

# SURVEY of CURRENT BUSINESS

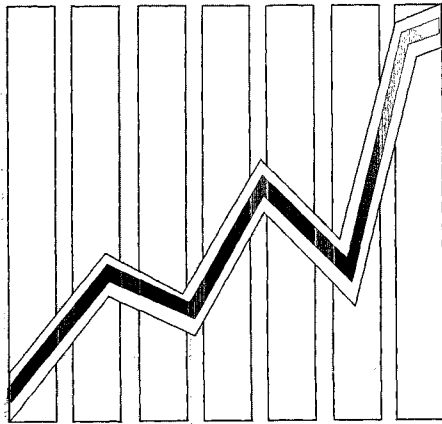


**IN THIS ISSUE . . .**

*The Measurement of Depreciation in the NIPA's*

*U.S. International Transactions,  
Revised Estimates for 1974-96*

U.S. DEPARTMENT OF COMMERCE ≈ ECONOMICS AND STATISTICS ADMINISTRATION  
BUREAU OF ECONOMIC ANALYSIS



# SURVEY of CURRENT BUSINESS

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**THIS ISSUE** of the SURVEY went to the printer on July 11, 1997.  
It incorporates data from the following monthly BEA news releases:  
U.S. International Trade in Goods and Services (June 19),  
Gross Domestic Product (June 27), and  
Personal Income and Outlays (June 30).

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### 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*

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### 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.*

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*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.*

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*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.*

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*(A listing of recent BEA publications available from GPO)*

*Back cover:* Schedule of Upcoming BEA News Releases

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## 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.
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# BUSINESS SITUATION

Larry R. Moran prepared the first section of this article, and Daniel Larkins prepared the section on corporate profits.

**T**HE "FINAL" estimate of growth in real gross domestic product (GDP) for the first quarter of 1997 is 5.9 percent, 0.1 percentage point higher than the "preliminary" estimate reported in the June "Business Situation" (table 1 and chart 1); for 1981-96, the average revision from the pre-

liminary to the final estimate, without regard to sign, was 0.3 percentage point.<sup>1</sup>

The general picture of the economy that is indicated by the final estimates of the national income and product accounts (NIPA's) is little changed from that shown by the preliminary estimates. GDP increased more in the first quarter than in the fourth quarter of 1996, and the larger increase was more than accounted for by an upturn in the change in business inventories, by an acceleration in consumer spending, and by an upturn in business investment in equipment. In addition, small upturns in residential investment and in government spending also contributed to the step-up in GDP. In contrast, exports and business investment in structures increased less in the first quarter than in the fourth, and imports increased more.

**Table 1.—Revisions to Real Gross Domestic Product and Prices, First Quarter 1997**

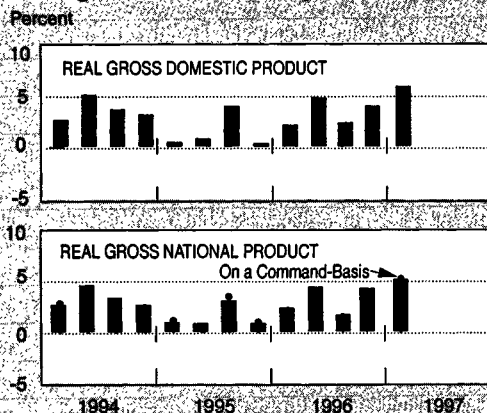
(Seasonally adjusted at annual rates)

	Percent change from preceding quarter		Final estimate minus preliminary estimate	
	Preliminary estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
<b>Gross domestic product</b> .....	<b>5.8</b>	<b>5.9</b>	<b>0.1</b>	<b>2.3</b>
<i>Less:</i> Exports of goods and services .....	11.2	10.8	-.4	-.7
Goods .....	12.8	14.4	1.6	2.3
Services .....	6.6	1.2	-5.4	-2.9
<i>Plus:</i> Imports of goods and services .....	23.2	19.9	-3.3	-6.9
Goods .....	24.9	19.1	-5.8	-10.4
Services .....	14.4	24.7	10.3	3.3
<b>Equals:</b> Gross domestic purchases .....	<b>7.3</b>	<b>7.1</b>	<b>-.2</b>	<b>-3.6</b>
Personal consumption expenditures .....	5.7	5.6	-.1	-.7
Durable goods .....	19.3	18.8	-.5	-.7
Nondurable goods .....	4.9	4.6	-.3	-1.1
Services .....	3.3	3.4	.1	1.0
Fixed investment .....	10.0	9.8	-.2	-.3
Nonresidential .....	11.5	11.0	-.5	-.8
Structures .....	6.5	6.6	.1	.1
Producers' durable equipment .....	13.4	12.7	-.7	-.9
Residential .....	6.0	6.7	.7	.5
Change in business inventories .....				-2.8
Nonfarm .....				-2.8
Farm .....				.1
Government consumption expenditures and gross investment .....	.1	.1	0	.2
Federal .....	-3.1	-3.2	-.1	-.1
National defense .....	-10.0	-10.1	-.1	-.1
Nonddefense .....	11.7	11.3	-.4	-.2
State and local .....	2.0	2.1	.1	.4
<b>Addenda:</b>				
Final sales of domestic product .....	3.8	4.1	.3	5.0
Gross domestic purchases price index (chain-type weights) <sup>1</sup> .....	2.2	2.2	0	
GDP price index (chain-type weights) <sup>1</sup> .....	2.8	2.7	-.1	

1. Based on chained (1992) weights.  
 NOTE.—The final estimates for the first quarter of 1997 incorporate the following revised or additional major source data that were not available when the preliminary estimates were prepared.  
*Personal consumption expenditures:* Revised retail sales for March.  
*Nonresidential fixed investment:* Revised construction put in place for February and March and revised manufacturers' shipments of machinery and equipment for March.  
*Residential fixed investment:* Revised construction put in place for February and March.  
*Change in business inventories:* Revised manufacturing and trade inventories for February and March.  
*Exports and imports of goods and services:* Revised exports and imports for October 1996 through March; revised balance of payments data on exports and imports of services for the first quarter; and revised seasonal factors.  
*Government consumption expenditures and gross investment:* Revised State and local construction put in place for February and March and revised State and local government employment for January, February, and March.  
*Wages and salaries:* Revised employment, average hourly earnings, and average weekly hours for October 1996 through March and revised seasonal factors.  
*GDP prices:* Revised values and quantities of petroleum imports for March and revised prices of single-family homes under construction for the first quarter.

**CHART 1**

## Selected Product Measures: Change From Preceding Quarter



Note.—Percent change at annual rate from preceding quarter, based on seasonally adjusted estimates.  
 U.S. Department of Commerce, Bureau of Economic Analysis

Revisions to the components of GDP were small. A downward revision to imports, which are subtracted from final expenditures in the calculation of GDP, more than offset a downward revision to the change in business inventories. The revision to imports was to goods and primarily reflected the incorporation of the annual revisions of Census Bureau and BEA data for U.S. international trade in goods and services, and the revision to the change in business inventories primarily reflected the incorporation of revised Census Bureau data for manufacturing and trade inventories for March.<sup>2</sup>

Real final sales of domestic product increased 4.1 percent in the first quarter, 0.3 percentage point more than the preliminary estimate. Real gross domestic purchases increased 7.1 percent, 0.2 percentage point less than the preliminary estimate.

The price index for gross domestic purchases increased 2.2 percent, the same as the preliminary estimate, and the price index for GDP increased 2.7 percent, 0.1 percentage point less than the preliminary estimate.

Real disposable personal income increased 4.0 percent, 0.2 percentage point less than the pre-

liminary estimate. The personal saving rate was 4.7 percent, 0.1 percentage point less than the preliminary estimate.

**Gross national product (GNP).**—Real GNP increased 5.0 percent in the first quarter, 0.9 percentage point less than the increase in real GDP (chart 1 and table 2).<sup>3</sup> Receipts of factor income from the rest of the world decreased, and payments of factor income increased sharply; corporate profits more than accounted for the decrease in receipts, and interest income accounted for a little more of the increase in payments than did profits.

Real GNP on a command basis increased more than real GNP in the first quarter—5.6 percent, compared with 5.0 percent—reflecting an improvement in the terms of trade.<sup>4</sup> In the fourth quarter, command-basis GNP increased less than real GNP—3.7 percent, compared with 4.2 percent—reflecting a deterioration in the terms of trade.

## Corporate Profits

Profits from current production jumped \$42.4 billion in the first quarter after decreasing \$7.2 billion in the fourth (table 3).<sup>5</sup>

Profits of domestic industries increased \$52.5 billion after decreasing \$20.5 billion. Profits of both financial and nonfinancial corporations rebounded strongly. For nonfinancial corporations, the first-quarter increase in profits reflected increases in both real output and in unit profits. Profits from the rest of the world decreased

2. For additional information on the annual revisions to the U.S. international trade in goods and services estimates, see "U.S. International Transactions, Revised Estimates for 1974-96" in this issue.

**Table 2.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product**

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter			
	1997	1996	1997	1996	1997
	I	IV	I	IV	I
<b>Gross domestic product</b> .....	7,094.4	65.2	101.1	3.8	5.9
Plus: Receipts of factor income from the rest of the world .....	219.7	14.0	-1.3	30.0	-2.4
Less: Payments of factor income to the rest of the world .....	243.2	7.6	14.2	14.5	27.3
<b>Equals: Gross national product</b> .....	7,070.4	71.7	85.4	4.2	5.0
Less: Exports of goods and services and receipts of factor income from the rest of the world .....	1,105.8	61.0	20.8	26.0	7.9
Plus: Command-basis exports of goods and services and receipts of factor income .....	1,126.8	53.1	30.6	22.0	11.6
<b>Equals: Command-basis gross national product</b> .....	7,091.4	63.7	95.2	3.7	5.6
<b>Addendum:</b>					
Terms of trade <sup>1</sup> .....	101.9	-9	.9	-3.5	3.6

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

NOTE.—Levels of these series are found in NIPA tables 1.10 and 1.11.

3. GNP—goods and services produced by labor and property supplied by U.S. residents—equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world.

4. In the estimation of command-basis GNP—a measure of the goods and services produced by the U.S. economy in terms of their purchasing power—the current-dollar value of the sum of exports of goods and services and of receipts of factor income is deflated by the implicit price deflator for the sum of imports of goods and services and of payments of factor income.

The terms of trade is a measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is measured by the following ratio, with the decimal point shifted two places to the right: In the numerator, the implicit price deflator for the sum of exports of goods and services and of receipts of factor income; in the denominator, the implicit price deflator for the sum of imports of goods and services and of payments of factor income. Changes in the terms of trade reflect the interaction of several factors, including movements in exchange rates, changes in the composition of the traded goods and services, adjustment lags, and changes in producers' profit margins. For example, if the U.S. dollar depreciates against a foreign currency, a foreign manufacturer may choose to absorb this cost by reducing the profit margin on the product it sells to the United States, or it may choose to raise the price of the product and risk a loss in market share.

5. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in NIPA tables 1.9, 1.14, 1.16, and 6.16c as "corporate profits with inventory valuation and capital consumption adjustments."

\$10.2 billion after increasing \$13.3 billion; receipts turned down, and payments picked up.<sup>6</sup>

Cash flow from current production, a profits-related measure of internally generated funds available for investment, increased \$24.9 billion

6. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents.

**Table 3.—Corporate Profits**  
[Seasonally adjusted at annual rates]

	Level	Change from preceding quarter	
		1996	1997
	1997:1	IV	I
Billions of dollars			
Profits from current production .....	712.5	-7.2	42.4
Domestic industries .....	632.7	-20.5	52.5
Financial .....	123.7	-14.4	28.0
Nonfinancial .....	509.0	-6.1	24.5
Rest of the world .....	79.7	13.3	-10.2
Receipts (inflows) .....	134.3	14.1	-2.7
Payments (outflows) .....	54.5	.8	7.4
IVA .....	-.4	-11.2	8.8
CCAdj .....	44.4	2.5	2.2
Profits before tax .....	668.5	1.5	31.4
Profits tax liability .....	246.2	-4.5	17.3
Profits after tax .....	422.3	6.0	14.1
Cash flow from current production .....	683.5	-1.1	24.9
<b>Profits by industry:</b>			
Corporate profits with IVA .....	668.0	-9.7	40.1
Domestic industries .....	588.3	-23.0	50.3
Financial .....	149.9	-13.7	28.6
Nonfinancial .....	438.4	-9.4	21.7
Manufacturing .....	168.1	-1.2	-1.3
Transportation and public utilities .....	102.2	-9.3	9.0
Wholesale trade .....	44.8	7.0	3.3
Retail trade .....	45.7	-7.8	9.0
Other .....	77.6	2.0	1.7
Rest of the world .....	79.7	13.3	-10.2
Dollars			
<b>Unit price, costs, and profits of nonfinancial corporations:</b>			
Unit price .....	1.069	0	0.003
Unit labor cost .....	.709	.002	.001
Unit nonlabor cost .....	.234	0	0
Unit profits from current production .....	.127	-.003	.004


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

IVA Inventory valuation adjustment  
CCAdj Capital consumption adjustment

after decreasing \$1.1 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, increased to 82.3 percent from 80.9 percent. These levels are near the low end of the range in which the ratio has fluctuated during most of this decade, but they are substantially higher than its average level, 73.5 percent, in the 1980's.

**Industry profits.**—Industry profits increased \$40.1 billion after decreasing \$9.7 billion.<sup>7</sup> For domestic financial corporations, a sharp first-quarter increase followed a fourth-quarter decrease that had reflected a special assessment on thrift institutions to recapitalize the Savings Association Insurance Fund. For domestic nonfinancial corporations, an upturn in profits reflected upturns in the transportation and public utilities group and in retail trade; in contrast, profits in manufacturing and in "other" nonfinancial corporations posted relatively small changes, as they had in the fourth quarter, and profits in wholesale trade increased less than in the fourth quarter.

**Related measures.**—Profits before tax (PBT) increased \$31.4 billion after increasing \$1.5 billion. The difference between the \$29.9 billion step-up in PBT and the \$49.6 billion upturn in profits from current production was accounted for by inventory profits, which decreased after increasing.<sup>8</sup>

*A box on the upcoming annual revision of the NIPA's follows.* 

7. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16c. Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

8. In periods of changing prices, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits, a capital-gains-like element in profits, results from an increase in inventory prices, and inventory losses, a capital-loss-like element in profits, results from a decrease in inventory prices. Inventory profits or losses are recorded in the national income and product accounts as the inventory valuation adjustment with the sign reversed.

### Annual Revision of the NIPA's

On July 31, 1997, BEA will release summary results from an annual revision of the national income and product accounts (NIPA's). This year's revision, which covers the estimates beginning with the first quarter of 1993, consists of the usual incorporation of better source data and improved methodology, including an improvement in the calculation of real output and prices for recent periods (see below).

