TABLE OF CONTENTS

Regular features

1 Business Situation

U.S. economic activity continued at a strong pace in the fourth quarter of 1994: Real GDP increased 4.5 percent after increasing 4.0 percent and 4.1 percent in the preceding two quarters. Inflation slowed; the price index for gross domestic purchases increased 2.5 percent after increasing 3.5 percent in the third quarter.

30 Personal Income by State and Region, Third Quarter 1994

Personal income in the Nation slowed in the third quarter of 1994 from a substantial second-quarter increase that was partly attributable to a rebound from destruction caused by the Northridge, California, earthquake. In Nevada and Florida, pickups in personal income in the third quarter partly reflected large increases in dividend, interest, and rental income that may be partly traceable to recent above-average increases in the number of retirement-age residents.

35 User's Guide to BEA Information

Contains updated information to help users locate the most recent and most frequently requested BEA products. The guide also includes descriptions of BEA's programs, a subject listing for BEA products, and order information and forms.

Reports and statistical presentations

7 National Income and Product Accounts

7 Selected NIPA Tables

26 NIPA Charts

— *Continued on next page* —

28 Selected Monthly Estimates

C-1 Business Cycle Indicators

C-1 Data tables

C-6 Footnotes for pages C-1 through C-5

C-7 Charts

C-28 Historical data for selected series

LOOKING AHEAD

- *Mid-Decade Review.* As part of a mid-decade strategic review of the national, regional, and international accounts, BEA will publish a report in the February SURVEY that identifies the most pressing needs of the system and that recommends specific steps to address these needs. The mid-decade review is designed to guide improvements in the Federal Government's statistical picture of the U.S. economy.
- *Guide to BEA Statistics on U.S. Multinational Companies.* A guide to BEA statistics on U.S. multinational companies—that is, U.S. parent companies and their foreign affiliates—will appear in a forthcoming issue of the SURVEY. The guide will describe each data series on U.S. direct investment abroad and will discuss the uses and limitations of each series.

TABLE OF CONTENTS

Special in this issue

36 Mid-Decade Strategic Review of BEA's Economic Accounts: Maintaining and Improving Their Performance

BEA has undertaken a comprehensive review of the U.S. economic accounts—national, international, and regional. The Review consists of three steps: Preparation of a series of background papers to evaluate the state of the accounts, development of a draft plan—presented in this article—to maintain and improve the accounts, and solicitation of outside comment and discussion to help shape and refine the final plan. The Review is an integral part of BEA's overall plan to achieve its goal of providing customers with the right numbers at the right time in the right way.

75 Redefinition of the BEA Economic Areas

BEA has grouped the Nation's counties and metropolitan areas into 172 economic areas for use in regional economic analysis. This set of areas, which replaces an earlier set of 183 areas, reflects the incorporation of newly available information on commuting patterns and of refinements in the procedure for defining these areas. Each of the BEA economic areas includes, as far as possible, the place of work and the place of residence of its labor force.

Regular features

1 Business Situation

According to the "preliminary" estimates for the fourth quarter of 1994, real GDP increased 4.6 percent after increasing 4.0 percent in the third quarter and 4.1 percent in the second. The "preliminary" estimate of GDP growth was little changed from that shown by the "advance" estimate issued a month earlier; however, final sales of domestic product was revised up substantially, while inventory accumulation was revised down substantially.

— Continued on next page —

67 Federal Budget Estimates, Fiscal Year 1996

In BEA's annual "translation" of the administration's budget, the Federal deficit on a NIPA basis rises to $187.9 billion in fiscal year 1996 from $173.7 billion in fiscal year 1995. Before translation, the budget shows the deficit rising to $196.6 billion from $192.5 billion.

Reports and statistical presentations

9 National Income and Product Accounts
- 9 Selected NIPA Tables
- 28 NIPA Charts
- 30 Reconciliation and Other Special Tables
- 31 A Look at How BEA Presents the NIPA's

34 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

❁ *Guide to BEA Statistics on U.S. Multinational Companies.* A guide to BEA statistics on U.S. multinational companies—that is, U.S. parent companies and their foreign affiliates—will appear in the March SURVEY. The guide will describe each data series on U.S. direct investment abroad and will discuss the uses and limitations of each series.

TABLE OF CONTENTS

Special in this issue

38 A Guide to BEA Statistics on U.S. Multinational Companies

BEA's statistics on U.S. multinational companies (MNC's) provide a comprehensive and integrated data set for empirical analysis of MNC's. Balance of payments data measure transactions between U.S. parents and their foreign affiliates, and direct investment position data measure the cumulative value of parents' investments in their affiliates. Financial and operating data provide a wide variety of indicators of the overall domestic and foreign operations of U.S. MNC's. BEA's statistics can help to answer such questions as "Where are U.S. MNC's investing?" "Are U.S. companies shifting their operations abroad?" and "What portion of U.S. cross-border trade is between U.S. parents and their foreign affiliates?"

Regular features

1 Business Situation

The "final" estimate of real GDP for the fourth quarter of 1994 showed an increase of 5.1 percent; the "preliminary" estimate had shown a 4.6-percent increase. Fixed investment was revised up, and imports were revised down. Corporate profits increased $4.3 billion after increasing $9.6 billion in the third quarter. In the government sector, an increase in the Federal Government deficit more than offset an increase in the State and local government surplus.

33 State and Local Government Fiscal Position in 1994

The surplus of State and local governments in 1994, at $26.2 billion, changed little from 1993. Receipts accelerated slightly, reflecting a pickup in the U.S. economy; expenditures also accelerated slightly, reflecting a step-up in purchases. The outlook for 1995 suggests an increase of $5–$10 billion in the State and local government surplus.

— Continued on next page —

56 U.S. International Transactions, Fourth Quarter and Year 1994

In the fourth quarter of 1994, the U.S. current-account deficit increased $4.0 billion, to $44.8 billion. A decrease in the deficit on merchandise trade and an increase in the surplus on services were more than offset by an increase in the deficit on investment income and by larger net unilateral transfers. For the year 1994, the current-account deficit increased $51.8 billion, to $155.7 billion. A jump in the deficit on merchandise trade, as imports increased more than exports, was augmented by a sizable shift to a deficit on investment income.

Reports and statistical presentations

7 National Income and Product Accounts
- 7 Selected NIPA Tables
- 26 NIPA Charts
- 28 Reconciliation and Other Special Tables

29 Selected Monthly Estimates

31 Constant-Dollar Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

Selected Annual NIPA Tables. The April SURVEY will contain 23 of the "annual only" tables that usually appear in the July issue as part of the annual revision of the NIPA's. This year, the annual revision will be combined with the comprehensive NIPA revision scheduled for late 1995. The 23 tables will provide detailed annual estimates for 1993–94 on personal consumption expenditures, gross private domestic investment, and other NIPA measures.

TABLE OF CONTENTS

Special in this issue

48 Mid-Decade Strategic Review of BEA's Economic Accounts: An Update

As part of its Mid-Decade Strategic Review, BEA has updated the draft plan for maintaining and improving the performance of its national, international, and regional accounts that was published in the February 1995 SURVEY. On March 21, 1995, BEA held a conference that provided leading users of the economic accounts with the opportunity to comment on the plan; BEA's final version of the plan reflects those and other comments. In addition, BEA has outlined the first steps in implementing the plan.

Regular features

1 Business Situation

U.S. economic growth slowed in the first quarter of 1995. Real GDP increased 2.8 percent, down from 5.1 percent in the fourth quarter of 1994. Inflation remained moderate. In 1994, corporate profits increased $56.9 billion, down from an $80.7 billion increase in 1993.

58 Total and Per Capita Personal Income by State and Region

In the fourth quarter of 1994, personal income picked up in 45 States; the largest pickups were in States that had sharp upswings in farm income. For the year 1994, increases in per capita personal income in all States exceeded or equaled the increase in U.S. prices.

Reports and statistical presentations

11 National Income and Product Accounts

- 11 Selected NIPA Tables
  - 24 Errata
- 30 NIPA Charts
- 32 Selected Annual NIPA Tables, 1993–94

— *Continued on next page* —

44 Selected Monthly Estimates

46 Gross Product by Industry, 1993

67 Local Area Personal Income, 1991–93

C-1 Business Cycle Indicators

- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Business cycle expansions and contractions
- C-29 Cyclical leads and lags for selected indicators
- C-30 Titles and sources of series

LOOKING AHEAD

- *National Income and Product Accounts Revision.* The upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) is scheduled for release at the end of this year (see the box on page 10). The annual NIPA revision covering 1992–94, which would usually have been released this July, will be combined with the comprehensive revision. Twenty-three of the detailed "annual only" tables that usually appear in the July SURVEY as part of the annual revision are published in this issue.
- *Composite Indexes.* BEA has announced that it will seek a private organization to produce and disseminate its monthly cyclical indicators—including the leading economic indicators—in order to free resources to begin to address the most pressing problems facing the Nation's economic accounts.
- *Gross State Product by Industry.* New estimates of gross State product by industry for 1992 and revised estimates for 1991 will be presented in the May SURVEY. These State-level estimates are consistent with the national estimates of gross product by industry published in the October 1994 SURVEY.
- *Price Increase for the SURVEY OF CURRENT BUSINESS.* The Superintendent of Documents, U.S. Government Printing Office, has informed BEA that subscription and single-copy prices for the SURVEY will increase effective June 1, 1995. The new prices, which partly reflect the recent increase in U.S. postal rates, are as follows: Domestic second-class mail, $41.00; foreign second-class mail, $51.25; domestic first-class mail, $89.00; single-copy domestic, $11.00; and single-copy foreign, $13.75.

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 2.7 percent in the first quarter of 1995, down from a 5.1-percent increase in the fourth quarter of 1994. Corporate profits increased $8.5 billion after increasing $4.3 billion. The Federal Government deficit dropped to $150.3 billion, and the State and local government surplus edged up to $29.7 billion.

36 Pollution Abatement and Control Expenditures, 1993

Real spending for pollution abatement and control (PAC) increased 4.2 percent in 1993, compared with a 4.7-percent increase in 1992. Spending continued to increase across all sectors of the economy; the largest increases were in business capital spending (5.8 percent) and State and local government purchases (12.0 percent). Spending for air PAC and for solid waste disposal each increased about 7 percent, but spending for water PAC decreased.

47 Gross State Product, 1991–92

In 1992, 10 States had increases in real gross state product (GSP) that were at least 2 percentage points above the U.S. average of 2.5 percent; North Dakota and Idaho had increases of over 6 percent. Three States—California, Lousiana, and Alaska—had declines in real GSP.

57 Foreign Direct Investment in the United States: New Investment in 1994 and Affiliate Operations in 1993

In 1994, outlays by foreign investors for acquiring and establishing U.S. businesses increased sharply, as they had in 1993. In 1993, the sharp increase in new investments contributed to rises in most measures of the operations of U.S. affiliates of foreign companies. For example, the gross product of nonbank U.S. affiliates increased 9.0 percent in 1993, and their share of U.S. private-industry gross product increased to 6.1 percent from 5.9 percent in 1992.

— Continued on next page —

Reports and statistical presentations

12 National Income and Product Accounts
- 12 Selected NIPA Tables
- 31 NIPA Charts
- 33 Reconciliation and Other Special Tables

34 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

- *Annual Revision of the U.S. International Transactions Accounts.* An article presenting revised estimates of U.S. international transactions and discussing major sources of the revisions will appear in the June SURVEY. The revisions will extend as far back as 1983 for some series. Selected data will be available as of June 21.
- *Regional Projections of Economic Activity.* An article summarizing projected trends in State personal income, employment, population, and gross state product to the year 2005 is scheduled to appear in the July SURVEY. The article will also briefly discuss the methodology for these State-level projections.

CONTRACT FOR CYCLICAL INDICATORS

The U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (BEA) will be soliciting proposals for a nonexclusive contract to prepare and disseminate BEA's cyclical indicators—which consist of the composite indexes of leading, coincident, and lagging indicators and their components. The contractor must have the capacity to produce the cyclical indicators on a monthly schedule using the current components and methods of calculation and to release the indicators freely and openly to the public. The contractor must have an established reputation for quality and integrity in the production of economic statistics and must be able to provide a secure environment to prevent pre-release of the indicators.

The anticipated award date for the contract is September 1, 1995. To request a copy of the solicitation, write to Michael S. Sade, Director of Acquisition Services, HCHB Room 6516, U.S. Department of Commerce, Washington, DC 20230; or send a facsimile to (202) 482–0546.

TABLE OF CONTENTS

Special in this issue

69 U.S. International Transactions, Revised Estimates for 1983–94

In this year's annual revision of the balance of payments accounts, BEA continues its effort to plug gaps in coverage that have arisen because of changes in the structure of international markets. This year's revisions include improvements in several areas—services transactions, portfolio investment, and direct investment.

Regular features

1 Business Situation

Real GDP increased 2.7 percent in the first quarter of 1995. BEA's alternative measures of real GDP showed increases of about 1 percentage point less than that. Real GNP increased 3.2 percent, and real GNP on a command basis increased 3.3 percent. Corporate profits increased $9.4 billion, largely reflecting an increase in the profits of financial industries.

31 U.S. Multinational Companies: Operations in 1993

Growth in the overall operations of U.S. multinational companies picked up in 1993 after several years of weakness. The pickup was largely centered in the operations of U.S. parent companies and reflected improved economic conditions in the United States and the entry of several large U.S. companies into the parent-company universe.

52 The International Investment Position of the United States in 1994

The net international investment position of the United States became more negative in 1994: On a current-cost basis, it fell $135.5 billion, to –$680.8 billion; on a market-value basis, it fell $130.1 billion, to –$584.0 billion. The change in the position mainly reflected continued large net capital inflows that were only partly offset by exchange rate gains.

— *Continued on next page* —

61 Direct Investment Positions on a Historical-Cost Basis, 1994: Country and Industry Detail

The U.S. direct investment position abroad valued at historical cost increased 9 percent in 1994, reflecting capital outflows that largely consisted of reinvested earnings. The increase in the position was spread across most major geographic areas. The foreign direct investment position in the United States valued at historical cost also increased 9 percent in 1994, reflecting capital inflows that largely consisted of equity capital. Most of the increase in the position was accounted for by European investors, nearly half from the United Kingdom.

76 U.S. International Transactions, First Quarter 1995

The U.S. current-account deficit decreased $2.8 billion, to $40.5 billion, in the first quarter of 1995. An increase in the deficit on goods and services was more than offset by a decrease in the deficit on investment income and by lower net unilateral transfers.

Reports and statistical presentations

5 National Income and Product Accounts
- 5 Selected NIPA Tables
- 24 NIPA Charts
- 26 Reconciliation and Other Special Tables

27 Selected Monthly Estimates

29 Constant-Dollar Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

118 Subject Guide: Volume 75 (1995), Numbers 1–6

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

- ***National Income and Product Accounts Revision.*** The upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) is scheduled for release at the end of this year (see the box on page 4). The annual NIPA revision covering 1992–94, which would usually have been released this July, will be combined with the comprehensive revision.
- ***Regional Projections of Economic Activity.*** An article summarizing projected trends in State personal income, employment, population, and gross state product to the year 2005 will appear in the July SURVEY. The article will also briefly discuss the methodology for these State-level projections.

TABLE OF CONTENTS

Special in this issue

31 Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA's New Featured Measures of Output and Prices

One major improvement in the upcoming NIPA revision will be the introduction of new featured measures of real output and prices. These measures, which will be chain-type indexes, will provide a more accurate picture of economic activity by allowing for changes in relative prices and in the composition of output over time. To facilitate sectoral trend and current-period analysis, BEA will expand the presentations of its estimates to include the contributions of major components to the growth in real GDP and dollar-denominated series that are calculated from the featured output indexes.

44 Regional and State Projections of Economic Activity and Population to the Year 2005

BEA's projections to 2005 show a slowdown in employment growth for all regions except New England. Employment growth is projected to exceed the U.S. average in the Rocky Mountain, Far West, Southwest, and Southeast regions and to fall short of it in the New England, Plains, Great Lakes, and Mideast regions. Regional differences in per capita personal income are projected to change little. A new element in the projections methodology is the linking of mid-term and long-term projections through the use of full-employment unemployment rates for the year 2000.

Regular features

1 Business Situation

Economic growth stalled in the second quarter of 1995. According to BEA's featured measure of real GDP, growth slowed to 0.5 percent from 2.7 percent in the first quarter. BEA's chain-weighted measure of real GDP also slowed sharply—from 1.7 percent to -0.2 percent. Inflation remained at about 3 percent.

— Continued on next page —

39 Personal Income by State and Region, First Quarter 1995

Personal income in the Nation rose 1.8 percent in the first quarter of 1995, slightly less than in the preceding quarter. In all but five States, income increased more than the 0.7-percent increase in U.S. prices.

Reports and statistical presentations

8 National Income and Product Accounts
- 8 Selected NIPA Tables
- 27 NIPA Charts

29 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

- ***National Income and Product Accounts Revision.*** The upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) is scheduled for release at the end of this year; see "Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA's New Featured Measures of Output and Prices" in this issue. The annual NIPA revision covering 1992–94, which would usually have been published in this issue, will be combined with the comprehensive revision; twenty-three of the detailed "annual only" tables that usually appear as part of the annual revision were published in the April SURVEY.
- ***Annual Revision of State Personal Income.*** An article presenting revised annual estimates of State personal income for 1992–94 and describing major sources of the revisions will appear in the August SURVEY. The revised estimates of State personal income will be available August 23.

TABLE OF CONTENTS

Regular features

1 Business Situation

BEA's featured measure of real GDP growth, which is based on fixed 1987 weights, increased 1.1 percent in the second quarter of 1995, down from a 2.7-percent increase in the first quarter. BEA's chain-weighted measure of real GDP also slowed sharply—to a 0.5-percent increase from a 1.7-percent increase. Corporate profits increased $15.5 billion after increasing $9.4 billion. The Federal Government deficit fell to $128.0 billion, the lowest level since the second quarter of 1982, while the State and local government surplus declined to $26.1 billion.

35 State Personal Income, Revised Estimates for 1992–94

The annual estimates of State personal income for 1992–94 have been revised to incorporate newly available national and State-level source data. For 1993, personal income was revised up substantially for most States in the Rocky Mountain region and for some States in the Plains region. For 1994, personal income was revised down for all regions except the Rocky Mountain region; the largest downward revisions were for the Mideast and Great Lakes regions.

