.1	2.3	2.4	89.41	89.51	89.40	89.41	2.9	1.9	2.9	2.9
1991: III	6,684.9	6,689.2	6,704.7	1.0	-.2	89.99	90.04	89.99	90.00	2.6	2.4	2.7	2.6
1991: IV	6,720.9	6,692.0	6,749.4	2.2	.2	90.47	90.60	90.47	90.48	2.2	2.5	2.2	2.2
1992: I	6,783.3	6,788.9	6,811.1	3.8	5.9	91.16	91.25	91.16	91.15	3.1	2.9	3.1	3.0
1992: II	6,846.8	6,827.1	6,873.8	3.8	2.3	91.68	91.81	91.67	91.67	2.3	2.5	2.3	2.3
1992: III	6,899.7	6,862.7	6,923.3	3.1	3.3	91.98	92.26	91.97	91.97	1.3	2.0	1.3	1.3
1992: IV	6,990.6	6,972.4	7,015.1	5.4	5.3	92.56	92.81	92.55	92.55	2.5	2.4	2.5	2.5
1993: I	6,988.7	6,953.6	7,020.9	-.1	-1.1	93.33	93.42	93.32	93.32	3.4	2.7	3.4	3.4
1993: II	7,031.2	7,008.8	7,056.0	2.5	3.2	93.83	93.98	93.82	93.83	2.2	2.4	2.2	2.2
1993: III	7,062.0	7,059.9	7,092.4	1.8	2.8	94.26	94.32	94.24	94.26	1.8	1.5	1.8	1.8
1993: IV	7,168.7	7,154.8	7,182.1	6.2	5.6	94.79	94.83	94.79	94.81	2.3	2.2	2.4	2.4
1994: I	7,229.4	7,187.1	7,249.8	3.4	1.8	95.28	95.22	95.28	95.29	2.1	1.7	2.0	2.1
1994: II	7,330.2	7,250.2	7,346.3	5.7	3.6	95.72	95.74	95.71	95.73	1.8	2.2	1.8	1.8
1994: III	7,370.2	7,318.5	7,385.1	2.2	3.8	96.29	96.43	96.28	96.29	2.4	2.9	2.4	2.4
1994: IV	7,461.1	7,387.2	7,476.0	5.0	3.8	96.74	96.86	96.74	96.74	1.9	1.8	1.9	1.9
1995: I	7,488.7	7,427.3	7,510.2	1.5	2.2	97.45	97.51	97.45	97.45	3.0	2.7	3.0	3.0
1995: II	7,503.3	7,469.6	7,528.6	.8	2.3	97.86	98.04	97.86	97.87	1.7	2.2	1.7	1.7
1995: III	7,561.4	7,549.7	7,572.3	3.1	4.4	98.31	98.42	98.30	98.31	1.8	1.6	1.8	1.8
1995: IV	7,621.9	7,602.5	7,645.2	3.2	2.8	98.79	98.85	98.78	98.79	2.0	1.8	2.0	2.0
1996: I	7,676.4	7,669.6	7,703.1	2.9	3.6	99.40	99.42	99.39	99.39	2.5	2.3	2.5	2.5
1996: II	7,802.9	7,773.4	7,820.4	6.8	5.5	99.74	99.74	99.74	99.74	1.4	1.3	1.4	1.4
1996: III	7,841.9	7,792.1	7,853.5	2.0	1.0	100.23	100.16	100.22	100.22	2.0	1.7	1.9	1.9
1996: IV	7,931.3	7,897.6	7,947.9	4.6	5.5	100.63	100.68	100.63	100.63	1.6	2.1	1.7	1.6
1997: I	8,016.4	7,966.4	8,025.1	4.4	3.5	101.36	101.28	101.34	101.33	2.9	2.4	2.9	2.8
1997: II	8,131.9	8,043.2	8,145.6	5.9	3.9	101.82	101.49	101.82	101.80	1.9	.8	1.9	1.8
1997: III	8,216.6	8,164.9	8,225.1	4.2	6.2	102.12	101.74	102.12	102.10	1.2	1.0	1.2	1.2
1997: IV	8,272.9	8,206.3	8,276.9	2.8	2.0	102.49	102.07	102.49	102.46	1.4	1.3	1.4	1.4
1998: I	8,404.9	8,289.4	8,412.9	6.5	4.1	102.75	102.08	102.74	102.70	1.0	.1	1.0	1.0
1998: II	8,465.6	8,402.7	8,471.4	2.9	5.6	103.04	102.28	103.03	102.99	1.1	.8	1.1	1.1
1998: III	8,537.6	8,463.4	8,526.7	3.4	2.9	103.42	102.57	103.41	103.38	1.5	1.1	1.5	1.5
1998: IV	8,654.5	8,585.0	8,649.3	5.6	5.9	103.69	102.87	103.70	103.67	1.1	1.2	1.1	1.1
1999: I	8,730.0	8,680.3	8,726.0	3.5	4.5	104.25	103.35	104.29	104.25	2.2	1.9	2.3	2.3
1999: II	8,783.2	8,764.9	8,776.7	2.5	4.0	104.63	103.86	104.65	104.62	1.4	2.0	1.4	1.4
1999: III	8,905.8	8,861.8	8,895.4	5.7	4.5	104.90	104.30	104.89	104.86	1.1	1.7	.9	.9
1999: IV	9,084.1	9,000.5	9,075.0	8.3	6.4	105.31	104.80	105.24	105.19	1.6	1.9	1.3	1.3
2000: I	9,191.8	9,148.0	9,187.7	4.8	6.7	106.17	105.78	106.10	106.07	3.3	3.8	3.3	3.4
2000: II	9,318.9	9,235.3	9,313.7	5.6	3.9	106.80	106.33	106.73	106.70	2.4	2.1	2.4	2.4
2000: III	9,369.5	9,290.9	9,362.8	2.2	2.4	107.22	106.86	107.15	107.13	1.6	2.0	1.6	1.6
2000: IV	9,393.7	9,329.5	9,402.2	1.0	1.7	107.75	107.36	107.67	107.65	2.0	1.9	2.0	2.0
2001: I	9,424.5	9,429.7	9,438.5	1.3	4.4	108.61	108.10	108.54	108.52	3.2	2.8	3.3	3.3

## 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

	1999	2000	2000										2001			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Consumer and producer prices, (monthly data seasonally adjusted) <sup>1</sup>																
Consumer price index for all urban consumers, 1982-84=100:																
All items .....	166.6	172.2	171.2	171.1	171.3	172.2	172.7	172.8	173.6	173.9	174.3	174.6	175.7	176.2	176.3	176.8
Less food and energy .....	177.0	181.3	180.3	180.7	181.0	181.3	181.7	182.1	182.6	182.8	183.3	183.5	184.1	184.7	185.1	185.5
Services .....	188.8	195.3	193.1	193.5	194.1	195.0	195.7	196.4	196.9	197.5	198.1	198.8	200.5	201.0	201.6	202.0
Producer price index, 1982=100:																
Finished goods .....	133.0	138.0	137.5	137.1	137.1	138.3	138.2	138.0	139.0	139.6	139.8	140.0	141.6	141.8	141.7	142.1
Less food and energy .....	146.1	148.0	147.4	147.4	147.7	147.8	148.0	148.3	148.7	148.7	148.8	148.9	149.7	149.2	149.4	149.7
Finished consumer goods .....	132.0	138.2	137.6	137.1	137.1	138.6	138.4	138.1	139.4	140.2	140.4	140.6	142.6	143.1	142.9	143.3
Capital equipment .....	137.6	138.8	138.3	138.4	138.6	138.8	139.0	139.1	139.4	139.3	139.4	139.5	139.9	139.5	139.5	139.9
Intermediate materials .....	123.2	129.2	128.5	128.4	128.4	129.5	129.8	129.4	130.4	130.6	130.4	130.9	131.8	131.7	131.4	131.1
Crude materials .....	98.2	120.6	112.9	111.2	114.7	124.5	122.0	117.6	126.0	130.8	129.1	141.1	156.1	133.9	131.6	132.8
Money, interest rates, and stock prices																
Money stock (monthly and quarterly data seasonally adjusted): <sup>2</sup>																
Percent change:																
M1 .....			0.40	0.37	-0.96	-0.09	-0.15	-0.38	-0.36	0.04	-0.69	0.17	1.01	0.03	0.90	0.41
M2 .....			.66	.80	.15	.45	.42	.63	.66	.45	.35	.80	1.03	.91	1.21	.85
Ratio:																
Gross domestic product to M1 .....	8.441	9.023			8.961			9.128			9.266			9.259		
Personal income to M2 .....	1.721	1.725	1.730	1.727	1.730	1.731	1.728	1.723	1.731	1.720	1.717	1.712	1.704	1.698	1.686	1.676
Interest rates (percent, not seasonally adjusted): <sup>2</sup>																
Federal funds rate .....	4.97	6.24	5.85	6.02	6.27	6.53	6.54	6.50	6.52	6.51	6.51	6.40	5.98	5.49	5.31	4.80
Discount rate on new 91-day Treasury bills .....	4.66	5.84	5.72	5.67	5.92	5.74	5.93	6.11	5.99	6.10	6.18	5.83	5.27	4.93	4.50	3.91
Yield on new high-grade corporate bonds .....	7.00	7.57	7.54	7.49	7.85	7.75	7.66	7.47	7.50	7.50	7.41	7.21	7.15	7.08	6.87	7.09
10-Year U.S. Treasury bonds .....	5.65	6.03	6.26	5.99	6.44	6.10	6.05	5.83	5.80	5.74	5.72	5.24	5.16	5.10	4.89	5.14
Yield on municipal bonds, 20-bond average .....	5.43	5.71	5.83	5.75	6.00	5.80	5.63	5.51	5.56	5.59	5.54	5.22	5.10	5.18	5.13	5.27
Mortgage commitment rate .....	7.43	8.06	8.24	8.15	8.52	8.29	8.15	8.03	7.91	7.80	7.75	7.38	7.03	7.05	6.95	7.08
Average prime rate charged by banks .....	8.00	9.23	8.83	9.00	9.24	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.05	8.50	8.32	7.80
Index of stock prices (not seasonally adjusted): <sup>3</sup>																
500 common stocks, 1941-43=10 .....	1,326.06	1,426.76	1,442.21	1,461.36	1,418.48	1,461.96	1,473.00	1,485.46	1,468.05	1,390.14	1,375.04	1,330.93	1,335.63	1,305.75	1,185.85	1,189.84
Labor markets (thousands, monthly and quarterly data seasonally adjusted, unless otherwise noted) <sup>1</sup>																
Civilian labor force .....	139,368	140,863	140,705	141,114	140,573	140,757	140,546	140,724	140,847	141,000	141,136	141,489	141,955	141,751	141,868	141,757
Labor force participation rates (percent):																
Males 20 and over .....	76.7	76.6	76.8	76.7	76.5	76.5	76.4	76.6	76.5	76.4	76.6	76.6	76.7	76.5	76.4	76.6
Females 20 and over .....	60.7	60.9	61.1	61.4	61.0	60.9	60.9	60.5	60.7	60.6	60.7	60.8	61.1	61.2	61.3	61.0
16-19 years of age .....	52.0	52.2	51.6	52.7	51.9	52.6	51.5	52.8	52.0	52.1	52.4	52.3	51.9	51.2	50.9	50.1
Civilian employment .....	133,488	135,208	135,013	135,517	134,843	135,183	134,898	134,939	135,310	135,464	135,478	135,836	135,999	135,815	135,780	135,354
Ratio, civilian employment to working-age population (percent) .....	64.3	64.5	64.6	64.8	64.4	64.5	64.3	64.3	64.4	64.4	64.3	64.5	64.5	64.4	64.3	64.0
Persons engaged in nonagricultural activities .....	130,207	131,903	131,675	132,157	131,549	131,870	131,603	131,622	131,954	132,223	132,302	132,562	132,819	132,680	132,618	132,162
Employees on nonagricultural payrolls .....	128,786	131,417	131,009	131,419	131,590	131,647	131,607	131,528	131,723	131,789	131,842	131,878	132,167	132,303	132,250	132,027
Goods-producing industries .....	25,482	25,661	25,738	25,725	25,684	25,700	25,756	25,644	25,639	25,665	25,635	25,569	25,641	25,563	25,500	25,336
Services-producing industries .....	103,304	105,756	105,271	105,694	105,906	105,947	105,851	105,884	106,084	106,124	106,207	106,309	106,526	106,740	106,750	106,691
Average weekly hours, manufacturing (hours) .....	41.7	41.5	41.7	42.2	41.4	41.6	41.7	41.4	41.3	41.4	41.4	41.2	40.4	40.9	40.7	40.7
Average weekly overtime hours, manufacturing (hours) .....	4.6	4.5	4.6	4.9	4.5	4.6	4.6	4.5	4.4	4.5	4.3	3.9	4.1	3.9	3.8	3.8
Number of persons unemployed .....	5,880	5,655	5,692	5,597	5,730	5,574	5,648	5,785	5,537	5,536	5,658	5,653	5,956	5,936	6,088	6,402
Unemployment rates (percent):																
Total .....	4.2	4.0	4.0	4.0	4.1	4.0	4.0	4.1	3.9	3.9	4.0	4.0	4.2	4.2	4.3	4.5
15 weeks and over .....	1.1	0.9	0.9	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.9	1.0	1.1	1.1	1.1
Average duration of unemployment (weeks) .....	13.4	12.6	12.7	12.5	12.6	12.5	13.2	13.0	12.1	12.4	12.4	12.6	12.6	12.9	13.0	12.6
Nonfarm business sector, 1992=100:																
Output per hour of all persons .....	113.2	118.1			118.0			118.8			119.4			119.4		
Unit labor costs .....	109.7	110.5			109.7			110.6			111.8			113.2		
Hourly compensation .....	124.2	130.5			129.4			131.4			133.5			135.2		

See footnotes at the end of the table.



Table D.1.—Domestic Perspectives—Continued

	1999	2000	2000										2001			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Construction (monthly data seasonally adjusted at annual rates) <sup>4</sup>																
Total new private construction put in place (billions of dollars) .....	591.6	623.9	637.7	629.5	629.8	624.4	619.0	616.9	625.3	618.7	624.6	625.1	643.3	649.8	658.3	658.8
Residential .....	348.8	358.6	372.1	368.9	367.7	363.8	355.2	350.8	351.7	348.1	349.0	350.7	359.9	369.6	370.0	372.7
Nonresidential .....	195.8	217.0	218.0	214.6	215.6	213.6	216.0	219.5	222.7	222.1	224.5	219.7	231.6	229.1	236.7	234.5
Housing starts (thousands of units):																
Total .....	1,641	1,569	1,583	1,626	1,573	1,560	1,477	1,531	1,508	1,527	1,559	1,532	1,666	1,623	1,586	1,609
1-unit structures .....	1,302	1,231	1,298	1,276	1,228	1,199	1,148	1,228	1,196	1,218	1,209	1,236	1,336	1,288	1,207	1,288
New 1-family houses sold (thousands of units) .....	880	877	904	843	853	793	881	839	902	922	882	1,001	938	966	988	894
Manufacturing and trade, inventories and sales (millions of dollars, monthly data seasonally adjusted) <sup>4</sup>																
Inventories:																
Total manufacturing and trade ...	1,136,555	1,205,120	1,168,735	1,171,965	1,182,162	1,192,224	1,197,112	1,205,636	1,207,688	1,215,754	1,219,868	1,220,343	1,222,063	1,217,137	1,213,371	.....
Manufacturing .....	460,048	481,343	475,887	477,868	479,362	482,041	486,303	487,644	488,884	492,282	493,386	493,057	495,548	493,700	490,851	.....
Merchant wholesalers .....	309,445	330,227	315,495	317,164	320,188	323,252	324,313	326,195	326,352	327,653	328,810	328,734	327,276	326,746	327,189	.....
Retail trade .....	367,062	393,550	377,353	376,933	382,612	386,931	386,496	391,797	392,452	395,819	397,672	398,552	399,239	396,691	395,331	.....
Sales:																
Total manufacturing and trade ...	9,996,943	10,727,039	894,015	886,555	895,965	902,798	897,634	901,289	903,881	898,912	895,583	896,591	894,614	891,057	888,319	.....
Manufacturing .....	4,259,532	4,514,695	377,562	373,079	381,157	384,208	377,584	380,780	380,025	375,428	373,703	372,216	366,408	365,046	366,514	.....
Merchant wholesalers .....	2,742,482	2,980,498	246,705	246,357	247,391	250,154	249,405	249,960	251,142	250,994	250,949	253,028	253,294	251,682	248,468	.....
Retail trade .....	2,994,929	3,231,846	269,748	267,119	267,417	268,436	270,645	270,549	272,714	272,490	270,931	271,347	274,912	274,329	273,337	.....
Industrial production indexes and capacity utilization rates (monthly data seasonally adjusted) <sup>2</sup>																
Industrial production indexes, 1992=100:																
Total .....	139.6	147.5	145.2	146.3	147.2	147.9	147.6	148.6	149.0	148.7	148.2	147.3	146.0	145.5	145.3	144.9
By industry:																
Durable manufactures .....	175.6	193.4	188.9	191.0	193.0	194.6	194.7	196.9	198.4	197.6	196.7	195.1	192.3	191.0	191.9	190.7
Nondurable manufactures .....	115.4	116.9	116.6	116.7	116.7	116.7	116.3	116.3	116.0	116.3	115.5	114.1	114.0	114.0	112.8	112.8
By market category:																
Consumer goods .....	120.8	123.0	122.2	123.2	123.5	124.2	122.9	123.8	123.8	122.7	122.4	123.1	121.8	122.3	122.4	122.2
Capacity utilization rates (percent):																
Total industry .....	81.2	82.2	82.2	82.5	82.7	82.7	82.3	82.6	82.4	82.0	81.4	80.6	79.7	79.2	78.9	78.5
Manufacturing .....	80.5	81.3	81.6	81.8	81.9	82.0	81.6	81.7	81.7	81.2	80.5	79.3	78.4	77.9	77.5	77.1
Credit market borrowing (billions of dollars, quarterly data seasonally adjusted at annual rates) <sup>2</sup>																
All sectors, by instrument:																
Total .....	2,234.6	1,751.5	.....	.....	1,781.4	.....	.....	1,602.2	.....	.....	1,962.6	.....	.....	.....	.....	.....
Open market paper .....	229.9	207.6	.....	.....	199.8	.....	.....	128.4	.....	.....	283.6	.....	.....	.....	.....	.....
U.S. government securities .....	520.7	136.8	.....	.....	-43.0	.....	.....	284.0	.....	.....	273.4	.....	.....	.....	.....	.....
Municipal securities .....	68.2	35.3	.....	.....	34.0	.....	.....	29.8	.....	.....	68.6	.....	.....	.....	.....	.....
Corporate and foreign bonds .....	465.9	397.2	.....	.....	357.2	.....	.....	452.0	.....	.....	381.2	.....	.....	.....	.....	.....
Bank loans, n.e.c. ....	68.9	112.1	.....	.....	174.2	.....	.....	43.0	.....	.....	83.6	.....	.....	.....	.....	.....
Other loans and advances .....	172.6	146.7	.....	.....	249.5	.....	.....	-40.7	.....	.....	161.0	.....	.....	.....	.....	.....
Mortgages .....	614.0	581.1	.....	.....	672.6	.....	.....	583.0	.....	.....	576.9	.....	.....	.....	.....	.....
Consumer credit .....	94.4	134.7	.....	.....	137.2	.....	.....	122.9	.....	.....	134.2	.....	.....	.....	.....	.....

