



Chronicling 100 Years of the U.S. Economy

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Incorporating Satellite Accounts

The Bureau of Economic Analysis (BEA) mission is to provide the most up-to-date statistics on the state of our nation's economy. This requires ongoing, determined efforts to improve the methodology and investments in data and systems to implement new methodologies over time by analyzing, questioning, and critiquing the processes and the results.

One way of expanding BEA's analytical capacity is to create supplemental accounts, known as "satellite accounts," that focus on specific aspects of the U.S. economy. Satellite accounts do not change the National Economic Accounts; instead, they allow for analysis of a specific aspect of the economy in greater detail. Satellite accounts can take one of two approaches: they can take previously published data for use in the satellite account, or they can produce experimental statistics. Over the years, BEA has created satellite accounts for the environment (a controversial topic at the time), research and development (R&D), tourism and travel, arts and culture, and most recently, the space economy, to name a few.

The collage features several callouts from the article:

- Introduction:** BEA has prepared a satellite account that arrays information about research and development (R&D). First, the satellite account provides estimates of expenditures on R&D that are designed to be used in conjunction with the national income and product accounts measures. Second, it treats R&D expenditures as a form of investment, recognizing the role R&D plays in adding to knowledge and in developing new and improved processes and products that lead to increases in productivity and growth. Third, it provides estimates of the stock of knowledge capital. To focus on R&D and facilitate its analysis, the satellite account changes some definitions and classifications used in the national income and product accounts but otherwise is designed to be consistent statistically and conceptually with those accounts. Thus, the satellite account supplements the existing accounts.
- Concept, Source Data, and Estimating Methods:** BEA's economic accounts have always benefited from discussion and critique of concept, source data, and estimating methods. The same is to be expected for the new satellite account. Comments are welcome.
- Carol S. Carson, Director, Bureau of Economic Analysis**
- Advantages:** The article explains why it is difficult to measure R&D. It notes that the most common method is to use the R&D credit from the Federal Reserve's Survey of Current Business. However, this method is based on the R&D credit from the Survey of Current Business, which is based on the R&D credit from the Survey of Current Business. The article also notes that the R&D credit from the Survey of Current Business is based on the R&D credit from the Survey of Current Business.
- Table 8—Selected Summary Measures:** A table showing R&D as a percentage of GDP, R&D as a percentage of total investment, and R&D as a percentage of total fixed capital formation from 1980 to 1993.
- Chart 1—R&D Expenditures, 1982:** A pie chart showing the distribution of R&D expenditures by industry in 1982. The largest share is in the "Other" category, followed by "Manufacturing," "Government," and "Non-Farm Business." The "Agriculture" category is the smallest.

A selection of callouts from the November 1994 Survey of Current Business article "A Satellite Account for Research and Development."

This centennial issue of the *Survey of Current Business* provides a reprint of the November 1994 article “[A Satellite Account for Research and Development](#).” R&D may be defined as the sum of basic research, applied research, and development. The BEA approach to analyzing R&D and its impact on the economy focuses on expenditures on R&D. This line of research was further extended by additional articles published in the *Survey* in 2002, 2007, and 2009. In 2013, thanks to BEA's experience with an R&D satellite account, R&D was incorporated into the compilation of gross domestic product.



Survey of Current Business
apps.bea.gov/scb
scb@bea.gov
(301) 278-9004