Reports and statistical presentations

11 National Income and Product Accounts

- 11 Selected NIPA Tables
- 30 NIPA Charts
- 32 Reconciliation and Other Special Tables

33 Selected Monthly Estimates

53 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1994

— Continued on next page —

88 U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1994

117 Errata, U.S. International Transactions Accounts

C-1 Business Cycle Indicators

C-1 Data tables

C-6 Footnotes for pages C-1 through C-5

C-7 Charts

C-28 Index to historical data for selected series

NATIONAL INCOME AND PRODUCT ACCOUNTS

The upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) is scheduled for release at the end of 1995; the usual annual revision covering 1992–94 will be combined with the comprehensive revision. The article in the July 1995 SURVEY that discusses BEA's new featured measures of real output and prices was the first in a series of articles previewing the comprehensive revision. Future articles will cover other changes, including (1) definition of government expenditures for plant and equipment as investment, which will result in a more consistent treatment of investment in the NIPA's, (2) introduction of an improved empirical basis for the estimates of depreciation and capital stocks, and (3) improvements in the presentation of the NIPA's.

BUSINESS CYCLE INDICATORS

After evaluating proposals received from several private organizations, the Department of Commerce has selected The Conference Board to take over the preparation and dissemination of the composite indexes of leading, coincident, and lagging indicators. Details of the transition have not been finalized, but the indexes will continue to be produced with no immediate changes in composition, methodology, or schedule.

As part of a reprogramming of selected resources into areas that are vital to its mission of preparing economic accounts, BEA will soon discontinue the "Business Cycle Indicators" (BCI) section of the SURVEY, probably by the end of 1995. However, The Conference Board has indicated that it intends to begin maintaining and publishing a set of data similar to the BCI section. In addition, data for many BCI series will continue to be available from their government or private sources; a listing of these sources will be published in an upcoming SURVEY.

TABLE OF CONTENTS

Special in this issue

33 Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation

One major improvement in the upcoming NIPA revision will be the treatment of government purchases of structures and equipment as investment, which will result in a more complete and consistent measure of investment in the NIPA's. Another major improvement will be the implementation of a new methodology for estimating depreciation, which will put these estimates on a firmer empirical foundation.

Regular features

1 Business Situation

Real GDP increased 1.3 percent in the second quarter of 1995. BEA's alternative measures of real GDP increased less—0.7 percent. Corporate profits increased $11.4 billion, largely reflecting an increase in the profits of nonfinancial industries.

42 U.S. International Transactions, Second Quarter 1995

The U.S. current-account deficit increased $4.6 billion, to $43.6 billion, in the second quarter. Most of the increase was due to a larger merchandise trade deficit, reflecting faster growth in imports than in exports; the deficit on investment income also increased. These increases were partly offset by a slight increase in the surplus on services trade and a slight decrease in net unilateral transfers.

68 U.S. International Sales and Purchases of Private Services: U.S. Cross-Border Transactions, 1994, and Sales by Affiliates, 1993

In 1994, U.S. cross-border purchases of services from foreigners rose more rapidly than U.S. sales of services to foreigners. The pattern of faster growth in purchases than in sales also characterized services transactions through majority-owned affiliates in 1993, the latest year for which data are available. During 1993–94, purchases of services were stimulated by economic expansion in the United States, while sales of services tended to be constrained by sluggish economic conditions in major foreign economies.

— Continued on next page —

Reports and statistical presentations

5 National Income and Product Accounts
- 5 Selected NIPA Tables
- 24 NIPA Charts
- 26 Reconciliation and Other Special Tables

28 Selected Monthly Estimates

30 Constant-Dollar Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

32 BEA Customer Satisfaction Report

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series

LOOKING AHEAD

- *National Income and Product Account Revision.* The upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) is scheduled for release late this year. A box on page 34 provides dates for the release of the revised estimates and some changes in the schedule for NIPA news releases that are required to accommodate the earlier release of information from the comprehensive revision. An article in the October SURVEY will preview the changes in NIPA table formats that will be introduced in the comprehensive revision.
- *Composite Indexes Revision.* The annual revision of the composite indexes of leading, coincident, and lagging indicators will be presented in the October 1995 SURVEY. The indexes will be revised from 1990 forward to incorporate revised data for component series. Over the next few months, The Conference Board will be taking over preparation and dissemination of the composite indexes. BEA will soon discontinue the "Business Cycle Indicators" section of the SURVEY, probably by the end of 1995.
- *Ownership-Based Disaggregation of the U.S. Current Account.* An article presenting a disaggregation of U.S. current-account transactions along ownership lines for 1982–93 is scheduled for the October SURVEY. The article updates and extends an earlier BEA effort to supplement the standard disaggregation, which groups transactions primarily on the basis of types of goods and services traded, with a disaggregation that groups transactions on the basis of whether they represent trade within multinational firms or trade between unaffiliated parties.

TABLE OF CONTENTS

Special in this issue

30 Preview of the Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables

As part of the upcoming comprehensive revision of the NIPA's, BEA will update the tables that present the NIPA estimates. The changes to the tables primarily result from the introduction of BEA's new featured measures of output and prices and from the recognition of government investment.

52 An Ownership-Based Disaggregation of the U.S. Current Account, 1982–93

This supplemental disaggregation of the U.S. current account spotlights the role of multinational companies in the delivery of goods and services to foreign markets. It presents information on sales by multinational companies through their affiliates and groups cross-border transactions on the basis of the relationship between exporters and importers. For example, it shows that intrafirm trade accounts for about one-third of U.S. trade in goods and services throughout 1982–93.

Regular features

1 Business Situation

Economic growth rebounded sharply in the third quarter of 1995. BEA's featured fixed-weighted measure of real GDP growth increased 4.2 percent after increasing only 1.3 percent in the second quarter, and BEA's chain-weighted measure increased 3.0 percent after increasing 0.7 percent. Inflation, as measured by the fixed-weighted price index for gross domestic purchases, slowed to 1.8 percent from 3.2 percent.

40 Motor Vehicles, Model Year 1995

In model year 1995, motor vehicle sales were unchanged from 1994, when they had reached a 5-year high. Sales of new trucks continued to increase, but sales of new cars turned down.

46 Personal Income by State and Region, Second Quarter 1995

Personal income in the Nation slowed to a 0.8-percent increase in the second quarter of 1995 from a 1.8-percent increase in the first quarter. Nevada had the largest increase in personal income, 2.1 percent, and Iowa had the largest decline, 1.7 percent.

— *Continued on next page* —

62 Reconciliation of the U.S.–Canadian Current Account, 1993–94

This year's reconciliation of the U.S.–Canadian current account resulted in a shift to a small U.S. deficit for 1993 and an increase in the U.S. deficit for 1994. The reconciliation process, which involves the exchange of data and of information about estimating techniques between the United States and Canada, continues to improve the accuracy of the published estimates and the efficiency of their production.

Reports and statistical presentations

7 National Income and Product Accounts
- 7 Selected NIPA Tables
- 26 NIPA Charts

28 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Historical data for selected series
- C-51 Index to historical data for selected series
- C-52 Cyclical leads and lags for selected indicators

LOOKING AHEAD

- *SURVEY Cover Dates.* The cover date designation for the SURVEY is being changed to match the month of publication. The next issue of the SURVEY will be designated November/December 1995, the issue after that will be designated January 1996, and subsequent issues will be designated accordingly. This change does not result in the skipping of an issue, and subscribers will still receive 12 issues.
- *National Income and Product Accounts Revision.* Revised estimates for 1959–92 incorporating the comprehensive revision of the NIPA's will be released on November 21, and revised estimates for 1993 through 1995:III will be released on December 15 (see box on page 30). The November/December SURVEY will include the revised estimates, and the January SURVEY will include an article describing the comprehensive revision.
- *Business Cycle Indicators.* The January SURVEY will be the last issue containing the "Business Cycle Indicators" (C-pages) section. The discontinuance results from a reprogramming of resources at BEA into areas that are vital to its mission of preparing and interpreting the Nation's economic accounts. BEA will provide a listing of sources for the C-pages series, including addresses and telephone numbers, in the November/December and January issues.
- *Characteristics of Foreign-Owned U.S. Manufacturing Establishments: Country-of-Ownership Differences.* An upcoming issue of the SURVEY will contain an article that examines differences by country of owner in the operating characteristics and industrial composition of foreign-owned U.S. manufacturing establishments.

Changes in the SURVEY Publication Schedule

A number of changes have been made to the publication schedule of the SURVEY OF CURRENT BUSINESS because of the two Federal Government shutdowns and weather-related delays. For details, see "Changes in the Publication of the SURVEY" on page ii.

TABLE OF CONTENTS

Special in this issue

1 Gross Domestic Product, Third Quarter 1995 (Preliminary); Corporate Profits, Third Quarter 1995 (Preliminary); and Revised Estimates, 1959–95

As this issue of the SURVEY OF CURRENT BUSINESS went to press, BEA released revised estimates of GDP and related measures for 1959 through the third quarter of 1995 from a comprehensive revision of the NIPA's. The revised estimates show that real GDP increased 3.2 percent in the third quarter of 1995, following a 0.5-percent increase in the second. For 1959–94, the revised estimates of real GDP show an average annual growth rate of 3.2 percent, 0.2 percentage point faster than the previously published estimates.

48 Personal Income and Outlays, October and November 1995

As this issue of the SURVEY went to press, BEA released new monthly estimates of personal income and related measures for October and November 1995 and revised estimates beginning with 1959 from the comprehensive NIPA revision. Personal income increased 0.2 percent in November 1995 after increasing 0.7 percent in October (not at annual rates). Personal income was revised up for all years, largely reflecting upward revisions to rental income of persons and to other labor income.

Regular features

58 U.S. International Transactions, Third Quarter 1995

The U.S. current-account deficit decreased $3.8 billion, to $39.5 billion, in the third quarter. The decrease was more than accounted for by a smaller deficit on trade in goods and services, as exports rose and as imports fell. In contrast, both net unilateral transfers and the deficit on investment income increased.

— Continued on next page —

Reports and statistical presentations

56 Selected Monthly Estimates

84 Subject Guide: Volume 75 (1995)

C-1 Business Cycle Indicators

- C-1 Data tables
- C-6 Footnotes for pages C-1 through C-5
- C-7 Charts
- C-28 Index to historical data for selected series
- C-29 Sources for business cycle indicators

CHANGES IN THE PUBLICATION OF THE SURVEY

Federal Government shutdowns resulted in the suspension of BEA operations on November 14–19 and on December 18–January 5; in addition, a major East Coast snowstorm halted operations on January 8–10 and January 12. As a result, the schedules for the preparation and release of BEA's national, regional, and international accounts estimates have been changed substantially. In particular, BEA was forced to delay the release of the revised estimates from its comprehensive revision of the NIPA's by over a month. For information about BEA's news release schedule, see the back cover of this issue.

In turn, the publication schedule for the SURVEY has also been affected. The following is a tentative schedule beginning with this issue.

- *November/December issue.* Publication of this issue was delayed from mid-December to late January. As noted in the October 1995 SURVEY, this issue includes the revised estimates from the comprehensive NIPA revision. As a result of the transfer of responsibility for preparation and dissemination of the composite indexes to The Conference Board, this issue is the last one that will carry the regular presentation of the "Business Cycle Indicators" (C-pages) section; a listing of sources for the series that appear in that section begins on page C–29.
- *January/February issue.* The January and February issues of the SURVEY will be consolidated into a single issue to be published in mid-February. This consolidation will result in the skipping of one issue of the SURVEY; however, subscribers will still receive 12 issues of the SURVEY. This issue will include an article describing the comprehensive NIPA revision, along with detailed annual tables for 1991–94 and summary historical tables back to 1959. It will also include a presentation of historical data from the "Business Cycle Indicators" section and the listing of data sources.
- *March issue.* Beginning with this issue, to be published in early March, the cover date designation of the SURVEY will match the month of publication. This issue will include the remainder of the historical data presentation from the "Business Cycle Indicators" section and the listing of data sources.

SURVEY Cover Dates

The January and February issues of the SURVEY OF CURRENT BUSINESS are consolidated into this single issue, designated January/February 1996, as a result of the two Federal Government shutdowns and weather-related delays. This consolidation will result in the skipping of one issue of the SURVEY; however, subscribers will still receive 12 issues. Beginning with the March issue, the cover date designation of the SURVEY will match the month of publication.

TABLE OF CONTENTS

Special in this issue

1 Improved Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision

In January, BEA released revised NIPA estimates beginning with 1959 that reflect a comprehensive revision of the accounts. The comprehensive revision introduced the following major improvements to the accounts: Improved chain-type measures of real output and prices, a new treatment of government investment, a new methodology for calculating depreciation, and new and redesigned tables. For 1959–94, the revised estimates of real GDP show an average annual growth rate of 3.2 percent, 0.2 percentage point higher than the previously published estimates. For 1987–94, however, the revised growth rate of 2.3 percent is 0.1 percentage point lower than previously published.

Reports and statistical presentations

32 National Income and Product Accounts
- 32 National Income and Product Accounts Tables, 1991–94
- 107 Summary National Income and Product Series, 1959–94

120 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Sources for business cycle indicators
- C-8 Historical data for selected series
- C-32 Index to historical data for selected series

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***National Income and Product Accounts Revision.*** Additional information from the comprehensive revision of the NIPA's will be presented in forthcoming issues of the SURVEY; see the box "Data Availability" on page 26.
- ***Characteristics of Foreign-Owned U.S. Manufacturing Establishments: Country-of-Ownership Differences.*** The March issue of the SURVEY will contain an article that examines differences by country of owner in the operating characteristics and industrial composition of foreign-owned U.S. manufacturing establishments.

Improved Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision

Contents

Annual Current-Dollar Measures ... 2
National income and product ... 3
Gross domestic product ... 3
Product-side components ... 3
Personal consumption expenditures (PCE) for goods ... 3
PCE for services ... 4
Nonresidential structures ... 5
Nonresidential producers' durable equipment ... 5
Residential investment ... 5
Change in business inventories ... 6
Net exports of goods and services ... 6
Government consumption expenditures and gross investment ... 6
Income-side components ... 7
Compensation of employees ... 7
Proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj) ... 8
Rental income of persons with CCAdj ... 8
Corporate profits with IVA and CCAdj ... 9
Net interest ... 9
Nonfactor incomes ... 9
Consumption of fixed capital ... 10
Personal income and its disposition ... 10
Government receipts and current expenditures ... 11
Federal Government ... 11
State and local government ... 12
Rest-of-the-world transactions ... 12
Gross saving and investment ... 13

Annual Real Gross Domestic Product and Related Measures ... 13
Annual changes ... 14
Real disposable personal income ... 16

Annual Prices ... 16

Quarterly Real Gross Domestic Product ... 17

Major Statistical Changes ... 19
Improved chain-type measures of real output and prices ... 20
Regular benchmark source data for 1959–92 ... 20
Regular source data for 1993–95 ... 21
Changes in methodology ... 22
Consumer and business purchases of new autos ... 22
Nonresidential structures ... 22
Voluntary contributions to thrift savings plans ... 23
Wage accruals less disbursements ... 23
Employer contributions to pension plans ... 24
Tax return misreporting adjustments ... 24
Amortization of intangible assets ... 25
Consumption of fixed capital ... 25
Federal Government receipts and current expenditures ... 26
Semiconductor prices ... 27

IN JANUARY, the Bureau of Economic Analysis (BEA) released national income and product accounts (NIPA) estimates beginning with 1959 that reflect the results of the 10th comprehensive revision of the accounts.[1] Comprehensive revisions differ from annual NIPA revisions, the most recent of which was released in July 1994, because of the scope of the changes and because of the number of years subject to revision. Comprehensive revisions incorporate three major types of improvements: (1) Definitional and classificational changes that update the accounts to portray more accurately the evolving U.S. economy, (2) statistical changes that update the accounts to reflect the introduction of new and improved methodologies and the incorporation of newly available and revised source data, and (3) presentational changes that update the NIPA tables to reflect definitional, classificational, and statistical changes and to make the tables more informative.

The most important improvements incorporated for this comprehensive revision, which were previewed in earlier issues of the SURVEY OF CURRENT BUSINESS, are the following:

- Improved chain-type measures of real output and prices that eliminate the overstatement of real GDP growth for periods after the base year and the understatement of real GDP growth for periods before the base year;
- A new treatment of government investment that provides a more complete picture of investment through the consistent treatment of fixed assets whether purchased by the public or private sector and that improves the international comparability of U.S. estimates of saving and investment;
- A new methodology for calculating depreciation that improves the empirical basis of these estimates by replacing straight-line depreciation patterns with estimates based on

1. The ninth comprehensive revision was released in December 1991.

TABLE OF CONTENTS

Special in this issue

43 Differences in Foreign-Owned U.S. Manufacturing Establishments by Country of Owner

The U.S. manufacturing establishments of each of the six major investing countries—Canada, France, Germany, Japan, the Netherlands, and the United Kingdom—tend to be much larger, pay higher wages, and be more productive than U.S.-owned establishments. These tendencies vary by country of owner, partly reflecting differences in the distribution of establishments by industry and partly reflecting differences within the same industries. These findings are based on an analysis of data for 1991 that were derived by linking BEA enterprise-level data on foreign direct investment in the United States with establishment-level data from the Census Bureau's annual survey of manufactures.

Regular features

1 Business Situation

Economic growth slowed markedly in the fourth quarter of 1995: Real GDP increased 0.9 percent after increasing 3.6 percent in the third quarter. Inflation remained moderate: The price index for gross domestic purchases increased 2.0 percent after increasing 1.7 percent.

39 Personal Income by State and Region, Third Quarter 1995

Personal income in the Nation increased 1.2 percent in the third quarter of 1995 after increasing 1.1 percent in the second quarter. In the third quarter, Nevada and Delaware had the largest increases in personal income, 2.3 percent, and Hawaii had the smallest increase, 0.3 percent.

— **Continued on next page** —

Reports and statistical presentations

7 National Income and Product Accounts
- 7 Selected NIPA Tables
- 31 NIPA Charts
- 33 Reconciliation and Other Special Tables
- 34 Errata

37 Selected Monthly Estimates

C-1 Business Cycle Indicators
- C-1 Sources for business cycle indicators
- C-8 Historical data for selected series
- C-34 Index to historical data for selected series

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***User's Guide.*** An updated "User's Guide to BEA Information" is scheduled to appear in the April SURVEY. The guide contains descriptions of BEA's programs, products, and services as well as order information and forms.

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP slowed to a 0.5-percent increase in the fourth quarter of 1995 from a 3.6-percent increase in the third quarter; the price index for gross domestic purchases increased 2.1 percent after increasing 1.7 percent. Corporate profits increased $3.7 billion after jumping $53.8 billion. The Federal Government current deficit decreased to $154.9 billion, the lowest level since the first quarter of 1991, and the State and local government current surplus decreased to $88.1 billion.

45 U.S. International Transactions, Fourth Quarter and Year 1995

In the fourth quarter of 1995, the U.S. current-account deficit decreased $9.2 billion, to $31.1 billion. The deficits on merchandise trade and on investment both fell sharply, while the surplus on services and net unilateral transfers changed little. For the year 1995, the current-account deficit increased $1.7 billion, to $152.9 billion. Increases in the deficits on merchandise trade and on investment income were nearly offset by an increase in the surplus on services and a reduction in net unilateral transfers.