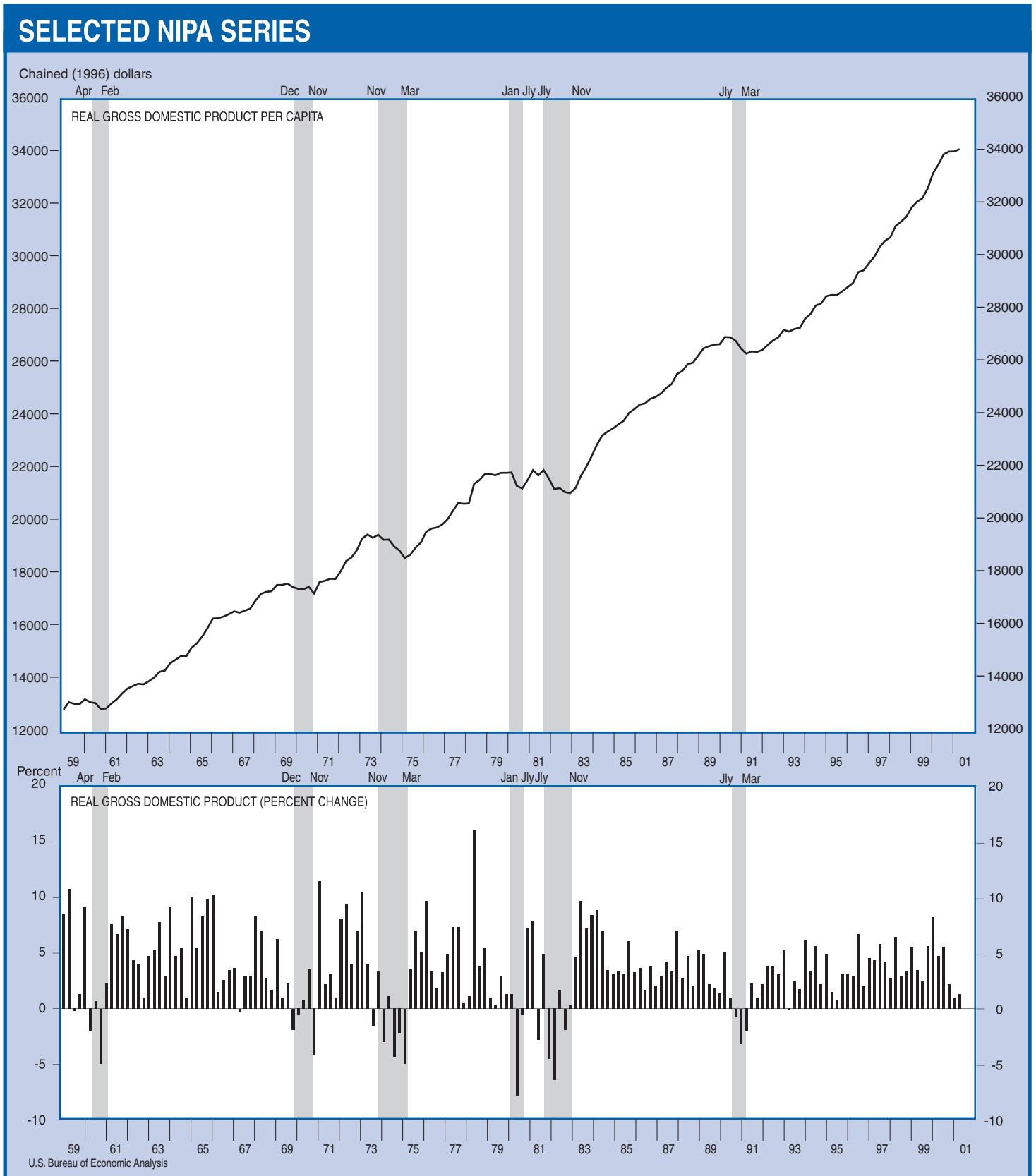
## Sources:

1. Bureau of Labor Statistics  
2. Federal Reserve Board

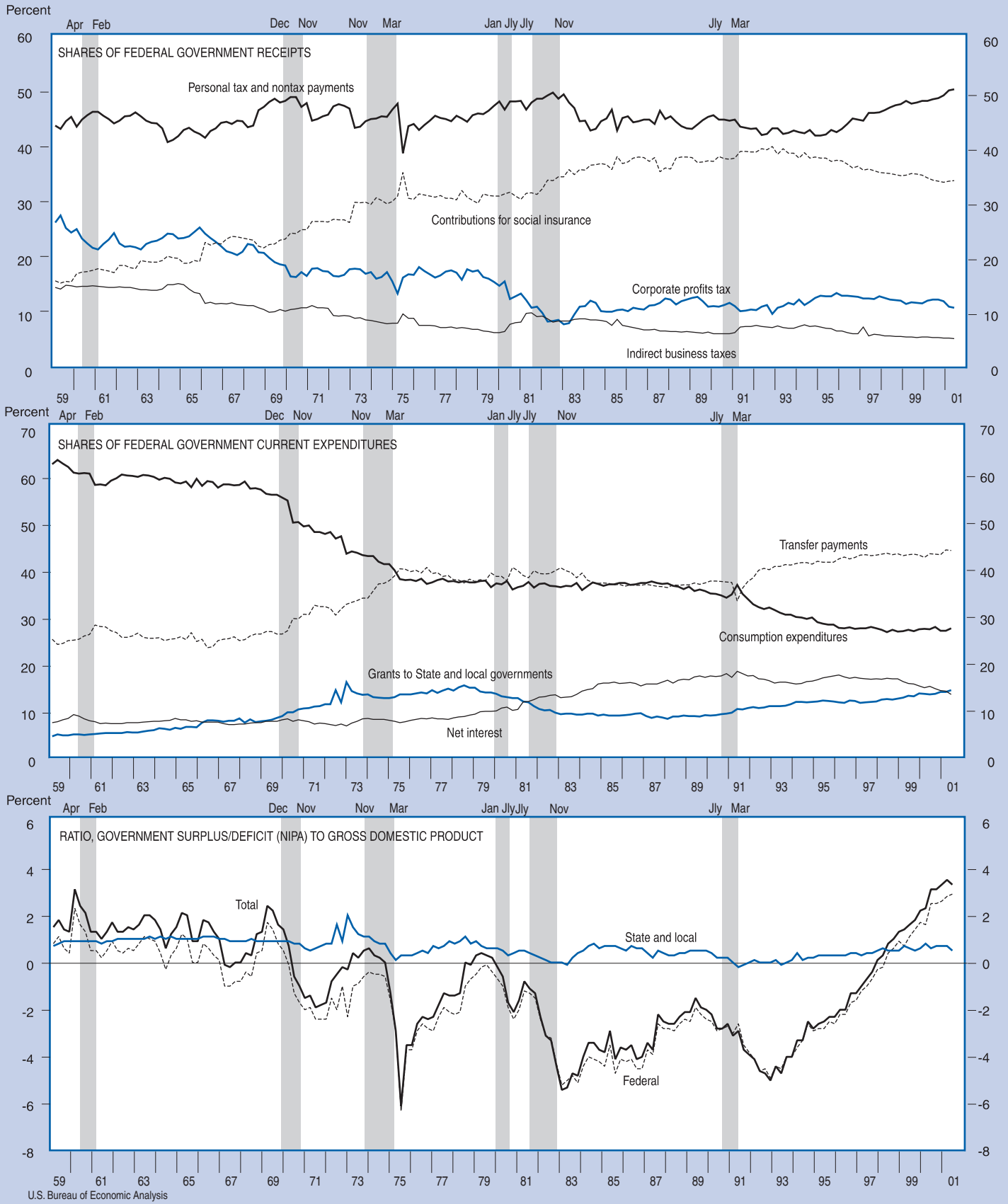
3. Standard and Poor's, Inc.  
4. Bureau of the Census  
n.e.c. Not elsewhere classified

E. Charts

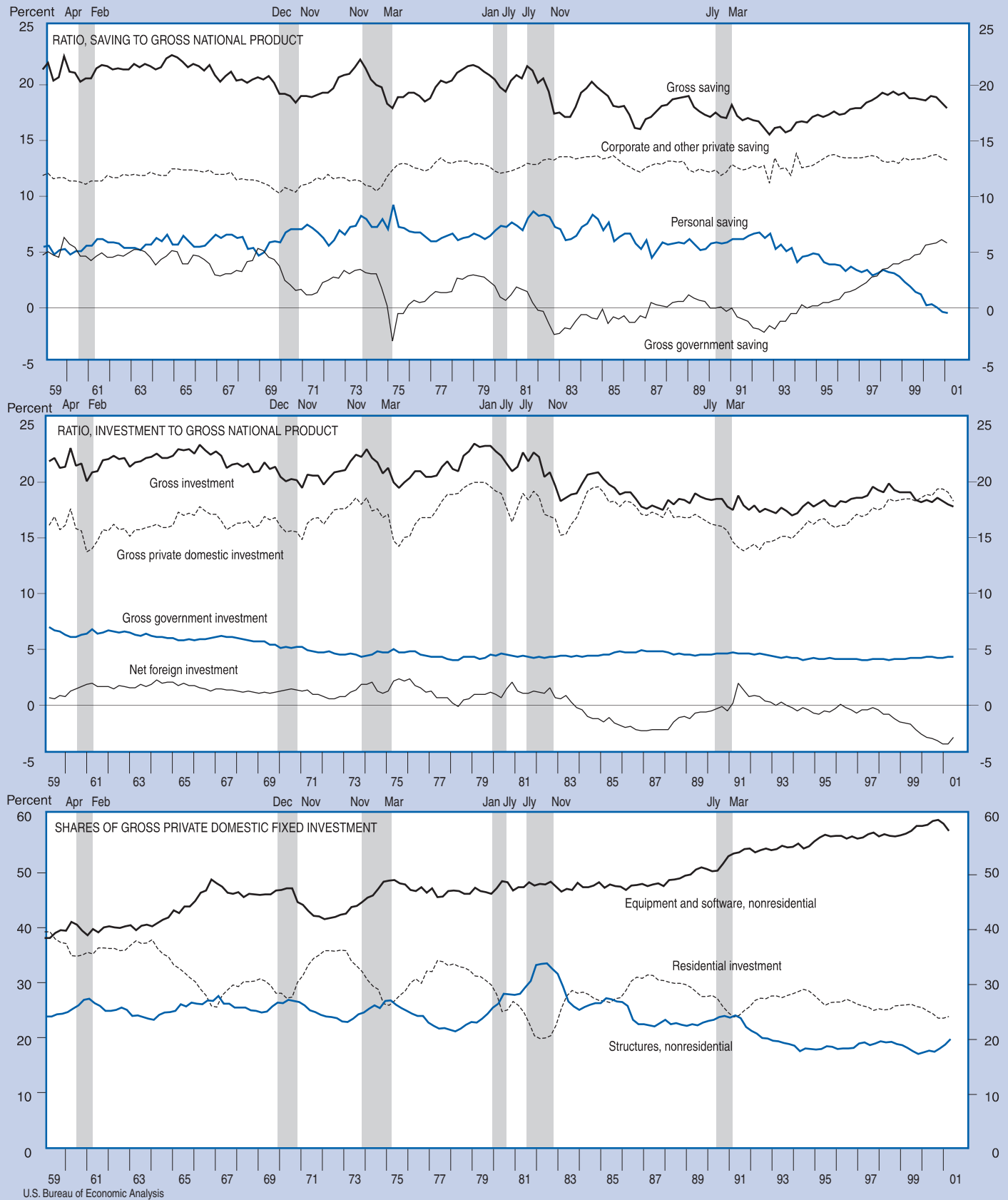
Percent changes shown in this section are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates; likewise, levels of series are expressed at seasonally adjusted annual rates as appropriate.