#### *Publication of the revised NIPA estimates*

The August SURVEY OF CURRENT BUSINESS will feature an article that presents the revised NIPA estimates and discusses the major sources of the revisions. The issue will contain the summary accounts of the NIPA's for 1996; the summary historical NIPA tables; a complete list of the NIPA tables; and most of the full set of NIPA tables. Tables 7.5, 7.7, 7.8, 7.12, and 7.13 (detailed components of the annual estimates of personal consumption expenditures, private purchases of structures and producers' durable equipment, national defense spending, and government investment), which currently show only price indexes, will be expanded to include quantity indexes and reorganized into separate panels for the quantity indexes and the price indexes. Tables 7.4, 7.6, 7.9, 7.10, 7.11B, and 7.14 (quarterly quantity and price indexes for the major components of gross domestic product) will also be reorganized into this easier-to-use format. In addition, the following quantity-index tables will be added: 7.17 (GDP by type of product), 7.18 (auto output), 7.19 (truck output), and 7.20 (gross and net investment).

The September SURVEY will include an article that describes the major methodologies and source data used to prepare the NIPA estimates and that features the two tables that summarize the methodology for preparing the estimates of GDP (these tables were last presented beginning on page 84 of the August 1996 SURVEY). The September SURVEY will also contain the new and revised

estimates of fixed reproducible tangible wealth in the United States (tables 1-15) that are consistent with the revised NIPA estimates.

The October SURVEY will contain the NIPA tables that were not published in the August issue—the government expenditures by type and function tables and the government reconciliation tables (3.15-3.20) and the seasonally unadjusted tables (9.1-9.6).

In the November SURVEY, revised estimates of gross product originating by industry for 1993-96 will be presented.

The estimates associated with the annual revision will be made available from STAT-USA on the Economic Bulletin Board and on their Internet site (<http://www.stat-usa.gov>). (For more information, call STAT-USA at (202) 482-1986.) Selected estimates will also be posted on the BEA Internet site (<http://www.bea.doc.gov>). In addition, the published estimates will be available on computer diskettes; to order, write to the Bureau of Economic Analysis, BEA Order Desk (BE-53), Washington, DC 20230 or call 1-800-704-0415.

#### *Improved estimates of real output and prices*

As indicated in the May 1997 SURVEY, this year's annual revision will introduce an improvement in the calculation of real output and prices for recent periods when prices and quantities for the 2 adjacent years are not yet available. BEA's current procedure would have used the prices and quantities from the most recently completed year (1996) as fixed weights in the calculation of the estimates beginning with the third quarter of 1996; instead, BEA will introduce a new procedure that uses the prices and quantities from the two adjacent quarters as weights to calculate Fisher chain-type measures for these estimates.



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

Tables 1, 2, and 3 show quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Real manufacturing inventories by stage of fabrication are shown in table 4. Real estimates are in chained (1992) dollars.

### Data availability

Quarterly estimates for 1977-95 of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the May 1996 SURVEY OF CURRENT BUSINESS.

Estimates for 1967 forward are available electronically to subscribers to STAT-USA's Economic Bulletin

Board or Internet services. For information, call (202) 482-1986.

The estimates for 1967-95 are also available on printouts and diskette. To order, write to the National Income and Wealth Division, BE-54, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230. Specify "Real Manufacturing and Trade Inventories, Sales, and Ratios" (Accession Nos. BEA 54-91-20-014 for printouts, BEA 54-91-40-409 for diskette), and include a check or money order for \$55.00 for printouts or \$20.00 for diskette, payable to the Bureau of Economic Analysis. To order by telephone, call (202) 606-9700; MasterCard and VISA are accepted.

**Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period**  
[Billions of chained (1992) dollars]

	1996		1997		1997			
	IV	I	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr. <sup>r</sup>
<b>Manufacturing and trade</b> .....	<b>936.0</b>	<b>944.8</b>	<b>937.0</b>	<b>936.0</b>	<b>939.8</b>	<b>944.4</b>	<b>944.8</b>	<b>948.3</b>
<b>Manufacturing</b> .....	<b>406.5</b>	<b>411.0</b>	<b>407.9</b>	<b>406.5</b>	<b>407.8</b>	<b>409.9</b>	<b>411.0</b>	<b>414.1</b>
Durable goods .....	261.8	264.8	263.3	261.8	263.3	264.4	264.8	267.4
Primary metal industries .....	22.7	22.3	22.5	22.7	22.3	22.2	22.3	22.1
Fabricated metal products .....	23.4	23.8	23.4	23.4	23.5	23.7	23.8	23.9
Industrial machinery and equipment .....	57.4	58.0	58.4	57.4	57.7	58.0	58.0	58.8
Electronic and other electric equipment .....	44.4	44.1	44.7	44.4	44.2	44.2	44.1	44.6
Transportation equipment .....	58.6	61.0	58.9	58.6	60.1	60.9	61.0	62.2
Motor vehicles and equipment .....	13.4	13.7	13.3	13.4	13.5	13.7	13.7	13.9
Other transportation equipment .....	45.2	47.3	45.6	45.2	46.7	47.2	47.3	48.3
Other durable goods <sup>1</sup> .....	55.9	0	56.1	55.9	56.2	0	0	0
Nondurable goods .....	144.9	146.5	144.9	144.9	144.8	145.7	146.5	147.0
Food and kindred products .....	31.4	31.3	31.4	31.4	31.3	31.5	31.3	31.2
Paper and allied products .....	15.0	14.9	15.0	15.0	14.9	14.8	14.9	14.9
Chemicals and allied products .....	35.6	35.8	35.4	35.6	35.5	35.6	35.8	36.1
Petroleum and coal products .....	9.3	10.6	9.4	9.3	9.6	9.9	10.6	10.8
Rubber and miscellaneous plastic products .....	14.0	14.2	13.9	14.0	14.1	14.1	14.2	14.2
Other nondurable goods <sup>2</sup> .....	39.3	0	39.5	39.3	38.7	0	0	0
<b>Merchant wholesalers</b> .....	<b>247.1</b>	<b>251.0</b>	<b>246.5</b>	<b>247.1</b>	<b>249.4</b>	<b>249.8</b>	<b>251.0</b>	<b>249.3</b>
Durable goods .....	157.5	160.0	157.5	157.5	158.6	159.0	160.0	159.9
Nondurable goods .....	89.8	91.2	89.2	89.8	90.9	90.8	91.2	89.6
Groceries and farm products .....	27.5	0	27.6	27.5	27.7	0	0	0
Other nondurable goods .....	62.5	0	61.8	62.5	63.8	0	0	0
<b>Retail trade</b> .....	<b>281.9</b>	<b>282.2</b>	<b>282.0</b>	<b>281.9</b>	<b>282.0</b>	<b>284.2</b>	<b>282.2</b>	<b>284.3</b>
Durable goods .....	148.3	148.5	148.9	148.3	148.1	150.0	148.5	149.7
Motor vehicle dealers <sup>3</sup> .....	67.9	67.0	68.0	67.9	67.6	68.5	67.0	67.8
Other durable goods <sup>3</sup> .....	80.8	0	81.3	80.8	80.0	0	0	0
Nondurable goods .....	133.4	133.5	132.9	133.4	133.8	134.0	133.5	134.5
Food stores .....	27.4	27.6	27.2	27.4	27.5	27.5	27.6	27.5
Other nondurable goods .....	106.2	0	105.8	106.2	106.3	0	0	0

<sup>r</sup> Preliminary.

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

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

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

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

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

**Table 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate**  
[Billions of chained (1992) dollars]

	1996		1997		1997			
	IV	I	Nov.	Dec.	Jan. <sup>r</sup>	Feb. <sup>r</sup>	Mar. <sup>r</sup>	Apr. <sup>r</sup>
<b>Manufacturing and trade</b> .....	<b>695.8</b>	<b>711.4</b>	<b>697.4</b>	<b>696.4</b>	<b>704.5</b>	<b>715.4</b>	<b>714.4</b>	<b>718.2</b>
<b>Manufacturing</b> .....	<b>303.0</b>	<b>308.8</b>	<b>304.4</b>	<b>302.8</b>	<b>306.3</b>	<b>309.6</b>	<b>310.5</b>	<b>314.4</b>
Durable goods .....	167.7	172.1	168.5	167.5	169.2	172.7	174.5	176.4
Primary metal industries .....	13.9	14.2	14.0	13.9	14.2	14.3	14.2	14.4
Fabricated metal products .....	16.3	16.5	16.4	16.2	16.4	16.6	16.5	16.9
Industrial machinery and equipment .....	36.7	37.8	36.3	37.6	37.3	37.6	38.7	39.3
Electronic and other electric equipment .....	29.5	30.2	30.0	29.4	28.6	30.4	31.5	30.3
Transportation equipment .....	37.3	38.4	37.6	36.8	38.3	38.3	38.4	39.7
Motor vehicles and equipment .....	24.8	25.5	25.0	24.0	26.1	25.5	25.1	26.0
Other transportation equipment .....	11.1	11.4	11.2	11.4	10.8	11.4	11.9	12.2
Other durable goods <sup>1</sup> .....	41.1	0	41.3	40.7	41.6	0	0	0
Nondurable goods .....	134.7	136.3	135.4	134.4	136.6	136.5	135.7	137.8
Food and kindred products .....	36.3	36.9	36.7	35.9	36.9	36.7	36.6	36.9
Paper and allied products .....	12.0	12.1	11.9	12.0	12.0	12.1	12.1	12.5
Chemicals and allied products .....	28.5	29.0	28.5	28.6	29.1	29.1	28.8	29.5
Petroleum and coal products .....	14.3	14.1	14.4	14.3	14.2	14.0	14.2	14.1
Rubber and miscellaneous plastic products .....	11.4	11.7	11.5	11.4	11.7	11.8	11.7	12.0
Other nondurable goods <sup>2</sup> .....	32.8	0	33.1	33.1	33.3	0	0	0
<b>Merchant wholesalers</b> .....	<b>189.1</b>	<b>194.1</b>	<b>189.7</b>	<b>189.8</b>	<b>191.1</b>	<b>196.3</b>	<b>194.8</b>	<b>195.9</b>
Durable goods .....	100.8	103.0	101.1	101.1	101.4	104.5	103.0	104.8
Nondurable goods .....	88.3	91.1	88.5	88.7	89.7	91.8	91.7	91.1
Groceries and farm products .....	32.6	0	32.9	32.8	32.7	0	0	0
Other nondurable goods .....	52.1	0	52.3	52.4	53.0	0	0	0
<b>Retail trade</b> .....	<b>203.6</b>	<b>208.5</b>	<b>203.2</b>	<b>203.9</b>	<b>207.0</b>	<b>209.5</b>	<b>209.0</b>	<b>207.8</b>
Durable goods .....	82.4	85.5	82.2	82.7	84.3	86.5	85.6	85.1
Motor vehicle dealers <sup>3</sup> .....	43.7	45.4	43.5	43.9	44.8	46.1	45.3	44.7
Other durable goods <sup>3</sup> .....	38.8	0	38.8	38.8	39.2	0	0	0
Nondurable goods .....	121.0	122.8	120.8	121.1	122.5	122.7	123.1	122.4
Food stores .....	33.1	33.2	33.0	33.1	33.2	33.1	33.4	33.2
Other nondurable goods .....	87.9	0	87.8	88.0	89.5	0	0	0

<sup>r</sup> Preliminary.

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

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

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

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

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

The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

Table 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted

[Ratio, based on chained (1992) dollars]

	1996	1997	1996		1997			
	IV	I	Nov.	Dec.	Jan. <sup>p</sup>	Feb. <sup>p</sup>	Mar. <sup>p</sup>	Apr. <sup>p</sup>
<b>Manufacturing and trade</b> .....	<b>1.35</b>	<b>1.33</b>	<b>1.34</b>	<b>1.34</b>	<b>1.33</b>	<b>1.32</b>	<b>1.32</b>	<b>1.32</b>
<b>Manufacturing</b> .....	<b>1.34</b>	<b>1.33</b>	<b>1.34</b>	<b>1.34</b>	<b>1.33</b>	<b>1.32</b>	<b>1.32</b>	<b>1.32</b>
Durable goods .....	1.56	1.54	1.56	1.56	1.56	1.53	1.52	1.52
Primary metal industries .....	1.83	1.57	1.61	1.63	1.57	1.55	1.57	1.53
Fabricated metal products .....	1.44	1.44	1.42	1.45	1.44	1.42	1.44	1.41
Industrial machinery and equipment .....	1.56	1.53	1.61	1.53	1.55	1.54	1.50	1.50
Electronic and other electric equipment .....	1.51	1.46	1.49	1.51	1.54	1.45	1.40	1.47
Transportation equipment .....	1.57	1.59	1.57	1.59	1.57	1.59	1.59	1.57
Motor vehicles and equipment .....	.54	.54	.53	.56	.52	.54	.55	.54
Other transportation equipment .....	4.09	4.15	4.07	3.96	4.31	4.15	3.97	3.96
Other durable goods <sup>1</sup> .....	1.36	1.33	1.36	1.37	1.35	1.31	1.32	1.30
Nondurable goods .....	1.08	1.08	1.07	1.08	1.06	1.07	1.08	1.07
Food and kindred products .....	.87	.85	.86	.88	.85	.86	.86	.85
Paper and allied products .....	1.25	1.24	1.26	1.25	1.24	1.22	1.24	1.19
Chemicals and allied products .....	1.25	1.23	1.24	1.25	1.22	1.23	1.24	1.22
Petroleum and coal products .....	.65	.75	.65	.66	.67	.70	.75	.75
Rubber and miscellaneous plastic products .....	1.23	1.21	1.21	1.23	1.20	1.20	1.21	1.18
Other nondurable goods <sup>2</sup> .....	1.20	1.20	1.20	1.19	1.18	1.19	1.21	1.21
<b>Merchant wholesalers</b> .....	<b>1.31</b>	<b>1.29</b>	<b>1.30</b>	<b>1.30</b>	<b>1.31</b>	<b>1.27</b>	<b>1.29</b>	<b>1.27</b>
Durable goods .....	1.56	1.55	1.56	1.56	1.56	1.52	1.55	1.53
Nondurable goods .....	1.02	1.00	1.01	1.01	1.01	.99	.99	.98
Groceries and farm products .....	.84	.84	.84	.84	.85	.84	.86	.83
Other nondurable goods .....	1.20	1.19	1.18	1.19	1.20	1.17	1.18	1.17
<b>Retail trade</b> .....	<b>1.38</b>	<b>1.36</b>	<b>1.39</b>	<b>1.38</b>	<b>1.38</b>	<b>1.36</b>	<b>1.35</b>	<b>1.37</b>
Durable goods .....	1.80	1.74	1.81	1.79	1.76	1.74	1.73	1.76
Motor vehicle dealers <sup>3</sup> .....	1.55	1.46	1.57	1.55	1.51	1.49	1.48	1.52
Other durable goods <sup>3</sup> .....	2.08	2.04	2.10	2.08	2.05	2.03	2.02	2.03
Nondurable goods .....	1.10	1.09	1.10	1.10	1.09	1.09	1.08	1.10
Food stores .....	.83	.82	.83	.83	.83	.83	.82	.83
Other nondurable goods .....	1.21	1.18	1.21	1.21	1.19	1.19	1.18	1.20

<sup>p</sup> Preliminary.