88 User's Guide to BEA Information

Contains updated information to help users locate the most recent and most frequently requested BEA products. The guide also includes descriptions of BEA's programs, a subject listing for BEA products, and order information and forms.

Reports and statistical presentations

11 National Income and Product Accounts

- 11 Updated Release Schedule for NIPA Estimates
- 12 Selected NIPA Tables
- 36 NIPA Charts
- 38 Comprehensive NIPA Revision: Newly Available Tables
- 42 Reconciliation and Other Special Tables

— *Continued on next page* —

43 Selected Monthly Estimates

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *Release of National Income and Product Accounts Estimates.* BEA has placed top priority on getting release of its current estimates back on schedule and on completing the comprehensive revision of the NIPA's. As a result, the annual revision of the NIPA's that would normally occur this July will be limited in scope, and the next annual revision will be in July 1997, when all NIPA-related data from the comprehensive revision will be complete and work on key data improvement projects should be available for incorporation into the accounts. For additional information, see the box "Updated Release Schedule for NIPA Estimates" on page 11.
- *Projections for Metropolitan Areas and for BEA Economic Areas.* The June SURVEY will contain an article that presents projected trends to the year 2005 in employment and other measures of economic activity and in population for metropolitan areas and for BEA economic areas. The article will also describe the methodology used for the projections.

TABLE OF CONTENTS

Regular features

1 Business Situation

Economic growth picked up in the first quarter of 1996: Real GDP increased 2.8 percent after increasing 0.5 percent in the fourth quarter of 1995. Inflation remained moderate: The price index for gross domestic purchases increased 2.5 percent after increasing 2.1 percent.

78 Relationship Between Personal Income and Adjusted Gross Income: New Estimates for 1993–94 and Revisions for 1959–92

BEA's measure of personal income and the IRS measure of adjusted gross income—two widely used measures of household income—are reconciled through a series of adjustments for definitional and statistical differences between the two measures. This reconciliation incorporates the results of the recent comprehensive revision of the NIPA's and several improvements that have been made in the estimation of the reconciliation items.

94 Total and Per Capita Personal Income by State and Region

Personal income in the Nation increased 1.2 percent in the fourth quarter of 1995, the same rate of increase as in the third quarter. In the fourth quarter, Utah had the largest increase in personal income, 2.3 percent, and Nebraska had the smallest increase, 0.2 percent. In the year 1995, per capita personal income in the Nation increased 5.0 percent, while U.S. prices increased only 2.4 percent. In all States except North Dakota and South Dakota, the increases in per capita income exceeded the increase in U.S. prices.

Reports and statistical presentations

7 National Income and Product Accounts

- 7 Selected NIPA Tables
- 31 NIPA Charts
- 33 A Look at How BEA Presents the National Income and Product Accounts
- 38 Index to the NIPA Tables

— *Continued on next page* —

60 Selected Monthly Estimates

62 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 1977–95

102 1996 Release Dates for BEA Estimates

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***National Income and Product Accounts.*** As noted last month, because BEA has placed top priority on getting release of its current estimates back on schedule and on completing the comprehensive revision of the NIPA's, this summer's annual revision will be limited in scope. The next annual revision will be in summer 1997, when all NIPA-related data from the comprehensive revision will be complete and work on key data improvement projects should be available for incorporation into the accounts. The updated schedule of 1996 release dates for BEA estimates appears on page 102 of this issue.
- ***Projections for Metropolitan Areas and for BEA Economic Areas.*** The June SURVEY will contain an article that presents projected trends to the year 2005 in employment, in other measures of economic activity, and in population for metropolitan areas and for BEA economic areas. The article will also describe the methodology used for the projections.

TABLE OF CONTENTS

Special in this issue

52 BEA's Mid-Decade Strategic Plan: A Progress Report

BEA has made substantial progress in implementing the improvements in its national, regional, and international accounts that were proposed in last year's Mid-Decade Strategic Plan. Improvements in output measures include the introduction of a chain-type weighting scheme for calculating changes in real GDP and the incorporation of quality-adjusted prices of exports and imports of semiconductors. Improvements in measures of investment and saving include the adoption of the treatment of government purchases of structures and equipment as investment, and the introduction of a new methodology for calculating depreciation. Improvements in the coverage of international transactions include conducting the first benchmark survey of international trade in financial services and redesigning BEA's surveys to collect detailed data on multinational companies' international trade and services.

56 Metropolitan Area and BEA Economic Area Projections of Economic Activity and Population to the Year 2005

According to BEA's regional projections to 2005, the 20 metropolitan areas with the fastest projected growth in employment are all located in California, elsewhere in the West, or in Florida. In contrast, most of the 20 metropolitan areas with the slowest projected growth in employment are located in, or near, the Great Lakes and Mideast regions.

Regular features

1 Business Situation

Real GDP increased 2.3 percent in the first quarter of 1996, up from a 0.5-percent increase in the fourth quarter of 1995. Corporate profits increased $24.2 billion, up from an increase of $3.7 billion. The Federal Government current deficit edged up to $155.7 billion, and the State and local government surplus decreased to $86.6 billion.

75 Local Area Personal Income, 1992–94

Seven of the ten metropolitan areas with the highest per capita personal income in 1994 are located in the New York-New Jersey-Long Island consolidated metropolitan statistical area. The 10 areas with the lowest per capita personal income are generally located in the Southeast or Southwest regions.

— Continued on next page —

Reports and statistical presentations

12 National Income and Product Accounts
- 12 Selected NIPA Tables
- 36 NIPA Charts
- 38 Reconciliation and Other Special Tables
- 39 Comprehensive NIPA Revision: Newly Available Tables

49 Selected Monthly Estimates

51 Errata: Real Inventories, Sales, and Inventory-Sales Ratios

101 Subject Guide: Volume 76 (1996), Numbers 1–6

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *National Income and Product Accounts.* As noted last month, because BEA has placed top priority on getting release of its current estimates back on schedule and on completing the comprehensive revision of the NIPA's, this summer's annual revision will be limited in scope. The next annual revision will be in summer 1997, when all NIPA-related data from the comprehensive revision will be complete and work on key data improvement projects should be available for incorporation into the accounts.
- *Annual Revision of the U.S. International Transactions Accounts.* An article presenting revised estimates of U.S. international transactions and discussing major sources of the revisions will appear in the July SURVEY. Selected data will be available as of June 20.

RECRUITMENT

- *Chief, International Investment Division.* BEA is recruiting for the position of Chief of the International Investment Division. The main responsibility of this position is directing the collection and analysis of data on U.S. direct investment abroad, foreign direct investment in the United States, and international services. This is a career reserved position in the Senior Executive Service, salary range: $100,526–$112,688. The application deadline is June 28, 1996. To obtain the required application and qualification information, please contact BEA's Administrative Office, (202) 606–5556. BEA is an Equal Opportunity Employer.

TABLE OF CONTENTS

Special in this issue

56 U.S. International Transactions, Revised Estimates for 1986–95

This year's annual revision of the balance of payments accounts features major improvements in the coverage of both the services markets and the capital markets. In the services markets, coverage is extended and improved through the incorporation of the results of BEA's first benchmark survey of international trade in financial services; in the capital markets, coverage is improved through the incorporation of the results of a special survey of selected foreign financial assets. In addition, the accuracy of the estimates of personal remittances of the foreign-born population of the United States is improved through the incorporation of newly available data from the Census Bureau, the Immigration and Naturalization Service, and the Department of Labor.

Regular features

1 Business Situation

Real GDP increased 2.2 percent in the first quarter of 1996. Real GNP increased 2.5 percent, and real GNP on a command basis also increased 2.5 percent. Corporate profits increased $33.4 billion; profits of both financial and nonfinancial domestic corporations rebounded from fourth-quarter decreases.

36 The International Investment Position of the United States in 1995

The net international investment position of the United States became more negative in 1995: On a current-cost basis, it fell $233.9 billion, to -$814.0 billion; and on a market-value basis, it fell $281.2 billion, to -$773.7 billion. The change in the position was attributable to large net capital inflows and to larger price appreciation in U.S. securities than in foreign securities.

45 Direct Investment Positions on a Historical-Cost Basis: Country and Industry Detail for 1995 and Changes in Geographic Composition Since 1982

In 1995, the U.S. direct investment position abroad valued at historical cost increased 15 percent, and the foreign direct investment position in the United States increased 11 percent. From 1982 to 1995, the shares of the U.S. direct investment position abroad accounted for by Europe, Asia and Pacific, and Latin America and Other Western Hemisphere increased, while the share accounted for by Canada decreased; the shares of the foreign direct investment position in the United States accounted for by Asia and Pacific increased, while the shares accounted for by most other areas decreased.

— Continued on next page —

61 U.S. International Transactions, First Quarter 1996

The U.S. current-account deficit increased $5.2 billion, to $35.6 billion, in the first quarter of 1996. An increase in the deficit on goods and services and higher net unilateral transfers more than offset a decrease in the deficit on investment income.

102 Foreign Direct Investment in the United States: New Investment in 1995 and Affiliate Operations in 1994

In 1995, outlays by foreign investors for acquiring and establishing U.S. businesses increased for the third consecutive year; however, they remained well below the levels in 1988–90, when investments from Japan were much higher. In 1994, most measures of the operations of U.S. affiliates of foreign companies increased; for example, the gross product of nonbank U.S. affiliates increased 12 percent, and their share of U.S. private-industry gross product increased to 6.2 percent from 6.0 percent.

Reports and statistical presentations

5 National Income and Product Accounts
- 5 Selected NIPA Tables
- 29 NIPA Charts
- 31 Reconciliation and Other Special Tables

32 Selected Monthly Estimates

34 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *National Income and Product Accounts.* As previously announced, this year's "limited" annual revision of the NIPA's will be presented in the August SURVEY. For more information on the NIPA revision, see the box on page 4.
- *Gross Product by Industry.* Revised estimates of gross product by industry for 1959–94 will appear in the August SURVEY; the revised estimates will incorporate the recent comprehensive revision of the NIPA's as well as several methodological and statistical improvements. As part of this revision, BEA will feature chain-type measures of real gross product by industry.

TABLE OF CONTENTS

Special in this issue

8 Annual Revision of the National Income and Product Accounts: Annual Estimates, 1993–95, and Quarterly Estimates, 1993:I–1996:I

The revisions to the major aggregate NIPA measures of product, income, and prices that resulted from this year's annual revision were small. For example, the annual growth rate of real GDP was revised up 0.1 percentage point to 2.3 percent for 1993 and was unrevised at 3.5 percent for 1994 and 2.0 percent for 1995. This year's revision was limited to the updating of the annual weights used in the calculation of the chain-type measures of real output and prices, the incorporation of the results of this year's annual revision of the balance of payments accounts, and the incorporation of newly available data on wages and salaries from the Bureau of Labor Statistics.

133 Improved Estimates of Gross Product by Industry, 1959–94

BEA's estimates of gross product by industry have been revised, beginning with 1959 for the current-dollar estimates and with 1977 for the real estimates, to incorporate the results of the recent comprehensive revision of the NIPA's and several statistical improvements specific to the GPO estimates. For 1977–94, the growth rates of real gross product by industry ranged from 4.9 percent for wholesale trade to 0.9 percent for mining. For 1959–94, the share of current-dollar GDP accounted for by private services-producing industries increased from 48.8 percent to 62.0 percent, while the share accounted for by private goods-producing industries declined from 38.8 percent to 24.2 percent.

Regular features

1 Business Situation

Economic growth picked up in the second quarter of 1996: Real GDP increased 4.2 percent after increasing 2.0 percent in the first quarter. Inflation remained moderate: The price index for gross domestic purchases increased 2.0 percent after increasing 2.3 percent.

— Continued on next page —

127 Federal Personal Income Tax Liabilities and Payments, 1959–94

BEA's estimates of Federal personal income tax liabilities and payments have been revised, beginning with 1959, to incorporate the results of the recent comprehensive revision of the NIPA's, as well as newly available tax return information. As is typical for most years, taxpayer payments of Federal income taxes for 1994 exceeded their tax liabilities by $5.3 billion; the excess in payments for 1994 was largely attributable to deferred payments of 1993 liabilities.

156 Personal Income by State and Region, First Quarter 1996

Personal income in the Nation increased 1.2 percent in the first quarter of 1996, the same rate of increase as in the fourth quarter of 1995. In the first quarter, personal income increased in all but two States: In Delaware, personal income was unchanged, and in Michigan, it declined. Of the 13 fastest growing States, 9 were in the western United States; Idaho had the fastest growth.

Reports and statistical presentations

15 National Income and Product Accounts

- 15 National Income and Product Accounts Tables
- 76 NIPA Charts
- 78 Errata
- 81 Updated Summary Methodologies
- 104 Index to the NIPA Tables

125 Selected Monthly Estimates

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Pollution Abatement and Control Expenditures.*** Revised estimates of pollution abatement and control expenditures for 1972–93 and new estimates for 1994 will be presented in a forthcoming issue of the SURVEY.
- ***Revision of Annual State Personal Income.*** The results of a comprehensive revision of the annual estimates of State personal income for 1969–95 will be presented in the October SURVEY.

TABLE OF CONTENTS

Special in this issue

48 Pollution Abatement and Control Expenditures, 1972–94

Real spending for pollution abatement and control (PAC) increased 7.3 percent in 1994 after increasing 2.5 percent in 1993. Spending increased for all major types; the largest increase was for air PAC (12.4 percent). Real spending for pollution abatement (PA), the largest component of PAC, increased 7.6 percent in 1994. Spending increased substantially across all major sectors of the economy; the largest increase was for personal consumption PA (11.8 percent). During 1972–94, real PAC spending increased at an average annual rate of 3.6 percent. By type, the fastest growth was in solid waste PAC spending (6.3 percent).

Regular features

1 Business Situation

Real GDP increased 4.8 percent in the second quarter of 1996 after increasing 2.0 percent in the first quarter; the step-up was largely accounted for by an upturn in inventory investment and a pickup in government spending. Corporate profits increased $8.7 billion in the second quarter after increasing $33.3 billion in the first. As a result of larger increases in receipts than in expenditures, the Federal Government current deficit decreased $24.2 billion, to $131.0 billion, and the State and local government current surplus increased $10.0 billion, to $101.0 billion.

42 State and Local Government Fiscal Position, 1995

The current surplus of State and local governments decreased $4.7 billion, to $95.0 billion, in 1995. Receipts decelerated slightly, reflecting decelerations in all components except personal income taxes. Current expenditures accelerated, largely reflecting accelerations in consumption expenditures and in transfer payments for medical care. For 1996, available information suggests an increase of about $8–$14 billion in the current surplus of State and local governments.

—Continued on next page —

Reports and statistical presentations

11 National Income and Product Accounts
- 11 Selected NIPA Tables
- 35 NIPA Charts
- 37 Reconciliation and Other Special Tables

38 Selected Monthly Estimates

40 Customer Satisfaction Report

69 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1995

98 U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1995

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Revision of Annual State Personal Income.*** The results of a comprehensive revision of the annual estimates of State personal income for 1969–95 will be presented in the October SURVEY.
- ***U.S. International Sales and Purchases of Private Services.*** Detailed estimates of U.S. cross-border services transactions in 1995 and of delivery of services through affiliates in 1994 will be presented in the November SURVEY. The estimates will incorporate results from BEA's first benchmark survey of international trade in financial services, which covers 1994, and preliminary results from BEA's 1994 benchmark survey of U.S. direct investment abroad.

TABLE OF CONTENTS

Special in this issue

37 The International Monetary Fund's New Standards for Economic Statistics

In April 1996, the International Monetary Fund issued new standards for data dissemination for member countries. The standards are aimed at encouraging countries to take steps to meet the need for better statistics on four broad fronts: Coverage, periodicity, and timeliness; access by the public; integrity; and quality. By voluntary subscription to the standard, a country makes public its commitment to the standards' requirements for the dissemination of data considered essential for the comprehension of economic performance. The United States is among the countries to date that have agreed to comply with the new standards.

37 How U.S. Economic Statistics Comply With the New IMF Standards

39 Standards for the Dissemination of Economic and Financial Statistics

48 Comprehensive Revision of State Personal Income, 1969–95

In late September, BEA released the results of the comprehensive revision of the annual estimates of State personal income and disposable personal income for 1969–95. The revised State estimates incorporate the recent comprehensive NIPA revision, improvements in the source data and in the methods used to estimate specific components of State personal income, and newly available data from regular sources. For most States, personal income was revised up for most years. However, for most States, the effects of the revisions on the long-term growth rates of personal income and on the rankings of per capita personal income were small.

Regular features

1 Business Situation

Real GDP increased 4.7 percent in the second quarter of 1996, up from a 2.0-percent increase in the first quarter. Real GNP increased 4.3 percent in the second quarter. Corporate profits increased $10.7 billion in the second quarter after increasing $33.3 billion in the first; the slowdown was largely accounted for by profits of domestic financial corporations.

—Continued on next page —

94 U.S. International Transactions, Second Quarter 1996

The U.S. current-account deficit increased $3.9 billion, to $38.8 billion, in the second quarter of 1996. An increase in the deficit on goods and services and a shift to a deficit on investment income more than offset lower net unilateral transfers.

Reports and statistical presentations

4 National Income and Product Accounts

- 4 Selected NIPA Tables
- 28 NIPA Charts
- 30 Reconciliation and Other Special Tables
- 31 Errata

32 Selected Monthly Estimates

34 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 1994:I–1996:II

Inside back cover: BEA Information

(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *U.S. International Sales and Purchases of Private Services.* Detailed estimates of U.S. cross-border services transactions in 1995 and of delivery of services through affiliates in 1994 will be presented in the November SURVEY. The estimates will incorporate results from BEA's first benchmark survey of international trade in financial services, which covers 1994, and preliminary results from BEA's 1994 benchmark survey of U.S. direct investment abroad.
- *SURVEY Statistical Section.* An upcoming issue of the SURVEY will introduce an expanded section of charts and tables that better highlights BEA's national, regional, and international estimates.

TABLE OF CONTENTS

Regular features

1 Business Situation

Economic growth slowed in the third quarter of 1996: Real GDP increased 2.2 percent after increasing 4.7 percent in the second quarter. Inflation remained moderate: The price index for gross domestic purchases increased 1.8 percent after increasing 2.1 percent.

35 Motor Vehicles, Model Year 1996

In model year 1996, motor vehicle sales increased to 15.5 million units, the highest level in 8 years. Sales of new trucks advanced to another record high, but sales of new cars declined for the second year in a row.

58 Reconciliation of the U.S.-Canadian Current Account, 1994 and 1995

The reconciliation of the U.S.-Canadian current account—which reflects how the current-account estimates would appear if both countries used common definitions, methodologies, and data sources—shows a U.S. current-account deficit with Canada for both 1994 and 1995 that is somewhat larger than the deficit shown in the U.S.-published estimates. The annual reconciliation is undertaken because of extensive economic links between the two countries and the need to explain differences in the published Canadian and U.S. estimates of the bilateral current account. The reconciliation process results in greater accuracy of the published estimates and in increased efficiency in producing these estimates.