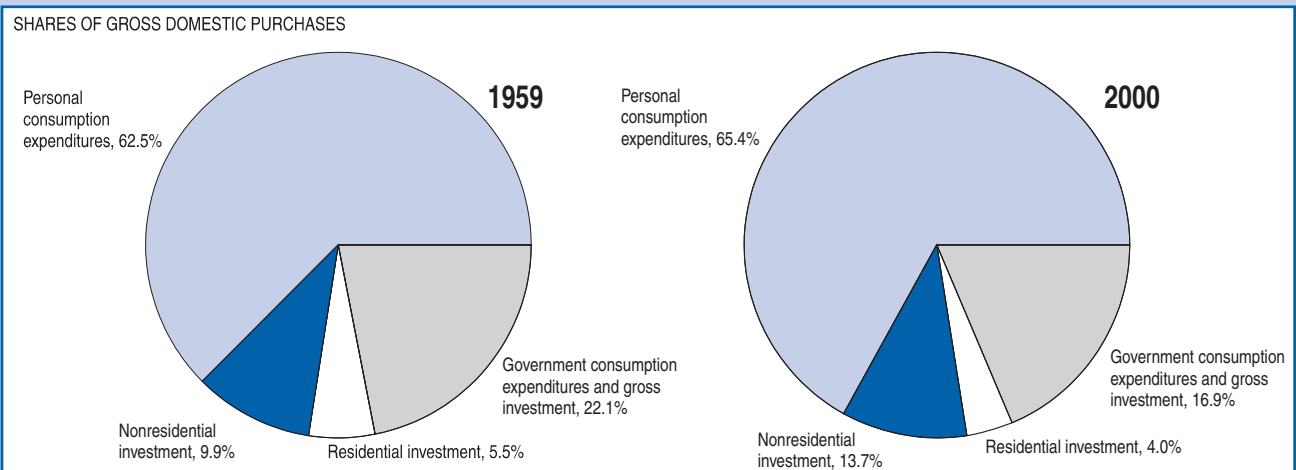
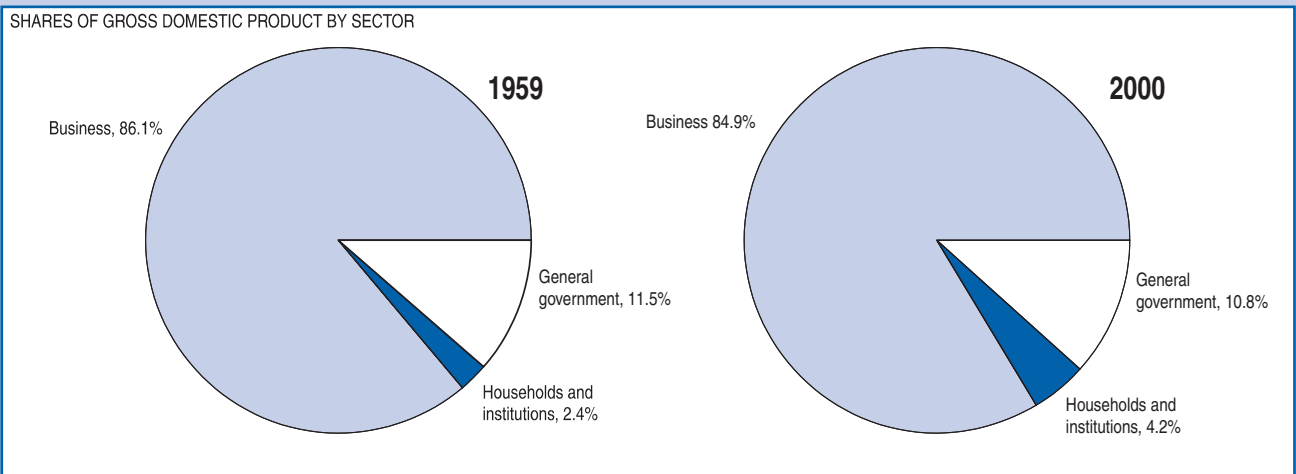
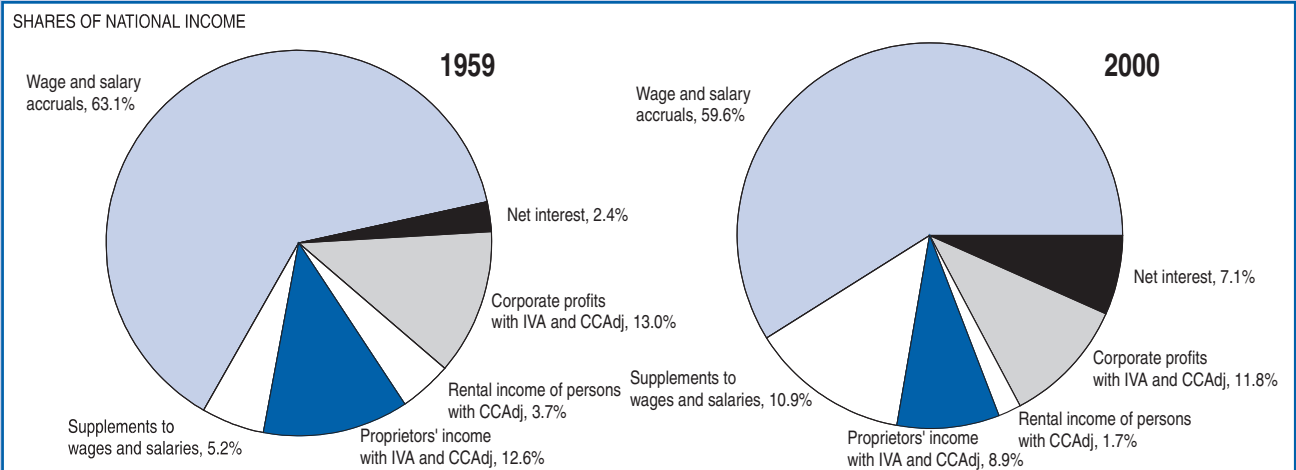
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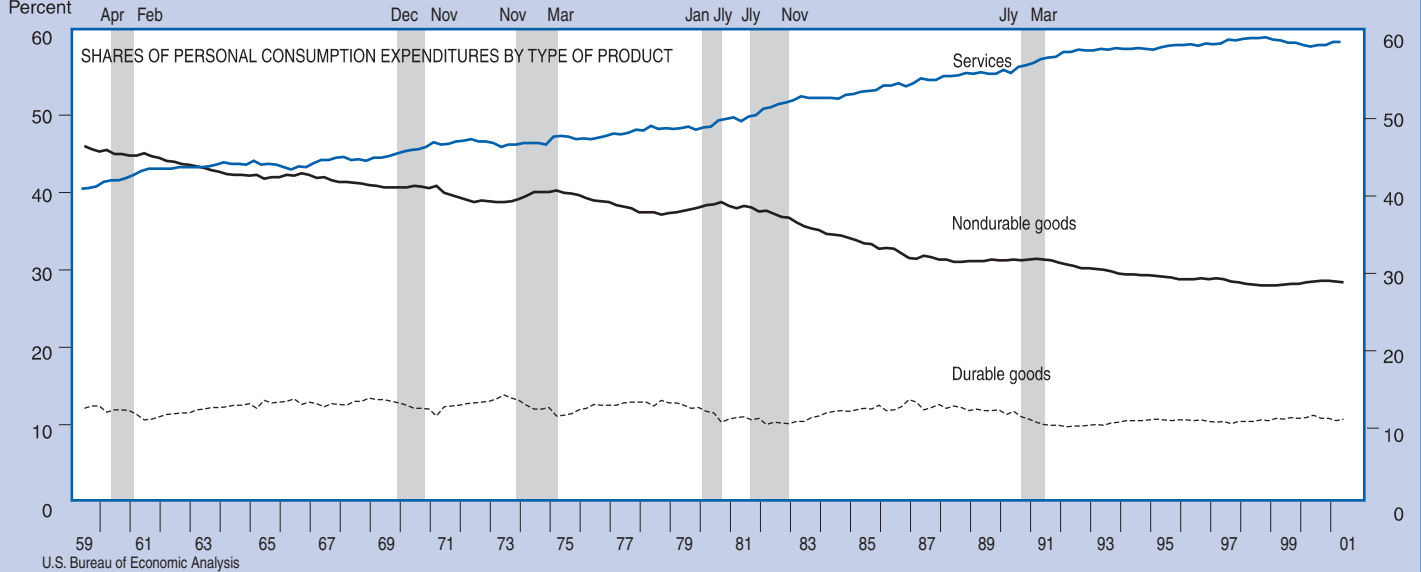
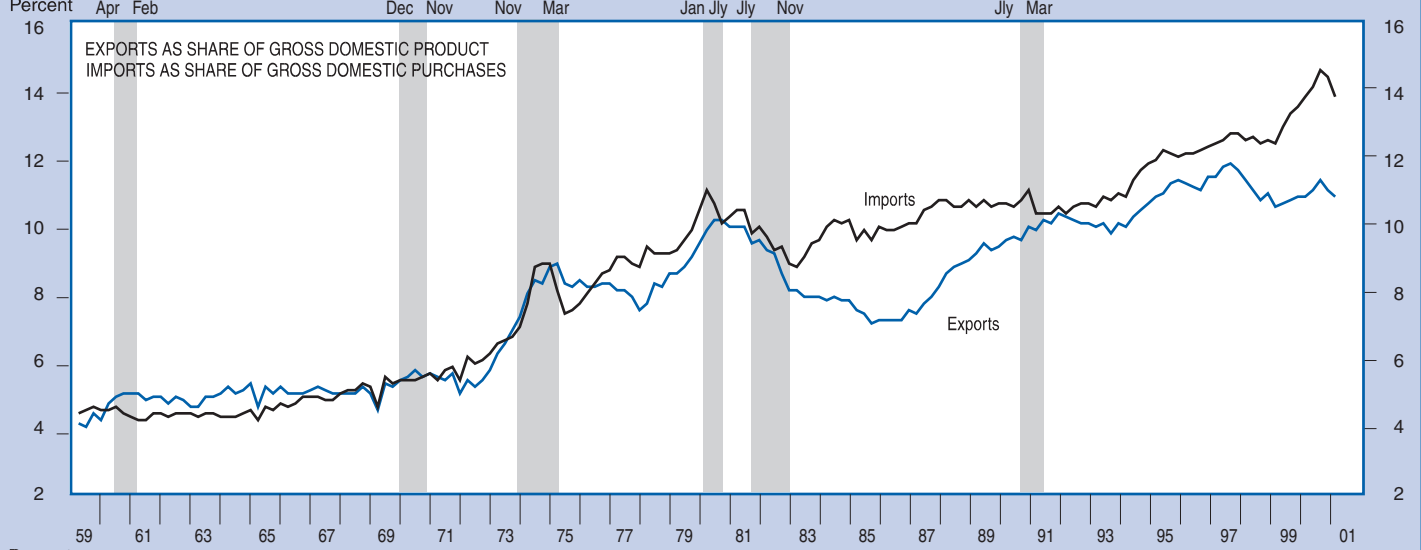
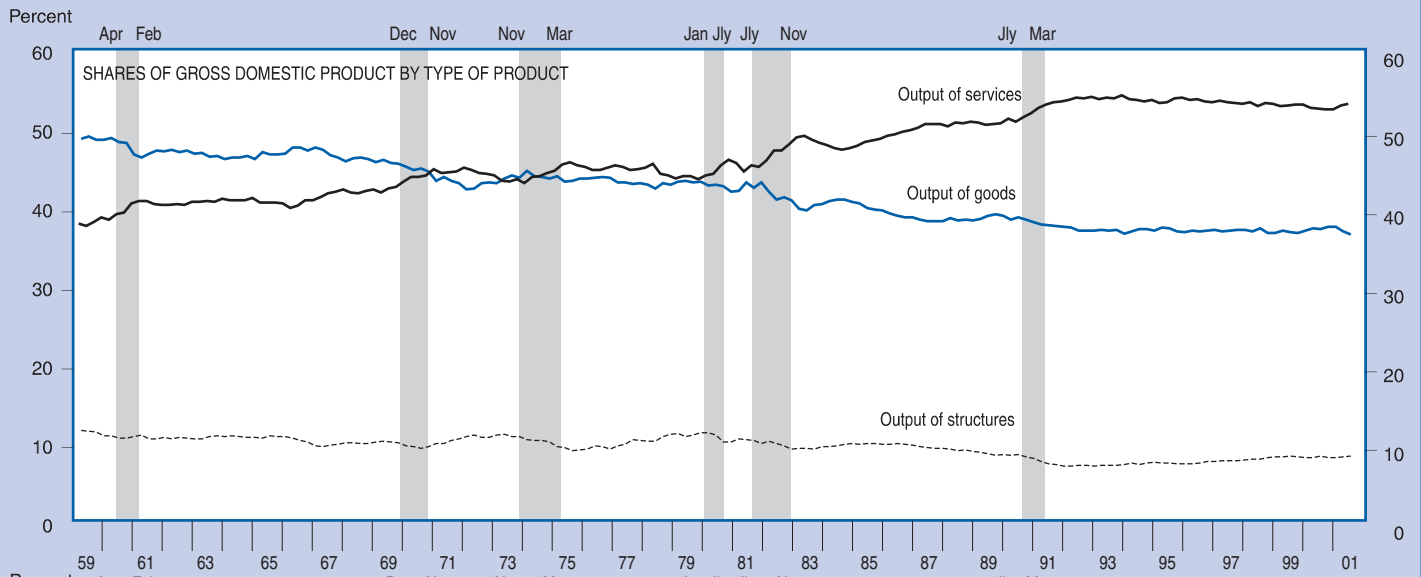
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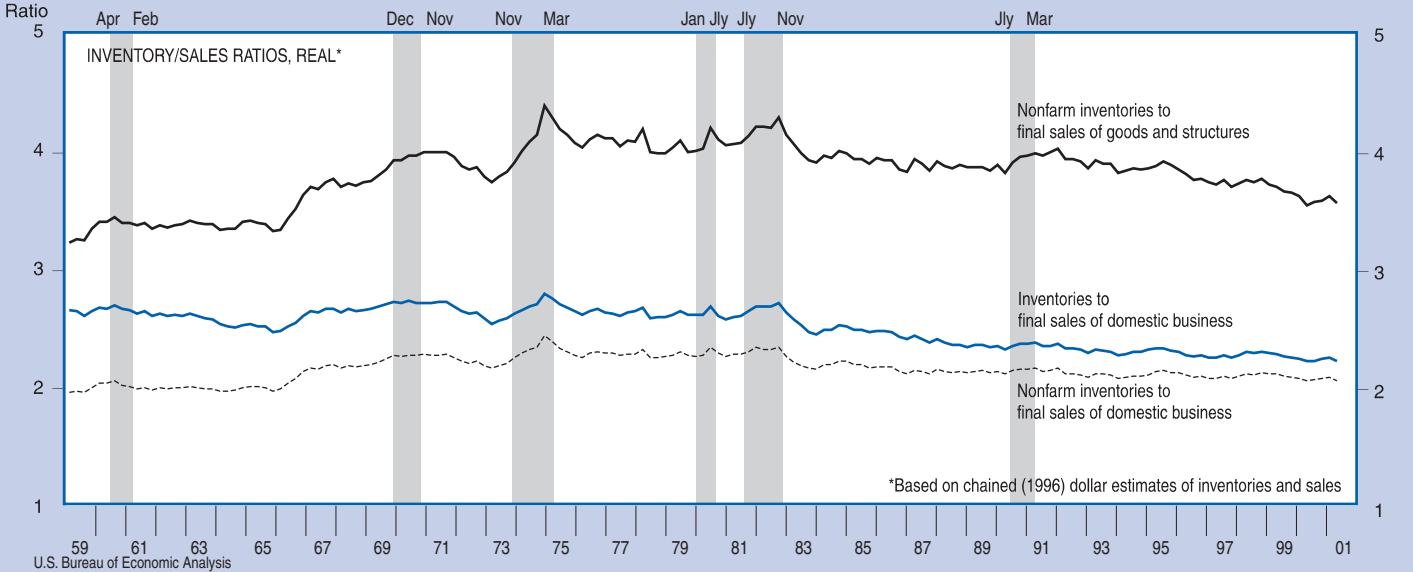
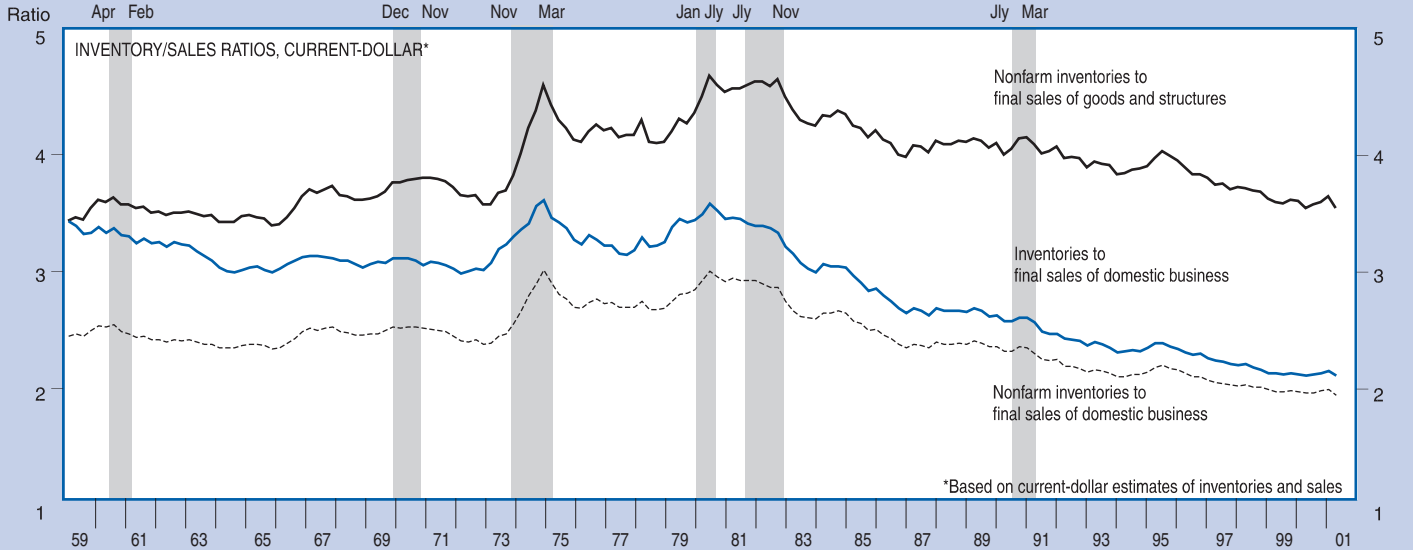
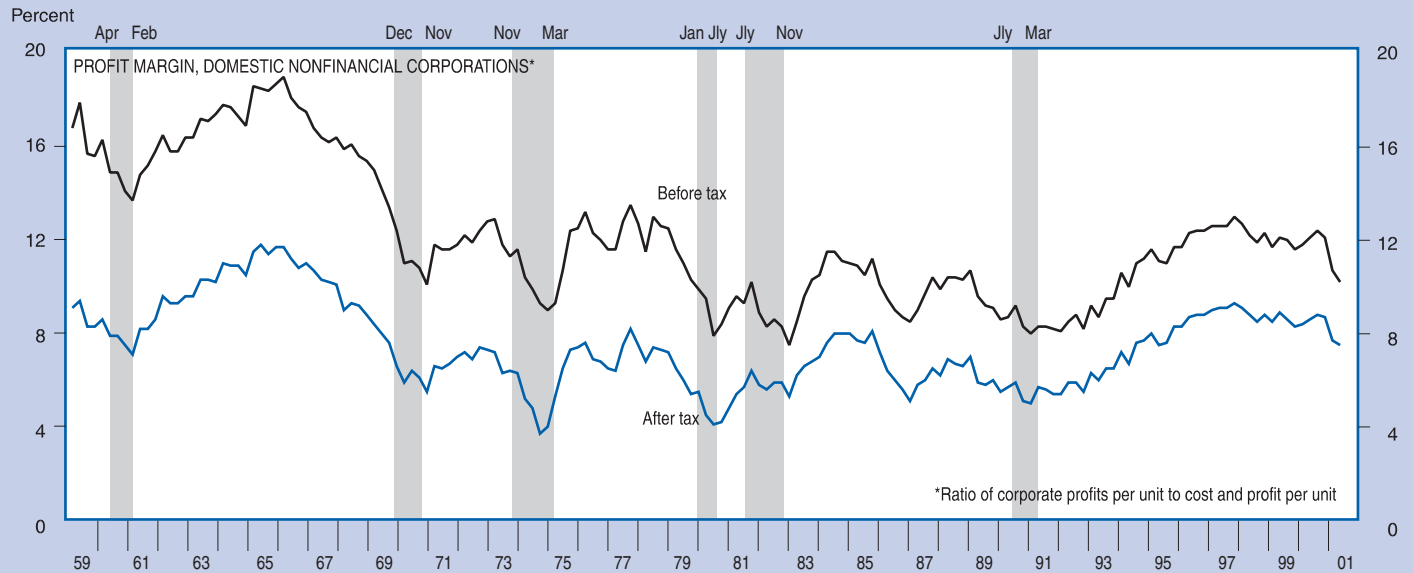
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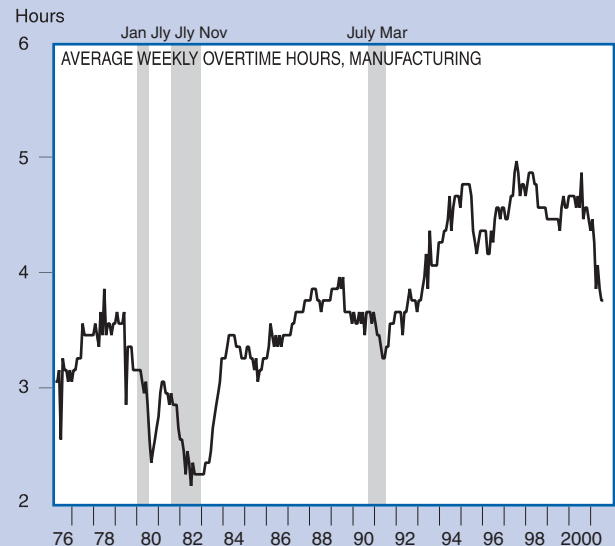
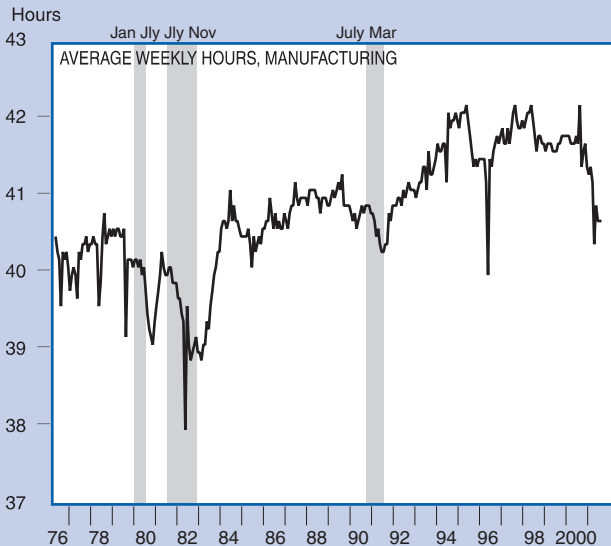
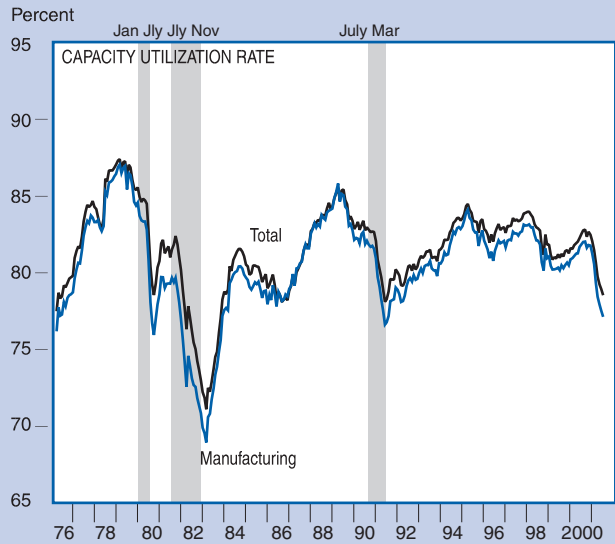
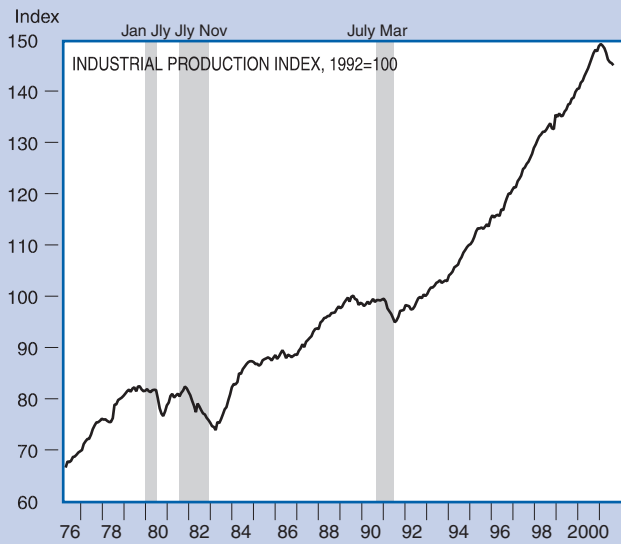
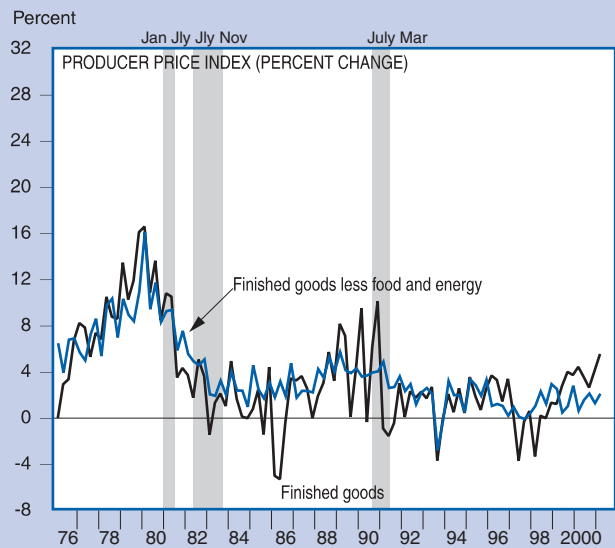
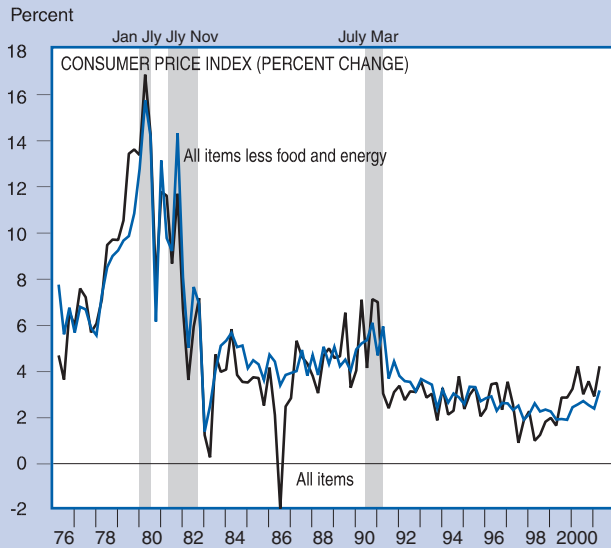
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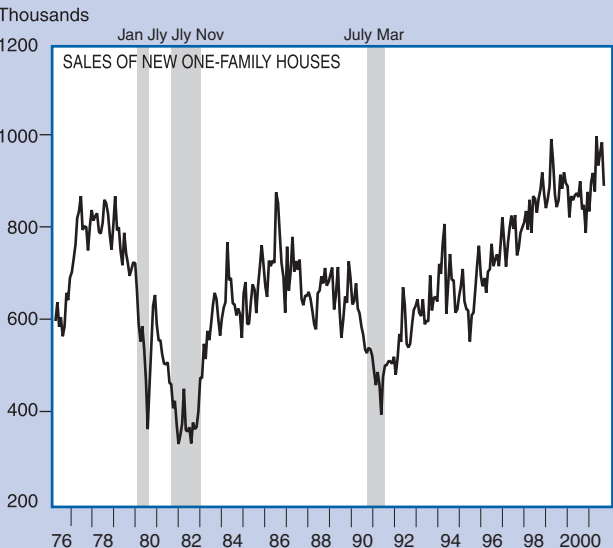
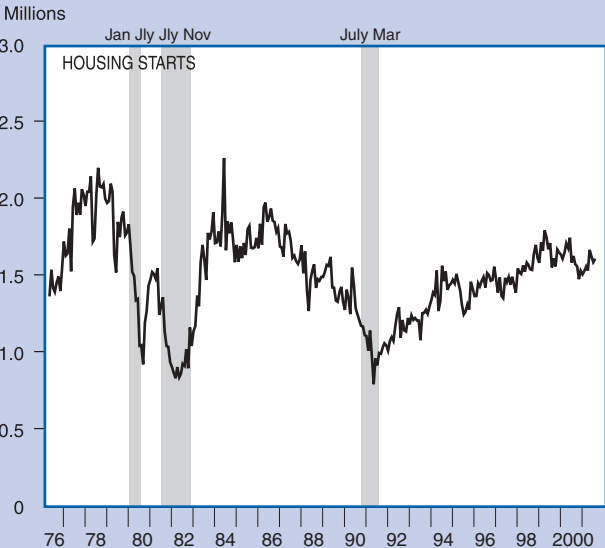
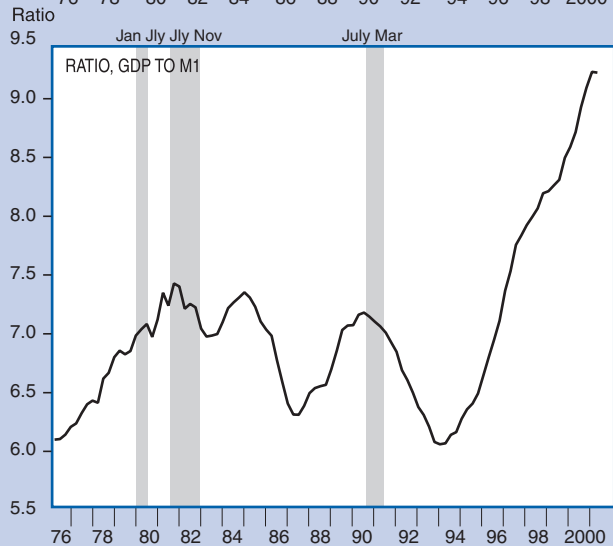
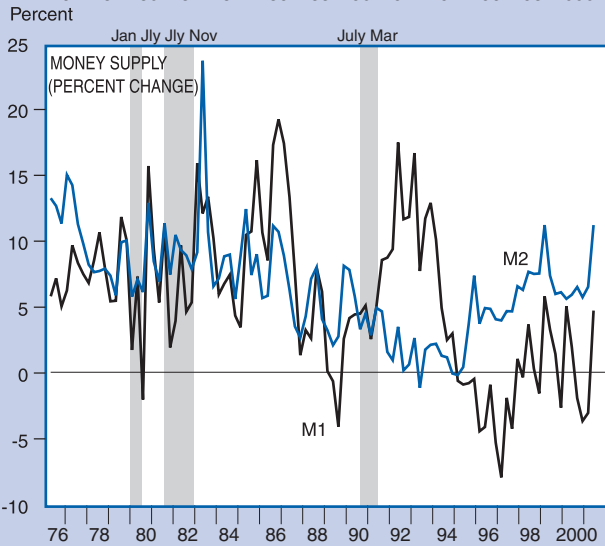
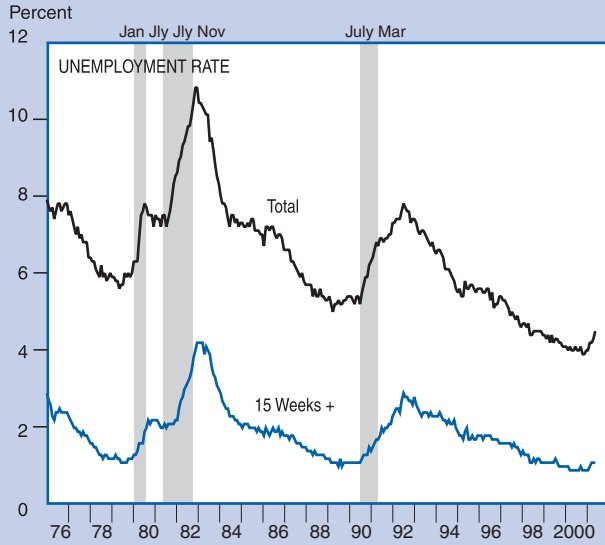