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

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

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

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

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

[Billions of chained (1992) dollars]

	1996	1997	1996		1997			
	IV	I	Nov.	Dec.	Jan. <sup>p</sup>	Feb. <sup>p</sup>	Mar. <sup>p</sup>	Apr. <sup>p</sup>
<b>Materials and supplies</b>								
<b>Manufacturing</b> .....	<b>133.0</b>	<b>134.4</b>	<b>133.6</b>	<b>133.0</b>	<b>133.0</b>	<b>133.6</b>	<b>134.4</b>	<b>134.6</b>
Durable goods .....	79.7	80.5	80.2	79.7	79.8	79.7	80.5	80.5
Primary metal industries .....	7.5	7.5	7.6	7.5	7.5	7.5	7.5	7.5
Fabricated metal products .....	8.6	8.8	8.7	8.6	8.7	8.7	8.8	8.8
Industrial machinery and equipment .....	17.1	17.5	17.4	17.1	17.1	17.2	17.5	17.2
Electronic and other electric equipment .....	15.5	15.5	15.6	15.5	15.2	15.2	15.5	15.7
Motor vehicles and equipment .....	6.3	6.5	6.2	6.3	6.5	6.5	6.5	6.5
Other transportation equipment .....	5.4	5.3	5.6	5.4	5.5	5.4	5.3	5.4
Other durable goods <sup>1</sup> .....	19.4	19.5	19.4	19.4	19.4	19.4	19.5	19.6
Nondurable goods .....	53.3	54.0	53.4	53.3	53.3	53.9	54.0	54.1
Food and kindred products .....	10.3	10.2	10.3	10.3	10.3	10.4	10.2	10.0
Paper and allied products .....	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Chemicals and allied products .....	11.4	11.5	11.4	11.4	11.4	11.5	11.5	11.8
Petroleum and coal products .....	3.1	3.6	3.2	3.1	3.3	3.4	3.6	3.6
Rubber and miscellaneous plastic products .....	5.3	5.3	5.3	5.3	5.4	5.3	5.3	5.3
Other nondurable goods <sup>2</sup> .....	16.1	16.4	16.2	16.1	16.0	16.3	16.4	16.6
<b>Work-in-process</b>								
<b>Manufacturing</b> .....	<b>134.8</b>	<b>136.8</b>	<b>135.4</b>	<b>134.8</b>	<b>135.5</b>	<b>136.3</b>	<b>136.8</b>	<b>136.2</b>
Durable goods .....	111.6	113.2	112.1	111.6	112.2	112.8	113.2	114.3
Primary metal industries .....	8.2	8.0	8.1	8.2	8.0	8.0	8.0	7.9
Fabricated metal products .....	6.5	6.7	6.6	6.5	6.6	6.7	6.7	6.8
Industrial machinery and equipment .....	22.0	22.1	22.1	22.0	21.9	21.8	22.1	22.5
Electronic and other electric equipment .....	16.1	15.8	16.4	16.1	15.9	15.8	15.8	15.8
Motor vehicles and equipment .....	4.1	4.0	4.1	4.1	3.7	3.7	4.0	4.0
Other transportation equipment .....	37.8	39.9	38.2	37.8	39.1	39.8	39.9	40.6
Other durable goods <sup>1</sup> .....	17.0	17.0	17.0	17.0	17.1	17.1	17.0	16.9
Nondurable goods .....	23.3	23.8	23.3	23.3	23.3	23.6	23.8	24.0
Food and kindred products .....	4.3	4.3	4.5	4.3	4.4	4.4	4.4	4.4
Paper and allied products .....	1.7	1.7	1.6	1.7	1.6	1.6	1.7	1.8
Chemicals and allied products .....	5.7	5.9	5.5	5.7	5.7	5.7	5.9	6.0
Petroleum and coal products .....	1.9	2.2	2.0	1.9	2.0	2.1	2.2	2.2
Rubber and miscellaneous plastic products .....	1.9	2.0	1.9	1.9	1.9	2.0	2.0	2.0
Other nondurable goods <sup>2</sup> .....	7.7	7.6	7.8	7.7	7.6	7.7	7.6	7.7
<b>Finished goods</b>								
<b>Manufacturing</b> .....	<b>138.8</b>	<b>139.9</b>	<b>139.1</b>	<b>138.8</b>	<b>139.4</b>	<b>140.1</b>	<b>139.9</b>	<b>141.5</b>
Durable goods .....	70.5	71.1	70.9	70.5	71.2	71.9	71.1	72.6
Primary metal industries .....	6.9	6.8	6.9	6.9	6.8	6.7	6.8	6.7
Fabricated metal products .....	8.2	8.4	8.2	8.2	8.2	8.3	8.4	8.4
Industrial machinery and equipment .....	18.3	18.4	19.0	18.3	18.7	19.0	18.4	19.1
Electronic and other electric equipment .....	12.8	12.8	12.7	12.8	13.1	13.2	12.8	13.2
Motor vehicles and equipment .....	3.0	3.3	3.1	3.0	3.3	3.4	3.3	3.4
Other transportation equipment .....	2.1	2.0	1.9	2.1	2.0	2.1	2.0	2.3
Other durable goods <sup>1</sup> .....	19.6	19.7	19.6	19.6	19.6	19.7	19.7	19.9
Nondurable goods .....	68.4	68.8	68.2	68.4	68.3	68.3	68.8	69.0
Food and kindred products .....	16.7	16.8	16.6	16.7	16.6	16.6	16.7	16.7
Paper and allied products .....	6.4	6.3	6.4	6.4	6.3	6.2	6.3	6.3
Chemicals and allied products .....	18.6	18.4	18.5	18.6	18.4	18.4	18.4	18.5
Petroleum and coal products .....	4.3	4.8	4.2	4.3	4.3	4.4	4.8	4.8
Rubber and miscellaneous plastic products .....	6.8	6.9	6.7	6.8	6.8	6.9	6.9	7.0
Other nondurable goods <sup>2</sup> .....	15.5	15.5	15.6	15.5	15.7	15.6	15.5	15.6

<sup>p</sup> Preliminary.

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

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

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

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

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

By Barbara M. Fraumeni

*As part of the recent comprehensive revision of the NIPA's, BEA introduced an improved methodology for calculating depreciation. The improved methodology 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. Previously, the depreciation estimates were derived using straight-line depreciation and assumed patterns of retirements.*

*This article describes the theoretical and empirical literature that supports the new BEA methodology. The author, a professor of economics at Northeastern University, Boston, Massachusetts, drafted the article while she was serving as a consultant to BEA for this project. The views expressed are the author's and do not necessarily represent those of BEA.*

**T**HIS ARTICLE describes the basis for the new depreciation methodology used by the Bureau of Economic Analysis (BEA).<sup>1</sup> The new BEA methodology reflects the results of empirical studies on the prices of used equipment and structures in resale markets, which have shown that depreciation for most kinds of equipment and structures does not follow a straight-line pattern. For most assets, empirical studies on specific assets conclude a geometric pattern of depreciation is appropriate.<sup>2</sup> The new BEA methodology also uses a geometric pattern of depreciation as the default option when information on specific assets is unavailable.<sup>3</sup> In either case, the geometric (constant) rate of depreciation is determined from empirical studies of used assets. For some assets (autos, computers, missiles, and nuclear fuel), empirical studies, BEA data, or technological factors justify the use of a nongeometric pattern of depreciation by BEA. This article reviews the empirical research on depreciation, the basis for the improvement in BEA methodology.

Previous BEA estimates of depreciation were based on a straight-line pattern for depreciation; the switch is to a geometric pattern for depre-

ciation for most assets. A straight-line pattern assumes equal dollar depreciation over the life of the asset. For example, with straight-line depreciation, depreciation in the first year is equal to depreciation in the second year, which is equal to depreciation in the third year, and so on. A geometric pattern is a specific type of accelerated pattern. An accelerated pattern assumes higher dollar depreciation in the early years of an asset's service life than in the later years. For example, with accelerated depreciation, depreciation in the first year is greater than that in the second year, which is in turn greater than that in the third year, and so on. In BEA calculations, in the absence of investment, geometric depreciation is calculated as a constant fraction of detailed constant-dollar net stocks.

In most cases, the rates of geometric depreciation are based on the Hulten-Wyckoff estimates (Hulten and Wyckoff 1981b). For some assets (computer equipment and autos), nongeometric depreciation rates estimated in empirical studies or from BEA data are used. For a few assets (missiles and nuclear fuel rods), BEA has retained its prior methodology of deriving estimates of depreciation using straight-line depreciation and Winfrey retirement patterns.<sup>4</sup> The original Hulten-Wyckoff rates are modified to reflect service lives currently used by BEA.

The first section of this article briefly describes the relevant depreciation concepts. The second section discusses previous BEA methodology and Hulten-Wyckoff methodology in the context of these depreciation concepts. The empirical research on depreciation is summarized in the third section. In the fourth section, the new BEA depreciation rates for all assets except autos, computers, missiles, and nuclear fuel are listed and their derivation documented. The fifth section consists of a brief conclusion.

1. The improved methodology was summarized in Parker and Triplett (1995). The new estimates of capital stock were described in Katz and Herman (1997).

2. These assets are listed as type A and B assets in table 3.

3. These assets are listed as type C assets in table 3.

4. Retirement patterns refer to the patterns of assets withdrawn from service.

### Depreciation Concepts <sup>5</sup>

#### Definitions

The value of an asset changes as the result of depreciation and revaluation.<sup>6</sup> Depreciation is the change in value associated with the aging of an asset. As an asset ages, its price changes because it declines in efficiency, or yields fewer productive services, in the current period and in all future periods. Depreciation reflects the present value of all such current and future changes in productive services.

Revaluation is the change in value or price per unit that is associated with everything other than aging. Revaluation includes pure inflation, obsolescence, and any other impact on the price of an asset not associated with aging.

The decomposition of the change in the value of an asset is illustrated in table 1 for an asset with price per unit. The price of an asset,  $P_{time,age}$ , in time 0 and the price of an asset in time 1 is observed. There are two possible sources of the price change: The first being a change in the price of an asset because it has aged and the second

5. The sources for this section include papers by Triplett (1992a, 1992b, 1996), by Jorgenson (1989, 1996), by Young and Musgrave (1980), and by BEA (1993).

6. BEA and the author of this article differ in their definition of depreciation in national accounts. This will be discussed briefly in the section "BEA definition."

**Table 1.—Depreciation Versus Revaluation**

Represent the price of an asset by ( $P_{time,age}$ ).

A change in the price of an asset at time = 1, ( $P_{time=1,age=1} - P_{time=0,age=0}$ ), is equal to  
 depreciation, ( $P_{time=0,age=1} - P_{time=0,age=0}$ ),  
 or age effects, holding time constant  
 plus  
 revaluation, ( $P_{time=1,age=1} - P_{time=0,age=1}$ ),  
 or time effects, holding age constant.

Schematically, representing the decomposition of the observed price change ( $P_{time=1,age=1} - P_{time=0,age=0}$ ), in bold and with arrows, and the matrix of price changes over time = 0, 1, ... T and age = 0, 1, ... A, where D is depreciation and R is revaluation:

		TIME			
	$P_{time=0,age=0}$	$P_{time=1,age=0}$	$P_{time=2,age=0}$	...	$P_{time=T,age=0}$
	↓				
	D				
	↓				
AGE	$P_{time=0,age=1}$	$P_{time=1,age=1}$	$P_{time=2,age=1}$	...	$P_{time=T,age=1}$
	→	R →			
		.	.	...	.
		.	.	...	.
		.	.	...	.
	$P_{time=0,age=A}$	$P_{time=1,age=A}$	$P_{time=2,age=A}$	...	$P_{time=T,age=A}$

being a change in the price of an asset because it is a different time period. The decomposition can be illustrated in the simplest case by reference to the well-known used-car price book. Prices for 1-year-old cars of the same make and model in the 1997 book and their prices when new provide an estimate of depreciation because everything but age is held constant. Prices for 1-year-old cars of the same make and model in the 1996 and 1997 price books provide an estimate of revaluation, because age is held constant while everything else changes.

Obsolescence is a decrease in the value of an asset because a new asset is more productive, efficient, or suitable for production. A new asset might be more suited for production because it economizes on an input that has become relatively more expensive. Obsolescence has played a big part in the debate about the impact of the oil embargo on productivity.<sup>7</sup> Other impacts on the price of an asset include the price effect of any changes in taxes or interest rates facing business not anticipated when the asset was new. If depreciation and retirement patterns did not change over time, revaluation could be estimated from a used-asset-price book, as described above.

#### BEA definition

BEA defines depreciation as "the decline in value due to wear and tear, obsolescence, accidental damage, and aging" (Katz and Herman 1997, 70), which includes retirements, or discards as they are frequently called.<sup>8</sup> BEA includes the destruction of privately owned fixed assets that is associated with natural disasters in depreciation.<sup>9</sup> BEA focuses on depreciation as the consumption of fixed capital or as a cost of production. Depreciation is viewed as a cost incurred in the production of gross domestic product (GDP), as a deduction in the calculation of business income,

7. Martin N. Baily (1981) argues that the rapid increase in energy prices during the oil embargo rendered certain types of assets obsolete, leading to a decline in the rate of productivity change. A rebuttal to this argument is contained in Hulten, Robertson, and Wykoff (1989).

8. Retirements or discards are assets withdrawn from service.

9. The current BEA treatment of natural disasters in part reflects the absence from the national income and product accounts of an integrated balance sheet and raises another set of issues that will not be discussed here.

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and as a partial measure of the value of services of government fixed assets. BEA's conceptualization of depreciation as such is generally consistent with the work of Fabricant (1938, 12–14) and Denison (1957) and the definition of depreciation in the System of National Accounts (SNA).<sup>10</sup> It is also consistent with the concept of the consumption of fixed capital in the context of estimates of sustainable product, or income, where depreciation is subtracted from GDP to derive net domestic product and net domestic income—a rough measure of that level of income or consumption that can be maintained while leaving capital intact.

The essential difference between BEA's depreciation definition and the definition in this article is the treatment of obsolescence. Obsolescence shows up in the national income and product accounts (NIPA's) in at least two ways. One, BEA depreciation estimates include obsolescence through a service-life effect and through the use of depreciation rates estimated from used-asset prices unadjusted for the effects of obsolescence. Assets may be retired early, when they are still productive, because of obsolescence; this is reflected in BEA's depreciation estimates, as service lives affect the estimate of the geometric rates of depreciation used for most assets.<sup>11</sup> Two, obsolescence is reflected in the constant-quality prices that are part of the NIPA's.<sup>12</sup> In addition to the theoretical usefulness of separating the effects of obsolescence from those associated with the physical deterioration of an asset, BEA's use of hedonic and other quality-adjusted price indexes suggests an empirical reason why greater attention may have to be paid to the effects of obsolescence. In its future work, BEA plans to conduct studies focusing on quality change and obsolescence.<sup>13</sup>

## Specifics of BEA Methodology and Hulten-Wyckoff Methodology

### *Specifics of BEA methodology*<sup>14</sup>

As noted, BEA has used a straight-line pattern of depreciation since the 1950's. Depreciation is an equal dollar amount per period over the lifetime of the asset.