70 U.S. International Sales and Purchases of Private Services: U.S. Cross-Border Transactions in 1995 and Sales by Affiliates in 1994

U.S. international sales and purchases of private services consist of cross-border trade between U.S. and foreign residents and of services delivered to international markets through affiliates of multinational companies. In 1995, U.S. cross-border sales of services to foreigners increased slightly faster than U.S. cross-border purchases of services from foreigners; the fastest growing category for both exports and imports of these services was royalties and license fees. In 1994, the latest year for which data are available on services delivered through affiliates, U.S. purchases of services from majority-owned U.S. affiliates of foreign companies increased faster than sales abroad by majority-owned foreign affiliates of U.S. companies.

—Continued on next page —

Reports and statistical presentations

7 National Income and Product Accounts
- 7 Selected NIPA Tables
- 31 NIPA Charts

33 Selected Monthly Estimates

43 State Personal Income, 1990:I–1996:II

114 1997 Release Dates for BEA Estimates

Inside back cover: BEA Information
(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *U.S. Direct Investment Abroad.* Preliminary results of BEA's 1994 benchmark survey of U.S. direct investment abroad will be presented in the December SURVEY. These results will update the annual data series on operations of U.S. multinational companies and will provide estimates on several items that are collected only in benchmark surveys.
- *SURVEY Statistical Section.* An upcoming issue of the SURVEY will introduce an expanded section of charts and tables that better highlights BEA's national, regional, and international estimates.

TABLE OF CONTENTS

Special in this issue

11 Operations of U.S. Multinational Companies: Preliminary Results From the 1994 Benchmark Survey

The overseas operations of U.S. multinational companies (MNC's) remain concentrated in a small number of large, high-income economies, and most of their overseas production is for sale in local markets rather than for export back to the United States; thus, the location of overseas production by U.S. MNC's appears to be determined more by access to markets than by access to low-wage labor or to natural resources. U.S. MNC's continue to play a large, though somewhat diminished, role in U.S. international trade in goods. These findings are based on preliminary results from BEA's latest benchmark survey of U.S. direct investment abroad, which covers 1994.

Regular features

1 Business Situation

Real GDP increased 2.0 percent in the third quarter of 1996 after increasing 4.7 percent in the second quarter; the slowdown was mainly accounted for by a slowdown in personal consumption expenditures and by a downturn in government spending. Corporate profits decreased $1.1 billion in the third quarter after increasing $10.7 billion in the second. The Federal Government current deficit decreased $6.7 billion, to $120.3 billion, and the State and local government current surplus decreased $11.9 billion, to $89.1 billion.

Reports and statistical presentations

38 Subject Guide, Volume 76 (1996)

40 1997 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables

D–26 Other NIPA Tables

D–34 Historical tables

D–45 Domestic perspectives from other agencies

D–47 Charts

—Continued on next page—

International Data:
D–55 Summary U.S. international transactions
Regional Data:
D–66 Selected State and regional estimates
D–68 Gross State product
Appendixes:
D–69 Appendix A: Additional information about BEA's NIPA estimates
D–71 Appendix B: Suggested reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

BEGINNING WITH THIS ISSUE

As part of BEA's continuing effort to focus its resources on the production and dissemination of its core economic statistics, this issue of the SURVEY introduces an expanded section of tables and charts that better highlights BEA's national, regional, and international accounts estimates. The section begins with "National Data," which includes the standard presentation of the "Selected NIPA Tables," monthly and annual estimates, historical tables, and principal statistics from other agencies. "International Data" presents summary statistics on the balance of payments and the international investment position and on U.S. direct investment abroad and foreign direct investment in the United States. "Regional Data" presents summary estimates of State personal income and of gross state product. The section concludes with appendixes that provide additional information about the NIPA's and a list of suggested readings.

We would be most interested in receiving comments and suggestions about this presentation of the data that BEA produces. Please write to the Editor-in-Chief, Current Business Analysis Division, BE–64, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or e-mail webmaster@bea.doc.gov.

LOOKING AHEAD

❖ ***Availability of Revised NIPA-Related Estimates.*** Release of the revised estimates of reproducible tangible wealth for 1929-95 and of the revised NIPA estimates for 1929-58 has been delayed until spring 1997; see the box on page 10.

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 2.1 percent in the third quarter of 1996, down from a 4.7-percent increase in the second quarter. Real GNP increased 1.6 percent in the third quarter. Corporate profits increased $5.4 billion in the third quarter, about half as much as in the second; profits of domestic nonfinancial corporations increased less than in the second quarter, and profits of domestic financial corporations turned down.

6 U.S. International Transactions, Third Quarter 1996

The U.S. current-account deficit increased $7.8 billion, to $48.0 billion, in the third quarter of 1996. The deficits on goods and services and on investment income both increased; net unilateral transfers changed little. In the capital account, net recorded capital inflows were $69.3 billion in the third quarter, $19.5 billion higher than in the second.

Reports and statistical presentations

4 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables

D–26 Other NIPA Tables

D–34 Historical tables

D–45 Domestic perspectives from other agencies

D–47 Charts

International Data:

D–55 Summary U.S. international transactions

—Continued on next page—

Regional Data:
D–66 Selected State and regional estimates
D–68 Gross State product
Appendixes:
D–69 Appendix A: Additional information about BEA's NIPA estimates
D–71 Appendix B: Suggested reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from the Government Printing Office)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***U.S. Intrafirm Trade in Goods.*** An upcoming issue of the SURVEY will contain an article that analyzes trade in goods between U.S. parent companies and their foreign affiliates and between U.S. affiliates of foreign companies and their foreign parents.

TABLE OF CONTENTS

Special in this issue

23 U.S. Intrafirm Trade in Goods

Transactions between affiliated units of multinational companies (MNC's) account for a major share of U.S. international trade in goods—for more than one-third of U.S. exports in 1994 and for more than two-fifths of U.S. imports. For both exports and imports, this intrafirm trade has mainly consisted of shipments from parents to their affiliates rather than shipments to parents from their affiliates. By industry, most of the intrafirm trade of U.S. MNC's has been between U.S. manufacturing parents and their foreign manufacturing affiliates, and most of the intrafirm trade of foreign MNC's has been between U.S. wholesale trade affiliates and their foreign parent groups.

Regular features

1 Business Situation

Real GDP increased 4.7 percent in the fourth quarter of 1996 after increasing 2.1 percent in the third quarter; the acceleration was more than accounted for by a sharp turnaround in exports and by a pickup in personal consumption expenditures. The price index for gross domestic purchases increased 2.5 percent after increasing 1.9 percent; the step-up was more than accounted for by an upturn in energy prices.

7 Personal Income by State and Region, Third Quarter 1996

Personal income in the Nation increased 1.4 percent in the third quarter of 1996. In all States, the increase in personal income exceeded the 0.4-percent increase in the prices paid by U.S. consumers. Nevada had the largest increase in personal income, 2.3 percent, and Alaska had the smallest increase, 0.6 percent.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–26 Other NIPA tables
D–34 Historical tables
D–45 Domestic perspectives from other agencies
D–47 Charts

— Continued on next page —

International Data:
D–55 Summary U.S. international transactions
Regional Data:
D–66 Selected State and regional estimates
D–68 Gross State product
Appendixes:
D–69 Appendix A: Additional information about BEA's NIPA estimates
D–71 Appendix B: Suggested reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❖ ***Real Gross Product of Foreign Affiliates of U.S. Companies.*** An upcoming issue of the SURVEY will contain an article that presents and analyzes estimates of real gross product of U.S. companies' majority-owned affiliates in manufacturing for 1982–94. These estimates, which BEA has prepared for the first time, have been adjusted to remove the effects of changes in prices and in exchange rates.

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 3.9 percent in the fourth quarter of 1996 after increasing 2.1 percent in the third quarter; the acceleration was more than accounted for by a sharp turnaround in exports and by a pickup in personal consumption expenditures. The price index for gross domestic purchases increased 2.5 percent after increasing 1.9 percent.

8 Federal Budget Estimates, Fiscal Year 1998

In BEA's annual "translation" of the administration's budget, which puts the budget's receipts and outlays on a basis that is consistent with the framework of the NIPA's, the Federal deficit on a NIPA basis decreases to $136.6 billion in fiscal year 1998 from $142.0 billion in fiscal year 1997. Before translation, the budget shows the deficit decreasing to $120.6 billion from $125.6 billion.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–26 Other NIPA tables
D–34 Historical tables
D–45 Domestic perspectives
D–47 Charts

International Data:

D–55 Transactions tables
D–61 Investment tables
D–66 International perspectives
D–68 Charts

Regional Data:

D–69 State and regional tables
D–73 Local area table
D–75 Charts

— *Continued on next page* —

Appendixes:
D–77 Appendix A: Additional information about BEA's NIPA estimates
D–79 Appendix B: Suggested reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ *Real Gross Product of Foreign Affiliates of U.S. Companies.* The April issue of the SURVEY will contain an article that presents and analyzes estimates of real gross product of U.S. companies' majority-owned affiliates in manufacturing for 1982–94. These estimates, which BEA has prepared for the first time, have been adjusted to remove the effects of changes in prices and in exchange rates.

TABLE OF CONTENTS

Special in this issue

8 Real Gross Product of U.S. Companies' Majority-Owned Foreign Affiliates in Manufacturing

BEA has developed experimental estimates of real gross product of majority-owned foreign affiliates in manufacturing for 1982–94. These estimates are more useful than the current-dollar estimates for comparisons over time or across countries because they exclude changes in value that arise from movements in prices or exchange rates. As might be expected, removing the effects of changes in prices and exchange rates produces a gross product series that is generally both slower growing and less volatile than the current-dollar series. The new, experimental estimates are largely based on a newly developed procedure that uses "purchasing-power-parity" exchange rates to construct estimates for a base year and then constructs the estimates for other years by extrapolating the base-year estimates with chain-weighted Fisher quantity indexes similar to those used by BEA to estimate changes in U.S. gross domestic product.

Regular features

1 Business Situation

Real GDP increased 3.8 percent in the fourth quarter of 1996, up from a 2.1-percent increase in the third quarter. Real GNP increased 4.2 percent in the fourth quarter. Corporate profits decreased $7.1 billion, in contrast to a $5.4 billion increase in the third quarter; profits of domestic financial corporations decreased much more in the fourth quarter than in the third, and profits of domestic nonfinancial corporations decreased after increasing. In the fourth quarter, the Federal Government current deficit decreased $14.9 billion, to $105.9 billion, the smallest deficit since the third quarter of 1989; the State and local government surplus increased $1.7 billion, to $90.9 billion.

18 U.S. International Transactions, Fourth Quarter and Year 1996

In the fourth quarter of 1996, the U.S. current-account deficit decreased $6.5 billion, to $41.4 billion; the deficits on goods and services and on investment income decreased, while net unilateral transfers increased. In the capital account, net recorded inflows were $68.0 billion in the fourth quarter, $1.7 billion lower than in the third. For the year 1996, the current-account deficit increased $16.9 billion, to $165.1 billion; the deficits on goods and services and on investment income increased, and net unilateral transfers increased. In the capital account, net recorded inflows were $218.2 billion in 1996, $101.6 billion higher than in 1995.

— Continued on next page —

Reports and statistical presentations

6 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–26 Other NIPA Tables
D–34 Historical Tables
D–45 Domestic Perspectives
D–47 Charts

International Data:

D–55 Transactions Tables
D–61 Investment Tables
D–66 International Perspectives
D–68 Charts

Regional Data:

D–69 State and Regional Tables
D–73 Local Area Table
D–75 Charts

Appendixes:

D–77 Appendix A: Additional Information About BEA's NIPA Estimates
D–79 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❖ ***National Income and Product Accounts.*** In the May SURVEY, BEA will publish the following NIPA and wealth estimates that reflect the completion of the most recent comprehensive revision of the NIPA's: Revised NIPA summary estimates for 1929–96, revised estimates of reproducible tangible wealth for 1929–95, and newly available and revised NIPA estimates of selected series for 1991–96. For more information, see the box on page 5.

TABLE OF CONTENTS

Special in this issue

6 Completion of the Comprehensive Revision of the National Income and Product Accounts, 1929–96

The release of the following estimates marks the completion of the most recent comprehensive revision of the NIPA's: Revised NIPA estimates for 1929–58, revised estimates of reproducible tangible wealth for 1929–95, and revised and newly available NIPA estimates of selected series for 1959–96 that reflect the work undertaken to complete the 1929–58 NIPA and 1929–95 wealth estimates. For 1929–58, the growth rate of real GDP is revised up from 2.8 percent to 3.4 percent, and the average annual increase of GDP prices is revised down from 2.4 percent to 1.9 percent; these revisions largely reflect the introduction of BEA's new chain-type measures. Beginning with 1959, the revisions to the annual changes of both real GDP and GDP prices are small; national income and personal income are revised up to reflect the revisions to the wealth estimates.

58 BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth

BEA's new chain-type annual-weighted indexes of real output and prices provide significantly more accurate measures for analyses of long-term economic growth and business cycles. The indexes are more accurate, but they are also computationally more difficult to use than the old fixed-weighted "constant-dollar" estimates. When the chain-type indexes were introduced last year, BEA provided chained (1992) dollar estimates and contributions to growth tables. However, there are conceptual and empirical problems with using chained-dollar estimates for analysis of periods that are far from the base period. Therefore, with the release of chain-type estimates beginning with 1929, BEA is providing additional sets of estimates to assist in long-term analyses. BEA is also considering further work to improve its chain-type measures for recent periods.

69 Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95

BEA's estimates of fixed reproducible tangible wealth have been revised to incorporate the results of last year's comprehensive revision of the NIPA's. The major improvement is the introduction of a methodology that uses empirical evidence on the prices of used equipment and structures in resale markets, which has shown that depreciation for most types of assets approximates a geometric pattern. For equipment, the new methodology results in a more

— Continued on next page —

rapid pattern of depreciation in the early years of an asset's life and a slower pattern in the later years; for structures, the new methodology results in a slower pattern of depreciation throughout the life of an asset. In addition, the estimates of real net stocks and depreciation are improved by the introduction of chain-type indexes that allow for the effects of changes in relative prices and in the composition of output over time.

Regular features

1 Business Situation

In the first quarter of 1997, real GDP increased 5.6 percent—its biggest increase in more than 9 years—up from a 3.8-percent increase in the fourth quarter of 1996. The first-quarter strength was evident in personal consumption expenditures, inventory investment, producers' durable equipment, and exports. The price index for gross domestic purchases increased 2.2 percent in the first quarter after increasing 2.6 percent in the fourth.

93 Personal Income and Per Capita Personal Income by State and Region

Personal income in the Nation increased 1.3 percent in the fourth quarter of 1996 after increasing 1.4 percent in the third quarter. In the fourth quarter, Nevada had the largest increase in personal income, 2.3 percent. In the year 1996, per capita personal income in the Nation increased 4.5 percent, while prices paid by U.S. consumers increased only 2.2 percent. In all States except Alaska and Hawaii, the increase in per capita personal income exceeded the increase in U.S. prices.

Reports and statistical presentations

10 Summary National Income and Product Series, 1929–96

30 Revised and Newly Available NIPA Estimates, 1991–95

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Gross State Product by Industry.*** The results of a comprehensive revision of BEA's annual estimates of gross state product (GSP) by industry for 1977–94 will be presented in a forthcoming issue of the SURVEY. The estimates will incorporate the recent comprehensive revisions of the NIPA's and of the estimates of State personal income, as well as several changes to the GSP source data and methodology. Major improvements include the introduction of chain-type measures of real GSP and the introduction of measures of State-level government consumption of fixed capital.

TABLE OF CONTENTS

Special in this issue

15 Comprehensive Revision of Gross State Product by Industry, 1977–94

BEA's estimates of gross state product (GSP) have been updated to incorporate the results of the most recent comprehensive revision of the NIPA's, including the use of chain-type measures of real output and the new treatment of government investment. In addition, the revised estimates incorporate the results of the most recent comprehensive revision of State personal income and several major improvements in the State-level source data and estimating procedures for GSP. For 1977–94, the five States with the fastest growth in real GSP were Nevada, Arizona, New Hampshire, Florida, and Georgia.

Regular features

1 Business Situation

In the first quarter of 1997, real GDP increased 5.8 percent—its biggest increase in more than 9 years—up from a 3.8-percent increase in the fourth quarter of 1996; the price index for gross domestic purchases increased 2.2 percent after increasing 2.6 percent. Corporate profits jumped $46.7 billion, in contrast to a $7.2 billion decrease in the fourth quarter. In the first quarter, the Federal Government current deficit decreased $24.1 billion, to $81.8 billion, the smallest deficit since the third quarter of 1981; the State and local government current surplus increased $4.4 billion, to $95.3 billion. Revised estimates of the rate of return—measured as ratio of property income to the stock of net reproducible tangible assets—for domestic nonfinancial corporations for 1959–95 are 1-to-2 percentage points lower than the previously published estimates.

42 Foreign Direct Investment in the United States: New Investment in 1996 and Affiliate Operations in 1995

In 1996, outlays by foreign investors for acquiring or establishing businesses in the United States surged to a record $80.5 billion. The industry composition of outlays in 1996 tended to be more heavily weighted with service-type industries—including finance, insurance, communication, and a number of business services—than in past years, and the outlays in manufacturing tended to be more concentrated in industries that are information related or that use advanced technologies. In 1995, most measures of the operations of U.S. affiliates of foreign companies increased. However, the rates of increase slowed in some key measures; for example, the gross product of nonbank U.S. affiliates increased 4 percent in 1995 after increasing 10 percent in 1994.

— Continued on next page —

Reports and statistical presentations

70 Subject Guide: Volume 77 (1997), Numbers 1–6

D–1 BEA Current and Historical Data

National Data:
- D–2 Selected NIPA Tables
- D–27 Other NIPA and NIPA-Related Tables
- D–36 Historical Tables
- D–47 Domestic Perspectives
- D–49 Charts

International Data:
- D–57 Transactions Tables
- D–63 Investment Tables
- D–68 International Perspectives
- D–70 Charts

Regional Data:
- D–71 State and Regional Tables
- D–75 Local Area Table
- D–77 Charts

Appendixes:
- D–79 Appendix A: Additional Information About BEA's NIPA Estimates
- D–81 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Annual Revision of the U.S. International Transactions Accounts.*** An article presenting revised estimates of U.S. international transactions and discussing major sources of the revisions will appear in the July SURVEY. Most revisions will extend back to the first quarter of 1992. Selected data will be made available on June 19 as part of the release of U.S. international transactions for the first quarter of 1997.
- ***Annual Revision of the National Income and Product Accounts.*** An article presenting revised NIPA estimates and discussing major sources of the revisions will appear in the August SURVEY. The revisions will extend back to the first quarter of 1993. Selected data will be made available on July 31 as part of the release of the advanced GDP estimates for the second quarter of 1997.
- ***BEA Order Desk.*** On July 1,1997, BEA is implementing a new order-processing operation to better serve customer needs. One feature of the new operation is that customers will be able to order any product that BEA sells by calling the BEA Order Desk at the following toll-free number: 1–800–704–0415.