# OTHER INDICATORS OF THE DOMESTIC ECONOMY





# OTHER INDICATORS OF THE DOMESTIC ECONOMY



## International Data

### F. Transactions Tables

Table F.1 includes the most recent estimates of U.S. international trade in goods and services; the estimates were released on May 18, 2001 and include “preliminary” estimates for March 2001 and “revised” estimates for February 2001. The sources for the other tables in this section are as noted.

**Table F.1.—U.S. International Transactions in Goods and Services**

[Millions of dollars; monthly estimates seasonally adjusted]

	1999	2000	2000											2001		
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. <sup>r</sup>	Mar. <sup>p</sup>
<b>Exports of goods and services</b> .....	<b>956,242</b>	<b>1,068,741</b>	<b>85,300</b>	<b>86,963</b>	<b>87,594</b>	<b>87,063</b>	<b>91,273</b>	<b>89,742</b>	<b>92,883</b>	<b>92,793</b>	<b>91,425</b>	<b>90,825</b>	<b>89,201</b>	<b>89,580</b>	<b>90,392</b>	<b>89,464</b>
<b>Goods</b> .....	<b>684,358</b>	<b>772,514</b>	<b>60,873</b>	<b>62,492</b>	<b>62,544</b>	<b>62,728</b>	<b>66,446</b>	<b>65,075</b>	<b>67,952</b>	<b>67,815</b>	<b>66,325</b>	<b>65,850</b>	<b>64,114</b>	<b>64,578</b>	<b>65,193</b>	<b>64,096</b>
Foods, feeds, and beverages .....	45,532	47,738	3,843	3,931	3,829	3,956	3,978	4,063	4,258	4,133	3,987	3,891	3,938	3,925	4,060	4,211
Industrial supplies and materials .....	147,000	171,944	13,850	14,637	13,716	13,737	14,266	13,975	14,831	15,288	15,032	15,121	14,218	14,143	14,389	14,551
Capital goods, except automotive .....	311,406	356,573	26,974	27,178	29,058	29,057	31,126	30,664	31,815	31,686	31,066	30,659	29,861	30,798	30,906	29,270
Automotive vehicles, engines, and parts .....	75,756	79,916	6,557	6,909	6,424	6,576	7,040	6,462	7,141	6,637	6,689	6,454	6,384	5,825	5,723	6,100
Consumer goods (nonfood), except automotive .....	80,768	89,077	7,377	7,424	7,216	7,167	7,756	7,558	7,694	7,269	7,429	7,429	7,482	7,833	7,960	7,946
Other goods .....	35,336	36,402	3,380	2,989	2,842	2,932	3,170	2,894	2,973	2,979	3,104	3,132	3,002	2,898	2,884	2,783
Adjustments <sup>1</sup> .....	-11,439	-9,136	-1,108	-576	-542	-697	-889	-541	-263	-582	-823	-836	-772	-843	-730	-764
<b>Services</b> .....	<b>271,884</b>	<b>296,227</b>	<b>24,427</b>	<b>24,471</b>	<b>25,050</b>	<b>24,335</b>	<b>24,827</b>	<b>24,667</b>	<b>24,931</b>	<b>24,978</b>	<b>25,100</b>	<b>24,975</b>	<b>25,087</b>	<b>25,002</b>	<b>25,199</b>	<b>25,368</b>
Travel .....	74,881	85,153	7,010	6,828	7,406	6,928	7,064	7,055	7,087	7,303	7,235	7,262	7,347	7,306	7,336	7,416
Passenger fares .....	19,776	21,313	1,853	1,756	1,824	1,764	1,804	1,761	1,782	1,857	1,822	1,834	1,798	1,786	1,802	1,844
Other transportation .....	27,033	29,847	2,385	2,535	2,455	2,463	2,520	2,500	2,560	2,576	2,570	2,497	2,453	2,445	2,423	2,430
Royalties and license fees .....	36,467	37,955	3,115	3,143	3,195	3,199	3,183	3,148	3,137	3,139	3,190	3,203	3,212	3,241	3,248	3,256
Other private services .....	96,508	106,493	8,816	8,939	8,872	8,707	8,916	8,863	9,019	8,859	8,970	8,896	9,027	8,946	9,103	9,128
Transfers under U.S. military agency sales contracts <sup>2</sup> .....	16,334	14,604	1,180	1,203	1,228	1,203	1,268	1,273	1,170	1,239	1,170	1,239	1,174	1,202	1,210	1,217
U.S. Government miscellaneous services .....	885	862	68	67	70	71	72	73	73	74	74	75	76	76	77	77
<b>Imports of goods and services</b> .....	<b>1,221,213</b>	<b>1,437,606</b>	<b>112,829</b>	<b>117,378</b>	<b>116,813</b>	<b>116,713</b>	<b>121,147</b>	<b>121,871</b>	<b>122,834</b>	<b>126,339</b>	<b>124,593</b>	<b>123,700</b>	<b>122,400</b>	<b>122,831</b>	<b>117,247</b>	<b>120,639</b>
<b>Goods</b> .....	<b>1,029,917</b>	<b>1,222,367</b>	<b>95,581</b>	<b>99,706</b>	<b>99,506</b>	<b>99,269</b>	<b>103,375</b>	<b>103,665</b>	<b>104,702</b>	<b>107,210</b>	<b>106,279</b>	<b>104,974</b>	<b>103,683</b>	<b>104,068</b>	<b>98,416</b>	<b>101,741</b>
Foods, feeds, and beverages .....	43,579	45,966	3,668	3,827	3,769	3,802	3,836	3,930	3,966	3,928	3,824	3,982	3,784	3,951	3,752	3,694
Industrial supplies and materials .....	222,024	297,919	23,577	24,596	23,399	23,942	25,446	25,818	25,111	26,532	26,086	25,098	26,468	26,555	24,711	24,669
Capital goods, except automotive .....	297,112	352,219	26,792	27,769	28,689	28,832	29,664	29,573	30,789	31,549	31,099	30,355	30,541	29,088	27,700	28,305
Automotive vehicles, engines, and parts .....	179,393	196,283	15,594	16,371	16,500	15,619	16,740	16,999	16,917	16,725	15,770	16,532	15,153	15,301	15,167	15,359
Consumer goods (nonfood), except automotive .....	239,466	275,518	21,193	22,550	22,951	23,044	23,143	23,081	23,297	23,699	23,827	24,132	23,183	24,537	22,594	25,347
Other goods .....	43,046	48,459	3,897	3,920	3,947	3,765	4,143	4,092	4,296	4,158	4,066	4,251	4,046	4,113	3,934	3,794
Adjustments <sup>1</sup> .....	5,299	6,003	860	674	251	265	403	173	325	618	607	623	510	524	558	573
<b>Services</b> .....	<b>191,296</b>	<b>215,239</b>	<b>17,248</b>	<b>17,672</b>	<b>17,307</b>	<b>17,444</b>	<b>17,772</b>	<b>18,206</b>	<b>18,132</b>	<b>19,129</b>	<b>18,314</b>	<b>18,726</b>	<b>18,717</b>	<b>18,763</b>	<b>18,831</b>	<b>18,898</b>
Travel .....	59,351	65,044	5,295	5,523	5,306	5,235	5,481	5,546	5,315	5,477	5,440	5,673	5,756	5,635	5,707	5,781
Passenger fares .....	21,405	23,902	1,944	2,047	1,954	1,954	2,026	2,007	1,952	2,007	1,965	2,139	2,131	2,090	2,159	2,219
Other transportation .....	34,137	40,713	3,218	3,291	3,219	3,342	3,343	3,427	3,542	3,585	3,599	3,552	3,520	3,593	3,441	3,378
Royalties and license fees .....	13,275	16,331	1,197	1,200	1,211	1,222	1,236	1,358	1,394	2,081	1,427	1,396	1,407	1,429	1,446	1,465
Other private services .....	46,657	52,486	4,249	4,265	4,244	4,308	4,297	4,459	4,511	4,551	4,445	4,523	4,457	4,572	4,633	4,614
Direct defense expenditures <sup>2</sup> .....	13,650	13,884	1,107	1,136	1,145	1,150	1,168	1,177	1,186	1,196	1,201	1,203	1,203	1,201	1,196	1,196
U.S. Government miscellaneous services .....	2,821	2,879	238	239	237	238	239	241	241	242	242	242	243	241	244	245
<b>Memoranda:</b>																
Balance on goods .....	-345,559	-449,853	-34,708	-37,215	-36,962	-36,541	-36,929	-38,590	-36,751	-39,395	-39,954	-39,124	-39,569	-39,490	-33,223	-37,644
Balance on services .....	80,588	80,988	7,179	6,799	7,743	6,891	7,055	6,461	6,799	5,849	6,766	6,249	6,370	6,239	6,368	6,470
Balance on goods and services .....	-264,971	-368,865	-27,529	-30,416	-29,219	-29,650	-29,874	-32,129	-29,952	-33,546	-33,168	-32,875	-33,199	-33,251	-26,855	-31,174

<sup>p</sup> Preliminary.