Retirements for a group of assets depended on the group's average service life and on the pattern of retirements (the distribution of retirements around the mean service life).

Once retirements have begun, the combined effects of straight-line depreciation and retirements result in a depreciation pattern that is more accelerated than a straight-line depreciation pattern. An accelerated depreciation pattern assumes higher dollar depreciation in the early years of an asset's service life than in the later years.

Mean service lives are estimated from a wide variety of sources, both government and private. In general, information is not available to provide different mean service lives by industry. Production-type manufacturing equipment is a notable exception. Similarly, in general, information is not available on changes in mean service lives over time, if they do occur; aircraft is one exception to this general rule. When a mean service life is changed, the new mean service life is applied only to new assets. There is no effect on depreciation of existing assets.

A modified S-3 Winfrey curve was used for most assets to estimate the pattern of actual retirements around the mean; a L-2 Winfrey curve was used for consumer durables (Winfrey 1967; Russo and Cowles 1980). The S-3 curve is a bell-shaped distribution centered on the mean service life of the asset. It was used for private nonresidential equipment (except autos) and structures, private residential equipment, and government residential equipment and structures. The L-2 curve is an asymmetrical distribution with heavier discards before the mean service life. Both sets of Winfrey curves were modified to reflect different assumptions about when retirements begin and end as a percentage of the mean service life of the asset.

Expected obsolescence implicitly enters into BEA estimates of depreciation through shorter asset lifetimes and through the retirement pattern previously used. The mean service life of a class of assets could be shorter because obsolescence

10. The SNA defines depreciation as "the decline, during the course of the accounting period, in the current value of the stock of fixed assets owned and used by a producer as a result of physical deterioration, normal obsolescence, or normal accidental damage" (SNA 1993, 147, 6.179).

11. See the next section and "BEA default geometric-depreciation rates."

12. See Oliner (1993, 55) for a discussion of constant-quality prices and depreciation in the context of a study of mainframe computers. BEA is using Oliner's partial depreciation measure, which is consistent with BEA's hedonic price index for computers.

13. The author of this article and BEA both agree that further work needs to be done to quantify obsolescence and to identify the impact of obsolescence and quality change on national income accounting measures. Further consideration of the major issues surrounding the definitional differences described above could be one component of future work on obsolescence and quality change.

14. See BEA (1993).

has occurred consistently over the historical period or is reflected in the occasional revision of mean service lives. In addition, as obsolescence can result in early retirement, the modified Winfrey patterns may have been picking up some of the obsolescence effects.<sup>15</sup>

BEA adjusts depreciation estimates to capture the effect of natural disasters that destroy large amounts of fixed capital.

#### *Specifics of Hulten-Wyckoff methodology*<sup>16</sup>

Initially, Hulten and Wyckoff made no assumption about what form depreciation patterns take. Instead, they estimated used-asset age-price profiles for eight producers' durable equipment or non-residential equipment assets, which they called type A assets, with a Box-Cox model (Box and Cox 1964).<sup>17</sup> They tested to see whether the resulting depreciation patterns most nearly resembled patterns arising from one-hoss-shay, straight-line, or geometric efficiency patterns.<sup>18</sup>

There is a direct correspondence between efficiency patterns and depreciation patterns. Present and future declines in efficiency result in depreciation or declines in the value of an asset as it ages. A one-hoss-shay efficiency pattern assumes that no loss in efficiency occurs until the asset is retired. The corresponding depreciation pattern is less accelerated than a straight-line pattern of depreciation with lower dollar depreciation in the early years of an asset's service life than in the later years. A straight-line efficiency pattern assumes equal declines in efficiency in each period over the life of the asset. The corresponding depreciation pattern, which has higher dollar depreciation in the early years of an asset's service life than in the later years, is accelerated relative to a straight-line pattern of depreciation. A geometric efficiency pattern also gives rise to an accelerated depreciation pattern. The geometric pattern is a special case because the efficiency pattern and the depreciation pattern have the same form, with declines in efficiency and depreciation occurring at the same rate.

Hulten and Wyckoff concluded that depreciation patterns for eight assets are accelerated. In addition, although all three patterns were

rejected statistically, they concluded that the depreciation pattern was approximately geometric in all cases. In 1977, the eight producers' durable equipment or nonresidential equipment assets—tractors, construction machinery, metalworking machinery, general industrial equipment, trucks, autos, industrial buildings, and commercial buildings—amounted to 55 percent of investment expenditures on producers' durable equipment and 42 percent of spending on non-residential structures. They assumed that the depreciation pattern for the remaining 24 out of 32 producers' durable equipment and nonresidential structures NIPA classes contemporary to their study was geometric. These were categorized as type B or type C assets.

Since used-asset prices reflect only surviving assets (a censored-sample problem), Hulten and Wyckoff weighted used-asset prices by the probability of survival before estimating the depreciation patterns.<sup>19</sup> Weighted used-asset prices reflect surviving and retired assets. The probability of survival, the weight, depends upon the mean service lives of assets and on the deviation of retirements around the mean service life. Mean service lives were assumed to be 100 percent of *Bulletin F*. An  $L_0$  Winfrey curve was used to estimate the pattern of actual retirements about the mean for structures. The  $L_0$  curve is an asymmetrical distribution that allows for some assets to survive to very old ages relative to the mean service lives. An S-3 curve, described above, was used for metalworking machinery and general industrial machinery.<sup>20</sup> Finally, an assumption was needed about the net value of an asset (scrapage value less demolition costs) to complete the transformation of a surviving-asset sample to an estimated sample of both surviving and retired assets. Hulten and Wyckoff assumed that the net value of an asset retired from service was on average zero. The used-asset prices inputted to the Box-Cox model were thus weighted and net value adjusted. As a result, the depreciation estimates from the Box-Cox model reflected both efficiency declines and retirements.

15. Young and Musgrave maintain that expected obsolescence should be charged when the asset is retired (Young and Musgrave 1980, 34, figure 1.1). BEA's methodology does not do this.

16. The information on Hulten-Wyckoff methodology is taken from three sources: Hulten and Wyckoff (1981a and 1981b) and Wyckoff and Hulten (1979).

17. Age-price profiles map ages of assets with their prices.

18. An efficiency pattern is a pattern describing the productive services from an asset as it ages. The efficiency of a new asset is typically normalized to 1.0. As an asset declines in efficiency, its efficiency has a value of less than one.

19. The censored-sample problem can be illustrated by the following example. Suppose that two cars are bought new in 1980. By 1990, one is still in service and one has been junked. The one that is still in service is sold as a used car, say for \$1,000. If we take the used-car sales price to be representative of all cars bought new in 1980, we would assume that the 1990 value of all cars bought new in 1980 is \$2,000. In fact, the 1990 value of the cars is \$1,000 or on average \$500 per car. Hulten and Wyckoff, by weighting used-asset prices by the probability of survival, are calculating the used-asset price equivalent of an average 1990 value of \$500 per car bought new in 1980. Their procedure assumes that the used-asset price of nonsurvivors is zero.

20. BEA at the time typically assumed mean service lives were 85 percent of *Bulletin F* and used a modified S-3 Winfrey curve for most assets except consumer durables.

The used-asset prices were adjusted for the effects of inflation on these prices by the inclusion of a time variable in the Box-Cox estimation procedure.

With a geometric pattern, the rate of depreciation,  $\delta$ , depends only on the declining-balance rate and the asset's service life:

$$\delta_G = \frac{R}{T}$$

where  $T$  is the average asset service life from *Bulletin F*, and  $R$  is the estimated declining-balance rate.<sup>21</sup>  $\delta_G$  is constant over the lifetime of the asset, and depreciation is higher in the early years of an asset's service life. With a geometric pattern, depreciation,  $d_{i,G}$ , for 1 dollar of investment

$$d_{i,G} = \delta_G(1 - \delta_G)^{i-1},$$

$$i = 1, 2, 3, \dots$$

where  $i$  is the age of the asset. The higher the declining-balance rate,  $R$ , the higher the geometric rate of depreciation,  $\delta_G$ , and the higher depreciation is in the early years of an asset's service life. This contrasts with a straight-line depreciation pattern. With a straight-line pattern:

$$d_{i,SL} = 1/n,$$

$$i = 1, 2, 3, \dots, n$$

where  $i$  is the age of the asset, and  $n$  is the retirement age of the asset, which can be distributed about the average service life of the asset,  $T$ .  $\delta$  for a straight-line pattern:

$$\delta_{i,SL} = \frac{1}{n - (i - 1)}$$

$$i = 1, 2, 3, \dots, n$$

where  $i$  and  $n$  are, as before, increases with the age of the asset.

For some assets, called type B assets, empirical research by others and the judgement of Hulten and Wykoff were used to estimate  $\delta$ . For the remaining assets, called type C assets, an average declining-balance rate  $R$  was estimated from the 8 assets and combined with information on the lifetime of the 24 assets still remaining to produce an asset-specific  $\delta$ . Hulten and Wykoff determined that, on average, the declining-balance

21. The rate of declining-balance depreciation is the multiple of the comparable straight-line rate used to calculate the geometric rate of depreciation. For example, a 1.65 declining-balance depreciation rate refers to a geometric rate of depreciation of 1.65/L, where L is the service life of the asset in years and 1/L is the straight-line rate.

rate for producers' durable equipment was 1.65, and for private nonresidential structures, 0.91.<sup>22</sup> In both cases, the declining-balance rate was estimated on average to be significantly less than a double-declining-balance rate ( $R = 2$ ).<sup>23</sup>

### Summary of Empirical Research

Empirical research on depreciation has been conducted on most asset categories included in the U.S. national income and wealth accounts. These studies can be broadly classified into studies that looked at market-based used-asset prices to estimate depreciation and those that did not.<sup>24</sup>

#### Research based on used-asset prices

A large number of studies have employed price data from individual market transactions, dealers' price lists, insurance records, or rental prices to estimate actual depreciation. Table 2 lists these studies. Two studies cover a large number of asset classes or industries: Hulten-Wykoff covering U.S. assets and Koumanakos-Hwang covering Canadian assets. Of the 29 studies listed, half deal

22. With truncation, 0.9 was frequently used in the actual calculations.  
 23. At the time of Hulten and Wykoff's research, researchers commonly assumed that the appropriate declining-balance rate was double declining.  
 24. This section draws heavily on three previous surveys of empirical research on depreciation. They are Hulten and Wykoff (1981b), Jorgenson (1996), and Brazell, Dworin, and Walsh (1989).

Table 2.—Studies of Depreciation Based on Used-Asset Prices

Assets	Studies <sup>1</sup>
32 classes of assets .....	Hulten and Wykoff 1981b
27 classes of assets or 43 industries .....	Koumanakos and Hwang 1988
Automobiles .....	Ackerman 1973; Cagan 1971 Chow 1957, 1960 Ohta and Griliches 1975 Ramm 1970 Office of Tax Analysis 1991a Wykoff 1970, 1989
Trucks .....	Hall 1971 Office of Tax Analysis 1991b
Farm tractors .....	Griliches 1960 Penson, Hughes, and Nelson 1977 Penson, Romain, and Hughes 1981 Perry and Glyer 1988
Ships:	
Oil tankers .....	Cockburn and Frank 1992
Fishing boats .....	Lee 1978
Residential housing .....	Chinloy 1977 Malpezzi, Ozanne, and Thibodeau 1987
Office buildings .....	Taubman and Rasche 1969
Computers .....	Jorgenson and Stiroh 1994
Computer peripheral equipment .....	Oliner 1992
Mainframe computers .....	Oliner 1993
Machine tools .....	Beidelman 1976; Oliner 1996
Industrial machinery and equipment .....	Shriver 1988
Scientific instruments .....	Office of Tax Analysis 1990

1. See the list of references at the end of this article.

with mechanized vehicles (automobiles, trucks, or farm tractors). Data on used prices are readily available for these assets. Three studies each investigate depreciation for computers and real estate. Two studies each cover ships (fishing boats and oil tankers) and machine tools. One study, by Shriver, deals with industrial machinery and equipment. The remaining study is a study of scientific instruments by the Office of Tax Analysis. A variety of methodological approaches were used. They include hedonics, an analysis of variance, and Box-Cox or polynomial forms for the estimated equation.<sup>25</sup>

#### *General issues affecting used-asset-price studies*

All used-asset-price studies are potentially biased, because the asset sample may not be representative of the population as a whole or because economic conditions affect prices.<sup>26</sup> First, asset samples normally represent only surviving assets. Second, surviving-asset samples or their sale prices may not represent the population of surviving assets. Third, changes in economic conditions, including taxes and interest rates, may affect used-asset prices. Finally, a used-asset price may be affected by the value of an associated input.

If asset samples represent only surviving assets, then age-price profiles of used-asset samples underestimate depreciation for the population as a whole because retirements are not included.<sup>27</sup> Hulten and Wykoff estimated for commercial and industrial buildings that such an error would reduce depreciation estimates by more than one-half. There are two possible solutions to this problem. One, retirements can be added to depreciation, similar to the way BEA modifies its straight-line depreciation pattern to allow for the pattern of retirements. Two, a censored-sample adjustment can be made to the used-asset prices before the depreciation pattern is estimated, in a manner similar to Hulten and Wykoff. It is important for the researcher and user to know whether the depreciation pattern includes retirements (as in Hulten-Wykoff) or excludes retirements (as in the BEA accounts). A straight-line pattern excluding retirements will no longer be a straight-line pattern once retirements are

included, and a geometric pattern excluding retirements will no longer be a geometric pattern once retirements are included.

Surviving-asset samples or their prices may not represent the population of surviving assets. Business may put up for sale their superior or inferior assets. Assets may be worth more or less to the buyers than to the sellers. Finally, buyers may not be able to accurately perceive the value of the assets for sale.

It is not clear what is the extent or direction of a possible surviving-asset-sample bias. Whether or not businesses put up for sale their superior or inferior assets depends on whether they are trying to maximize the proceeds from such sales or to sell off less desirable or obsolete assets. Differences in buyer-versus-seller asset value may bias used-asset prices in either direction as well. A declining business may be selling off an asset that represents idle capacity and that another business in the same industry could fully utilize or an asset that has limited use to businesses in other industries. Assets may be configured to meet the needs of a particular business so that they are more valuable to their seller than to their buyer. Finally, buyers may underestimate or overestimate the value of used assets for sale.

The lemons hypothesis maintains that the value of assets for sale will underestimate the value of all assets in the stock (Akerlof 1970). It argues that a disproportionate number of assets sold will be lemons, particularly if inspection by buyers does not reveal which assets are lemons. Under the lemons hypothesis, buyers will assume that assets for sale are lemons; therefore, they will offer lower prices for all used assets. Sellers have an incentive to offer lemons, since they will be paid lemons prices for both lemons and more desirable assets. Therefore, buyers' assumptions are validated. If sellers have superior assets for sale, the incentive will be to sell these privately to obtain a reasonable price for the asset. Used-asset prices will be less than the average price of the stock of assets because of the disproportionate number of lemons for sale and because buyers will assume all used assets are lemons. The existence of asymmetric information between buyer and seller is crucial in this hypothesis. Depreciation would be overestimated if inferred from used-asset prices because the average price for assets in the stock would be underestimated.