TABLE OF CONTENTS

Special in this issue

7 The Measurement of Depreciation in the U.S. National Income and Product Accounts

As part of the recent comprehensive revision of the NIPA's, BEA introduced an improved methodology for calculating depreciation and capital stocks. This article by Barbara Fraumeni, a professor at Northeastern University and a consultant for BEA, reviews the empirical liturature that supports BEA's use of geometric patterns of depreciation in the revised estimates.

43 U.S. International Transactions, Revised Estimates for 1974–96

This year's annual revision of the balance of payments accounts incorporates significant improvements in the investment income, capital, and services accounts. In the investment income accounts, the estimates of income receipts incorporate the results of the first benchmark survey of the stock of U.S. portfolio investment abroad in over 50 years. In the capital accounts, estimates of the international flows of U.S. currency appear for the first time. In the services accounts, preliminary results from the first annual surveys of financial services are incorporated. On the revised basis, the U.S. current-account deficit is $148.2 billion in 1996, compared with $165.1 billion on the previously published basis; the revision is more than accounted for by an upward revision to exports of goods, services, and income.

Regular features

1 Business Situation

Real GDP increased 5.9 percent in the first quarter of 1997. Real GNP increased 5.0 percent, and real GNP on a command basis increased 5.6 percent. Corporate profits jumped $42.4 billion, as profits of both financial and nonfinancial domestic corporations rebounded strongly from fourth-quarter decreases.

24 The International Investment Position of the United States in 1996

The net international investment position of the United States became more negative in 1996: On a current-cost basis, it increased $182.8 billion, to −$870.5 billion; and on a market-value basis, it increased $193.8 billion, to −$831.3 billion. The change in the position in 1996 was attributable to large net capital inflows to the United States. However, for the direct investment component of the position, U.S. assets abroad continued to exceed foreign assets in the United States.

— Continued on next page —

34 Direct Investment Positions for 1996: Country and Industry Detail

In 1996, the U.S. direct investment position abroad valued at historical cost increased 11 percent, reflecting large capital outflows that were mainly in the form of reinvested earnings. Nearly half of the increase in the position was accounted for by Europe, mostly by the United Kingdom. The foreign direct investment position in the United States valued at historical cost increased 12 percent, reflecting large capital inflows that were mainly in the form of equity capital—both from capital contributions to existing U.S. affiliates and from acquisitions of U.S. business by foreigners. Most of the increase in the position was accounted for by Europe.

56 U.S. International Transactions, First Quarter 1997

The U.S. current-account deficit increased $4.1 billion, to $41.0 billion, in the first quarter of 1997. A shift to a deficit on investment income and an increase in the deficit on goods and services were partly offset by a decrease in net unilateral transfers. In the capital account, net recorded inflows were $59.1 billion in the first quarter, $19.0 billion higher than in the fourth.

Reports and statistical presentations

5 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Annual Revision of the National Income and Product Accounts.*** An article presenting revised NIPA estimates and discussing major sources of the revisions will appear in the August SURVEY. Selected data will be made available on July 31 as part of the release of the advanced GDP estimates for the second quarter of 1997. For more information on the annual NIPA revision, see the box on page 4.
- ***Comprehensive Revision of Local Area Personal Income.*** An article presenting the results of a comprehensive revision of the estimates of county and metropolitan area personal income for 1969–95 will appear in the September SURVEY. The revision will incorporate the recent comprehensive revisions of the NIPA's and of State personal income, as well as several improvements in the methodology for the estimates of county personal income.

TABLE OF CONTENTS

Special in this issue

6 Annual Revision of the National Income and Product Accounts: Annual Estimates, 1993–96, and Quarterly Estimates, 1993:I-1997:I

The revised NIPA estimates show about the same picture of overall U.S. economic activity as was shown by the previously published estimates. Over the period covered by the revisions, the growth rate of real GDP was revised up 0.1 percentage point to 2.8 percent, and the increase in the price of gross domestic purchases was unrevised at 2.3 percent. In addition to the incorporation of regular source data, this annual revision incorporates several methodological changes, including the changes in methodology that were introduced in the recent annual revision of the balance of payments accounts and a change in the weights used to compute real output and prices for recent periods.

Regular features

1 Business Situation

Real GDP increased 2.2 percent in the second quarter of 1997 after increasing 4.9 percent in the first quarter; the deceleration was more than accounted for by slowdowns in personal consumption expenditures and inventory investment. The price index for gross domestic purchases increased 0.6 percent in the second quarter after increasing 1.9 percent in the first; the deceleration largely reflected a sharp downturn in energy prices.

168 Personal Income by State and Region, First Quarter 1997

Personal income in the Nation increased 1.7 percent in the first quarter of 1997—the largest quarterly increase since the first quarter of 1995—after increasing 1.4 percent in the fourth quarter of 1996. In all States except Delaware, the increases in personal income exceeded the 0.6-percent increase in the prices paid by U.S. consumers. Utah, Nevada, Oregon, and Kentucky had the fastest growth in personal income in the first quarter.

Reports and statistical presentations

36 National Income and Product Accounts Tables

148 Summary National Income and Product Series, 1929–96

— Continued on next page —

D–1 BEA Current and Historical Data

National Data:

D–3 Domestic Perspectives

D–5 Charts

International Data:

D–7 Transactions Tables

D–13 Investment Tables

D–18 International Perspectives

D–20 Charts

Regional Data:

D–21 State and Regional Tables

D–25 Local Area Table

D–27 Charts

Appendixes:

D–29 Appendix A: Additional Information About BEA's NIPA Estimates

D–31 Appendix B: Suggested Reading

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ *Comprehensive Revision of Local Area Personal Income.* An article presenting the results of a comprehensive revision of the estimates of county and metropolitan area personal income for 1969–95 will appear in the September SURVEY. The revision will incorporate the recent comprehensive revisions of the NIPA's and of State personal income, as well as several improvements in the methodology for the estimates of county personal income.

RECRUITMENT

Deputy Director. BEA is recruiting for the position of Deputy Director. The Deputy Director works closely with the Director of the Bureau of Economic Analysis in formulating the strategic plans and policies of the Bureau and in directing the Bureau's activities, including the preparation of the national, international, and regional economic accounts of the United States. The Deputy Director also assists the Director in overseeing the Bureau's administrative, financial management, and information technology functions and represents the Bureau before top officials in the Federal and private sectors and in international organizations.

This is a career reserved position in the Senior Executive Service, salary range: $103,897–$123,100. The application deadline is September 23, 1997. To obtain the required application and qualification information, please contact the BEA Administrative Office, (202) 606–5556. BEA is an Equal Opportunity Employer.

TABLE OF CONTENTS

Special in this issue

48 Comprehensive Revision of Local Area Personal Income, 1969–95

BEA has released revised annual estimates of personal income for local areas—counties, metropolitan areas, and BEA economic areas—for 1969–94 and new estimates for 1995. The estimates incorporate the results of the recent comprehensive revisions of the national income and product accounts and of State personal income. In general, the revisions were small; for 1994, only 3 metropolitan areas had upward revisions of more than 5.0 percent, and only 3 areas had downward revisions of more than 3.0 percent.

Regular features

1 Business Situation

In the second quarter of 1997, real GDP increased 3.6 percent, down from a 4.9-percent increase in the first quarter; the price index for gross domestic purchases increased 0.8 percent, down from a 1.9-percent increase. Corporate profits increased $14.9 billion in the second quarter after increasing $31.8 billion in the first. In the second quarter, the Federal Government current deficit decreased $20.7 billion, to $34.8 billion, the smallest deficit since the fourth quarter of 1979; the State and local government current surplus increased $0.6 billion, to $105.3 billion.

Reports and statistical presentations

11 Customer Satisfaction Report

12 Updated Summary NIPA Methodologies

34 Annual NIPA Revision: Newly Available Tables

37 Fixed Reproducible Tangible Wealth in the United States: Revised Estimates for 1993–95 and Summary Estimates for 1925–96

37 Errata

— *Continued on next page* —

75 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996

119 U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–35 Historical Tables
D–40 Domestic Perspectives
D–42 Charts

International Data:

D–50 Transactions Tables
D–56 Investment Tables
D–59 International Perspectives
D–61 Charts

Regional Data:

D–62 State and Regional Tables
D–66 Charts

Appendixes:

D–68 Appendix A: Additional Information About BEA's NIPA Estimates
D–70 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Revision of Annual State Personal Income.*** An article presenting revised annual estimates of State personal income for 1991–96 and discussing major sources of the revisions will appear in the October SURVEY. The revised estimates of State personal income will be released on September 19.
- ***Benchmark Input-Output Accounts.*** The 1992 benchmark input-output accounts for the U.S. economy will be presented in two upcoming articles in the SURVEY. The first article will include summary tables of the output (make) and the inputs (use) for each of 96 industries, and the second will include requirements tables for those industries.
- ***Gross Product by Industry.*** Revised estimates of gross product by industry for 1993 and 1994 and new estimates for 1995 and 1996 that incorporate the recent annual NIPA revision will be presented in an upcoming issue of the SURVEY.

TABLE OF CONTENTS

Special in this issue

24 State Personal Income, Revised Estimates for 1958–96

This release of revised annual estimates of State personal income for 1958–96 completes the comprehensive revision to the estimates for those years. The revised estimates incorporate the final results of the most recent comprehensive revision of the national income and product accounts (NIPA's), the 1997 annual revision of the NIPA's, the county-level estimation of the adjustment for residence, and newly available State-level source data. The revisions to the estimates of State personal income before 1993 were generally small and reflected the revisions to the national estimates. By 1996, the revisions were more widespread and more substantial, reflecting both the revisions to the national estimates and the incorporation of newly available State-level source data for all the components of personal income.

Regular features

1 Business Situation

Real GDP increased 3.3 percent in the second quarter of 1997 after increasing 4.9 percent in the first quarter, and the price index for gross domestic purchases increased 0.8 percent after increasing 1.9 percent. Corporate profits increased $15.5 billion in the second quarter, largely reflecting an increase in the profits of domestic nonfinancial corporations.

44 U.S. Multinational Companies: Operations in 1995

Growth in the overall operations of U.S. multinational companies (MNC's) continued in 1995: Worldwide gross product of U.S. parent companies and their majority-owned foreign affiliates combined increased 6 percent, employment increased 1 percent, and capital expenditures increased 8 percent. Gross product and employment grew faster for the foreign affiliates than for the parents, while capital expenditures grew at the same rate for both. However, worldwide production and productive resources of MNC's remained concentrated in the United States: U.S. parents accounted for three-fourths of the gross product, employment, and capital expenditures of U.S. MNC's, while their affiliates accounted for one-fourth.

— Continued on next page —

69 U.S. International Transactions, Second Quarter 1997

The U.S. current-account deficit decreased to $39.0 billion in the second quarter of 1997 from $40.0 billion in the first quarter. A decrease in the deficit on goods and services more than offset increases in the deficit on investment income and in net unilateral transfers. In the capital account, net recorded capital inflows were $56.2 billion in the second quarter, down from $54.3 billion in the first.

95 U.S. International Sales and Purchases of Private Services: U.S. Cross-Border Transactions in 1996 and Sales by Affiliates in 1995

The United States recorded another surplus on cross-border transactions in private services in 1996, when the balance rose to a record $78.1 billion and offset a significant portion of the $191.2 billion U.S. deficit on trade in goods. By country, Japan was the leading destination for exports of services, and the United Kingdom was the leading origin for imports of services. In 1995, the latest year for which data are available on services delivered through majority-owned affiliates, sales of services abroad by the foreign affiliates of U.S. companies increased 20 percent to $205.8 billion, while sales of services in the United States by the U.S. affiliates of foreign companies increased 8 percent to $167.6 billion. By country, affiliates of U.S. companies in the United Kingdom had the largest share of services sold abroad by foreign affiliates, and affiliates with ultimate beneficial owners in the United Kingdom had the largest share of services sold in the United States by U.S. affiliates.

Reports and statistical presentations

4 Annual NIPA Revision: Newly Available Tables

17 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 1992:IV–1997:II

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Benchmark Input-Output Accounts.*** The 1992 benchmark input-output accounts for the U.S. economy will be presented in two upcoming articles in the SURVEY. The first article will include summary tables of the output (make) and the inputs (use) for each of 96 industries, and the second will include requirements tables for those industries.
- ***Gross Product by Industry.*** Revised estimates of gross product by industry for 1993 and 1994 and new estimates for 1995 and 1996 that incorporate the recent annual NIPA revision will be presented in an upcoming issue of the SURVEY.

TABLE OF CONTENTS

Special in this issue

20 Gross Product by Industry, 1947–96

The estimates of gross product by industry have been revised to incorporate the final results of the most recent comprehensive revision of the NIPA's, the results of this year's annual revision of the NIPA's, and newly available source data. In addition, new estimates are available for 1996, which represents a speedup in the availability of estimates for the most recent complete year. For 1992–96, one-half of the 2.6-percent growth rate in real GDP was accounted for by durable goods manufacturing (0.8 percent) and by services (0.5 percent). For the total economy, the labor share of gross product declined slightly, from 58½ percent in 1992 to 58 percent in 1996, as a decline in the labor share for manufacturing was nearly offset by an increase in the labor share for nonmanufacturing.

36 Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables

The 1992 benchmark input-output (I-O) accounts present a detailed picture of how industries interact to provide input to and take output from each other. The 1992 I-O accounts incorporate a number of changes, including the major improvements that were introduced in the most recent comprehensive revision of the NIPA's, that enable the accounts to more accurately reflect the evolving U.S. economy and that increase the accuracy and reliability of the estimates. In addition, the publication of these accounts within a year of the release of the final results of the 1992 economic censuses represents a speedup in their availability as outlined in BEA's Strategic Plan.

84 Note on Alternative Measures of Gross Product by Industry

The preceding two articles present two independently derived measures of current-dollar gross product by industry for 1992. This note briefly describes the differences between the two measures and the efforts that are underway to better integrate them.

Regular features

1 Business Situation

Real GDP increased 3.5 percent in the third quarter of 1997, about the same pace as in the second quarter; personal consumption expenditures, which increased 5.7 percent, contributed the most to the third-quarter increase in GDP. The price index for gross domestic purchases increased 1.2 percent after increasing 0.8 percent.

— Continued on next page —

6 Motor Vehicles, Model Year 1997

In model year 1997, sales of motor vehicles totaled 15.4 million units; sales have ranged between 15.2 million and 15.5 million for the past 4 years. In 1997, sales of new trucks increased 4.6 percent to a record 7.1 million units, but sales of new cars decreased 4.6 percent to 8.3 million units.

12 Comparison of BEA Estimates of Personal Income and IRS Estimates of Adjusted Gross Income: New Estimates for 1995 and Revised Estimates for 1947–94

BEA's measure of personal income and the IRS measure of adjusted gross income—two widely used measures of household income—are reconciled through a series of adjustments for definitional and statistical differences between the two measures. This reconciliation incorporates the final results of the most recent comprehensive revision of the NIPA's, the results of this year's annual revision of the NIPA's, and information from the Statistics of Income Bulletin.

86 Reconciliation of the U.S.-Canadian Current Account, 1995 and 1996

For both 1995 and 1996, the reconciliation of the U.S.-Canadian current account results in a U.S. current-account deficit with Canada that is somewhat larger than the deficit in the U.S.-published accounts. The annual reconciliation shows how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources.

100 Personal Income by State and Region, Second Quarter 1997

Personal income in the Nation increased 1.2 percent in the second quarter of 1997 after increasing 1.9 percent in the first quarter. In all States, the increases in personal income exceeded the 0.2-percent increase in prices paid by U.S. consumers. Arkansas, Arizona, Nevada, and Delaware had the fastest growth in personal income in the second quarter.

116 Errata

Reports and statistical presentations

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Benchmark Input-Output Accounts.*** The second of the two articles that present the 1992 benchmark input-output accounts for the U.S. economy will be published in the December issue of the SURVEY. This article will include the three basic input-output requirements tables for each of 97 industries.

TABLE OF CONTENTS

Special in this issue

11 Preview of Revised NIPA Estimates for 1992 From the 1992 I-O Accounts

The recently released 1992 benchmark input-output accounts provide "preliminary revised" estimates that preview the impact of incorporating these accounts in the next comprehensive revision of the NIPA's; however, these estimates do not reflect the definitional and other statistical changes that will also be incorporated as part of that revision. The revised estimate of GDP for 1992 is $10.5 billion lower, or 0.2 percent lower, than the presently published estimate; the revised estimate of gross domestic income is $11.5 billion lower, or 0.2 percent lower, than the presently published estimate.

22 Benchmark Input-Output Accounts for the U.S. Economy, 1992: Requirements Tables

The 1992 benchmark input-output (I-O) accounts present a detailed picture of how industries provide input to and take output from each other. The requirements tables in these accounts can be used to quantify the inputs that are needed by an industry to produce a dollar of output, and they can be used to trace the effects of a dollar change in the final use of a specified commodity. For example, the requirements tables can be used to analyze the relative effects of a change in the composition of personal consumption expenditures that results from a change in consumer tastes.

Regular features

1 Business Situation

Real GDP increased 3.3 percent in the third quarter of 1997, the same pace as in the second quarter; consumer spending and business fixed investment contributed the most to the third-quarter increase in GDP. The price index for gross domestic purchases increased 1.3 percent after increasing 0.8 percent. Corporate profits increased $21.1 billion in the third quarter after increasing $15.5 billion in the second. In the third quarter, the Federal Government current deficit decreased $24.3 billion, to $12.5 billion, the smallest deficit since the second quarter of 1979; the State and local government current surplus increased $6.4 billion, to $111.3 billion.

— *Continued on next page* —

17 Federal Personal Income Tax Liabilities and Payments, 1992–95

According to newly available BEA estimates of Federal personal income tax liabilities, liabilities exceeded payments by $5.5 billion in 1995, whereas payments exceeded liabilities by $4.9 billion in 1994. These estimates incorporate the results of the annual NIPA revision released in July and newly available tax return data from the Internal Revenue Service.

Reports and statistical presentations

48 Subject Guide, Volume 77 (1997)

50 1998 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

International Data:

D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts

Regional Data:

D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts

Appendixes:

D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 3.1 percent in the third quarter of 1997 after increasing 3.3 percent in the second quarter, and the price index for gross domestic purchases increased 1.3 percent after increasing 0.8 percent. Corporate profits increased $32.2 billion in the third quarter after increasing $15.5 billion in the second, reflecting a step-up in the profits of domestic nonfinancial corporations.