<sup>r</sup> Revised.

1. Reflects adjustments necessary to bring the Census Bureau's component data in line with the concepts and

definitions used to prepare BEA's international and national accounts.

2. Contains goods that cannot be separately identified.

Source: U.S. Bureau of Economic Analysis and U.S. Bureau of the Census.











## G. Investment Tables

Table G.1.—International Investment Position of the United States at Yearend, 1998 and 1999

[Millions of dollars]

Line	Type of investment	Position, 1998 <sup>r</sup>	Changes in position in 1999 (decrease (-))				Total (a+b+c+d)	Position, 1999 <sup>p</sup>
			Attributable to:					
			Financial flows	Valuation adjustments				
				Price changes	Exchange rate changes <sup>1</sup>	Other changes <sup>2</sup>		
(a)	(b)	(c)	(d)	(a+b+c+d)				
<b>Net international investment position of the United States:</b>								
1	With direct investment positions at current cost (line 3 less line 24)	-1,111,813	-323,377	344,215	-60,235	68,702	29,305	-1,082,508
2	With direct investment positions at market value (line 4 less line 25)	-1,407,670	-323,377	301,897	-57,364	12,829	-66,015	-1,473,685
<b>U.S.-owned assets abroad:</b>								
3	With direct investment positions at current cost (lines 5+10+15) ....	5,079,056	430,187	455,115	-71,115	-4,215	809,972	5,889,028
4	With direct investment positions at market value (lines 5+10+16) ...	6,045,544	430,187	755,413	-63,035	5,264	1,127,829	7,173,373
5	U.S. official reserve assets .....	146,006	-8,747	642	-1,500	17	-9,588	136,418
6	Gold .....	75,291	.....	<sup>3</sup> 642	.....	<sup>4</sup> 17	659	75,950
7	Special drawing rights .....	10,603	-10	.....	-257	.....	-267	10,336
8	Reserve position in the International Monetary Fund .....	24,111	-5,484	.....	-677	.....	-6,161	17,950
9	Foreign currencies .....	36,001	-3,253	.....	-566	.....	-3,819	32,182
10	U.S. Government assets, other than official reserve assets .....	86,768	-2,751	.....	7	202	-2,542	84,226
11	U.S. credits and other long-term assets <sup>5</sup> .....	84,850	-3,384	.....	-11	202	-3,193	81,657
12	Repayable in dollars .....	84,528	-3,363	.....	.....	202	-3,161	81,367
13	Other <sup>6</sup> .....	322	-21	.....	-11	.....	-32	290
14	U.S. foreign currency holdings and U.S. short-term assets .....	1,918	633	.....	18	.....	651	2,569
<b>U.S. private assets:</b>								
15	With direct investment at current cost (lines 17+19+22+23) .....	4,846,282	441,685	454,473	-69,622	-4,434	822,102	5,668,384
16	With direct investment at market value (lines 18+19+22+23) .....	5,812,770	441,685	754,771	-61,542	5,045	1,139,959	6,952,729
<b>Direct investment abroad:</b>								
17	At current cost .....	1,207,059	150,901	5,475	-17,646	-14,602	124,128	1,331,187
18	At market value .....	2,173,547	150,901	305,773	-9,566	-5,123	441,985	2,615,532
19	Foreign securities .....	2,052,929	128,594	448,998	-47,135	.....	530,457	2,583,386
20	Bonds .....	576,745	14,193	-31,341	-2,849	.....	-19,997	556,748
21	Corporate stocks .....	1,476,184	114,401	480,339	-44,286	.....	550,454	2,026,638
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	565,466	92,328	.....	-8,037	-6,010	78,281	643,747
23	U.S. claims reported by U.S. banks, not included elsewhere .....	1,020,828	69,862	.....	3,196	16,178	89,236	1,110,064
<b>Foreign-owned assets in the United States:</b>								
24	With direct investment at current cost (lines 26+33) .....	6,190,869	753,564	110,900	-10,880	-72,917	780,667	6,971,536
25	With direct investment at market value (lines 26+34) .....	7,453,214	753,564	453,516	-5,671	-7,565	1,193,844	8,647,058
26	Foreign official assets in the United States .....	837,701	42,864	-11,231	.....	.....	31,633	869,334
27	U.S. Government securities .....	620,285	32,527	-23,905	.....	.....	8,622	628,907
28	U.S. Treasury securities .....	589,023	12,177	-22,975	.....	.....	-10,798	578,225
29	Other .....	31,262	20,350	-930	.....	.....	19,420	50,682
30	Other U.S. Government liabilities <sup>7</sup> .....	18,000	-3,255	.....	.....	.....	-3,255	14,745
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	125,883	12,692	.....	.....	.....	12,692	138,575
32	Other foreign official assets .....	73,533	900	12,674	.....	.....	13,574	87,107
<b>Other foreign assets:</b>								
33	With direct investment at current cost (lines 35+37+38+41+42+43) ...	5,353,168	710,700	122,131	-10,880	-72,917	749,034	6,102,202
34	With direct investment at market value (lines 36+37+38+41+42+43)	6,615,513	710,700	464,747	-5,671	-7,565	1,162,211	7,777,724
<b>Direct investment in the United States:</b>								
35	At current cost .....	928,645	275,533	1,766	-5,209	-75,521	196,569	1,125,214
36	At market value .....	2,190,990	275,533	344,382	.....	-10,169	609,746	2,800,736
37	U.S. Treasury securities .....	729,738	-20,464	-48,552	.....	.....	-69,016	660,722
38	U.S. securities other than U.S. Treasury securities .....	2,012,431	331,523	168,917	-3,549	.....	496,891	2,509,322
39	Corporate and other bonds .....	902,155	232,814	-67,690	-3,549	.....	161,575	1,063,730
40	Corporate stocks .....	1,110,276	98,709	236,607	.....	.....	335,316	1,445,592
41	U.S. currency .....	228,250	22,407	.....	.....	.....	22,407	250,657
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	437,973	34,298	.....	-1,050	2,604	35,852	473,825
43	U.S. liabilities reported by U.S. banks, not included elsewhere .....	1,016,131	67,403	.....	-1,072	.....	66,331	1,082,462

<sup>p</sup> Preliminary.<sup>r</sup> 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. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions financial flows.

5. 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.

6. 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.

7. 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 at Yearend 1999" in the July 2000 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, 1997–99

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
<b>All countries, all industries</b> .....	<b>871,316</b>	<b>1,014,012</b>	<b>1,132,622</b>	<b>95,769</b>	<b>134,083</b>	<b>138,510</b>	<b>104,794</b>	<b>92,775</b>	<b>105,001</b>
<b>By country</b>									
Canada .....	96,626	101,871	111,707	7,642	9,152	14,268	11,024	7,527	11,103
Europe .....	425,139	528,113	581,791	48,318	93,805	72,090	48,333	52,618	53,584
<i>Of which:</i>									
France .....	36,630	42,067	39,984	2,971	3,805	786	2,688	2,066	1,644
Germany .....	40,726	46,405	49,617	2,464	3,284	5,875	3,707	5,256	4,243
Netherlands .....	68,619	93,592	106,436	12,450	24,034	7,980	11,588	11,804	12,482
Switzerland .....	30,634	40,144	51,227	-792	9,418	11,910	5,071	6,614	6,566
United Kingdom .....	154,462	192,663	213,070	22,961	36,552	29,824	13,469	13,198	14,465
Latin America and Other Western Hemisphere .....	180,818	200,477	223,182	21,539	16,830	19,522	21,723	17,262	18,578
<i>Of which:</i>									
Bermuda .....	38,071	40,403	45,959	589	1,352	5,122	3,965	3,080	4,173
Brazil .....	35,778	38,195	35,003	7,138	4,834	455	4,965	2,906	1,626
Mexico .....	24,050	28,396	34,265	5,596	4,718	5,355	3,893	3,885	4,721
Panama .....	22,016	25,982	33,429	354	718	1,803	1,277	1,812	2,074
Africa .....	11,330	14,241	15,062	3,436	3,150	1,302	1,948	1,574	2,106
Middle East .....	8,836	10,632	11,137	619	2,150	1,417	1,340	825	949
Asia and Pacific .....	144,815	155,364	185,912	13,733	8,366	29,362	20,009	12,322	18,410
<i>Of which:</i>									
Australia .....	28,404	31,150	33,662	1,209	4,697	4,063	3,674	1,880	2,495
Japan .....	33,854	35,633	47,786	-339	1,394	10,616	3,511	1,917	4,102
International .....	3,752	3,315	3,832	482	631	549	416	647	271
<b>By industry</b>									
Petroleum .....	84,116	92,964	99,925	11,555	8,517	8,892	12,508	7,597	10,213
Manufacturing .....	278,447	294,129	318,121	28,326	22,126	35,524	38,468	29,879	32,472
Food and kindred products .....	32,773	35,074	36,126	4,080	2,342	1,416	5,030	4,306	3,604
Chemicals and allied products .....	76,394	79,868	82,794	6,974	5,245	7,100	10,023	9,428	9,431
Primary and fabricated metals .....	15,898	18,776	18,803	408	2,954	808	1,376	1,281	1,365
Industrial machinery and equipment .....	30,179	31,348	37,833	4,873	1,888	6,705	5,022	3,986	3,450
Electronic and other electric equipment .....	31,308	32,398	38,449	2,727	1,866	6,231	4,663	2,147	3,737
Transportation equipment .....	35,537	33,939	36,013	4,667	-1,190	4,857	5,478	2,495	4,371
Other manufacturing .....	56,357	62,725	68,103	4,687	9,021	8,406	6,876	6,237	6,514
Wholesale trade .....	64,929	70,014	80,148	121	6,434	11,801	9,047	9,909	10,560
Depository institutions .....	37,932	40,582	39,937	1,508	2,140	-920	3,286	743	1,693
Finance (except depository institutions), insurance, and real estate .....	297,828	375,965	436,024	39,001	62,161	54,475	31,986	34,921	37,867
Services .....	46,533	60,696	68,763	4,306	12,210	10,778	6,109	5,955	8,193
Other industries .....	61,532	79,663	89,705	10,953	20,494	17,962	3,391	3,770	4,003

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 16 and 17 in "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1999" in the September 2000 issue of the SURVEY OF CURRENT BUSINESS.

**Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates and Majority-Owned Nonbank Foreign Affiliates of U.S. Companies by Country and by Industry of Affiliate, 1998**

	All nonbank affiliates						Majority-owned nonbank foreign affiliates (MOFA's)						
	Millions of dollars					Thou- sands of employ- ees	Millions of dollars						Thou- sands of employ- ees
	Total assets	Sales	Net income	U.S. ex- ports of goods shipped to affil- iates	U.S. im- ports of goods shipped by affil- iates		Total assets	Sales	Net income	Gross product	U.S. ex- ports of goods shipped to MOFA's	U.S. im- ports of goods shipped by MOFA's	
<b>All countries, all industries</b>	<b>4,000,842</b>	<b>2,443,350</b>	<b>155,292</b>	<b>217,153</b>	<b>187,610</b>	<b>8,388.0</b>	<b>3,434,808</b>	<b>2,027,782</b>	<b>136,957</b>	<b>510,735</b>	<b>210,634</b>	<b>178,150</b>	<b>6,899.9</b>
<b>By country</b>													
Canada .....	313,647	263,849	10,666	67,776	70,577	935.3	284,995	242,668	9,992	54,739	65,988	67,601	862.1
Europe .....	2,302,253	1,331,199	90,889	63,782	36,638	3,532.2	2,093,970	1,148,312	84,422	303,505	62,802	35,463	3,145.2
<i>Of which:</i>													
France .....	171,797	141,586	4,391	(D)	3,907	501.1	146,118	123,941	4,538	35,915	5,362	3,729	447.9
Germany .....	279,338	253,825	11,759	8,322	4,542	643.1	233,313	188,259	9,820	56,464	8,304	4,519	590.0
Netherlands .....	244,324	140,385	16,601	(D)	(D)	179.9	226,984	118,114	14,904	20,243	13,605	2,739	167.5
United Kingdom .....	1,025,588	366,114	15,646	13,839	9,924	1,038.7	973,745	334,572	16,128	90,735	13,803	9,854	953.5
Latin America and Other Western Hemisphere .....	570,042	297,670	31,792	37,081	37,759	1,807.4	434,375	230,736	22,728	61,336	35,677	36,271	1,416.4
<i>Of which:</i>													
Brazil .....	129,977	83,715	5,003	4,168	2,882	395.1	84,673	64,555	3,239	21,922	4,015	2,753	341.5
Mexico .....	99,105	98,344	8,861	24,660	27,223	907.1	55,006	65,147	4,114	13,961	23,802	26,061	668.9
Africa .....	47,990	28,033	2,155	887	(D)	202.9	35,867	20,830	1,551	6,752	856	1,542	111.2
Middle East .....	40,169	22,443	1,506	938	(D)	88.6	16,591	9,340	784	3,764	696	855	49.5
Asia and Pacific .....	707,708	492,388	17,224	46,689	39,734	1,810.8	558,121	371,509	16,796	79,129	44,615	36,419	1,305.4
<i>Of which:</i>													
Australia .....	96,615	65,874	2,629	4,761	1,290	291.0	75,555	52,315	2,209	16,756	4,731	1,217	221.6
Japan .....	298,485	182,288	4,006	13,514	4,773	404.2	232,322	103,644	3,133	23,648	12,185	2,003	187.8
International .....	19,032	7,768	1,060	0	0	10.9	10,888	4,387	684	1,510	0	0	10.1
<b>By industry</b>													
Petroleum .....	341,685	340,447	10,269	4,762	11,414	241.8	252,603	233,056	6,988	89,484	4,655	11,383	176.9
Manufacturing .....	982,117	1,087,302	56,908	136,201	156,492	4,652.9	839,666	954,037	52,342	251,442	131,652	147,637	3,977.3
Food and kindred products .....	129,038	133,141	7,492	3,501	5,161	646.6	95,898	108,529	6,362	26,570	3,187	4,788	434.9
Chemicals and allied products .....	236,473	200,698	19,537	15,429	10,117	609.3	209,859	179,830	18,517	55,040	14,707	9,661	543.6
Primary and fabricated metals .....	51,675	43,506	1,870	3,253	3,597	228.4	43,460	35,206	1,546	10,729	3,004	3,274	190.0
Industrial machinery and equipment .....	131,304	173,128	8,266	21,487	34,919	602.1	123,477	163,797	8,088	34,758	21,211	34,193	563.6
Electronic and other electric equipment .....	90,176	110,418	3,231	21,574	25,787	781.8	82,424	103,537	3,003	22,774	21,462	24,972	721.4
Transportation equipment .....	147,949	241,818	5,604	54,872	62,580	752.4	118,489	204,365	5,472	41,618	52,939	57,746	642.0
Other manufacturing .....	195,501	184,593	10,909	16,085	14,329	1032.4	166,060	158,773	9,355	59,952	15,141	13,002	881.7
Wholesale trade .....	244,358	438,792	16,207	69,521	16,740	601.2	238,236	420,288	15,893	59,109	68,119	16,468	569.7
Finance (except depository institutions), insurance, and real estate .....	1,794,120	154,402	51,409	31	8	239.5	1,732,655	146,236	49,514	22,912	27	8	222.0
Services .....	194,427	150,262	7,500	2,047	814	1086.6	173,177	135,679	7,120	52,509	2,010	813	962.8
Other industries .....	444,134	272,145	12,998	4,590	2,142	1,566.0	198,472	138,486	5,099	35,279	4,172	1,840	991.1

D Suppressed to avoid disclosure of data of individual companies.

NOTE.—The data in this table are from "U.S. Multinational Companies: Operations in 1998" in the July 2000 issue of the 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, 1997–99**

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
<b>All countries, all industries</b> .....	689,834	793,748	986,668	103,513	181,764	271,169	40,359	32,782	51,004
<b>By country</b>									
Canada .....	65,144	74,143	79,716	10,838	16,012	12,228	2,840	1,563	1,482
Europe .....	433,876	528,601	685,845	71,860	160,722	234,548	30,883	25,722	42,504
<i>Of which:</i>									
France .....	49,515	58,051	77,622	10,932	10,371	19,310	2,851	1,475	3,035
Germany .....	70,901	94,404	111,138	12,186	42,110	22,701	3,361	4,860	6,244
Luxembourg .....	11,433	26,650	54,894	5,334	14,299	25,888	476	1,162	2,766
Netherlands .....	87,584	98,926	130,703	12,710	9,606	32,845	6,957	5,618	8,638
Switzerland .....	37,874	48,403	55,280	8,611	6,392	4,930	3,110	1,582	5,181
United Kingdom .....	130,883	143,165	183,145	11,395	65,701	116,605	10,925	6,929	12,355
Latin America and Other Western Hemisphere .....	33,008	27,854	44,591	3,819	-2,817	16,787	1,730	907	1,155
<i>Of which:</i>									
Bermuda .....	3,506	3,740	13,054	1,853	-139	9,737	232	172	222
Mexico .....	3,244	2,432	3,612	323	1,057	1,214	199	246	260
Panama .....	5,898	6,504	5,896	328	1,121	-124	725	872	753
United Kingdom Islands—Caribbean .....	11,425	9,009	13,883	3,457	-2,082	4,351	149	-339	244
Africa .....	1,464	862	1,545	434	-593	415	-352	-90	-78
Middle East .....	6,585	6,346	7,087	768	509	371	576	371	165
Asia and Pacific .....	149,757	155,943	167,884	15,795	7,931	6,820	4,682	4,309	5,777
<i>Of which:</i>									
Australia .....	13,977	12,883	10,818	1,821	904	-2,507	36	-245	-569
Japan .....	126,464	134,590	148,947	10,559	7,563	9,529	5,513	5,160	5,892
<b>By industry</b>									
Petroleum .....	42,632	51,729	55,940	3,847	58,813	5,558	4,110	1,383	5,113
Manufacturing .....	271,287	334,898	391,013	34,218	87,010	72,610	17,842	19,795	27,570
Food and kindred products .....	26,196	22,026	16,717	-1,793	-5,031	-2,285	1,384	594	1,631
Chemicals and allied products .....	86,558	95,662	103,465	11,804	10,340	9,416	5,270	6,815	6,604
Primary and fabricated metals .....	20,466	19,340	21,808	2,067	853	1,619	1,486	1,784	1,458
Machinery .....	51,693	62,067	76,584	11,147	19,675	24,132	2,691	1,417	2,362
Other manufacturing .....	86,373	135,803	172,440	10,992	61,173	39,729	7,011	9,184	15,514
Wholesale trade .....	86,248	89,980	108,936	13,020	10,364	11,853	4,148	4,435	7,381
Retail trade .....	17,546	21,090	23,386	3,181	4,123	2,478	446	766	1,830
Depository institutions .....	38,956	43,804	60,118	7,626	4,618	18,331	3,860	2,694	2,934
Finance, except depository institutions .....	44,024	45,895	52,133	6,970	2,388	8,793	1,949	-1,975	-138
Insurance .....	71,327	77,785	101,760	12,922	5,537	27,014	4,599	3,795	4,383
Real estate .....	38,922	43,558	44,720	5,149	2,980	1,341	584	490	939
Services .....	35,410	41,271	57,558	4,680	6,764	16,876	985	1,067	2,157
Other industries .....	43,481	43,741	91,106	11,901	-832	106,315	1,835	333	-1,166

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, 1999" in the September 2000 issue of the SURVEY OF CURRENT BUSINESS.