Hulten and Wykoff argue that most assets are sold in markets with professional buyers who frequently buy and sell assets. Furthermore, these buyers, who have the knowledge and expertise

25. Triplett (1989, 128) defines a hedonic function as a relation between prices of varieties or models of heterogeneous goods—or services—and the quantities of characteristics contained in them. A Box-Cox model is a model that transforms the form of the variables in the model (Box and Cox 1964).

26. The authors who have addressed the question of sample bias in used-asset-price studies include Triplett (1996), DeLeeuw (1981), Hulten and Wykoff (1981b) and Boskin, Robinson, and Roberts (1989).

27. An example illustrating this point is given in footnote 19.



to identify lemons, are not affected by asymmetric information. Hulten and Wykoff tested for the existence of a lemons bias by comparing the depreciation profiles of assets that might have a lemons bias to an asset that arguably would not (heavy construction equipment). Heavy construction equipment is commonly sold at the end of a construction project and repurchased at the beginning of the next construction project. They found that the depreciation profiles for assets possibly with and without a lemons bias were both approximately geometric; therefore, they concluded that the lemons bias is unimportant in depreciation estimates.

Changes in tax laws, interest rates, and other economic conditions might affect the value of secondhand assets independently of any sample bias problems. For example, changes in allowable tax depreciation taken for corporate income tax purposes may change the prices that businesses are willing to pay for used assets. Changes in interest rates may affect the cost of borrowing to finance asset acquisition. Finally, demand conditions determine whether businesses are expanding or contracting, affecting both the demand for and supply of used assets. Obsolescence can also affect used-asset prices, as, for example, discussed above in the context of the energy crisis.<sup>28</sup>

If changes in tax laws, interest rates, and other economic conditions significantly affect the value of secondhand assets, age-price profile or retirement patterns would change over time unless these changes are counterbalanced by offsetting effects. The question of whether the age-price profile or retirement patterns change over time has been discussed in the context of several empirical studies. Hulten and Wykoff (1981a, 1981b) tested the stability of the age-price profiles for office buildings, one of their largest samples. In almost all cases, estimates of the rate of depreciation were stable over time. Hulten, Robertson, Wykoff, and Shriver reached similar conclusions. Hulten, Robertson, and Wykoff (1989) looked at the effect of the energy crisis on used-asset prices for four types of used machine tools and five types of construction equipment. Shriver (1986b) looked at the rates of economic depreciation for industrial machinery and equipment in 3 different years with different demand characteristics. Cockburn and Frank (1992) found in a study of oil tankers that economic depreciation or decay was largely unaffected by economic conditions, but that retirements are quite sen-

sitive to economic conditions. Powers (1988), using book values, found that retirements for two-digit Standard Industrial Classification manufacturing industries exhibit a cyclical pattern. Taubman and Rasche (1971) and Feldstein and Rothschild (1974) discuss in general the impact of variables that change over time on age-price profiles. Taubman and Rasche (1969) in their study of office buildings found that changes in rents and tax laws had little effect on depreciation rates. In most cases, studies have not been done on different vintages of assets to determine whether age-price profiles do significantly change over time. Therefore, there is no definitive answer to the question of whether age-price profiles shift over time.

In addition, used-asset prices can reflect the fact that it may be difficult for buyers to separate the value of an asset such as a building from the value of the land on which it sits (the shopping-mall effect). The building may be incorrectly valued because of the value of the site or the land on which it sits.

#### *Summary of research based on used-asset prices*

Most of the used-asset studies do not directly deal with possible biases arising from samples, such as those discussed in the previous section (see table 2). In any case, the extent and the net direction of the possible biases are unclear. Four studies—Hulten-Wykoff, Koumanakos-Hwang, Oliner (1996), and Perry-Glyer—did adjust used-asset prices downward to reflect zero valuation of retired assets in the original cohort. In addition, the Cockburn-Frank paper illustrates how misleading it can be to estimate patterns of depreciation without accounting for retirements.

Of the two studies covering a large number of asset classes or industries, Hulten and Wykoff's has already been discussed. The Koumanakos-Hwang study of Canadian assets, the other study, bears a number of similarities to the Hulten-Wykoff study. It used a modified Box-Cox model to estimate depreciation for up to 27 different asset classes for manufacturing and nonmanufacturing separately. Depreciation for building construction and machinery and equipment for up to 43 different industries were calculated from a weighted average of the depreciation functions of individual assets. Some depreciation estimates were done for engineering construction as well. Koumanakos and Hwang conclude that depreciation patterns for individual assets are approximately geometric for both the manufacturing

<sup>28</sup>. For example, see footnote 7.

and nonmanufacturing sectors, with the degree of convexity more pronounced in the manufacturing sectors.<sup>29</sup> At the industry level, they conclude that the geometric pattern is preferred because it is the simplest pattern that gives a best approximation of the actual data.

The 15 papers on motorized vehicles (automobiles, pickup trucks, or farm tractors) can be distinguished by whether a depreciation pattern was assumed, whether the validity of such assumptions were tested econometrically, and whether any general statements were made about the pattern of the used asset-price profile observed or estimated.

Ackerman (1973) and Cagan (1971) for automobiles and Griliches (1960) for farm tractors assumed a geometric rate of depreciation, and in the case of Ackerman and Cagan, the assumption allowed for the separate identification of quality. None of these models were tested to see if the assumption of a geometric rate was appropriate.

Seven studies—one for trucks (Hall 1971), three for automobiles (Ohta and Griliches 1975; Wykoff 1970, 1989), and three for farm tractors (Penson, Hughes, and Nelson 1977; Penson, Romain, and Hughes 1981; Perry and Glycer 1988)—tested the appropriateness of a geometric assumption. With the exception of the two studies by Penson and others and one by Perry-Glycer, these studies concluded that although the assumption of a geometric rate was not proven, that a geometric rate, in the words of Hall (1971, 258), “is probably a reasonable approximation for most purposes.” Perry and Glycer found in their econometric model, which excluded tractor care and usage, that depreciation rates were constant over time. However, they found that depreciation rates were not constant when these variables were omitted. In their two studies, Penson and others estimated from engineering data that the pattern of productive-capacity depreciation for farm tractors lies in between straight-line and one-hoss-shay. However, if productive-capacity depreciation is one-hoss-shay, depreciation as defined in this article follows a concave, or bowed-away-from-the-origin, pattern.<sup>30</sup> Some researchers found that the first-year decline in asset prices was significantly greater than the de-

29. A convex depreciation pattern is bowed towards the origin in a graph of price versus age.

30. Productive-capacity depreciation is measured by the additions to productive capacity required to maintain productive capacity at a constant level. If an asset does not decline in efficiency or productive services yielded over its lifetime until it is retired, (the lightbulb example), depreciation as defined in this article still occurs because as the asset ages, it is getting closer to its retirement (or light-going-out) date. The present value of future declines in efficiency increases or depreciation occurs even if there is no current decline in efficiency.

cline suggested by a geometric rate (Wykoff 1970; Ackerman 1973), but question whether listed prices accurately represent transactions prices. Ohta and Griliches (1975, 362), though concluding that a geometric assumption is “not too bad an assumption ‘on the average,’” conclude without empirically testing that actual depreciation occurs at a faster rate with age. There is evidence among the other studies that geometric rates may change over time (Ackerman 1973; Perry and Glycer 1988; Wykoff 1970), but there is no conclusive econometric evidence or consensus about the direction of the change. None of the motorized-vehicle studies performed econometric tests for the existence of other than a geometric depreciation pattern.

Three studies—one for trucks (OTA 1991b) and two for automobiles (OTA 1991a; Ramm 1970)—calculated or econometrically estimated used-asset age-price profiles, but did not report any attempts to determine the general shape of the depreciation pattern. However in each study, in general the age-price profile initially declined more rapidly than it would under a straight-line pattern of depreciation.

Lee (1978) and Cockburn and Frank (1992) studied ships. The Lee study looked at data on the insured value of Japanese fishing boats as a proxy for new- and used-asset prices. The estimated depreciation pattern was geometric in some cases (in general for steel boats) and not in others (in general for wooden boats). Cockburn and Frank concluded that a geometric pattern is an appropriate pattern for surviving-asset age-price profiles, but with proper accounting for retirements as a component of economic depreciation, the pattern of economic depreciation is clearly not geometric. Neither study considered or tested for other commonly used depreciation patterns, such as patterns arising from straight-line or one-hoss-shay efficiency patterns.

Beidleman (1976) and Oliner (1996) estimated depreciation for machine tools or assets sold by machine-tool builders. Beidleman’s study of sales by machine-tool builders, which are primarily machine tools, concluded that a negative exponential function was best able to explain asset-value variation in the majority of cases.<sup>31</sup> This supports the assumption of a geometric depreciation pattern. Beidleman tested linear, exponential, reciprocal, polynomial, and parabolic functions as possible alternatives. Oliner concluded that when used-machine-tool prices are adjusted

31. A negative exponential function estimates a geometric rate of depreciation.

for retirements, the pattern of depreciation is not geometric. However, based on the evidence from machine tools, actual depreciation for metalworking machinery is more rapid during the early years and the pattern more accelerated than BEA formerly had assumed.

Two studies—Chinloy (1977) and Malpezzi, Ozanne, and Thibodeau (1987)—looked at residential real estate and one study—Taubman and Rasche (1969)—looked at commercial real estate. The Chinloy study of sale prices for residential real estate concluded that the hypothesis of a geometric rate of depreciation could not be rejected. The Malpezzi-Ozanne-Thibodeau study on the other hand concluded that the decline in the value of owner-occupied housing with age occurs at an increasing, not a constant, rate but that rents for residential real estate decline with age of the property at a nearly constant or geometric rate. The Taubman-Rasche study of office buildings, in contrast to most other studies of depreciation, concluded that depreciation occurs at a rate slower than straight-line and, in fact, that a depreciation pattern arising from a one-hoss-shay efficiency pattern is a more appropriate pattern. This result may be due to the existence of relatively long-term, fixed-price leases for office buildings.<sup>32</sup>

Three studies measure depreciation of computers or computer peripheral equipment—two by Oliner (1992, 1993) and one by Jorgenson and Stiroh (1994). All three studies assume that the efficiency of assets in this category is constant over time or best described by a one-hoss-shay pattern, but Oliner includes a measure of partial depreciation. Oliner defines partial depreciation as the effect of age on price that is not captured by a hedonic equation and that is unmeasured, because researchers are unable to identify all relevant characteristics. The pattern of partial depreciation appears to be approximately geometric for all the computer peripheral equipment studied, except for disk drives. The pattern of partial depreciation for mainframe computers was decidedly not geometric, because the values of mainframes did not always consistently decline with age. The issue of the appropriate measure of depreciation for computers will be discussed in the section “The New BEA Depreciation Estimates.”

Shriver's study of machinery and equipment (1988) concluded that used-asset values decline

at a rate that is faster than straight-line depreciation but slower than double-declining-balance depreciation.

The Office of Tax Analysis study of scientific instruments (1990) did not report any attempts to determine the general shape of the depreciation pattern. However, the age-value profile appears to approximate a geometric pattern, even after adjusting for retirements.

#### *Other research*

The major approaches used in nonprice-based research on depreciation include a retirement approach, an investment approach, a polynomial benchmark approach, and a factor-demand, or production-model, approach. In addition, there are a number of studies whose primary emphasis is on the estimation of retirement patterns or useful lives.

With a retirement approach, retirements are estimated. These retirements are then applied to an assumed depreciation pattern to derive an estimate of actual depreciation. Former BEA methodology is an example of such an approach, modified with adjustments to reflect natural disasters. Retirements depended upon service lives and the assumed Winfrey distribution of retirements around the mean retirement age. The pattern of depreciation was assumed to be straight-line.

With an investment approach, an investment model is used to estimate depreciation or the pattern of depreciation. Robert Coen (1975, 1980) used a neoclassical investment model to determine which of 4 possible loss-of-efficiency patterns—one-hoss-shay, straight-line, geometric, or sum-of-the-years'-digits—best explained investment flows into 21 manufacturing industries. A one-hoss-shay loss-of-efficiency pattern translates into a depreciation pattern that is less accelerated than straight-line; the other three patterns translate into depreciation patterns that are convex, or bowed towards the origin. For equipment, the best results obtained were from the following patterns: A geometric pattern in 11 industries, a straight-line pattern in 7 cases, and a sum-of-years'-digits in 3 cases. For structures, the best results obtained were from the following patterns: A geometric pattern in 11 industries, a straight-line pattern in 5 industries, a sum-of-years'-digits in 3 industries, and a one-hoss-shay pattern in 2 industries. Coen (1980, 125) concludes “that something approximating geometric decay rather than straight-line loss of efficiency is typical of capital used in manufacturing.”

32. Leases are payments for office building services, most likely reflecting productive capacity (see footnote 30), not the present value of future (post-lease) declines in efficiency.

The polynomial benchmark approach begins with the perpetual inventory method of estimating capital stock:

$$K_t = I_t + (1 - \delta)K_{t-1},$$

where  $K_t$  is capital stock,  $I_t$  is gross investment, and  $\delta$  is the constant rate of depreciation under a geometric assumption. By repetitively substituting this expression for prior periods' capital stock, an expression is derived that depends only on gross investment,  $\delta$ , and the initial or benchmark capital stock and the final capital stock,  $K_t$ . A parametric estimate for  $\delta$  can then be determined with an econometric model of investment and capital stock. These studies routinely assume that the pattern of depreciation is geometric. They do not address the question of an appropriate pattern for depreciation, only the appropriate geometric rate.

The factor-demand, or production-model, approach estimates a rate of depreciation affecting capital entering into the demand for factors or the production function directly. Nadiri and Prucha (1996) looked at the demands for labor and materials in the manufacturing sector that depend on the level of output and the capital stock of research and development (R&D) and other types of capital. These two factor-demand equations plus the perpetual inventory equations for R&D and other types of capital are used in a system of equations to estimate the geometric rate of depreciation for R&D and other types of capital. Doms (1996) substituted an investment stream into a value-added production function for a group of steel plants to estimate the efficiency pattern of assets. He estimated three different efficiency schedules—one assuming a geometric pattern, one using a Box-Cox model, and one using a polynomial model. Even though the Box-Cox and polynomial models can exhibit other than a geometric pattern of depreciation, in both cases the best model fits were obtained from geometric-like patterns.

There were a number of studies related to depreciation undertaken by the Treasury Department.<sup>33</sup> Forty-six studies of survival probabilities were undertaken by the Office of Industrial Economics over the 1971 to 1981 period. Of these studies, 27 provide information on useful lives. These studies provide estimates of the actual retention periods for the assets covered. It is possible that more information from these studies could be incorporated into other depreciation

33. See Brazell, Dworin, and Walsh (1989) for a summary of 27 of these studies.

studies. Later, under the auspices of the Office of Tax Analysis, a used-asset-price approach was employed. These studies, listed in table 2, are discussed in the previous section.