7 U.S. International Transactions, Third Quarter 1997

The U.S. current-account deficit increased to $42.2 billion in the third quarter of 1997 from $37.9 billion in the second quarter. The increase was accounted for by an increase in the deficit on goods; changes in the other principal components of the current account were small. In the capital account, outflows for U.S. assets abroad increased $101.6 billion after increasing $90.9 billion, and inflows for foreign assets in the United States increased $169.5 billion after increasing $143.0 billion.

Reports and statistical presentations

5 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

34 1998 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

International Data:

D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts

— Continued on next page —

Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts
Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Special in this issue

8 Price Indexes for Selected Semiconductors, 1974–96

In the most recent comprehensive revision of the NIPA's, BEA introduced new quality-adjusted price indexes for semiconductors. This article discusses these indexes, which incorporated the results from hedonic regressions based on performance characteristics of seven types of memory chips and two lines of microprocessors and which are designed to address the biases that are associated with conventional measures of real output for high-tech goods. As was noted when they were first introduced, the effect of incorporating the new price indexes into the NIPA's was to steepen the rate of decline in the prices of exports and imports of semiconductors and to raise the rates of real growth.

Regular features

1 Business Situation

Real GDP increased 4.3 percent in the fourth quarter of 1997, up from a 3.1-percent increase in the third quarter. The price index for gross domestic purchases increased 1.5 percent after increasing 1.3 percent. For the year 1997, real GDP grew 3.8 percent, the highest growth rate since 1988. The price index for gross domestic purchases increased 1.7 percent, the slowest increase since 1964. The personal saving rate declined to 3.8 percent, the lowest rate since 1939.

25 Personal Income by State and Region, Third Quarter 1997

Personal income in the Nation increased $77.8 billion, or 1.1 percent, in the third quarter of 1997. Most of the increase was accounted for by the Southeast, Far West, and Mideast regions. Utah, Washington, and Idaho had the fastest growth in personal income in the third quarter.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

— Continued on next page —

International Data:
D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts
Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts
Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Manufacturing Earnings in BEA Component Economic Areas.*** An article that analyzes the differences in manufacturing earnings per job among components of the BEA Economic Areas will appear in a forthcoming issue of the SURVEY. The article analyzes the differences on the basis of such characteristics as industry mix, extent of industry clustering, education levels of the labor force, and population levels.

TABLE OF CONTENTS

Special in this issue

17 Gross Product by Industry Price Measures, 1977–96

Price measures of gross product originating (GPO) by industry can be used to compare price changes across industries and to compute industry contributions to the change in GDP prices. For example, the largest contributors to the 2.3-percent increase (annual rate) in the GDP price index in 1992–96 were the services industry group and the finance, insurance, and real estate industry group (0.7 percentage point each). Unit-cost measures by industry can be used to identify the sources of GPO price change among the cost components of GPO. For example, the labor cost per unit of real GPO declined in 1992–96 for the mining and the durable goods manufacturing industries and was unchanged for the wholesale trade industry.

26 A Guide to the NIPA's

BEA presents a compilation of information that will help users to better understand the NIPA's. This guide provides the definitions of the major aggregates and components; discusses the measures of real output and prices; explains how production is classified and how the NIPA's are presented; describes the statistical conventions that are used; and lists the principal source data and methods used to prepare the estimates of GDP.

Regular features

1 Business Situation

The "preliminary" estimate of real GDP indicates a 3.9-percent increase in the fourth quarter of 1997, 0.4 percentage point lower than the "advance" estimate; a large downward revision to net exports and smaller downward revisions to government spending and consumer spending were only partly offset by a large upward revision to business inventory investment. Despite these revisions, real GDP growth still shows an acceleration from a 3.1-percent increase in the third quarter. The price index for gross domestic purchases increased 1.4 percent, about the same pace as in the third quarter.

— Continued on next page —

8 Federal Budget Estimates, Fiscal Year 1999

Each year, BEA prepares a "translation" of the administration's budget that puts the budget's receipts and outlays on a basis that is consistent with the framework of the NIPA's. In the NIPA framework, the Federal current deficit would be $9.9 billion in fiscal year 1999; the administration's budget shows a $9.5 billion surplus. The difference primarily results from the difference in the treatment of government investment in fixed assets; the consumption of fixed capital that is included in the NIPA's is greater than the investment that is excluded.

Reports and statistical presentations

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***U.S. Transportation Satellite Account.*** An article that presents the 1992 transportation satellite account for the United States will be published in a forthcoming issue of the SURVEY. The transportation satellite account, developed jointly by BEA and the Bureau of Transportation, is based on an expansion of the 1992 benchmark input-output accounts. It provides estimates of expenditures on transportation that supplement the existing estimates in the national economic accounts.
- ***Domestic Content of the Production of U.S. Manufacturing Affiliates of Foreign Companies.*** An article that compares the domestic content of output of U.S. manufacturing affiliates of foreign companies with that of other U.S. manufacturing companies will be published in a forthcoming issue of the SURVEY. The article also examines the extent to which U.S. manufacturing affiliates rely on foreign sources for their intermediate inputs and whether the affiliates' production is intended for U.S. or foreign markets.

TABLE OF CONTENTS

Special in this issue

16 U.S. Transportation Satellite Accounts for 1992

The new satellite accounts for U.S. transportation integrate information from a variety of sources to present a more comprehensive picture of the role of transportation in the U.S. economy. The new transportation satellite accounts (TSA's) are based on and are an extension of the 1992 benchmark input-output (I-O) accounts. The TSA's expand the definition of transportation activities to include transportation services by businesses for their own use, and they show more accurately the total use of these services across industries. Under the expanded TSA definition, the value added of transportation industries represents 5.0 percent of GDP in 1992, compared with the 3.1-percent share shown in the I-O accounts.

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

Detailed industry data on the production of foreign-owned U.S. manufacturing affiliates and of domestically owned manufacturing firms show that in most industries, domestic content tends to account for the dominant share of output. However, the shares for U.S. affiliates tend to be lower than those for domestically owned firms across the detailed industries, and the difference at the aggregate level increases rather than decreases when industry mix is held constant. In most industries, U.S. affiliates and domestically owned manufacturers both tend to sell most of their output in the United States, but the domestic-market shares of sales for U.S. affiliates tend to be higher than those for domestically owned firms.

Regular features

1 Business Situation

The "final" estimate of real GDP indicates a 3.7-percent increase in the fourth quarter of 1997, 0.2 percentage point lower than the "preliminary" estimate; downward revisions to consumer spending and net exports more than offset an upward revision to business fixed investment. Corporate profits decreased $9.2 billion in the fourth quarter after increasing $32.2 billion in the third; the downturn was accounted for by the profits of domestic nonfinancial corporations. The Federal Government current deficit increased $1.3 billion, to $12.1 billion, in the fourth quarter; the State and local government current surplus decreased $1.3 billion, to $110.1 billion.

— Continued on next page —

10 State and Local Government Fiscal Position in 1997

The current surplus of State and local governments increased $2.5 billion, to $107.8 billion, in 1997. Receipts and current expenditures both increased at about the same pace as they had in 1996. For 1998, available information suggests some acceleration in both receipts and current expenditures and little change in the current surplus.

51 U.S. International Transactions, Fourth Quarter and Year 1997

In the fourth quarter of 1997, the U.S. current-account deficit increased to $45.6 billion from $43.1 billion in the third quarter; a decrease in the deficit on goods was more than offset by an increase in net unilateral transfers, a decrease in the surplus on services, and an increase in the deficit on investment income. In the capital account, outflows for U.S. assets abroad decelerated $14.0 billion in the fourth quarter, while inflows for foreign assets in the United States decelerated only $1.4 billion. For the year 1997, the U.S. current-account deficit increased to $166.4 billion from $148.2 billion in 1996; a shift to a deficit on investment income and an increase in the deficit on goods more than offset an increase in the surplus on services and a decrease in net unilateral transfers. In the capital account, outflows for U.S. assets abroad accelerated $74.5 billion in 1997, while inflows for foreign assets in the United States accelerated $142.9 billion.

Reports and statistical presentations

8 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

LOOKING AHEAD

Gross State Product by Industry. Revised estimates of gross state product by industry for 1993–94 and new estimates for 1995–96 will be presented in the June issue of the SURVEY. The estimates incorporate the most recent annual revisions of the NIPA's and of State personal income, as well as the new and revised national estimates of gross product by industry that were published in the November 1997 SURVEY.

RECRUITMENT

Chief Economist. BEA is recruiting for the position of Chief Economist. The Chief Economist directs BEA's research program; plans and develops new concepts and methods to be implemented by the Office of the Chief Statistician and by the Associate Directors for National, Industry, International, and Regional Accounts; advises the Director of BEA on major conceptual and theoretical developments in economic accounting; and serves as BEA's liaison to the academic and research community.

This is a career reserved position in the Senior Executive Service, salary range: $106,412–$125,900. The application deadline is May 15, 1998. To obtain the required application and qualification information, please contact the BEA Administrative Office at (202) 606–5556. BEA is an Equal Opportunity Employer.

TABLE OF CONTENTS

Regular features

1 Business Situation

U.S. economic activity continued to increase strongly in the first quarter of 1998, and prices paid by U.S. residents did not increase for the first time in over 40 years. The "advance" estimate of real GDP shows a 4.2-percent increase, up from a 3.7-percent increase in the fourth quarter of 1997. The price index for gross domestic purchases was unchanged after increasing 1.4 percent.

7 Personal Income and Per Capita Personal Income by State and Region, 1997

Preliminary estimates of U.S. personal income show a 5.7-percent increase in 1997; Texas had the fastest increase, at 7.9 percent, and North Dakota had the only decline, at −1.3 percent. Per capita personal income for the Nation was $25,598 in 1997; Connecticut had the highest per capita income, at $36,263, and Mississippi had the lowest, at $18,272. From 1989 to 1997, per capita income by region resumed a long-term trend of convergence toward the U.S. average, a trend that had been interrupted from 1979 to 1989.

28 Local Area Personal Income, 1969–96

BEA has released new estimates for 1996 and revised estimates for 1969–95 of personal income for counties, metropolitan areas, and BEA economic areas. For metropolitan areas, Las Vegas, NV-AZ, had the fastest growth in personal income from 1995 to 1996; it had also been the fastest growing area from 1990 to 1995. Yuma, AZ, was the only metropolitan area that had a decline in personal income growth from 1995 to 1996; it had been the fastest growing area from 1994 to 1995. The local area estimates incorporate the results of the revision to the annual estimates of State personal income that was released in September 1997.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

— Continued on next page —

International Data:
D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts
Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts
Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- *Gross State Product by Industry.* New estimates of gross state product by industry for 1995–96 and revised estimates for 1977–94 will be presented in the June issue of the SURVEY. The estimates will incorporate the most recent revision to the annual estimates of State personal income, as well as the new and revised national estimates of gross product by industry that were published in the November 1997 SURVEY. In addition, the estimates will incorporate information from BEA's 1992 benchmark input-output accounts and new source data from the Bureau of the Census and from individual States.
- *U.S. Travel and Tourism Satellite Accounts.* An article that presents the 1992 travel and tourism satellite accounts for the United States will be published in a forthcoming issue of the SURVEY. The travel and tourism satellite accounts, which provide measures of travel and tourism activities and employment in the United States, are an extension of the 1992 benchmark input-output accounts for the U.S. economy. BEA is developing the new accounts with the support of the Tourism Industries Office of the International Trade Administration, U.S. Department of Commerce.

TABLE OF CONTENTS

Regular features

1 Business Situation

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

15 Gross State Product by Industry, 1977–96

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

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

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

— Continued on next page —

TABLE OF CONTENTS

Special in this issue

8 U.S. Travel and Tourism Satellite Accounts for 1992

The new satellite accounts for U.S. travel and tourism present a comprehensive picture of the importance of travel and tourism in the U.S. economy. The travel and tourism satellite accounts (TTSA's) are developed from the 1992 benchmark input-output accounts, but they integrate information from a variety of public and private sources. According to the TTSA's, travel and tourism activities accounted for 4.6–5.3 percent of total demand in the U.S. economy, for 1.9–2.2 percent of value added, and for 3.2–3.7 percent of employment.

47 U.S. International Transactions, Revised Estimates for 1986–97

This year's annual revision of the balance of payments accounts incorporates major improvements to the investment income, capital, services, and goods accounts. The investment income accounts incorporate newly available results of the U.S. Treasury Department's benchmark survey of foreign portfolio investment in the United States for 1994, final results of the U.S. Treasury Department's benchmark survey of U.S. portfolio investment abroad for 1994, revised estimates of banks' income receipts and payments on foreign-currency-denominated claims and liabilities, and the results of BEA's benchmark survey of U.S. direct investment abroad for 1994. In addition, several types of transactions are reclassified. The revised estimate of the U.S. current-account balance for 1997 is −$155.2 billion, compared with the previously published estimate of −$166.4 billion.

Regular features

1 Business Situation

The "final" estimate of real GDP indicates a 5.4-percent increase in the first quarter of 1998, 0.6 percentage point higher than the "preliminary" estimate issued last month. The upward revision was largely due to upward revisions to the change in nonfarm business inventories, to exports, and to nonresidential structures. Corporate profits increased $9.6 billion in the first quarter after decreasing $9.2 billion in the fourth; profits of domestic nonfinancial corporations and profits from the rest of the world turned up, but profits of domestic financial corporations increased less than in the fourth quarter.

— Continued on next page —

24 The International Investment Position of the United States in 1997

The net international investment position of the United States became more negative in 1997: On a current-cost basis, it changed from −$767.1 billion to −$1,223.6 billion, and on a market-value basis, it changed from −$743.7 billion to −$1,322.5 billion. The change in both positions was primarily attributable to large net capital inflows, particularly for U.S. securities and U.S. banking, and to a net negative exchange rate adjustment that resulted from the appreciation of the U.S. dollar against most foreign currencies.

35 Direct Investment Positions for 1997: Country and Industry Detail

In 1997, the U.S. direct investment position valued at historical cost increased 11 percent, reflecting record equity capital outflows and reinvested earnings that were only partly offset by negative currency translation adjustments. By country, the largest increases were with the United Kingdom, the Netherlands, and Canada. The foreign direct investment position in the United States valued at historical cost increased 15 percent, as a result of record capital inflows that reflected strength in equity capital, intercompany debt, and reinvested earnings. By country, the largest increases were with the Netherlands, Germany, and Canada.

59 U.S. International Transactions, First Quarter 1998

The U.S. current-account deficit increased $2.2 billion, to $47.2 billion, in the first quarter of 1998. An increase in the deficit on goods and services was partly offset by decreases in the balance on investment income and in net unilateral transfers. In the capital account, capital outflows decreased sharply, but capital inflows decreased even more sharply. U.S. assets abroad increased $44.7 billion after increasing $123.4 billion, and foreign assets in the United States increased $90.9 billion after increasing $220.5 billion.

Reports and statistical presentations

6 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Annual Revision of the National Income and Product Accounts.*** An article presenting the revised NIPA estimates and discussing the major sources of the revisions will be published in the August SURVEY. Selected estimates will be made available on July 31 as part of the release of the "advance" GDP estimates for the second quarter of 1998. For more information on the NIPA revision, see the box on page 5.

TABLE OF CONTENTS

Special in this issue

7 Annual Revision of the National Income and Product Accounts: Annual Estimates, 1995–97, and Quarterly Estimates, 1995:I–1998:I

The revised NIPA estimates show somewhat faster economic growth and a somewhat slower increase in prices than were shown by the previously published estimates. Over the period covered by the revisions, the average growth rate of real GDP was revised up 0.3 percentage point to 3.4 percent, and the average increase in the price index for gross domestic purchases was revised down 0.3 percentage point to 1.8 percent. Personal saving (and the personal saving rate) was revised down substantially, and undistributed corporate profits and the State and local government surplus or deficit were revised up substantially.

The annual revisions reflect the incorporation of regular source data and the introduction of the following major changes in methodology: A redefinition affecting dividends paid by regulated investment companies (mutual funds); new source data for several types of consumer services; geometric-mean-type consumer price indexes for deflation of detailed components of personal consumption expenditures (PCE); and several new price measures—primarily producer price indexes and international price indexes—for deflation of PCE, fixed investment, exports and imports, and government spending.

Regular features

1 Business Situation

Real GDP increased 1.4 percent in the second quarter of 1998 after increasing 5.5 percent in the first quarter; the deceleration was primarily accounted for by a sharp downturn in inventory investment and by a slowdown in investment in producers' durable equipment. The price index for gross domestic purchases increased 0.4 percent in the second quarter after decreasing 0.2 percent in the first.

167 Personal Income by State and Region, First Quarter 1998

Personal income in the Nation increased $112.0 billion, or 1.6 percent, in the first quarter of 1998; the largest increase was in the Southeast region, which accounted for 25 percent of the growth. By State, the fastest growth in personal income was in Alaska, South Carolina, Massachusetts, Colorado, and Arizona. The slowest growth was in North Dakota, Delaware, Vermont, and Arkansas.

— Continued on next page —

Reports and statistical presentations

36 National Income and Product Accounts Tables

119 Annual NIPA Revision: Revised Estimates for 1982–94

147 GDP and Other Major NIPA Series, 1929–97

D–1 BEA Current and Historical Data

National Data:
- D–3 Domestic Perspectives
- D–5 Charts

International Data:
- D–7 Transactions Tables
- D–13 Investment Tables
- D–18 International Perspectives
- D–20 Charts

Regional Data:
- D–21 State and Regional Tables
- D–25 Local Area Table
- D–27 Charts

Appendixes:
- D–29 Appendix A: Additional Information About BEA's NIPA Estimates
- D–31 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 1.6 percent in the second quarter of 1998 after increasing 5.5 percent in the first quarter; the price index for gross domestic purchases increased 0.4 percent after decreasing 0.2 percent. Corporate profits decreased $9.5 billion in the second quarter after increasing $8.4 billion in the first. In the second quarter, the Federal Government current surplus increased $13.8 billion, to $72.6 billion, and the State and local government current surplus decreased $5.4 billion, to $134.8 billion.

47 U.S. Multinational Companies: Operations in 1996

The operations of U.S. multinational companies (MNC's) continued to grow relatively rapidly in 1996: Worldwide gross product of U.S. parent companies and their majority-owned foreign affiliates (MOFA's) increased 7 percent, employment increased 2 percent, and capital expenditures increased 5 percent. Gross product of both U.S. parents and their MOFA's grew 7 percent in 1996. From 1989 to 1996, U.S.-MNC gross product was mainly accounted for by U.S. parents, but the share that was accounted for by MOFA's edged up from 23 percent to 25 percent.