**Table G.5.—Selected Financial and Operating Data of Nonbank U.S. Affiliates and Majority-Owned Nonbank U.S. Affiliates of Foreign Companies by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1998**

	All nonbank affiliates						Majority-owned nonbank affiliates							
	Millions of dollars				Thousands of employees	Millions of dollars		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	Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
<b>All countries, all industries</b> .....	3,525,885	1,881,865	33,276	418,138	5,633.0	150,836	289,679	3,043,966	1,623,767	23,970	352,756	4,655.0	137,912	277,599
<b>By country</b>														
Canada .....	371,546	153,157	2,868	40,425	661.9	8,118	15,484	347,913	133,495	2,758	34,635	541.4	7,846	15,063
Europe .....	2,234,177	1,080,158	25,779	267,066	3,563.5	80,329	119,590	2,019,390	929,236	19,460	228,162	2,936.0	72,698	117,772
<i>Of which:</i>														
France .....	387,383	142,434	1,505	37,349	525.7	15,140	12,649	334,708	106,113	232	25,347	306.4	(P)	12,381
Germany .....	427,162	282,786	8,780	66,597	782.4	28,987	55,246	402,534	254,117	7,341	57,658	638.3	27,875	54,783
Netherlands .....	320,861	145,575	1,200	29,464	406.8	4,124	10,842	294,479	114,442	549	26,314	396.8	3,952	10,790
Sweden .....	45,528	34,423	359	7,679	105.3	3,880	6,562	45,177	33,848	339	7,542	103.7	3,860	6,514
Switzerland .....	454,836	105,372	4,395	28,039	375.5	5,640	6,815	415,446	87,216	2,491	22,955	285.3	5,280	6,654
United Kingdom .....	493,554	269,069	8,499	76,214	986.8	16,700	15,555	447,428	254,152	6,774	71,064	916.3	16,254	15,070
Latin America and Other Western Hemisphere	75,307	60,235	972	16,995	222.0	5,537	10,276	57,272	52,367	872	15,421	204.7	5,272	8,458
<i>Of which:</i>														
Bermuda .....	24,778	18,474	679	5,806	118.3	(P)	857	(P)	18,242	721	5,793	116.3	(P)	855
Mexico .....	7,807	9,217	132	1,582	29.2	720	3,001	7,053	8,160	102	1,300	24.4	(P)	(P)
Panama .....	3,362	2,601	-191	943	13.4	599	200	3,240	2,536	-195	(P)	J	599	200
United Kingdom Islands—Caribbean .....	8,158	3,223	-40	1,009	19.1	17	350	6,714	2,711	221	1,017	15.7	16	349
Venezuela .....	12,175	15,360	554	5,301	9.1	115	(P)	(P)	(P)	(P)	(P)	I	(P)	(P)
Africa .....	12,923	12,233	263	2,543	20.7	788	875	(P)	(P)	(P)	(P)	J	(P)	(P)
Middle East .....	17,959	16,094	439	4,614	73.1	814	2,358	15,149	10,869	552	2,422	52.7	792	(P)
Asia and Pacific .....	670,164	535,198	-392	78,714	1,031.0	54,303	140,248	587,556	483,007	530	67,496	871.0	50,051	133,994
<i>Of which:</i>														
Australia .....	59,088	27,764	-720	6,633	83.8	1,404	1,307	50,895	22,698	-713	5,421	67.4	679	(P)
Japan .....	560,799	453,381	2,059	65,482	835.9	45,989	122,315	491,406	412,991	2,691	56,617	715.2	42,775	117,569
United States .....	143,808	24,791	3,346	7,780	60.7	946	849	(P)	(P)	(P)	(P)	K	(P)	743
<b>By industry<sup>1</sup></b>														
Manufacturing .....	878,864	834,396	17,025	224,372	2,539.6	87,581	126,924	793,094	730,082	14,934	201,870	2,285.3	80,843	118,125
<i>Of which:</i>														
Food .....	44,315	49,815	743	10,796	159.0	3,023	2,498	41,771	46,103	677	9,716	141.3	2,931	2,439
Chemicals .....	199,557	141,875	3,226	42,935	380.0	14,930	14,429	186,187	130,516	2,836	39,637	349.0	13,538	13,936
Primary and fabricated metals .....	66,493	66,578	1,644	17,250	224.1	5,212	8,893	50,641	48,372	1,091	13,104	188.5	3,915	6,941
Machinery .....	42,770	49,751	855	14,622	209.7	7,936	7,438	39,535	45,604	1,053	13,667	196.1	7,133	6,675
Computers and electronic products .....	81,604	97,391	-1,922	19,402	282.9	14,306	26,771	73,184	87,159	-1,895	17,810	259.4	13,417	26,100
Electrical equipment, appliances, and components .....	30,535	32,865	1,157	9,925	167.6	4,957	2,967	29,618	31,570	1,100	9,545	162.4	4,748	2,934
Transportation equipment .....	143,045	169,701	6,957	36,056	368.2	24,609	45,241	138,545	160,177	6,569	33,862	344.8	23,638	43,140
Wholesale trade .....	283,125	491,520	3,884	51,292	526.9	56,127	155,164	268,168	462,280	2,817	47,122	467.9	50,332	152,884
Retail trade .....	51,304	97,275	1,373	26,032	679.2	1,401	4,089	38,872	68,812	723	17,043	493.5	(P)	3,399
Information .....	156,163	74,060	-788	23,186	266.9	870	208	99,165	49,587	34	13,746	179.3	(P)	(P)
<i>Of which:</i>														
Publishing industries .....	51,457	23,676	1,034	9,595	105.1	717	(P)	(P)	19,853	-103	6,948	95.9	(P)	(P)
Broadcasting and telecommunications .....	77,942	35,036	-2,438	9,616	106.0	1	(P)	28,139	14,685	-485	2,795	29.6	1	1
Finance (except depository institutions) and insurance .....	1,789,405	187,956	10,292	23,954	234.9	4	49	1,556,470	162,016	4,895	19,970	198.2	4	49
Real estate and rental and leasing .....	123,474	21,121	1,411	9,679	39.1	27	224	101,316	17,582	1,047	7,678	35.4	27	224
Professional, scientific, and technical services .....	24,332	20,541	-202	7,961	104.5	283	232	19,093	17,486	3	6,665	80.7	263	(P)
Other industries .....	219,218	154,995	281	51,662	1,241.9	4,542	2,790	167,788	115,922	-482	38,663	914.7	4,428	2,543

D Suppressed to avoid disclosure of data of individual companies.

1. The industry classification system used to classify the data for U.S. affiliates is based on the North American Industry Classification System. Prior to 1997, the affiliate data were classified using an industry classification system based on the Standard Industrial Classification system.

NOTE.—The data in this table are from BEA's annual survey of the operations of U.S. affiliates of foreign compa-

nies; see "U.S. Affiliates of Foreign Companies: Operations in 1998" in the August 2000 issue of the SURVEY OF CURRENT BUSINESS.

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.

## H. International Perspectives

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

Table H.1.—International Perspectives

	1999	2000	2000										2001			
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Exchange rates per U.S. dollar (not seasonally adjusted) <sup>1</sup>																
Canada (Can.\$/US\$) .....	1.4858	1.4855	1.4512	1.4608	1.4689	1.4957	1.4770	1.4778	1.4828	1.4864	1.5125	1.5426	1.5219	1.5032	1.5216	1.5587
Euro zone (US\$/Euro) <sup>2</sup> .....	1.0653	.9234	.9834	.9643	.9449	.9059	.9505	.9386	.9045	.8695	.8525	.8552	.8983	.9376	.9205	.9083
Japan (¥/US\$) .....	1.1373	1.0782	1.0939	1.0631	1.0563	1.0832	1.0613	1.0821	1.0808	1.0684	1.0844	1.0901	1.1221	1.1667	1.1623	1.2151
Mexico (Peso/US\$) .....	9.5530	9.4590	9.4270	9.2890	9.3940	9.5060	9.8340	9.4190	9.2720	9.3610	9.5370	9.5080	9.4670	9.7690	9.7110	9.5990
United Kingdom (US\$/£) .....	1.6172	1.5159	1.6000	1.5799	1.5823	1.5090	1.5092	1.5076	1.4889	1.4336	1.4506	1.4258	1.4629	1.4775	1.4525	1.4445
Addendum: Exchange value of the U.S. dollar <sup>3</sup> ...	116.87	119.93	117.44	117.24	117.63	120.20	118.94	119.34	120.12	121.53	123.27	124.21	123.28	123.14	123.77	125.91
Unemployment rates (percent, monthly data seasonally adjusted)																
Canada .....	7.6	6.8	6.8	6.8	6.8	6.6	6.6	6.8	7.1	6.8	6.9	6.9	6.8	6.9	6.9	7.0
France .....	11.2	9.7	10.2	10.0	9.9	9.8	9.6	9.7	9.6	9.5	9.4	9.2	9.2	9.0	8.8	8.7
Germany .....	10.5	9.6	10.0	10.1	9.6	9.6	9.6	9.5	9.5	9.4	9.3	9.3	9.2	9.3	9.3	9.3
Italy .....	11.4	10.6	11.2	.....	.....	10.7	.....	.....	10.4	.....	.....	10.0	.....	.....	.....	9.9
Japan .....	4.7	4.8	4.9	4.9	4.8	4.6	4.7	4.7	4.6	4.7	4.7	4.8	4.9	4.9	4.7	4.7
Mexico .....	2.5	2.1	2.4	2.2	2.5	2.1	2.1	2.0	2.6	2.5	2.0	2.0	1.9 <sup>4</sup>	2.3	2.8	2.3
United Kingdom .....	4.2	3.6	3.8	3.8	3.7	3.7	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.3	3.3	3.3
Addendum: United States .....	4.2	4.0	4.1	4.1	3.9	4.1	4.0	4.0	4.1	3.9	3.9	4.0	4.0	4.2	4.2	4.3
Consumer prices (monthly data seasonally adjusted, 1995=100)																
Canada .....	106.1	109.0	107.5	108.2	107.9	108.4	109.1	109.5	109.3	109.8	110.0	110.4	110.5	110.1	110.5	110.9
France .....	104.6	106.3	105.5	106.0	106.0	106.2	106.4	106.2	106.4	107.0	106.8	107.1	107.0	106.6	106.9	107.3
Germany .....	104.9	106.9	106.2	106.4	106.4	106.3	106.9	107.4	107.2	107.7	107.5	107.7	107.8	108.3	109.0	109.1
Italy .....	110.0	112.8	111.7	112.0	112.1	112.5	112.8	113.0	113.1	113.3	113.7	114.0	114.1	114.6	115.0	115.1
Japan .....	102.2	101.5	101.3	101.5	101.7	101.8	101.5	101.3	101.3	101.6	101.7	101.5	101.5	101.5	101.2	101.1
Mexico .....	219.1	239.9	234.0	235.3	236.6	237.5	238.9	239.8	241.1	242.9	244.6	246.7	249.3	250.7	250.5	252.1
United Kingdom .....	111.0	114.2	112.4	113.0	114.1	114.5	114.8	114.4	114.4	115.2	115.1	115.5	115.5	114.8	115.4	115.5
Addendum: United States .....	109.3	113.0	111.6	112.3	112.3	112.5	113.1	113.4	113.3	113.9	114.1	114.4	114.6	115.3	115.6	115.7
Real gross domestic product (percent change from preceding quarter, quarterly data seasonally adjusted at annual rates)																
Canada .....	5.1	4.4	6.1	.....	.....	1.9	.....	.....	4.5	.....	.....	1.6	.....	.....	2.5	.....
France .....	3.0	3.3	2.6	.....	.....	2.7	.....	.....	3.2	.....	.....	3.1	.....	.....	2.0	.....
Germany .....	1.4	3.1	3.9	.....	.....	4.8	.....	.....	1.1	.....	.....	.8	.....	.....	.....	.....
Italy .....	1.6	2.9	4.4	.....	.....	.8	.....	.....	2.3	.....	.....	3.4	.....	.....	.....	.....
Japan .....	.8	1.7	10.0	.....	.....	.9	.....	.....	-2.4	.....	.....	3.0	.....	.....	.....	.....
Mexico .....	3.8	6.9	7.7	.....	.....	7.6	.....	.....	7.3	.....	.....	5.1	.....	.....	1.9	.....
United Kingdom .....	2.3	3.0	1.6	.....	.....	3.6	.....	.....	3.4	.....	.....	1.6	.....	.....	1.7	.....
Addendum: United States .....	4.2	5.0	4.8	.....	.....	5.6	.....	.....	2.2	.....	.....	1.0	.....	.....	1.3	.....

See footnotes at the end of the table.

Table H.1.—International Perspectives—Continued

	1999	2000	2000											2001		
			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 .....	4.83	5.61	5.07	5.35	5.39	5.84	5.83	5.79	5.81	5.79	5.83	5.86	5.74	5.44	5.16	4.69
Euro zone .....	2.97	4.39	3.54	3.75	3.93	4.35	4.50	4.58	4.78	4.85	5.04	5.09	4.94	4.77	4.76	4.71
Mexico .....	22.38	16.15	16.44	14.46	14.37	15.58	16.61	14.62	15.71	16.15	17.06	18.01	17.41	18.50	18.07	16.47
United Kingdom .....	5.45	6.10	6.15	6.15	6.20	6.23	6.13	6.11	6.13	6.12	6.08	6.00	5.88	5.75	5.69	5.46
Addendum:																
United States .....	4.66	5.84	5.57	5.72	5.67	5.92	5.74	5.93	6.11	5.99	6.10	6.18	5.83	5.27	4.93	4.50
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																
Canada .....	5.68	5.92	6.19	5.93	5.90	6.10	5.89	5.84	5.77	5.81	5.79	5.78	5.58	5.71	5.69	5.60
Euro zone .....	4.66	5.44	5.66	5.49	5.41	5.52	5.35	5.40	5.47	5.42	5.34	5.07	5.01	5.02	4.94	
France .....	4.94	5.89	5.96	5.73	5.84	5.92	5.94	6.00	6.04	5.93	5.92	5.78	5.55	5.48	5.60	5.36
Germany .....	4.5	5.3	5.5	5.3	5.2	5.4	5.2	5.3	5.2	5.3	5.2	5.2	4.9	4.8	4.8	4.7
Italy .....	4.73	5.58	5.73	5.58	5.47	5.67	5.51	5.59	5.56	5.63	5.58	5.55	5.30	5.18	5.18	5.13
Japan .....	1.75	1.75	1.8	1.8	1.7	1.7	1.7	1.7	1.8	1.9	1.8	1.8	1.6	1.5	1.4	1.2
United Kingdom .....	5.08	5.31	5.62	5.36	5.30	5.40	5.20	5.20	5.29	5.34	5.19	5.07	4.90	4.86	4.84	4.73
Addendum:																
United States .....	5.65	6.03	6.52	6.26	5.99	6.44	6.10	6.05	5.83	5.80	5.74	5.72	5.24	5.16	5.10	4.89
Share price indices (not seasonally adjusted, 1995=100)																
Canada .....	159.2	216.7	205.9	213.4	210.8	208.7	229.9	234.7	253.7	234.1	217.4	198.9	201.5	210.2	182.2	191.6
France .....	234.6	321.7	316.7	329.7	318.2	324.2	333.4	332.6	336.5	336.5	316.5	317.0	303.6	299.7	292.8	271.0
Germany .....	204.9	260.3	279.6	293.8	272.9	265.8	266.0	262.9	261.8	256.6	242.6	240.7	227.0	227.4	225.1	207.7
Italy .....	246	319	320	337	309	316	321	328	325	327	317	332	312	307	297	273
Japan .....	98	98	115	118	104	94	101	91	97	91	84	85	80	80	74	75
Mexico .....	240.3	293.6	332.0	336.7	299.2	268.6	313.1	293.5	300.3	285.4	288.1	254.7	254.7	292.7	271.8	258.1
United Kingdom .....	168.4	178.5	178.2	189.8	178.7	175.2	182.1	182.3	180.7	179.2	172.5	172.2	167.4	165.0	163.5	154.4
Addendum:																
United States .....	213	221	208	214	222	220	223	224	229	233	222	222	222	223	223	207

1. All exchange rates are from the Board of Governors of the Federal Reserve System.

2. Rates for selected euro-area currencies can be derived by using the following conversion rates: 1 euro = 6.55957 French francs, 1.95583 German marks, and 1936.27 Italian lire.