## The New BEA Depreciation Estimates

### *Empirical basis for the new BEA methodology: A summary*

The largest and most complete studies of depreciation are those of Hulten and Wykoff and Koumanakos and Hwang, followed by that of Coen. Hulten and Wykoff (1981a, 1981b) and Koumanakos and Hwang (1988) concluded that the pattern of geometric depreciation is approximately geometric. Coen (1975) concluded that a geometric pattern provided the best fit in the majority of manufacturing industries studied. In addition, he concluded that a convex pattern (geometric being a special case) provided the best fit for all manufacturing industries for equipment and all but two manufacturing industries for structures.

The results of the other depreciation studies based on used-asset prices in table 2 in general support an accelerated pattern of depreciation. Most conclude that a geometric pattern is preferred, none determine that overall a straight-line pattern is the best choice, and with the exception of computers, only a few maintain that some other pattern is the appropriate pattern.

The Bureau of Labor Statistics (BLS) uses a hyperbolic efficiency function that is concave, or bowed away from the origin, rather than a geometric efficiency function that is convex, or bowed towards the origin (Harper 1982; Gullikson and Harper 1987; BLS 1983, n.d.).<sup>34</sup> BLS tested their hyperbolic efficiency function with the Hulten-Wykoff Box-Cox estimated age-price functions by constructing the age-price function corresponding to their hyperbolic efficiency function. BLS found there was no statistically significant difference between the geometric and their hyperbolic form.<sup>35</sup> However, the maintained hypothesis of a hyperbolic age-price function that

34. The hyperbolic function is a general function whose special cases include the one-hoss-shay and straight-line cases. A hyperbolic function can also approximate a geometric function. The particular form of the hyperbolic function used by BLS is concave, being intermediate between one-hoss-shay and straight-line.

35. Because both the geometric and the hyperbolic efficiency functions have an age-price counterpart that is convex, or bowed towards the origin, the likelihood of there being no statistical difference between the age-price functions is increased. Note that under a geometric assumption, the efficiency function and the age-price function are identical and bowed towards the origin.

corresponds to a concave hyperbolic efficiency function was rejected.<sup>36</sup>

One disadvantage of the hyperbolic function is that age-price functions estimated from a hyperbolic function (or alternatively, hyperbolic functions estimated from an age-price function) require an assumption to be made about a real discount rate. The geometric function does not require such an assumption.

### *Geometric depreciation as the default*

There are several arguments for the adoption of a geometric pattern for depreciation as the default.<sup>37</sup> First, the empirical evidence is that a geometric depreciation pattern is a better approximation to reality than a straight-line pattern and is at least as good as any other pattern. Second, estimates of an appropriate default geometric rate of depreciation are readily available from Hulten and Wykoff (1981a, 1981b). Third, the geometric pattern is a simple default rule. Finally, the geometric pattern is one that can readily be used if and when a balance sheet or a production account is implemented by BEA, thereby minimizing future potential revisions.<sup>38</sup>

### *BEA default geometric-depreciation rates*

The new BEA rates of economic depreciation are listed in table 3. All assets except for computers and computer peripherals, nuclear fuel, autos, and missiles are depreciated at a geometric rate.

These rates are derived from the Hulten-Wykoff estimates. If new estimates of service lives have become available since the original Hulten-Wykoff research (Hulten and Wykoff 1981b; Wykoff and Hulten 1979), the geometric rate,  $\delta$ , is recalculated from the earlier formula by substituting in the new service life:

$$\delta_{\text{new}} = \frac{R_{\text{old}}}{T_{\text{new}}}$$

36. As noted earlier in "Specifics of Hulten-Wykoff methodology," Hulten and Wykoff tested three age-price functions—one-hoss-shay, straight-line, and geometric. In each case, the maintained hypothesis was rejected.

37. As previously noted, a geometric pattern of depreciation will be used for all assets except for computers and computer peripherals, missiles, nuclear fuel, and autos.

38. This article contains only a brief explanation of this theoretical point. The most complete explanation is presented in Triplett (1997), but the reader should also refer to Jorgenson (1974, 1996). Triplett (1997, 31) discusses "the distinctions between the capital data needed for production analysis ... and the capital data needed for income and wealth accounting," concluding that "the crucial distinctions are between the wealth capital stock and the productive capital stock and between two related yet different declines in a cohort of capital goods as the cohort is employed in production—deterioration, the decline in productivity or efficiency of the cohort, and depreciation, the decline in the cohort's value." Replacement is the term used by Jorgenson to describe the investment necessary to offset the effects of what Triplett calls deterioration. In general, only when depreciation is geometric is the value of replacements equal to depreciation. This is because under a geometric assumption, the efficiency function and the age-price function are identical.

or equivalently,

$$\delta_{\text{new}} = (T_{\text{old}}/T_{\text{new}})\delta_{\text{old}}$$

Similarly, whenever BEA uses different service lives for different time periods, the geometric rate of depreciation,  $\delta$ , varies and is recalculated with the above formula.

The formula above presumes that the declining-balance rate  $R$  is not changing. Recall the question previously discussed of whether age-price profiles or retirement patterns have been changing over time. In addition, since  $T$ 's or service lives were used to center the retirement distribution when the Hulten-Wykoff used-asset prices were adjusted to correct for censored-sample bias, it presumes that a "re-centering" on the new service life would not significantly affect the estimate of  $R$ .<sup>39</sup>

Table 3 documents how the geometric rates of depreciation were calculated on the basis of the declining-balance rate and the service life of the asset as well as indicating the Hulten-Wykoff asset type. Hulten and Wykoff classified assets into one of three types—A, B or C (Hulten and Wykoff 1981b; Wykoff and Hulten 1979). Hulten and Wykoff had extensive data on type A assets. These data were used to estimate geometric rates of depreciation. For type B assets, there were some existing studies on depreciation, or some data existed. Hulten and Wykoff concluded that defensible estimates of the rate of geometric depreciation could not be generated based solely on the data. They used the results of empirical research by others—the treatment of depreciation by BEA, Dale Jorgenson, BLS, and Jack Faucett Associates (1973)—and their own judgement to determine the geometric rate of depreciation for type B assets on a case by case basis. For type C assets, Hulten and Wykoff had no data whatsoever. The average best-guess-assumption rates of declining-balance and service lives were used to calculate the geometric rate of depreciation as described in "Specifics of Hulten-Wykoff methodology" (Wykoff and Hulten 1979, 30–38).

### *Computers and computer peripherals, nuclear fuel, autos, and missiles*

An alternative approach to estimating depreciation is used when detailed data are currently available or when a geometric pattern seems inappropriate.

For computers and computer peripherals, Oliner's studies provide a solid base for

39. This is one of the issues discussed in Hulten and Wykoff (1996).

Table 3.—BEA Rates of Depreciation, Service Lives, Declining-Balance Rates, and Hulten-Wyckoff Categories

Type of asset	Rate of depreciation	Service life (years)	Declining-balance rate	Hulten-Wyckoff category <sup>1</sup>	Type of asset	Rate of depreciation	Service life (years)	Declining-balance rate	Hulten-Wyckoff category <sup>1</sup>
<b>Private nonresidential equipment</b>					Other structures <sup>20</sup> .....	.0227	40	.9100	A
Office, computing, and accounting machinery <sup>2</sup> :					Equipment <sup>23</sup> .....	.1500	11	1.6500	C
Before 1978 .....	0.2729	8	2.1832	B	<b>Durable goods owned by consumers<sup>24</sup></b>				
1978 and later .....	.3119	7	2.1832	B	Furniture, including mattresses and				
Communications equipment:					bedsprings .....	.1179	14	1.6500	B
Business services <sup>3</sup> .....	.1500	11	1.6500	C	Kitchen and other household appliances .....	.1500	11	1.6500	C
Other industries <sup>3</sup> .....	.1100	15	1.6500	C	China, glassware, tableware, and utensils <sup>25</sup> .....	.1650	10	1.6500	C
Instruments <sup>4</sup> .....	.1350	12	1.6203	C	Other durable house furnishings <sup>25</sup> .....	.1650	10	1.6500	C
Photocopy and related equipment <sup>5</sup> .....	.1800	9	1.6203	C	Video and audio products, computers and peripheral equipment, and musical instruments <sup>26</sup> .....	.1833	9	1.6500	B
Nuclear fuel <sup>6</sup> .....		4			Jewelry and watches <sup>25</sup> .....	.1500	11	1.6500	C
Other fabricated metal products <sup>7</sup> .....	.0917	18	1.6500	C	Ophthalmic products and orthopedic appliances <sup>25</sup> .....	.2750	6	1.6500	C
Steam engines and turbines <sup>8</sup> .....	.0516	32	1.6500	C	Books and maps <sup>25</sup> .....	.1650	10	1.6500	C
Internal combustion engines <sup>8</sup> .....	.2063	8	1.6500	C	Wheel goods, sports and photographic equipment, boats, and pleasure aircraft <sup>27</sup> .....	.1650	10	1.6500	C
Metalworking machines <sup>9</sup> .....	.1225	16	1.9600	A	Autos <sup>11</sup> .....				
Special industrial machinery, n.e.c. ....	.1031	16	1.6500	C	Other motor vehicles <sup>28</sup> .....	.2316	8	1.8530	A
General industrial, including materials handling equipment .....	.1072	16	1.7150	A	Tires, tubes, accessories, and other parts <sup>28</sup> .....	.6177	3	1.8530	A
Electrical transmission, distribution, and industrial apparatus .....	.0500	33	1.6500	C	<b>Government nonresidential equipment<sup>29</sup></b>				
Trucks, buses, and truck trailers:					<b>Federal:</b>				
Local and interurban passenger transit <sup>10</sup> .....	.1232	14	1.7252	A	<b>National defense:</b>				
Trucking and warehousing; and auto repair, services, and parking <sup>10</sup> .....	.1725	10	1.7252	A	<b>Aircraft:</b>				
Other industries .....	.1917	9	1.7252	A	<b>Airframes:</b>				
Autos <sup>11</sup> .....					Bombers .....	.0660	25	1.6500	C
Aircraft:					F-14 type .....	.0868	19	1.6500	C
Transportation by air, depository institutions, and business services:					Attack, F-15 and F-16 types .....	.0825	20	1.6500	C
Before 1960 .....	.1031	16	1.6500	C	F-18 type .....	.1100	15	1.6500	C
1960 and later .....	.0825	20	1.6500	C	Electronic warfare .....	.0717	23	1.6500	C
Other industries:					Cargo and trainers .....	.0660	25	1.6500	C
Before 1960 .....	.1375	12	1.6500	C	Helicopters .....	.0825	20	1.6500	C
1960 and later .....	.1100	15	1.6500	C	Engines .....	.2750	6	1.6500	C
Ships and boats .....	.0611	27	1.6500	B	Other:				
Railroad equipment .....	.0589	28	1.6500	C	Before 1982 .....	.1179	14	1.6500	C
Household furniture and fixtures <sup>12</sup> .....	.1375	12	1.6500	C	1982 and later .....	.1650	10	1.6500	C
Other furniture <sup>12</sup> .....	.1179	14	1.6500	C	Missiles: <sup>30</sup>				
Farm tractors <sup>13</sup> .....	.1452	9	1.3064	A	Strategic .....		20		
Construction tractors <sup>13</sup> .....	.1633	8	1.3064	A	Tactical .....		15		
Agricultural machinery, except tractors .....	.1179	14	1.6500	C	Torpedoes .....		15		
Construction machinery, except tractors .....	.1550	10	1.5498	A	Fire control equipment .....		10		
Mining and oil field machinery .....	.1500	11	1.6500	C	Space programs .....		20		
Service industry machinery:					Ships:				
Wholesale and retail trade <sup>14</sup> .....	.1650	10	1.6500	C	Surface ships .....	.0550	30	1.6500	C
Other industries <sup>14</sup> .....	.1500	11	1.6500	C	Submarines .....	.0660	25	1.6500	C
Household appliances <sup>15</sup> .....	.1650	10	1.6500	C	Government furnished equipment:				
Other electrical equipment <sup>16</sup> .....	.1834	9	1.6500	C	Electrical .....	.1834	9	1.6500	C
Other <sup>4</sup> .....	.1473	11	1.6230	C	Propulsion .....	.0825	20	1.6500	C
<b>Private nonresidential structures</b>					Hull, mechanical .....	.0660	25	1.6500	C
Industrial buildings .....	.0314	31	.9747	A	Ordnance .....	.1650	10	1.6500	C
Mobile offices <sup>17</sup> .....	.0566	16	.8892	A	Other .....	.1650	10	1.6500	C
Office buildings <sup>17</sup> .....	.0247	36	.8892	A	Vehicles:				
Commercial warehouses <sup>17</sup> .....	.0222	40	.8892	A	Tanks, armored personnel carriers, and other combat vehicles .....	.0825	20	1.6500	C
Other commercial buildings <sup>17</sup> .....	.0262	34	.8892	A	Noncombat vehicles:				
Religious buildings .....	.0188	48	.9024	C	Trucks .....	.2875	6	1.7252	C
Educational buildings .....	.0188	48	.9024	C	Autos <sup>31</sup> .....				
Hospital and institutional buildings .....	.0188	48	.9024	B	Other .....	.2465	7	1.7252	C
Hotels and motels <sup>18</sup> .....	.0281	32	.8990	B	Electronic equipment:				
Amusement and recreational buildings <sup>18</sup> .....	.0300	30	.8990	B	Computers and peripheral equipment <sup>32</sup> .....				
All other nonfarm buildings <sup>18</sup> .....	.0249	38	.8990	B	Electronic countermeasures .....	.2357	7	1.6500	C
Railroad replacement track <sup>19</sup> .....	.0275	38	.9480	B	Other .....	.1650	10	1.6500	C
Other railroad structures <sup>19</sup> .....	.0166	54	.9480	C	Other equipment:				
Telecommunications <sup>19</sup> .....	.0237	40	.9480	C	Medical .....	.1834	9	1.6500	C
Electric light and power <sup>19</sup> :					Construction .....	.1550	10	1.5498	C
Before 1946 .....	.0237	40	.9480	C	Industrial .....	.0917	18	1.6500	C
1946 and later .....	.0211	45	.9480	C	Ammunition plant .....	.0868	19	1.6500	C
Gas <sup>19</sup> .....	.0237	40	.9480	C	Atomic energy .....	.1375	12	1.6500	C
Petroleum pipelines <sup>19</sup> .....	.0237	40	.9480	C	Weapons and fire control .....	.1375	12	1.6500	C
Farm <sup>20</sup> .....	.0239	38	.9100	C	General .....	.1650	10	1.6500	C
Mining exploration, shafts, and wells:					Other .....	.1375	12	1.6500	C
Petroleum and natural gas <sup>21</sup> :					Nondense:				
Before 1973 .....	.0563	16	.9008	C	General government:				
1973 and later .....	.0751	12	.9008	C	Computers and peripheral equipment <sup>32</sup> .....				
Other <sup>21</sup> .....	.0450	20	.9008	C	Aerospace equipment .....	.1100	15	1.6500	C
Local transit <sup>22</sup> .....	.0237	38	.8990	C	Vehicles .....	.4533	5	2.2664	C
Other <sup>22</sup> .....	.0225	40	.8990	C	Other .....	.1650	10	1.6500	C
<b>Residential capital (private and government)</b>					Enterprises:				
1-to-4-unit structures-new <sup>20</sup> .....	.0114	80	.9100	A	U.S. Postal Service:				
1-to-4-unit structures-additions and alterations <sup>20</sup> .....	.0227	40	.9100	A	Computers and peripheral equipment <sup>32</sup> .....				
1-to-4-unit structures-major replacements <sup>20</sup> .....	.0364	25	.9100	A	Vehicles .....	.3238	7	2.2664	C
5-or-more-unit structures-new <sup>20</sup> .....	.0140	65	.9100	A	Other .....	.1100	15	1.6500	C
5-or-more-unit structures-additions and alterations <sup>20</sup> .....	.0284	32	.9100	A	Tennessee Valley Power Authority .....	.0500	33	1.6500	C
5-or-more-unit structures-major replacements <sup>20</sup> .....	.0455	20	.9100	A	Bonneville Power Authority .....	.0500	33	1.6500	C
Mobile homes <sup>20</sup> .....	.0455	20	.9100	A	Other .....	.0660	25	1.6500	C
					State and local:				
					Power tools, lawn and garden equipment .....	.1650	10	1.6500	C

estimating depreciation. His depreciation estimates are therefore used. For personal computers, a category of computers for which there are no studies of depreciation, the depreciation-rate estimate is proxied from a computer category he did study (Oliner 1992, 1993).