Reports and statistical presentations

11 Customer Satisfaction Report

13 Annual NIPA Revision: Newly Available Table

14 Updated Summary NIPA Methodologies

36 Fixed Reproducible Tangible Wealth in the United States: Revised Estimates for 1995–97 and Summary Estimates for 1925–97

74 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1997

— Continued on next page —

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–35 Historical Tables
D–40 Domestic Perspectives
D–42 Charts

International Data:

D–50 Transactions Tables
D–56 Investment Tables
D–60 International Perspectives
D–62 Charts

Regional Data:

D–63 State and Regional Tables
D–67 Local Area Table
D–69 Charts

Appendixes:

D–71 Appendix A: Additional Information About BEA's NIPA Estimates
D–73 Appendix B: Suggested Reading

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

Revision of Annual State Personal Income. An article presenting the revised annual estimates of State personal income for 1982–97 and discussing the major sources of the revisions will be published in the October SURVEY. The revised estimates of State personal income will be released on September 14.

TABLE OF CONTENTS

Special in this issue

20 State Personal Income, Revised Estimates for 1982–97

The annual estimates of State personal income for 1995–97 were revised to incorporate the results of the recent annual revision of the national income and product accounts (NIPA's), as well as newly available State-level source data; in addition, the State estimates were revised back to 1982 to incorporate the NIPA redefinition of personal dividend income. The revisions to the State estimates generally reflected the downward revisions to the national estimates; among the States, the relative rates of change in personal income and the relative rankings of State per capita personal income changed little.

Regular features

1 Business Situation

Real GDP increased 1.8 percent in the second quarter of 1998, according to the "final" estimate; the "preliminary" estimate issued last month had shown a 1.6-percent increase. The largest upward revision was to consumer spending. Corporate profits decreased $8.6 billion in the second quarter after increasing $8.4 billion in the first; profits of domestic nonfinancial corporations decreased after no change, and profits of domestic financial corporations and from the rest of the world turned down.

42 U.S. International Transactions, Second Quarter 1998

The U.S. current-account deficit increased $9.8 billion, to $56.5 billion, in the second quarter of 1998. A substantial increase in the deficit on goods and an increase in the deficit on investment income more than offset a small increase in the surplus on services and a small decrease in net unilateral transfers. In the capital account, capital outflows increased less than capital inflows. U.S. assets abroad increased $97.5 billion after increasing $45.6 billion, and foreign assets in the United States increased $163.4 billion after increasing $95.5 billion.

— Continued on next page —

71 U.S. International Sales and Purchases of Private Services: U.S. Cross-Border Transactions in 1997 and Sales by Affiliates in 1996

In 1997, U.S. cross-border sales (exports) of private services increased less than U.S. cross-border purchases (imports) of private services. In 1996, sales of services in the United States by U.S. affiliates of foreign companies increased less than sales of services abroad by foreign affiliates of U.S. companies. Nevertheless, the U.S. continued to register sizable surpluses on both cross-border and affiliate services transactions, reflecting the U.S. comparative advantage in the provision of services.

Reports and statistical presentations

5 Annual NIPA Revision: Newly Available Tables

16 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade, 1994:IV–1998:II

117 U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1997

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Upcoming Comprehensive Revision of the NIPA's.*** BEA announces an upcoming comprehensive, or benchmark, revision of the national income and product accounts; for information, see the box on page 4.
- ***Annual Revision of Gross Product by Industry.*** An article that presents revised annual estimates of gross product by industry for 1995–96 and new estimates for 1997 will be published in the November SURVEY. The article will also present updated estimates of gross output and intermediate inputs for selected industries.
- ***Manufacturing Earnings in BEA Component Economic Areas.*** An article that analyzes the differences in manufacturing earnings per job among components of the BEA economic areas will be published in a forthcoming issue of the SURVEY. The article will analyze the differences on the basis of such characteristics as industry mix, extent of industry clustering, education levels of the labor force, and population levels.
- ***New Structures and Equipment by Using Industries.*** An article that presents the 1992 capital flow table for the United States will be published in a forthcoming issue of the SURVEY. The capital flow table, which shows the using industries for each type of new structure and equipment in gross private fixed investment, is an extension of the 1992 benchmark input-output accounts of the U.S. economy.

TABLE OF CONTENTS

Special in this issue

55 Manufacturing Earnings in BEA Component Economic Areas, 1996

Among BEA component economic areas (CEA's), the CEA's with the highest average manufacturing earnings per job are those that have a greater proportion of manufacturing jobs, have a large, well-educated workforce, and have higher concentrations of industry clustering. The results from a regression analysis show that industry mix is the most important factor associated with average manufacturing earnings per job and that the education level of the workforce and the extent of industry clustering are also significant.

Regular features

1 Business Situation

U.S. economic activity picked up in the third quarter of 1998: Real GDP increased 3.3 percent after increasing 1.8 percent in the second quarter. The price index for gross domestic purchases increased 0.5 percent after increasing 0.4 percent.

6 Motor Vehicles, Model Year 1998

In model year 1998, sales of motor vehicles increased to 15.7 million units from 15.4 million units in model year 1997. The increase was more than accounted for by another strong increase in sales of new trucks, which reached a record 7.6 million units. Sales of new cars declined for the fourth consecutive year.

13 Comparison of BEA Estimates of Personal Income and IRS Estimates of Adjusted Gross Income: New Estimates for 1996 and Revised Estimates for 1982–95

BEA's measure of personal income and the IRS measure of adjusted gross income are reconciled through a series of adjustments for definitional differences between the two measures. This year's reconciliation reflects the recent annual revision of the NIPA's, including the redefinition of dividend payments and the incorporation of revised IRS tabulations of capital gains distributions.

— Continued on next page —

20 Gross Product by Industry, 1995–97

The estimates of gross product by industry for 1995–96 have been revised to incorporate the results of this year's annual revision of the NIPA's and newly available source data, and new estimates for 1997 have been prepared. In 1997, durable goods manufacturing and services were the largest contributors to the 3.9-percent increase in real GDP; finance, insurance, and real estate and services were the largest contributors to the 1.9-percent increase in the GDP price index.

41 Reconciliation of the U.S.-Canadian Current Account, 1996 and 1997

For both 1996 and 1997, the reconciliation of the U.S.-Canadian current account results in a U.S. current-account deficit with Canada that is larger than the deficit shown in the U.S. published accounts. The annual reconciliation shows how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources.

66 Personal Income by State and Region, Second Quarter 1998

Personal income in the Nation increased $78.0 billion, or 1.1 percent, in the second quarter of 1998. By region, the largest increase was in the Southeast, which accounted for 22 percent of the growth. By State, the fastest growth in personal income was in Nevada, Arizona, South Carolina, Utah, and Vermont. The slowest growth was in South Dakota, Hawaii, New Jersey, and Michigan.

Reports and statistical presentations

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***New Structures and Equipment by Using Industries.*** An article that presents the 1992 capital flow table for the United States will be published in the December SURVEY. The capital flow table, which shows the using industries for each type of new structure and equipment in gross private fixed investment, is an extension of the 1992 benchmark input-output accounts for the U.S. economy.
- ***Evaluation of the GDP Estimates.*** An article that presents the results of a periodic evaluation of the estimates of gross domestic product (GDP) will be published in the December SURVEY. The article will examine the record of revisions to the annual and quarterly estimates of GDP and of national income in order to assess the reliability of these estimates.

TABLE OF CONTENTS

Special in this issue

12 Reliability of the Quarterly and Annual Estimates of GDP and Gross Domestic Income

An analysis of the reliability of the current quarterly estimates of real GDP since 1983 shows that they almost always provide the correct indication of the direction of change in U.S. economic activity. About three-fourths of the time, the current quarterly estimates correctly indicate whether the pace of U.S. economic activity is picking up or slowing down and whether it is deviating from its long-term growth trend. More than two-thirds of the time, the current quarterly estimates correctly identify the cyclical turning points in U.S. economic activity, and when they have "missed," it has never been by more than one quarter.

26 Investment in New Structures and Equipment in 1992 by Using Industries

The 1992 capital flow table is a supplementary table to the 1992 benchmark input-output (I-O) accounts that shows the flows of new structures and equipment to the private industries that purchased or leased them in 1992. The capital flow table can be used in conjunction with tables from the I-O accounts to identify the markets for new structures and equipment, and it can be used to estimate the output by commodity that is required to support a change in new investment or to estimate the effects of an industry's purchase of new structures and equipment on the outputs of all industries.

Regular features

1 Business Situation

Real GDP increased 3.9 percent in the third quarter of 1998 after increasing 1.8 percent in the second quarter; the price index for gross domestic purchases increased 0.5 percent after increasing 0.4 percent. Corporate profits increased $3.3 billion in the third quarter after decreasing $8.6 billion in the second. The Federal Government current surplus increased $18.7 billion, to $93.1 billion, in the third quarter, and the State and local government current surplus increased $8.7 billion, to $150.0 billion.

— Continued on next page —

22 Federal Personal Income Tax Liabilities and Payments, 1995–96

According to newly available BEA estimates of Federal personal income tax liabilities, liabilities exceeded payments by $5.0 billion in 1995, and payments exceeded liabilities by $1.1 billion in 1996. These estimates incorporate the results of the annual NIPA revision that was released in July and newly available tax return data from the Internal Revenue Service.

Reports and statistical presentations

54 An Ownership-Based Disaggregation of the U.S. Current Account, 1982–96

56 Subject Guide: Volume 78 (1998)

58 1999 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

International Data:

D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts

Regional Data:

D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts

Appendixes:

D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 3.7 percent in the third quarter of 1998, according to the "final" NIPA estimate; the "preliminary" estimate issued last month had shown a 3.9-percent increase. A downward revision to net exports more than offset an upward revision to business fixed investment. Corporate profits increased $6.4 billion (0.8 percent at a quarterly rate) in the third quarter, as an increase in profits of domestic nonfinancial corporations more than offset a decrease in profits from the rest of the world.

12 U.S. International Transactions, Third Quarter 1998

The U.S. current-account deficit increased $4.6 billion, to $61.3 billion, in the third quarter of 1998. The increase was accounted for by an increase in the deficit on investment income, a decrease in the surplus on services, and an increase in net unilateral transfers. In the capital account, capital outflows decreased more than capital inflows. U.S. assets abroad increased $48.1 billion after increasing $109.8 billion, and foreign assets in the United States increased $112.9 billion after increasing $164.9 billion.

Reports and statistical presentations

6 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

8 Robert Eisner's Contributions to Economic Measurement

11 Announcement of Availability of Local Area Estimates

42 1999 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

— *Continued on next page* —

International Data:
D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts
Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts
Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Special in this issue

8 Note on the Personal Saving Rate

10 Upcoming Changes in the Classification of Current and Capital Transactions in the U.S. International Accounts

12 U.S. Resource Flows to Developing Countries and Multilateral Organizations, 1993-97

Regular features

1 Business Situation

U.S. economic activity picked up in the fourth quarter of 1998: Real GDP increased 5.6 percent after increasing 3.7 percent in the third quarter. Inflation remained low: The price index for gross domestic purchases increased 0.9 percent after increasing 0.7 percent.

16 Personal Income by State and Region, Third Quarter 1998

Personal income in the Nation increased $78.9 billion, or 1.1 percent, in the third quarter of 1998. By region, the largest increases were in the Southeast and the Far West. By State, personal income grew rapidly in Nevada, Colorado, Washington, and Arizona. Personal income declined in Montana and grew slowly in Indiana, South Dakota, and Iowa.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables

D–27 Other NIPA and NIPA-Related Tables

D–36 Historical Tables

D–41 Domestic Perspectives

D–43 Charts

— *Continued on next page* —

International Data:
D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts
Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts
Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ *Upcoming Comprehensive Revision of the NIPA's.* Beginning in late October 1999, BEA plans to release the results of an upcoming comprehensive, or benchmark, revision of the national income and product accounts (NIPA's). The annual revision of the NIPA's that would normally take place this summer will instead be combined with the upcoming comprehensive revision. For more information, see the box on page 7.

TABLE OF CONTEN

Special in this issue

9 Wassily Leontief and His Contributions to Economic Accounting

22 A Tour of BEA's Web Site

Regular features

1 Business Situation

The "preliminary" estimate of real GDP shows a 6.1-percent increase in the fourth quarter of 1998 after an increase of 3.7 percent in the third quarter. The 6.1-percent increase is 0.5 percentage point higher than the "advance" estimate published last month; the upward revision reflects a downward revision to imports of goods, which are subtracted in the calculation of GDP, and upward revisions to personal consumption expenditures for nondurable goods and to exports of goods. The price index for gross domestic purchases increased 0.8 percent in the fourth quarter after increasing 0.7 percent in the third.

12 Federal Budget Estimates, Fiscal Year 2000

Each year, BEA prepares a "translation" of the administration's budget that puts the budget's receipts and outlays on a basis that is consistent with the framework of the NIPA's. For fiscal year 2000, the Federal current surplus on the NIPA basis would be $119.1 billion, compared with the administration's budget surplus of $117.3 billion. The NIPA estimate of receipts would exceed the budget estimate of receipts by $104.0 billion, and the NIPA estimate of current expenditures would exceed the budget estimate of outlays by $102.2 billion.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables

D–27 Other NIPA and NIPA-Related Tables

D–36 Historical Tables

D–41 Domestic Perspectives

D–43 Charts

— *Continued on next page* —

International Data:
D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts

Regional Data:
D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts

Appendixes:
D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 6.0 percent in the fourth quarter of 1998, according to the NIPA "final" estimate; the "preliminary" estimate issued last month had shown a 6.1-percent increase. Corporate profits decreased $5.3 billion (0.6 percent at a quarterly rate) in the fourth quarter. The Federal Government current surplus decreased $26.2 billion, to $65.8 billion, in the fourth quarter, and the State and local government current surplus increased $21.8 billion, to $170.5 billion.

11 State and Local Government Fiscal Position in 1998

The current surplus of State and local governments increased $16.1 billion, to $150.2 billion, in 1998. As in recent years, the increase in receipts exceeded the increase in current expenditures. For 1999, available information suggests that receipts will decelerate and that current expenditures will accelerate, so that the current surplus is expected to change little.

18 U.S. International Transactions, Fourth Quarter and Year 1998

In the fourth quarter of 1998, the U.S. current-account deficit decreased to $63.8 billion from $65.7 billion in the third quarter; the decrease was attributable to decreases in the deficits on goods and on investment income and an increase in the surplus on services. In the capital account, foreign assets in the United States increased $183.1 billion after increasing $98.7 billion, and U.S. assets abroad increased $88.8 billion after increasing $60.4 billion.

For the year 1998, the U.S. current-account deficit increased to $233.4 billion from $155.2 billion in 1997; the increase was largely attributable to an increase in the deficit on goods, but an increase in the deficit on investment income and a decrease in the surplus on services also contributed. In the capital account, foreign assets in the United States increased $542.5 billion after increasing $733.4 billion, and U.S. assets abroad increased $305.4 billion after increasing $478.5 billion.

— *Continued on next page* —

Reports and statistical presentations

9 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

Inside back cover: BEA Information
(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Annual Revision of Local Area Personal Income.*** On May 6, 1999, BEA will release the results of the annual revision of local area personal income for 1982–97. An article that presents the new estimates for 1997 and the revised estimates for 1995 and 1996 of personal income for counties, metropolitan areas, and BEA economic areas will be published in the May SURVEY.
- ***Regional Patterns in the Location of Foreign-Owned Manufacturing Establishments.*** An article that examines the distribution of foreign-owned manufacturing plants across BEA economic areas is scheduled to be published in a forthcoming issue of the SURVEY. The article will compare the distribution of employment of foreign-owned "greenfield" plants with that of U.S.-owned "greenfield" plants and will examine the distribution of foreign-owned plants by country of owner.

RECRUITMENT

Associate Director for International Economics. BEA is recruiting for the position of Associate Director for International Economics. This executive manages BEA's international economic accounts program—which includes the U.S. balance of payments, foreign direct investment, and international trade in goods and services. This executive is responsible for modernizing and extending the conceptual framework and the statistical sources that support the accounts, for guiding and conducting international economic analyses and research, and for representing BEA before top officials in the Federal and private sectors and in international organizations.

This is a career reserved position in the Senior Executive Service, and the salary range is $110,351-$125,900. The application deadline is May 10, 1999. For further details and information on applying, go to BEA's Web site at <www.bea.doc.gov/bea/beajobs.htm>, or contact Georgie Nance at (301) 457–3727. BEA is an equal opportunity employer.

TABLE OF CONTENTS

Special in this issue

8 Regional Patterns in the Location of Foreign-Owned U.S. Manufacturing Establishments

An analysis of the employment of foreign-owned U.S. manufacturing establishments by BEA economic area indicates that the regional distribution of newly built, or "greenfield," establishments is relatively concentrated in parts of New England and the Southeast. By country of ownership, the regional patterns for Canadian- and Japanese-owned greenfield establishments differ noticeably from those of other foreign-owned greenfield establishments. These findings are based on a new data set on foreign-owned U.S. manufacturing establishments that BEA prepared from microdata files that were made available by arrangement with the Census Bureau's Center for Economic Studies.

Regular features

1 Business Situation

U.S. economic activity slowed but remained strong in the first quarter of 1999: Real GDP increased 4.5 percent after increasing 6.0 percent in the fourth quarter of 1998. Inflation remained low: The price index for gross domestic purchases increased 1.0 percent after increasing 0.9 percent.

28 Personal Income and Per Capita Personal Income by State and Region, 1998

Per capita personal income for the Nation was $26,412 in 1998, up 4.4 percent from $25,288 in 1997. By State, Connecticut had the highest per capita income, at $37,598, and Mississippi had the lowest, at $18,958. The States with the fastest growth in per capita income were North Dakota, Colorado, Washington, Texas, Vermont, and Massachusetts; the States with the slowest growth were Hawaii, Wyoming, Nevada, Montana, and Alaska.

— Continued on next page —

50 Local Area Personal Income, 1982–97

BEA has released new estimates of personal income for 1997 and revised estimates for 1982–96 for counties, metropolitan areas, and BEA economic areas. By metropolitan area, Austin-San Marcos, TX, had the fastest growth in personal income (10.6 percent) from 1996 to 1997, and San Francisco, CA, had the highest per capita personal income ($41,128) in 1997. These estimates incorporate the results of the most recent revision of the annual estimates of State personal income as well as new and revised county-level source data for 1995–96.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables

D–25 Errata

D–27 Other NIPA and NIPA-Related Tables

D–36 Historical Tables

D–41 Domestic Perspectives

D–43 Charts

International Data:

D–51 Transactions Tables

D–57 Investment Tables

D–62 International Perspectives

D–64 Charts

Regional Data:

D–65 State and Regional Tables

D–69 Local Area Table

D–71 Charts

Appendixes:

D–73 Appendix A: Additional Information About BEA's NIPA Estimates

D–75 Appendix B: Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

Gross State Product by Industry. On June 7, 1999, BEA will release new estimates of gross state product for 1997 and revised estimates for 1995–96. An article that presents these estimates, which incorporate the most recent revisions of the annual estimates of State personal income and of the national estimates of gross product by industry, will be published in the June SURVEY.