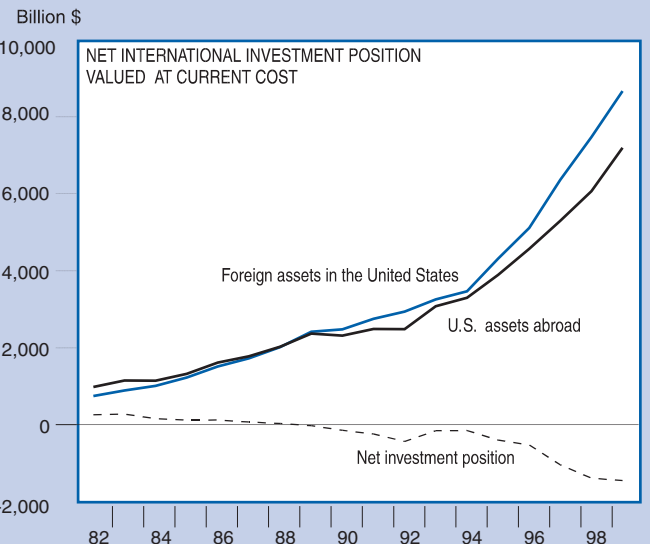
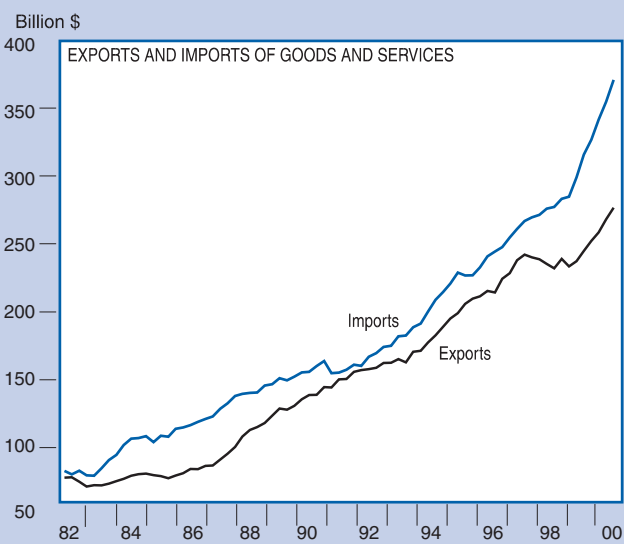
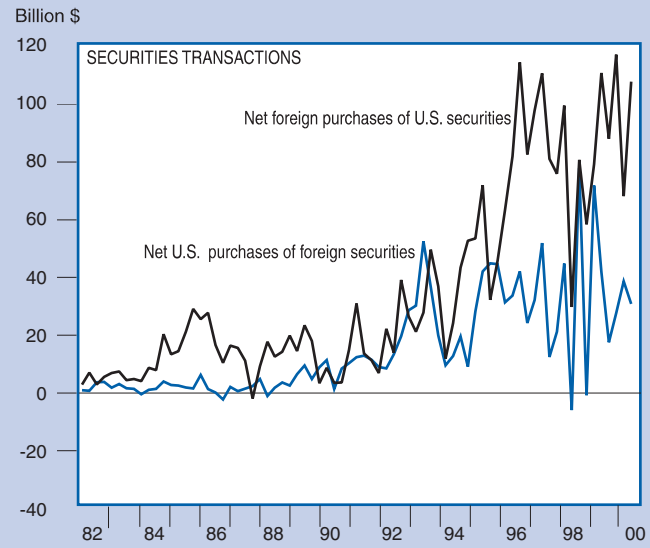
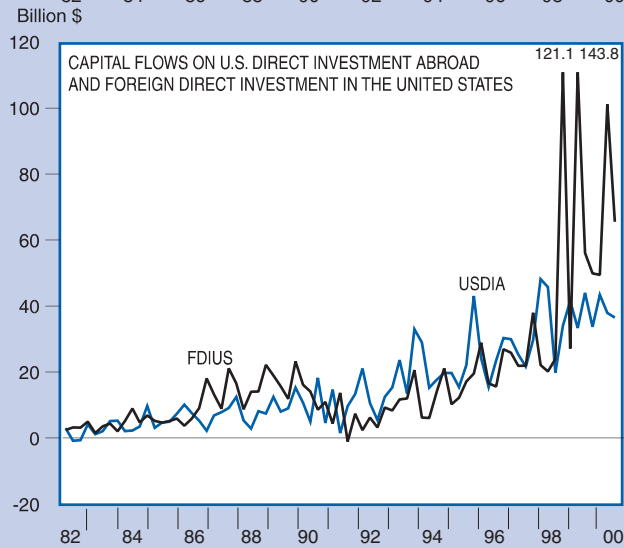
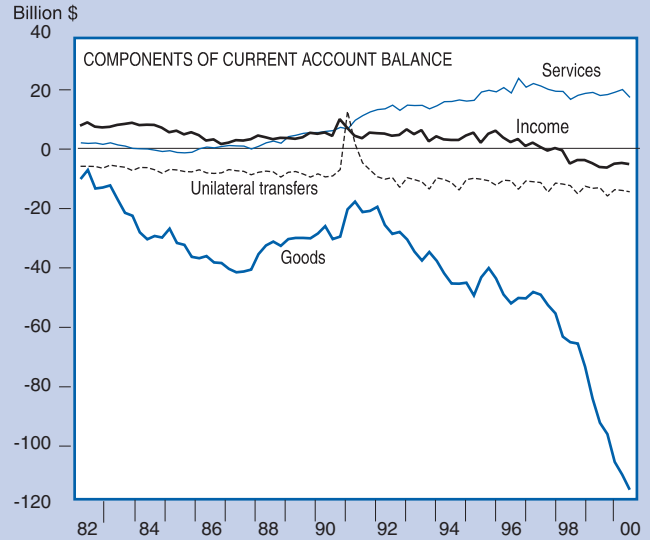
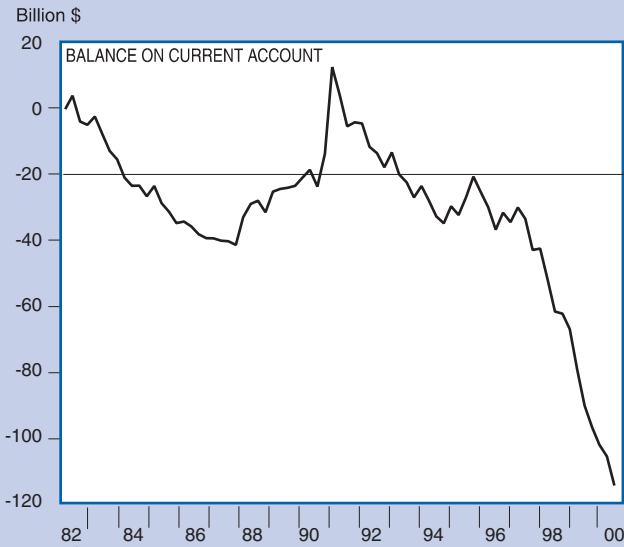
3. The rate shown for the United States is an index of the weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners, January 1997=100. For more information on the exchange rate indexes, see "New Summary Measures of the Foreign Exchange Value of

the Dollar," *Federal Reserve Bulletin*, vol. 84 (October 1998), pp. 811-18.

NOTE.—U.S. interest rates, unemployment rates, and GDP growth rates are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. GDP growth rates for other countries are calculated from levels published by those countries. Most other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1995 to facilitate comparison) are © OECD and are reproduced with permission.

I. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY













K. Local Area Table

Table K.1.—Personal Income and Per Capita Personal Income by Metropolitan Area, 1997-99

Table with columns for Area name, Personal income (Millions of dollars, Percent change), and Per capita personal income (Dollars, Rank in U.S.). Rows include United States, Metropolitan portion, Nonmetropolitan portion, Consolidated Metropolitan Statistical Areas, and Metropolitan Statistical Areas.

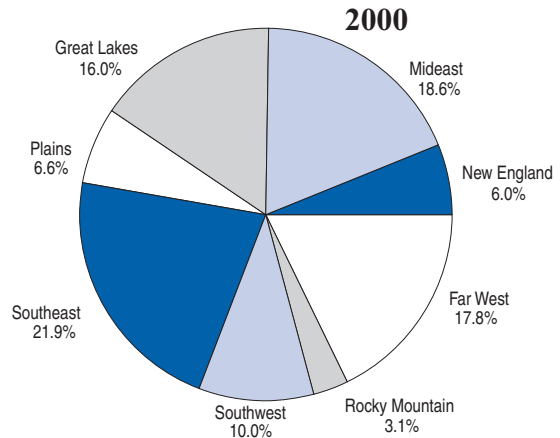
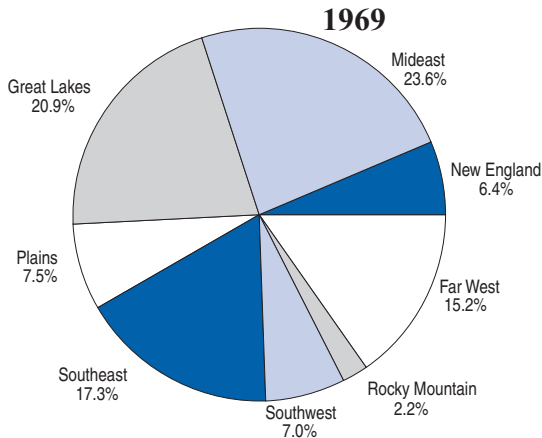
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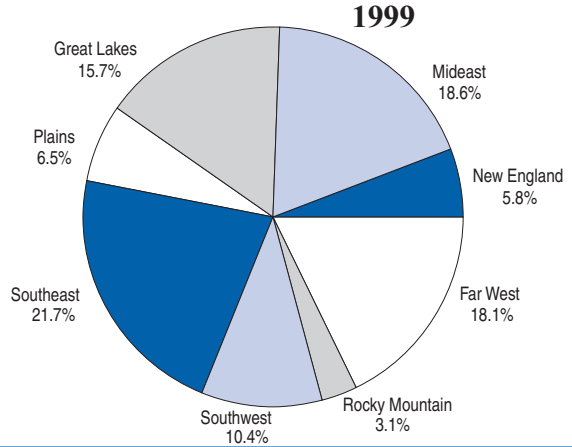
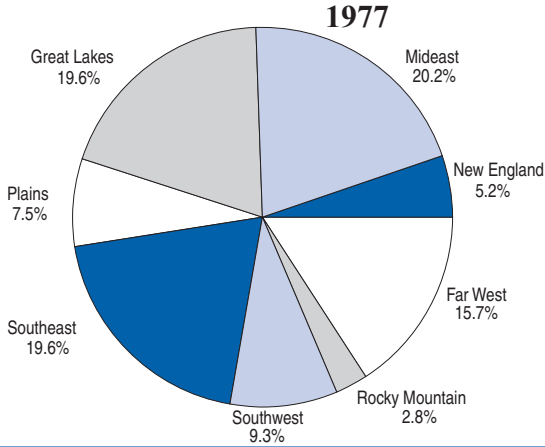
L. Charts

SELECTED REGIONAL ESTIMATES

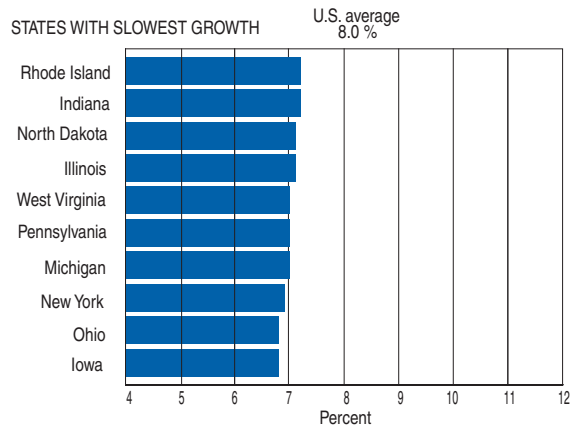
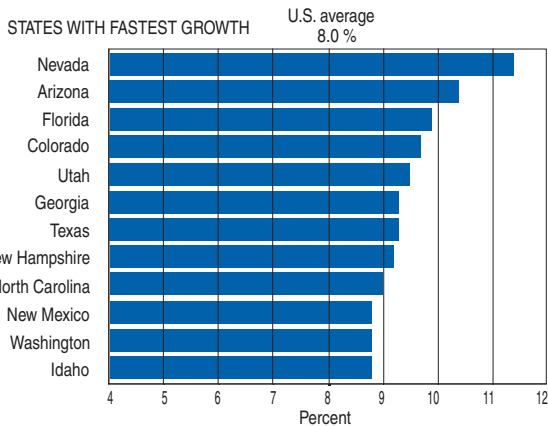
SHARES OF U.S. PERSONAL INCOME BY REGION



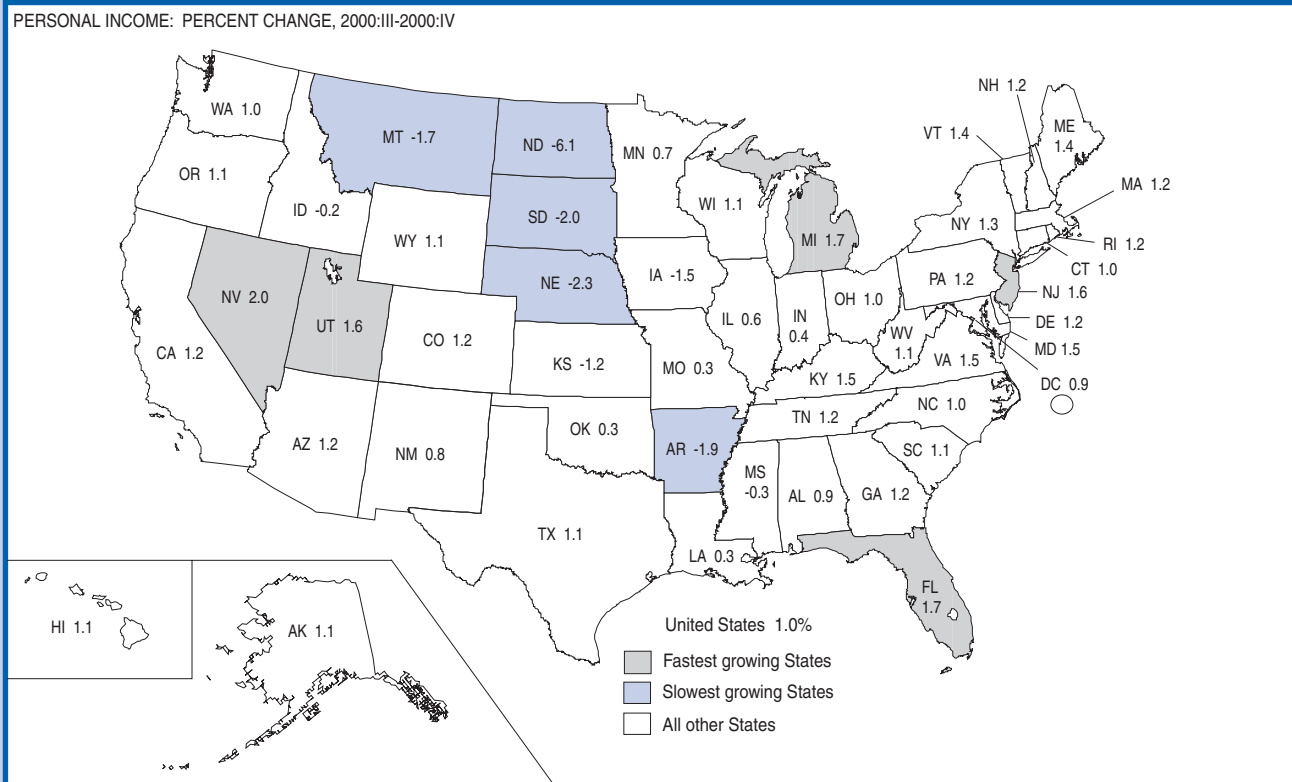
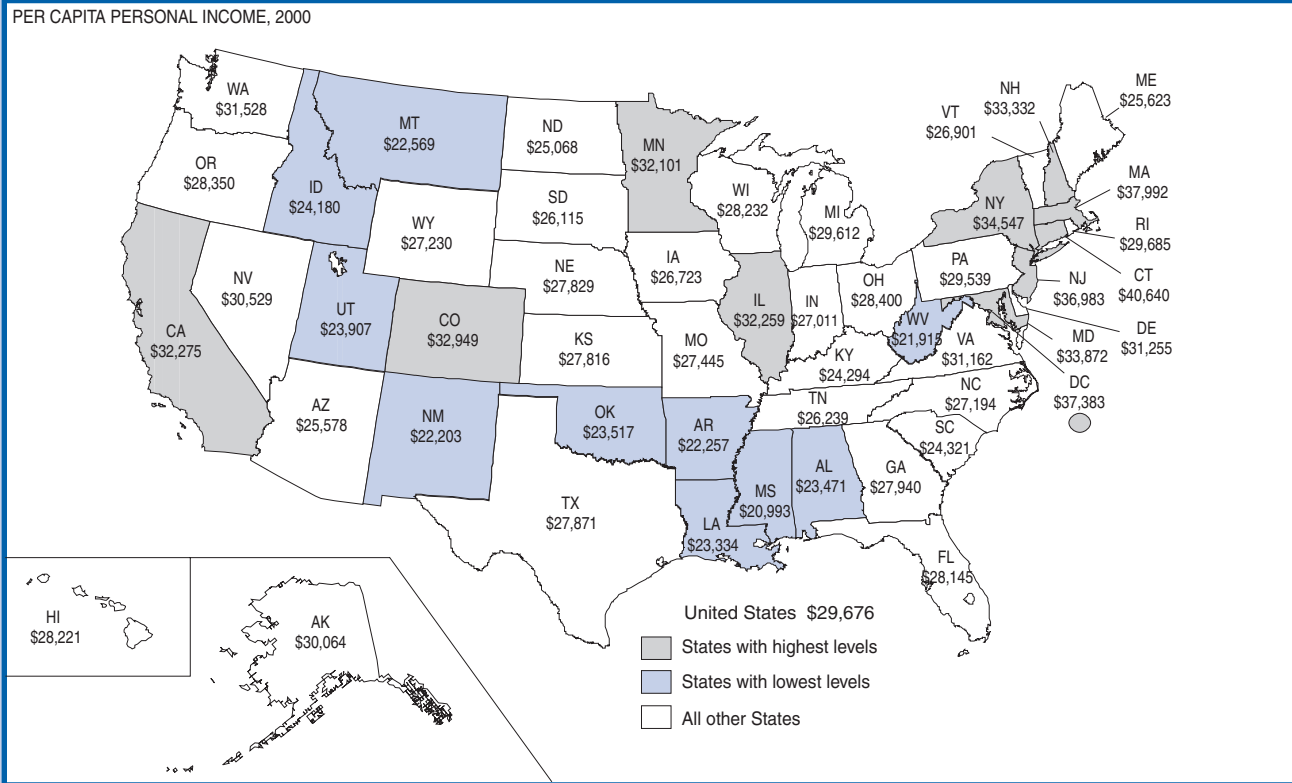
SHARES OF U.S. GROSS STATE PRODUCT BY REGION



AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1969-2000



# SELECTED REGIONAL ESTIMATES



## Appendix A

### Additional Information About the 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.)

The annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from 2 adjacent years. For example, the annual percent change in real GDP in 1997–98 uses prices for 1997 and 1998 as weights, and the 1997–98 annual percent change in the GDP price index uses quantities for 1997 and 1998 as weights. Because the Fisher formula allows for the effects of changes in relative prices and in the composition of output over time, the resulting quantity or price changes are not affected by the substitution bias that is associated with changes in quantities and prices calculated using a fixed-weighted formula.<sup>1</sup> These annual changes are “chained” (multiplied) together to form time series of quantity and price; the percent changes that are calculated from these time series are not affected by the choice of reference period.