BEA has information on automobiles from which it has determined depreciation figures for both private nonresidential equipment and consumer durable autos.

For nuclear fuel, a geometric pattern does not seem appropriate. Nuclear fuel is assumed to depreciate at a straight-line rate, not a geometric rate, to reflect the pattern of rotation and replacement of nuclear fuel in the core. A Winfrey S-3 pattern is used to determine retirements.<sup>40</sup>

BEA has decided to continue to use a straight-line pattern of depreciation and Winfrey retire-

ment patterns for missiles, because of the special characteristics of this category of assets.

### Conclusion

The improvement in the methodology used in figuring depreciation is justified on empirical and theoretical grounds. The recent article "Improved Estimates of Fixed Reproducible Tangible Wealth, 1929-95" in the SURVEY OF CURRENT BUSINESS (Katz and Herman 1997) presents and discusses the new capital stock estimates. Results of current and future research can be used to refine and modify the rates listed in table 3, to further question the specific form of the depreciation profile, to adjust for quality differences across vintages, and to update service lives.

### References

Akerlof, George. 1970. "The Market for Lemons." *Quarterly Journal of Economics* (August): 488-500.

Table 3.—BEA Rates of Depreciation, Service Lives, Declining-Balance Rates, and Hulten-Wyckoff Categories—Continued

Type of asset	Rate of depreciation	Service life (years)	Declining-balance rate	Hulten-Wyckoff category <sup>1</sup>	Type of asset	Rate of depreciation	Service life (years)	Declining-balance rate	Hulten-Wyckoff category <sup>1</sup>
Miscellaneous metal products .....	.0917	18	1.6500	C	Aircraft .....	.1100	15	1.6500	C
Agricultural machinery and equipment .....	.1833	9	1.6500	C	Railroad equipment .....	.0590	28	1.6500	C
Construction machinery and equipment ....	.1650	10	1.6500	C	Sporting and athletic goods .....	.1650	10	1.6500	C
Metaworking machinery and equipment ...	.1031	16	1.6500	C	Photographic and photocopying equipment .....	.1650	10	1.6500	C
General purpose machinery and equipment .....	.1500	11	1.6500	C	Mobile classrooms, mobile offices, etc .....	.1650	10	1.6500	C
Special industry machinery and equipment .....	.1500	11	1.6500	C	Musical instruments .....	.1834	9	1.6500	C
Integrating and measuring instruments .....	.1375	12	1.6500	C	Other equipment .....	.1375	12	1.6500	C
Motors, generators, motor generator sets .....	.0516	32	1.6500	C	<b>Government nonresidential structures<sup>33</sup></b>				
Switchgear and switchboard equipment ....	.0500	33	1.6500	C	Federal, State and local:				
Electronic components and accessories ....	.1833	9	1.6500	C	National defense:				
Miscellaneous electrical machinery .....	.1375	12	1.6500	C	Buildings:				
Calculating and accounting machines .....	.2357	7	1.6500	C	Industrial .....	.0285	32	.9100	C
Typewriters .....	.2357	7	1.6500	C	Educational .....	.0182	50	.9100	C
Computers and peripheral equipment .....					Hospital .....	.0182	50	.9100	C
Machine shop products .....	.2063	8	1.6500	C	Other .....	.0182	50	.9100	C
Wood commercial furniture .....	.1179	14	1.6500	C	Nonbuildings:				
Metal commercial furniture .....	.1179	14	1.6500	C	Highways and streets .....	.0152	60	.9100	C
Household appliances .....	.1500	11	1.6500	C	Conservation and development .....	.0152	60	.9100	C
Home electronic equipment .....	.1500	11	1.6500	C	Sewer systems .....	.0152	60	.9100	C
Motor vehicles .....	.1650	10	1.6500	C	Water systems .....	.0152	60	.9100	C
Motorcycles .....	.1650	10	1.6500	C	Other .....	.0152	60	.9100	C

1. This column refers to Hulten-Wyckoff categories (Hulten and Wyckoff 1981b; Wyckoff and Hulten 1979). Type A assets are types of assets for which Hulten and Wyckoff specifically estimated age-price profiles. Type B assets are those for which they used empirical research by others and their judgement to estimate the depreciation rate. Type C assets are assets for which they estimated an average declining-balance rate from data for all type A and B assets.  
 2. The depreciation rate for this type of asset is not used for computers and peripheral equipment. Depreciation rates for these assets are taken from Oliner as described in the text.  
 3. The declining-balance rate is from the Hulten-Wyckoff communications equipment aggregate.  
 4. Instruments and other private nonresidential equipment, called producer durable equipment by Hulten-Wyckoff, are classified by them as type C but appear to be type B as they were given a declining-balance rate of 1.6203.  
 5. The declining-balance rate is from the Hulten-Wyckoff other producer durable equipment aggregate.  
 6. The depreciation rates for nuclear fuel are based on a straight-line rate pattern and a Winfrey retirement pattern.  
 7. The declining-balance rate is from the Hulten-Wyckoff fabricated metal products aggregate.  
 8. The declining-balance rate is from the Hulten-Wyckoff engines and turbines aggregate.  
 9. The depreciation rate and service life listed apply to nonmanufacturing industries; the service lives and depreciation rates used for manufacturing industries differ by industry. The Hulten-Wyckoff type of asset listed applies to all industries.  
 10. The declining-balance rate is from the Hulten-Wyckoff trucks, buses, and truck trailer aggregate.  
 11. Depreciation rates for autos are derived from data on new- and used-auto prices.  
 12. The declining-balance rate is from the Hulten-Wyckoff furniture and fixtures aggregate.  
 13. The declining-balance rate is from the Hulten-Wyckoff tractors aggregate.  
 14. The declining-balance rate is from the Hulten-Wyckoff service industry machinery aggregate.  
 15. The declining-balance rate is set to the Hulten-Wyckoff producer durable equipment default.  
 16. The declining-balance rate is from the Hulten-Wyckoff electrical equipment (not elsewhere classified) aggregate.  
 17. The declining-balance rate is from the Hulten-Wyckoff commercial aggregate.  
 18. The declining-balance rate is from the Hulten-Wyckoff other private nonresidential structures aggregate, which

consists of buildings used primarily for social and recreational activities and buildings not elsewhere classified.  
 19. The declining-balance rate is from the Hulten-Wyckoff public utilities aggregate.  
 20. The declining-balance rate is set to the Hulten-Wyckoff private nonresidential structures default.  
 21. The declining-balance rate is from the Hulten-Wyckoff mining exploration, shafts, and wells aggregate.  
 22. The declining-balance rate is from the Hulten-Wyckoff other private nonresidential structures aggregate, which consists of streets, dams and reservoirs, and sewer and water facilities.  
 23. The declining-balance rate is set to the Hulten-Wyckoff producer durable equipment default.  
 24. For all consumer durables except for motor vehicles and parts and computing equipment, the declining-balance rate is set to the Hulten-Wyckoff producer durable equipment default.  
 25. The corresponding Hulten-Wyckoff consumer durables category is other.  
 26. Depreciation rates for computers and peripheral equipment are taken from Oliner as described in the text of the article. The information listed applies to video and audio products and musical instruments. The corresponding Hulten-Wyckoff aggregate is radio and television receivers, recorders, and musical instruments. Radio and television receivers, recorders, and musical instruments are classified by Hulten-Wyckoff as type B but are indistinguishable from type C as their declining-balance rate is 1.65.  
 27. The corresponding Hulten-Wyckoff consumer durables category is wheel goods, durable toys, sports equipment.  
 28. The declining-balance rate is from the Hulten-Wyckoff motor vehicles and parts aggregate. The declining-balance rate for this category is calculated under the assumption that the service life for consumer durables motor vehicles and parts is equal to the service life for producer durable equipment autos previously used by BEA.  
 29. For most government nonresidential equipment, the declining-balance rate is set to the Hulten-Wyckoff producer durable equipment default. Where possible, the rate is set equal to the rate used for comparable equipment in the private sector.  
 30. Missiles are depreciated using straight-line patterns of depreciation and a Winfrey retirement pattern.  
 31. Depreciation rates for government-owned autos are derived from data on autos that are privately owned.  
 32. Depreciation rates for these assets are taken from Oliner as described in the text of the article.  
 33. For all government nonresidential structures, the declining-balance rate is set to the Hulten-Wyckoff private nonresidential structures default.

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# The International Investment Position of the United States in 1996

By Russell B. Scholl

Harlan W. King directed the preparation of the estimates; Christopher A. Gohrband prepared several of the accounts with the assistance of Dena A. Holland; Douglas B. Weinberg prepared the direct investment accounts at current cost.

**T**HE NET international investment position of the United States at yearend 1996 was -\$870.5 billion with direct investment valued at the current cost of tangible assets, and it was -\$831.3 billion with direct investment valued at the current stock-market value of owners' equity (table A, chart 1). For both measures, the value of foreign assets in the United States continued to exceed the value of U.S. assets abroad. However, for the direct investment component of the position valued on either basis, U.S. assets abroad continue to exceed foreign assets in the United States.

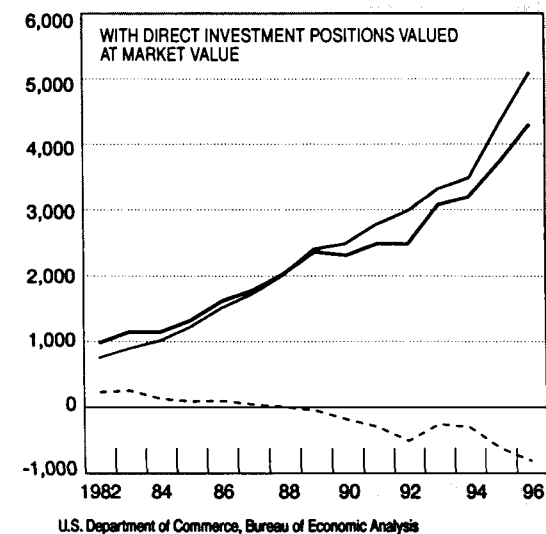
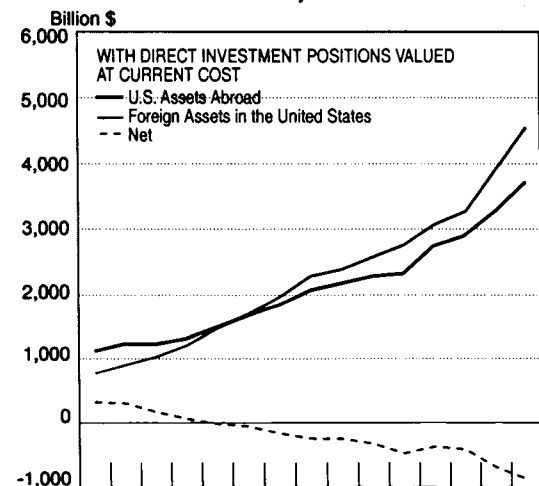
The net position on both bases became more negative as a result of large net capital inflows to the United States in 1996; valuation changes nearly offset each other (table B). A negative adjustment for net exchange rate changes mainly represented translation losses in U.S. assets denominated in Western European currencies and the Japanese yen, as these currencies declined against the U.S. dollar. A positive price change reflected a larger price appreciation in U.S. portfolio and direct investments in foreign stocks

than in corresponding foreign investments in U.S. stocks. Stock prices in all the major world markets except Japan's advanced strongly.

In 1996, U.S. assets abroad increased strongly, as large private capital outflows were augmented by substantial price appreciation in foreign

**CHART 1**

## Net International Investment Position of the United States, 1982-96



**Table A.—Summary Components of the U.S. Net Position**  
[Billions of dollars]

	1995	1996
Net position:		
At current cost .....	-687.7	-870.5
At market value .....	-637.5	-831.3
U.S. Government and foreign official assets .....	-420.5	-581.8
Direct investment:		
At current cost .....	229.8	241.7
At market value .....	280.0	281.0
U.S. and foreign securities and U.S. currency .....	-526.8	-692.3
Bank- and nonbank-reported claims and liabilities .....	29.8	141.8

**Table B.—Changes in the Net International Investment Position, 1996**  
[Billions of dollars]

	At current cost	At market value
Total change .....	-182.8	-193.8
Capital flows .....	-195.1	-195.1
Price changes .....	32.0	39.1
Exchange rate changes .....	-22.2	-46.3
Other valuation changes .....	2.4	8.6

stocks. U.S. banks and nonbanking concerns lent heavily to overseas banks and international bond mutual funds, especially during a surge in overseas demand for dollar loans in the second half of the year. U.S. direct investment abroad on a current-cost basis was boosted by record capital outflows, including record reinvested earnings from widespread growth in overseas affiliates' earnings. On a market-value basis, the direct-investment increase was augmented by a large increase in owners' equity as a result of widespread advances in overseas stock prices; partly offsetting were currency translation losses, primarily in European affiliates. The market value of U.S. portfolio holdings of foreign securities rose not only because of the advance in stock prices overseas, but also because of strong U.S. net purchases of foreign stocks and bonds.