TABLE OF CONTENTS

Special in this issue

13 Note on Rates of Return for Domestic Nonfinancial Corporations, 1960–98

Regular features

1 Business Situation

Real GDP increased 4.1 percent in the first quarter of 1999 after increasing 6.0 percent in the fourth quarter of 1998; the price index for gross domestic purchases increased 1.1 percent after increasing 0.9 percent. Corporate profits increased $31.8 billion in the first quarter. The Federal Government current surplus increased $45.6 billion, to $111.4 billion, in the first quarter, and the State and local government current surplus decreased $2.4 billion, to $168.1 billion.

16 Foreign Direct Investment in the United States: New Investment in 1998

Outlays by foreign investors to acquire or establish businesses in the United States jumped to a record $201.0 billion in 1998 from $69.7 billion in 1997. The 1998 total was boosted by two exceptionally large acquisitions, but even excluding them, outlays were still considerably higher than the previous record.

24 Gross State Product by Industry, 1995–97

In 1997, the States with the fastest growth in real gross state product (GSP) were Oregon, New Hampshire, Texas, Arizona, and Colorado; Hawaii was the only State in which real GSP declined. The new and revised GSP estimates are consistent with the most recent estimates of gross product by industry for the Nation, and they incorporate the most recent annual revisions of State personal income and of the national income and product accounts.

— *Continued on next page* —

Reports and statistical presentations

46 Subject Guide: Volume 79 (1999), Numbers 1–6

D–1 BEA Current and Historical Data

National Data:
- D–2 Selected NIPA Tables
- D–27 Other NIPA and NIPA-Related Tables
- D–36 Historical Tables
- D–41 Domestic Perspectives
- D–43 Charts

International Data:
- D–51 Transactions Tables
- D–57 Investment Tables
- D–62 International Perspectives
- D–64 Charts

Regional Data:
- D–65 State and Regional Tables
- D–69 Local Area Table
- D–71 Charts

Appendixes:
- D–73 Appendix A: Additional Information About BEA's NIPA Estimates
- D–75 Appendix B: Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

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 the revisions will be published in the July SURVEY. The revisions will extend back to the first quarter of 1982. Selected estimates will be made available on June 17 as part of the release of the estimates of U.S. international transactions for the first quarter of 1999.

TABLE OF CONTENTS

Special in this issue

60 U.S. International Transactions, Revised Estimates for 1982–98

In this year's annual revision of the balance of payments accounts, the structure of the accounts is modified in order to improve the presentation of the different types of international transactions and to bring the accounts into closer alignment with international guidelines. As a result, U.S. international transactions are now classified into three groups—the current account, the capital account, and the financial account. Several major improvements to the estimates are also introduced, including improved measures of income receipts and improved seasonal adjustment of exports of goods. The revised estimate of the U.S. current-account deficit for 1998 is −$220.6 billion, compared with the previously published estimate of −$233.4 billion.

Regular features

1 Business Situation

Real GDP increased 4.3 percent in the first quarter of 1999, according to the NIPA "final" estimate; the "preliminary" estimate issued last month had shown a 4.1-percent increase. Corporate profits increased $47.1 billion (or 5.7 percent at a quarterly rate) in the first quarter after decreasing $5.3 billion (0.6 percent) in the fourth.

8 U.S. Multinational Companies: Operations in 1997

The operations of U.S. multinational companies (MNC's) continued to grow at a strong pace in 1997: Worldwide gross product of U.S. parent companies and their majority-owned foreign affiliates increased 5.6 percent, employment increased 6.1 percent, and capital expenditures increased 13.7 percent. The strong growth in MNC operations reflected continued economic growth and a strong upturn in new investments.

36 The International Investment Position of the United States at Yearend 1998

The net international investment position of the United States became more negative in 1998: On a current-cost basis, it was −$1,239.2 billion, compared with −$968.2 billion in 1997; and on a market-value basis, it was −$1,537.5 billion, compared with −$1,066.3 billion in 1997. The net position on both bases became more negative mainly as a result of large net financial inflows and strong price appreciation in foreign-owned assets in the United States that reflected a steep rise in U.S. stock prices.

— Continued on next page —

48 Direct Investment Positions for 1998: Country and Industry Detail

In 1998, the U.S. direct investment position abroad valued at historical cost increased 13 percent, reflecting record capital outflows—mainly equity capital and reinvested earnings. By country, the largest increases were with the United Kingdom and the Netherlands. The foreign direct investment position in the United States valued at historical cost increased 17 percent, reflecting record capital inflows that were boosted by two exceptionally large transactions involving acquisitions of U.S. firms. By country, the largest increases were with Germany and the United Kingdom.

75 U.S. International Transactions, First Quarter 1999

The U.S. current-account deficit increased $6.9 billion, to $68.6 billion, in the first quarter of 1999, as a large increase in the deficit on goods more than offset a small increase in the surplus on services, a small decrease in the deficit on income, and a decrease in net unilateral current transfers. In the financial account, net recorded inflows slowed to $84.1 billion from $99.2 billion, as a sharp slowdown in inflows for foreign-owned assets in the United States more than offset a shift from outflows to inflows for transactions in U.S.-owned assets abroad.

Reports and statistical presentations

6 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

D–1 BEA Current and Historical Data

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Results of the 1997 Benchmark Survey of U.S. Affiliates of Foreign Companies.*** The preliminary results of BEA's latest benchmark survey of foreign direct investment in the United States will be presented in a forthcoming issue of the SURVEY. These results will update the annual data series on the operations of U.S. affiliates of foreign companies and will provide additional data that are collected only in benchmark surveys. Data by industry will be presented using a new classification system that is based on the North American Industry Classification System.
- ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. The revision of the NIPA estimates for 1996–98, which would usually have been published in the August SURVEY, will be included as part of the comprehensive revision. The August SURVEY will include an article about the definitional and classificational changes that will be introduced in the comprehensive revision. Articles planned for subsequent issues will describe other changes, including methodological, statistical, and presentational changes.

TABLE OF CONTENTS

Special in this issue

7 A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes

The upcoming comprehensive revision of the NIPA's will feature a number of definitional and classificational changes that will significantly improve the NIPA measures of output, investment, and saving. In particular, business and government expenditures for software will be recognized as fixed investment, government employee retirement plans will be reclassified from the government sector to the personal sector, and certain transactions will be reclassified as capital transfers. The recognition of software as investment will raise GDP (for 1996, by roughly 1½ percent); the other definitional and classificational changes will have little effect on GDP, but several of them will raise private saving and reduce government saving.

21 Foreign Direct Investment in the United States: Preliminary Results From the 1997 Benchmark Survey

In 1997, U.S. affiliates of foreign companies accounted for 6.3 percent of U.S. gross product originating in private nonbank industries and for 4.9 percent of U.S. employment. Trade by U.S. affiliates accounted for 20 percent of U.S. exports of goods and for 30 percent of U.S. imports of goods. Affiliates accounted for more than half of U.S. exports of goods to Japan and for more than half of U.S. imports from Japan, Switzerland, Germany, and Sweden. These findings are based on the preliminary results of BEA's 1997 Benchmark Survey of Foreign Investment in the United States. This survey marks the first use by BEA of a new industry classification system that is based on the North American Industry Classification System.

Regular features

1 Business Situation

Real GDP increased 2.3 percent in the second quarter of 1999 after increasing 4.3 percent in the first quarter; the slowdown was mainly accounted for by a deceleration in consumer spending and a downturn in government spending. The price index for gross domestic purchases increased 2.1 percent after increasing 1.2 percent; the step-up reflected a sharp upturn in energy prices.

— Continued on next page —

57 State Personal Income, First Quarter 1999

Personal income in the Nation increased 1.2 percent in the first quarter of 1999. The States with the fastest growth were Idaho, Maine, South Carolina, Wyoming, New York, Florida, and California. Personal income declined in North Dakota, Nebraska, South Dakota, and Iowa, and it was unchanged in Delaware.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:

D–2 Selected NIPA Tables
D–27 Other NIPA and NIPA-Related Tables
D–36 Historical Tables
D–41 Domestic Perspectives
D–43 Charts

International Data:

D–51 Transactions Tables
D–57 Investment Tables
D–62 International Perspectives
D–64 Charts

Regional Data:

D–65 State and Regional Tables
D–69 Local Area Table
D–71 Charts

Appendixes:

D–73 Appendix A: Additional Information About BEA's NIPA Estimates
D–75 Appendix B: Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. This revision will include the annual revision of the NIPA's that would normally have been published in this issue of the SURVEY. (See this issue for a preview of the definitional and classificational changes that will be introduced in the comprehensive revision.) The September SURVEY will include an article about the new and redesigned NIPA tables that will be introduced in the comprehensive revision. Subsequent issues will include articles that describe the statistical changes, including a shift in the reference year for the chain-type measures, and other aspects of the revision.

TABLE OF CONTENTS

Special in this issue

15 A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables

As part of the upcoming comprehensive revision, the presentation of the NIPA's will be updated to reflect the definitional, classificational, and statistical changes that will be introduced and to make the tables more informative. Seventeen new tables will be introduced, including tables that provide additional detail and supplement the existing table on contributions to percent change in real GDP, tables on changes in the net stock of produced assets and on motor vehicle output, and summary tables that highlight percent changes and contributions to percent changes in real GDP. In addition, many of the existing tables will be redesigned to reflect the definitional changes, such as the recognition of business and government expenditures on software as investment.

Regular features

1 Business Situation

Real GDP increased 1.8 percent in the second quarter of 1999, according to the "preliminary" estimate; the "advance" estimate issued last month had shown a 2.3-percent increase. The price index for gross domestic purchases increased 2.1 percent, the same increase that was shown in the "advance" estimate. Corporate profits decreased $9.2 billion (or 1.1 percent at a quarterly rate) in the second quarter. The Federal Government current surplus increased $18.1 billion, to $140.8 billion, in the second quarter, and the State and local government current surplus increased $0.5 billion, to $170.2 billion.

Reports and statistical presentations

13 1999 Customer Satisfaction Report

29 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1998

— Continued on next page —

58 U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1998

D–1 BEA Current and Historical Data

National Data:
- D–2 Selected NIPA Tables
- D–27 Other NIPA and NIPA-Related Tables
- D–36 Historical Tables
- D–41 Domestic Perspectives
- D–43 Charts

International Data:
- D–51 Transactions Tables
- D–57 Investment Tables
- D–62 International Perspectives
- D–64 Charts

Regional Data:
- D–65 State and Regional Tables
- D–69 Local Area Table
- D–71 Charts

Appendixes:
- D–73 Appendix A: Additional Information About the NIPA Estimates
  - D–73 Statistical Conventions
  - D–74 Reconciliation Tables
- D–75 Appendix B: Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

✿ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. The October SURVEY will include an article that describes the statistical changes that will be introduced and other aspects of the comprehensive revision. (See the August issue for a preview of the definitional and classificational changes, and see this issue for a preview of the new and redesigned NIPA tables.)

TABLE OF CONTENTS

Special in this issue

6 A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Statistical Changes

The upcoming comprehensive revision of the NIPA's will feature a number of statistical changes that improve the estimates by using newly available source data or by introducing new methodologies. The major source data that will be incorporated include the 1992 benchmark input-output accounts, preliminary estimates from the 1996 annual update of these accounts, selected data from the 1997 economic censuses, and regular source data that would normally be incorporated in an annual revision of the NIPA's. In addition, methodological changes will be incorporated that make the income estimates more consistent with the product estimates, improve the estimates of State and local government taxes, provide a better measure of the real value of unpriced bank services, and improve the prices of a number of NIPA estimates.

Regular features

1 Business Situation

Real GDP increased 1.6 percent in the second quarter of 1999, according to the NIPA "final" estimate; the "preliminary" estimate issued last month had shown a 1.8-percent increase. The price index for gross domestic purchases increased 1.9 percent; the "preliminary" estimate had shown a 2.1-percent increase. Corporate profits decreased $9.5 billion (revised), or 1.1 percent at a quarterly rate, in the second quarter after increasing $47.1 billion, or 5.7 percent, in the first quarter.

20 U.S. International Transactions, Second Quarter 1999

The U.S. current-account deficit increased $12.0 billion, to $80.7 billion, in the second quarter of 1999; most of the increase was accounted for by a large increase in the deficit on goods. In the financial account, net recorded inflows surged $43.2 billion, to $116.9 billion; partly reflecting several very large acquisitions of U.S. companies by foreign companies, inflows for foreign-owned assets in the United States increased even more strongly than outflows for U.S.-owned assets abroad.

— Continued on next page —

48 U.S. International Services: Cross-Border Trade in 1998 and Sales Through Affiliates in 1997

In 1998, U.S. cross-border exports of private services increased 2 percent to $245.7 billion, and U.S. cross-border imports of private services increased 8 percent to $165.3 billion; as a result, the U.S. surplus on cross-border trade in services decreased to $80.4 billion from $88.0 billion. In 1997, sales of services abroad by foreign affiliates of U.S. companies again substantially exceeded sales of services in the United States by U.S. affiliates of foreign companies: Sales by foreign affiliates were $258.3 billion, up 16 percent from 1996, while sales by U.S. affiliates were $205.5 billion, up 22 percent. About half of the increase in sales by U.S. affiliates was attributable to the use of new definitions of sales of services that are based on the North American Industry Classification System.

Reports and statistical presentations

18 Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

96 2000 Release Dates for BEA Estimates

D–1 BEA Current and Historical Data

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ ***Revision of the National Income and Product Accounts.*** The upcoming comprehensive, or benchmark, revision of the NIPA's is scheduled for initial release on October 28, 1999. The November SURVEY will provide a first look at the revised estimates. The December SURVEY will include an article that describes the comprehensive revision in detail and an extensive set of NIPA tables that present the revised estimates. (See also the August and September issues and this issue for articles that preview the comprehensive revision.)

TABLE OF CONTENTS

Special in this issue

1 Initial Results of the 1999 Comprehensive Revision of the National Income and Product Accounts

On October 28, 1999, BEA released revised estimates for 1959–99 from the 11th comprehensive revision of the national income and product accounts. Comprehensive revisions, which are carried out every 4 to 5 years, are an important part of BEA's regular process for improving and modernizing its accounts to keep pace with the ever-changing U.S. economy. According to the revised estimates, real GDP is growing faster than previously estimated, and the rate of personal saving is higher, though still with a pronounced downtrend.

44 Assessing BEA's Prototype Integrated Economic and Environmental Satellite Accounts

Recently, the Panel on Integrated Environmental and Economic Accounting, a panel of experts under the aegis of the National Research Council's Committee on National Statistics, issued a Congressionally requested assessment of the work on environmental accounting that BEA published in April 1994. The panel concluded that BEA had produced a set of sound and objective prototype satellite accounts and that such environmental accounts, within the context of a broader set of nonmarket accounts, would add valuable information to the basic NIPA's.

45 The Future of Environmental and Augmented National Accounts: An Overview [By William D. Nordhaus, Chair of the Panel]

50 Overall Appraisal of Environmental Accounting in the United States [Reprint of chapter 5 of the Panel's final report]

Regular features

66 Reconciliation of the U.S.-Canadian Current Account, 1997 and 1998

For 1997, after the reconciliation, the U.S. current-account balance with Canada shows a U.S. deficit, in contrast to the U.S. surplus that is shown in the U.S.-published accounts. For 1998, the reconciled balance shows a larger U.S. deficit than is shown in the U.S.-published accounts. These annual reconciliations show how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources.

— Continued on next page —

81 State Personal Income, Second Quarter 1999

Personal income in the Nation increased 1.3 percent in the second quarter of 1999, about the same pace as in the first quarter. In the second quarter, the States with the fastest growth were Nebraska, Kansas, Iowa, Nevada, and Arizona. The States with the slowest growth were New York, North Carolina, Alaska, and West Virginia.

Reports and statistical presentations

D–1 BEA Current and Historical Data

National Data:
- D–3 Domestic Perspectives
- D–5 Charts

International Data:
- D–7 Transactions Tables
- D–13 Investment Tables
- D–18 International Perspectives
- D–20 Charts

Regional Data:
- D–21 State and Regional Tables
- D–25 Local Area Table
- D–27 Charts

Appendix:
- D–29 Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

- ***Improved NIPA Estimates for 1959–99.*** The December SURVEY will include an article that analyzes the impact of the recently released comprehensive revision and the major sources of the revisions, including estimates of the effects of the definitional, classificational, and statistical improvements. In addition, the December issue will present most of the full set of NIPA tables, including the "annual-only" tables.
- ***Motor Vehicles.*** The annual article on motor vehicles, which usually appears in the November issue, has been rescheduled for early next year. The article will present data and analysis on a calendar year basis rather than on a model year (October through September) basis.

TABLE OF CONTENTS

Special in this issue

15 Improved Estimates of the National Income and Product Accounts for 1959–98: Results of the Comprehensive Revision

On October 28, 1999, BEA released revised NIPA estimates beginning with 1959 that reflected the incorporation of major definitional and statistical improvements that are designed to better measure the evolving U.S. economy. This article describes the revisions to GDP and to other major NIPA aggregates and components, and it identifies the principal sources of these revisions. For example, according to the revised estimates, real GDP grew faster than previously estimated; the faster growth rate was primarily attributable to a definitional change that recognized software as investment and to statistical changes to the price estimates.

Regular features

1 Business Situation

Real GDP increased 5.5 percent in the third quarter of 1999, according to the "preliminary" estimate; the "advance" estimate issued last month had shown a 4.8-percent increase. The price index for gross domestic purchases increased 1.7 percent, 0.1 percentage point more than the previously published increase. Corporate profits increased $8.2 billion (or 0.9 percent at a quarterly rate) in the third quarter. The Federal Government current surplus increased $16.6 billion, to $134.7 billion, in the third quarter, and the State and local government surplus increased $10.7 billion, to $48.3 billion.

Reports and statistical presentations

44 National Income and Product Accounts
- 44 National Income and Product Accounts Tables
- 132 GDP and Other Major NIPA Series, 1959–99

148 Subject Guide: Volume 79 (1999)

150 2000 Release Dates for BEA Estimates

— Continued on next page —

D–1 BEA Current and Historical Data

National Data:

D–3 Domestic Perspectives

D–5 Charts

International Data:

D–7 Transactions Tables

D–13 Investment Tables

D–18 International Perspectives

D–20 Charts

Regional Data:

D–21 State and Regional Tables

D–25 Local Area Table

D–27 Charts

Appendixes:

D–29 Appendix A: Additional Information About BEA's NIPA Estimates

D–29 Statistical Conventions

D–30 Reconciliation Tables

D–31 Appendix B: Suggested Reading

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

❁ *Annual Input-Output Accounts of the U.S. Economy.* The 1996 annual input-output (I-O) accounts will be presented in the January 2000 SURVEY and will be available on BEA's Web site on December 20, 1999. These accounts present a detailed picture of how 97 industries and commodities interact to provide input to, and take output from, each other. The 1996 I-O estimates are based on conventions that are consistent with the 1992 benchmark I-O accounts and with the definitional and statistical changes that were introduced in the recently released comprehensive revision of the NIPA's.