The quarterly changes in quantities and prices are calculated with weights from two adjacent quarters. As part of an annual or comprehensive revision, the quarterly indexes through the most recent complete year are adjusted to ensure that the average of the quarterly indexes conforms to the corresponding annual index.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated “chained (1996) dollar estimates.” These estimates are computed by multiplying the 1996 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 1996 and if real output for this component

increased by 10 percent in 1997, then the “chained (1996) dollar” value of this component in 1997 would be \$110 ( $\$100 \times 1.10$ ). Note that percentage changes in the chained (1996) 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 (1996) 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. Accurate measures of component contributions to the percentage changes in real GDP and its major components are shown in NIPA tables 8.2–8.6.

BEA also publishes the “implicit price deflator” (IPD), which is calculated as the ratio of current-dollar value to the corresponding chained-dollar value, multiplied by 100; the values of the IPD and of the corresponding “chain-type” price index are very close.

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 by 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.

1. In addition, because the changes in quantities and prices calculated using these weights are symmetric, the product of a quantity index and the corresponding price index is generally equal to the current-dollar index.



## Reconciliation Tables

Table 1.—Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings

[Percent change from preceding period]

	1999	2000	Seasonally adjusted at annual rates						
			1999		2000				2001
			IV	I	II	III	IV	I <sup>p</sup>	
<b>BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing)</b> <sup>1</sup> .....	<b>4.8</b>	<b>5.0</b>	<b>4.2</b>	<b>3.9</b>	<b>5.9</b>	<b>5.7</b>	<b>6.6</b>	<b>5.3</b>	
Less: Contribution of supplements to wages and salaries per hour .....	-3	-1	-4	.1	.2	.1	.1	-1	
Plus: Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions .....	-1	-3	-3	-1	-1	-9	-3	-1	
Less: Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed .....	0	-1	-1	-1	-3	-1	-3	.1	
<b>Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector</b> .....	<b>5.0</b>	<b>4.8</b>	<b>4.4</b>	<b>3.7</b>	<b>5.9</b>	<b>4.8</b>	<b>6.5</b>	<b>5.3</b>	
Less: Contribution of wages and salaries per hour of nonproduction workers in manufacturing .....	-1	0	0	.2	.4	.6	.4	.2	
Less: Other differences <sup>2</sup> .....	1.4	1.1	1.3	-3	1.6	.5	1.4	.8	
<b>Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls</b> .....	<b>3.6</b>	<b>3.7</b>	<b>3.1</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	<b>4.7</b>	<b>4.3</b>	
<b>Addendum:</b> BLS estimates of compensation per hour in the nonfarm business sector <sup>3</sup> .....	4.4	5.1	4.2	4.1	6.0	6.2	6.6	5.2	

<sup>p</sup> Preliminary.

1. Includes BLS data on compensation and hours of nonfarm proprietors and hours worked of unpaid family workers.

2. 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.

3. These estimates differ from the BEA-derived estimates (first line) because the BLS estimates include compensation and hours of tenant-occupied housing.

BLS Bureau of Labor Statistics.

Table 2.—Relation of Net Exports of Goods and Services and Net Receipts of Income in the NIPA's to Balance on Goods, Services, and Income in the ITA's

[Billions of dollars]

	Line	1999	2000	Seasonally adjusted at annual rates					
				1999		2000			
				III	IV	I	II	III	IV
<b>Exports of goods, services, and income receipts, ITA's</b> .....	<b>1</b>	<b>1,232.4</b>	<b>1,414.9</b>	<b>1,252.3</b>	<b>1,298.4</b>	<b>1,346.9</b>	<b>1,414.0</b>	<b>1,451.1</b>	<b>1,447.8</b>
Less: Gold, ITA's .....	2	5.3	6.0	6.1	8.8	9.6	3.7	4.2	6.5
Statistical differences <sup>1</sup> .....	3	0	16.0	0	0	8.3	14.8	18.8	22.1
Other items .....	4	1.0	1.2	1.1	1.1	1.3	1.2	1.5	.9
Plus: Adjustment for grossing of parent/affiliate interest payments .....	5	4.6	6.2	4.6	5.3	6.0	5.8	6.2	6.6
Adjustment for U.S. territories and Puerto Rico .....	6	48.9	53.4	48.6	52.8	52.7	51.3	54.3	55.2
Services furnished without payment by financial intermediaries except life insurance carriers .....	7	16.4	16.7	15.7	15.5	16.4	16.9	16.6	16.9
<b>Equals: Exports of goods and services and income receipts, NIPA's</b> .....	<b>8</b>	<b>1,296.1</b>	<b>1,467.9</b>	<b>1,314.0</b>	<b>1,362.2</b>	<b>1,402.8</b>	<b>1,468.3</b>	<b>1,503.6</b>	<b>1,496.9</b>
<b>Imports of goods, services, and income payments, ITA's</b> .....	<b>9</b>	<b>1,515.9</b>	<b>1,797.1</b>	<b>1,565.3</b>	<b>1,626.3</b>	<b>1,705.6</b>	<b>1,785.6</b>	<b>1,851.7</b>	<b>1,845.3</b>
Less: Gold, ITA's .....	10	5.8	5.9	7.4	9.3	9.6	3.0	4.2	6.7
Statistical differences <sup>1</sup> .....	11	0	9.4	0	0	5.8	7.8	11.1	12.8
Other items .....	12	0	0	0	0	0	0	0	0
Plus: Gold, NIPA's .....	13	-2.7	-2.9	-2.6	-2.7	-3.2	-3.1	-2.8	-2.5
Adjustment for grossing of parent/affiliate interest payments .....	14	4.6	6.2	4.6	5.3	6.0	5.8	6.2	6.6
Adjustment for U.S. territories and Puerto Rico .....	15	32.6	41.2	32.5	39.6	36.2	37.5	45.6	45.4
Imputed interest paid to rest of world .....	16	16.4	16.7	15.7	15.5	16.4	16.9	16.6	16.9
<b>Equals: Imports of goods and services and income payments, NIPA's</b> .....	<b>17</b>	<b>1,561.1</b>	<b>1,842.9</b>	<b>1,608.1</b>	<b>1,674.8</b>	<b>1,745.7</b>	<b>1,832.0</b>	<b>1,902.0</b>	<b>1,892.2</b>
<b>Balance on goods, services, and income, ITA's (1-9)</b> .....	<b>18</b>	<b>-283.5</b>	<b>-382.2</b>	<b>-313.0</b>	<b>-327.9</b>	<b>-358.7</b>	<b>-371.6</b>	<b>-400.6</b>	<b>-397.5</b>
Less: Gold (2-10+13) .....	19	-3.2	-2.8	-3.9	-3.2	-3.2	-2.4	-2.8	-2.7
Statistical differences (3-11) <sup>1</sup> .....	20	0	6.6	0	0	2.5	7.0	7.7	9.3
Other items (4-12) .....	21	1.0	1.2	1.1	1.1	1.3	1.2	1.5	.9
Plus: Adjustment for U.S. territories and Puerto Rico (6-15) .....	22	16.3	12.2	16.1	13.2	16.5	13.8	8.7	9.8
<b>Equals: Net exports of goods and services and net receipts of income, NIPA's (8-17)</b> .....	<b>23</b>	<b>-265.0</b>	<b>-375.0</b>	<b>-294.1</b>	<b>-312.6</b>	<b>-342.9</b>	<b>-363.7</b>	<b>-398.4</b>	<b>-395.3</b>

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated into the ITA's (2000:IV) and statistical revisions in the ITA's that have not yet been incorporated into the NIPA's (2000:I-2000:IV).

ITA's International transactions accounts  
NIPA's National income and product accounts

## Appendix B

# Suggested Reading

The Bureau of Economic Analysis (BEA) has published a wealth of information about the methodologies that are used to prepare its national, regional, and international accounts.

### National accounts

The national accounts encompass the detailed estimates in the national income and product accounts (including gross domestic product), the estimates of wealth and related estimates, gross product by industry, the input-output accounts, and the satellite accounts.

**National income and product accounts (NIPAs).** This series of papers documents the conceptual framework of the NIPAs and the methodologies that have been used to prepare the estimates.

*An Introduction to National Economic Accounting* (1985) [also in the March 1985 SURVEY]

*Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends* (1985)

*Foreign Transactions* (1987) [A revised version is forthcoming.]

*GNP: An Overview of Source Data and Estimating Methods* (1987) [Most of the information in this paper has been superseded by "A Guide to the NIPAs" (March 1998 SURVEY).]

*Government Transactions* (1988)

*Personal Consumption Expenditures* (1990)

These methodologies have been updated and improved, typically as part of the comprehensive and annual revisions of the NIPAs. The most recent revisions are described in the following SURVEY articles.

"A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts" Definitional and Classificational Changes (August 1999)

New and Redesigned Tables (September 1999)

Statistical Changes (October 1999)

"Improved Estimates of the National Income and Product Accounts: Results of the Comprehensive Revision"

For 1959–98 (December 1999)

For 1929–99 (April 2000)

"Annual Revision of the U.S. National Income and Product Accounts" (August 2000)

"A Guide to the NIPAs" (March 1998) 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 NIPAs are presented, describes the statistical conventions that are used, and lists the principal source data and methods that are used to prepare the estimates of gross domestic product (GDP).

Information about the sources and methods that are used to prepare the national estimates of personal income, which are the basis for the State estimates, is in *State Personal Income, 1929–97* (1999).

"BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth" (May 1997) is the most recent in a series of articles that describe the conceptual basis for the chain-type measures of real output and prices that are used in the NIPAs.

"Reliability of the Quarterly and Annual Estimates of GDP and Gross Domestic Income" (December 1998) evaluates these estimates by examining the record of revisions to them.

**Wealth and related estimates.** *Fixed Reproducible Tangible Wealth in the United States, 1925–94* (1999) discusses the concepts and statistical considerations that underlie the estimates and their derivation.

"Fixed Assets and Consumer Durable Goods for 1925–98" (April 2000) describes the definitional and statistical improvements that were incorporated in the comprehensive revision of the estimates.

**Gross product by industry.** "Improved Estimates of

### Mission and Strategic Plan

The mission statement of the Bureau of Economic Analysis and the latest update to its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts are available on BEA's Web site at <[www.bea.doc.gov](http://www.bea.doc.gov)>. For information about the development and the implementation of the plan, see these SURVEY articles.

"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)

Gross Product by Industry for 1947–98” (June 2000) describes the most recent comprehensive revision of these estimates.

“Gross Domestic Product by Industry for 1997–99” (December 2000) describes the most recent annual revision of these estimates.

**Input-output accounts.** “Benchmark Input-Output Accounts for the U.S. Economy, 1992” (November 1997) describes the preparation of the 1992 accounts and the concepts and methods that underlie the accounts.

“Annual Input-Output Accounts of the U.S. Economy” presents annual tables that update the 1992 benchmark accounts

For 1996 (January 2000)

For 1997 (January 2001)

**Satellite accounts.** These accounts extend the analytical capacity of the national accounts by focusing on one aspect of economic activity.

“Integrated Economic and Environmental Satellite Accounts” and “Accounting for Mineral Resources: Issues and BEA’s Initial Estimates” (April 1994)

“A Satellite Account for Research and Development” (November 1994)

“U.S. Transportation Satellite Accounts”

For 1992 (April 1998)

For 1996 (May 2000)

“U.S. Travel and Tourism Satellite Accounts”

For 1992 (July 1998)

For 1996 and 1997 (July 2000)

### International accounts

The international accounts encompass the international transactions accounts, direct investment, and international transactions in services.

**International transactions accounts (ITA’s).** *The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures* (1990) describes the methodologies used to prepare the estimates in the ITA’s and the international investment position of the United States. These methodologies are usually updated and improved as part of the annual revisions of the ITA’s.

“U.S. International Transactions, Revised Estimates” is a series of articles about the annual ITA revisions and the improvements in methodology; the latest article is published in the July 2000 issue.

**Direct investment.** *International Direct Investment: Studies by the Bureau of Economic Analysis* (1999) is a collection of previously published articles on U.S. direct investment abroad and foreign direct investment in the United States. It also includes the following information.

“Methodology for U.S. Direct Investment Abroad,” which is also available in *U.S. Direct*

*Investment Abroad: 1994 Benchmark Survey, Final Results* (1998)

“A Guide to BEA Statistics on U.S. Multinational Companies,” which is also available in the March 1995 SURVEY

“Methodology for Foreign Direct Investment in the United States,” which is also available in *Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results* (1995)

“A Guide to BEA Statistics on Foreign Direct Investment in the United States,” which is also available in the February 1990 SURVEY

**International services.** *U.S. International Transactions in Private Services: A Guide to the Surveys Conducted by the Bureau of Economic Analysis* (1998) describes 11 surveys. It includes classifications, definitions, release schedules, the methods used to prepare the estimates, and samples of the survey forms.

### Regional accounts

The regional accounts include estimates of personal income and gross state product.

**Personal income.** Estimates of personal income are prepared for States and for local areas.

“Comprehensive Revision of State Personal Income for 1969–99” (June 2000) summarizes the changes in the methodology that is used to prepare the estimates. The detailed methodology is available on the CD-ROM *State Personal Income, 1929–99*.

“Comprehensive Revision of Local Area Personal Income for 1969–98” (July 2000) summarizes the changes in the methodology that is used to prepare the estimates for counties and metropolitan areas. The detailed methodology is available on the CD-ROM *Regional Economic Information System, 1969–98*.

**Gross state product.** “Comprehensive Revision of Gross State Product by Industry, 1977–94” (June 1997 SURVEY) summarizes the sources and the methods that are used to prepare the estimates. “Gross State Product by Industry, 1977–98” (October 2000) describes the most recent comprehensive revision of these estimates.

#### Availability

Most of the items listed here are available on our Web site at <[www.bea.doc.gov](http://www.bea.doc.gov)>; in particular, look under “Methodologies.” Our online *Catalog of Products* provides descriptions of both our printed and electronic publications. The *Catalog* also includes links to compressed files of our diskette products that can be downloaded for free.

For specific information about the availability of our most recently released estimates and products, see “Getting BEA’s Estimates” on the inside back cover.

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22 [An Upcoming Change in the NIPA Presentation of Private Inventories by Industry](#)

A note describing the changes in the NIPA tables that will result from the conversion of the inventory estimates by industry from the Standard Industrial Classification system to the North American Industry Classification System.

36 [Convergence in State Per Capita Personal Income, 1950–99](#)

The differences in per capita personal incomes among the States narrowed from 1950 to 1979 but have not narrowed since. This pattern largely reflects the pattern of per capita earnings, the largest component of personal income. Dividends, interest, and rent showed the strongest pattern of convergence through 1979 and continued to show some convergence through 1999. Transfers converged until 1979 but showed little evidence of convergence thereafter.

## *Regular features*

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1 [Business Situation](#)

Real GDP increased 1.3 percent in the first quarter of 2001, according to the “preliminary” estimate; the “advance” estimate issued last month had shown a 2.0-percent increase. The downward revision was largely accounted for by downward revisions to private nonfarm inventories and personal consumption expenditures for nondurable goods and by an upward revision to imports of goods. Corporate profits declined \$21.3 billion (2.3 percent at a quarterly rate). The Federal Government current surplus increased \$2.4 billion, to \$279.4 billion, and the State and local government current surplus fell \$22.8 billion, to \$40.3 billion.

27 [Foreign Direct Investment in the United States: New Investment in 2000](#)

Outlays by foreign direct investors to acquire or establish businesses in the United States increased to a record \$320.9 billion in 2000. Outlays have been exceptionally large for the past 3 years, reflecting continued strong growth in the U.S. economy and substantial numbers of very large investments. Nearly half of the outlays in 1998–2000 were in manufacturing, especially in petroleum and coal products and in computers and electronic products. Outside manufacturing, outlays were largest in information and in finance.

## *Reports and statistical presentations*

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- 20 [Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 2001:I](#)
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Back cover: [Schedule of Upcoming BEA News Releases](#)

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### LOOKING AHEAD

**Annual Revision of the U.S. International Transactions Accounts.** An article summarizing the revisions to the estimates of U.S. international transactions and discussing the major sources of these revisions will be published in the July SURVEY. Most of the revisions will affect the estimates for 1996–2000. Selected revised estimates will be available on June 21 as part of the release of the estimates of U.S. international transactions for the first quarter of 2001.

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