Foreign assets in the United States increased mainly as a result of record capital inflows that included large net foreign purchases of U.S. Treasury, corporate, and federally-sponsored agency bonds, a large increase in foreign direct investment, and a large increase in foreign official assets. Foreign demand for U.S. bonds accelerated through the year; demand

was buoyed by a substantial widening in the differential between U.S. and foreign long-term interest rates, a second-half recovery in U.S. bond prices, and widespread strength of the U.S. dollar in exchange markets throughout the year. The foreign direct investment buildup reflected continued growth in foreign acquisitions of U.S. businesses and record reinvested earnings, as the sustained U.S. economic growth further strengthened affiliates' earnings. On a market-value basis, the direct-investment buildup also reflected the strong rise in U.S. stock prices. Foreign portfolio holdings of U.S. stocks also benefited from the rising U.S. stock market. These substantial increases in foreign private assets in the United States were augmented for the second straight year by a record buildup of foreign official assets, largely of U.S. Treasury securities.

This article presents the major changes in U.S. assets abroad and in foreign assets in the United States, including direct investment valued both at current cost and at market value. Tables 1, 2, and 3 at the end of the article present detailed estimates of the yearend position, showing a breakdown of the changes by account from 1995

### Data Improvements

As is customary each July, the estimates of the U.S. international investment position incorporate new source data and methodological improvements that relate to the changes incorporated in the annual revision of the U.S. international transactions accounts. This year, the following changes are introduced:

- The estimates of U.S. holdings of foreign bonds and stocks are revised to incorporate the results of the U.S. Treasury Department's new benchmark survey of U.S. portfolio investment abroad as of March 1994. This survey is the first such survey in more than 50 years, and its completion represents a major milestone in the multi-year program for statistical improvement developed jointly by BEA, the Treasury Department, and the Federal Reserve Board.

Based on the survey results, BEA's previous estimates of holdings of foreign securities at yearend 1993 are raised by \$302.9 billion, to \$853.6 billion. Holdings of foreign stocks are raised by \$241.1 billion, to \$543.9 billion: The understatement was widespread and was especially large for British stocks; the only overstatement was in Asian stocks other than Japanese stocks. Holdings of foreign bonds increased \$62.0 billion, to \$309.7 billion: The understatement was widespread; the only overstatement was in Canadian bonds.

- Estimates of foreign holdings of U.S. currency appear for the first time in the international position accounts of the United States. With this addition, BEA closes what had grown into a sizable gap in coverage in the international investment position and international transactions accounts. Currency flows do not appear in the international accounts of most countries because of the difficulties of accurate measurement. The estimates were developed by the Federal Reserve Board.

The new estimates added \$209.6 billion to foreign assets in the United States. These holdings of U.S. currency are classified as unallocated in the area breakdown in table 2, in as much as no country detail is available.

- Estimates of the foreign direct investment position in the United States for 1992 (on both the current-cost and market-value bases) have been revised to incorporate data collected in BEA's 1992 benchmark survey of foreign direct investment in the United States. For years after 1992, the estimates have been revised by extrapolating the 1992 universe data on the basis of data collected in BEA's quarterly sample surveys for 1993-96 and by incorporating new or adjusted data from those surveys.

For yearend 1992, the incorporation of the data from the benchmark survey increased the position \$1.1 billion on the current-cost basis and \$2.0 billion on the market-value basis. No area breakdown for either basis is available; however, for the position at historical cost, small upward revisions were made to investments by Latin America and the Middle East, and small downward revisions were made to investments by the United Kingdom and Japan.

- Currency translation gains and losses have been removed from certain banking transactions in the international transactions accounts to provide a more accurate measure of U.S. banks' international activity; they are now classified more appropriately as valuation adjustments in the investment position accounts.

For a further explanation of these changes, see "U.S. International Transactions, Revised Estimates for 1974-96" in this issue.

to 1996, aggregate estimates by area for 1995–96, and historical estimates for 1982–96, respectively.

This issue also contains a companion article, "Direct Investment Positions for 1996: Country and Industry Detail." The detailed estimates presented in that article are available only on a historical-cost basis.

### Changes in U.S. Assets Abroad

#### Bank claims

U.S. banks' claims increased \$96.0 billion, to \$864.1 billion, in 1996 (table C). The increase in claims was especially strong in the second half of the year, reflecting a surge in demand for dollar credits in the overseas interbank market and the step-up in foreign demand for U.S. securities. Most of the increase was accounted for by claims payable in dollars, which were augmented by a large increase in U.S. banks' customers' claims.

U.S. banks' own claims payable in dollars increased \$68.3 billion, to \$600.7 billion, mostly reflecting an increase in claims on their own foreign offices and unaffiliated banks. Interbank lending was particularly strong to banks in Europe, where in the second half of the year, general credit demands were swelled by financing demands for mergers and acquisitions and for purchases of U.S. securities. Lending to banks in Canada and in Asia excluding Japan occurred mostly in the first half of the year. Stepped-up bank lending to Latin America reflected the improved credit standing of several countries. A substantial increase in claims on the Caribbean reflected increased lending to international bond mutual funds by U.S. securities dealers during the bond rally in the fourth quarter. Claims on Japan, though large, changed little, as moderate economic activity and the continued financial difficulties of Japanese banks limited demand.

U.S. banks' customers' claims payable in dollars increased \$26.8 billion, to \$182.3 billion, as the customers' deposits at foreign banks increased to accommodate the rising overseas demand for dollar loans. In addition, customers continued

**Table C.—U.S. Claims Reported by U.S. Banks at Yearend**  
[Billions of dollars]

	1995	1996
Total bank-reported claims .....	788.1	864.1
Bank own claims, payable in dollars .....	532.4	600.7
On unaffiliated foreign banks .....	101.6	113.5
On own foreign offices .....	307.4	342.5
On other foreigners .....	123.4	144.7
Bank customer claims, payable in dollars .....	155.5	182.3
Total claims payable in foreign currencies .....	80.2	81.1

to invest strongly in foreign commercial paper placed in the U.S. market.

U.S. banks' foreign currency claims declined until the fourth quarter, when lending resumed and brought yearend total outstandings to \$81.1 billion, marginally higher than at the end of 1995.

#### Foreign securities

Between yearend 1995 and yearend 1996, U.S. holdings of foreign securities increased \$219.1 billion, to \$1,273.4 billion, as a result of strong net purchases and of large, widespread price appreciation in foreign stocks (table D). Partly offsetting these increases were exchange rate losses, mostly in securities denominated in Continental European currencies and the Japanese yen. These estimates incorporate the results of the new U.S. Treasury Department's Benchmark Survey of U.S. Ownership of Foreign Long-term Securities as of March 31, 1994.<sup>1</sup> Based on this survey, a ranking by country of issue of U.S. foreign portfolio holdings is presented in table E.

In 1996, U.S. holdings of foreign stocks increased \$176.4 billion, to \$875.5 billion, as

1. For more information, see "U.S. International Transactions, Revised Estimates for 1974–96," page 46.

**Table D.—Changes in U.S. Holdings of Foreign Securities, 1996**

[Billions of dollars]	
Total change .....	219.1
Net U.S. purchases .....	108.2
Price changes .....	118.6
Exchange rate changes .....	-7.7

**Table E.—U.S. Holdings of Foreign Securities Ranked by Largest Holdings, as of March 31, 1994**

[Billions of dollars]	
<b>Investments in Foreign Stocks</b>	
Total holdings .....	566.7
1 United Kingdom .....	99.7
2 Japan .....	99.4
3 Canada .....	39.7
4 Netherlands .....	38.1
5 Mexico .....	34.7
6 France .....	25.6
7 Germany .....	25.6
8 Switzerland .....	21.0
9 Hong Kong .....	17.5
10 Australia .....	16.9
<b>Investments in Foreign Bonds</b>	
Total holdings .....	303.6
1 Canada .....	68.5
2 Japan .....	31.8
3 Germany .....	22.1
4 United Kingdom .....	19.8
5 Italy .....	17.8
6 Mexico .....	16.8
7 France .....	16.7
8 Spain .....	10.7
9 Sweden .....	10.2
10 Australia .....	9.7

Source: The Treasury Department's Benchmark Survey of U.S. Ownership of Foreign Long-Term Securities.

near-record U.S. net purchases of \$58.8 billion were augmented by \$117.8 billion in price appreciation (table F). During the year, stock prices in most foreign markets rose strongly in response to widespread economic growth and to declining short-term interest rates. Additional factors contributing to the increase in the U.S. position in foreign stocks were U.S. investor participation in the privatization issues of several countries, the recovery of stock prices in emerging countries, and the efforts of U.S. institutional investors to further diversify their portfolio investments. Investments, mostly in Japanese stocks, slowed in the second half of the year.

- Holdings of European stocks increased 30 percent, primarily as a result of U.S. net purchases of \$31.2 billion and price appreciation of \$75.5 billion. Exchange rate changes were offsetting: Substantial appreciation in holdings of British stocks due to the rise of the pound over the U.S. dollar was offset by the effects of depreciation in the holdings of Continental European stocks as a result of the depreciation of these currencies against the dollar. U.S. purchases of stocks were strongest from Britain, Germany, France, Switzerland, and Italy, where market prices advanced 6 to 26 percent (according to Morgan Stanley's international stock market indexes). U.S. purchases were spurred by merger and acquisition activity, the prospects of the European monetary union, and strong corporate profits.
- Holdings of Japanese stocks, which account for 14 percent of total U.S. holdings of foreign stocks, declined \$2.1 billion mostly as a result of the depreciation of the Japanese yen against the U.S. dollar. Net purchases of \$9.6 billion, mostly in the first half of the year

when Japanese stock prices rose, partly offset the exchange rate depreciation. In the second half, stock prices and U.S. purchases fell, reflecting growing concerns about the strength and sustainability of Japan's economic recovery and the continuing problems in its finance industry.

- Holdings of Canadian stocks increased \$19.7 billion, or 42 percent. The increase consisted of \$14.5 billion in price appreciation, \$3.5 billion in net purchases, and \$1.7 billion in exchange rate appreciation. Market prices in Canada rose 30 percent.
- Holdings of other countries' stocks, mostly emerging countries' stocks, increased as stock prices and investor confidence recovered from concerns arising from the Mexican financial crisis in 1994. Holdings of Latin American stocks increased \$8.7 billion, reflecting \$2.0 billion in price appreciation, \$3.6 billion in net purchases, and \$3.1 billion in exchange rate appreciation. U.S. investments were boosted by privatization sales in Brazil. All other stock holdings increased \$26.4 billion in price appreciation, \$5.4 billion in exchange rate appreciation, and \$10.9 billion in net purchases. Most of these increases occurred in the stocks of Asian emerging countries, particularly those of Hong Kong where prices advanced 30 percent.

U.S. holdings of foreign bonds increased \$42.7 billion, to \$398.0 billion, reflecting \$49.4 billion in net purchases that was partly offset by \$7.5 billion in exchange rate depreciation of European and Japanese bonds (table G). U.S. institutional investors in search of high-yielding assets absorbed a large volume of newly issued foreign dollar bonds in the U.S. market, including many noninvestment grade foreign issues. Foreign

**Table F.—U.S. Holdings of Foreign Stocks by Major Area at Yearend**  
[Billions of dollars]

	1994	1995	1996
<b>Total holdings</b> .....	<b>586.6</b>	<b>699.1</b>	<b>875.5</b>
Western Europe .....	288.2	362.0	469.5
Of which: United Kingdom .....	108.8	137.6	185.4
France .....	26.7	31.3	42.8
Germany .....	27.3	31.7	40.4
Netherlands .....	41.8	52.9	64.8
Spain .....	13.0	17.7	22.8
Sweden .....	15.6	23.6	34.2
Switzerland .....	20.7	30.4	33.9
Canada .....	40.6	46.9	66.5
Japan .....	108.1	128.5	126.4
Latin America .....	37.9	32.0	40.7
Of which: Mexico .....	23.7	18.8	22.0
Other countries .....	111.8	129.7	172.4
Of which: Australia .....	19.3	21.8	26.1
Hong Kong .....	18.6	24.3	37.3

**Table G.—U.S. Holdings of Foreign Bonds by Major Area at Yearend**  
[Billions of dollars]

	1994	1995	1996
<b>Total holdings</b> .....	<b>303.1</b>	<b>355.3</b>	<b>398.0</b>
Western Europe .....	127.4	155.8	167.1
Of which: United Kingdom .....	21.8	28.6	29.8
France .....	22.3	27.4	28.0
Germany .....	17.1	20.9	24.5
Italy .....	17.1	17.2	17.1
Netherlands .....	11.1	13.5	15.1
Spain .....	11.6	14.2	15.0
Sweden .....	10.0	12.3	13.1
Canada .....	65.0	73.8	79.2
Japan .....	28.0	32.7	34.0
Latin America .....	41.5	44.2	40.7
Of which: Mexico .....	16.4	17.7	20.3
Other countries .....	41.2	48.8	77.0
Of which: Australia .....	9.2	11.1	12.6

new issues, at \$52.4 billion, approached the 1993 record. Emerging countries in Latin America and Asia accounted for over 60 percent of the new issues, more than double their new issues in 1995. Europeans and Canadians continued as large borrowers, though not as large as in 1995, as long-term interest-rate differentials against borrowing dollars increased in most of these countries. Net U.S. trading in other foreign bonds amounted to net sales of \$3.0 billion. The widening interest-rate differential in favor of U.S. bonds slowed U.S. diversification into most foreign bonds, with the notable exception of British gilt-edged bonds. Net U.S. purchases from the United Kingdom became large in the second half of the year, when U.S. interest rates fell more than British rates.

#### *U.S. direct investment abroad and other private assets*

U.S. direct investment abroad at current cost increased \$86.5 billion, to \$970.8 billion; at market value, it increased \$222.6 billion, to \$1,534.6 billion (table H). Net capital outflows exceeded the strong outflows of 1995. By account, reinvested earnings increased to a record high, reflecting record profits of foreign affiliates and a continued high rate of reinvestment; net equity outflows slowed but remained strong due to numerous mergers and acquisitions; and net intercompany debt shifted to an outflow, as U.S.-parent firms cut back borrowing from their finance affiliates overseas. The strong outflows reflected widespread economic growth, especially in Europe and emerging Asian countries, and economic recovery in several Latin American countries.

At current cost, the direct investment position increased mostly as a result of capital outflows; valuation adjustments were small and offsetting. At market value, the increase in the position due to capital outflows was augmented by a substantial increase in U.S. owners' equity as a result of the worldwide rise in stock prices. In Europe, where 50 percent of U.S. investments are located, the rise in stock prices averaged 20 per-

cent, ranging from 6 percent in Italy to 40 percent in Sweden (according to Morgan Stanley's international indexes); in several of the emerging countries, stock prices recovered substantially. These increases were partly offset by negative exchange rate changes, mostly in Continental Europe.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$61.1 billion, to \$369.1 billion, as these U.S. firms sharply accelerated their overseas deposits in the second half of the year. The acceleration, mostly in dollar deposits in European and Caribbean banks, represented funding to meet the surge in overseas demand for bank credit.

#### *U.S. official reserve assets and other U.S. Government assets*

U.S. official reserve assets declined \$15.3 billion, to \$160.7 billion. Foreign-currency holdings decreased \$10.8 billion; holdings of pesos declined as Mexico repaid \$8.3 billion in short-term and medium-term swap arrangements with U.S. authorities, and holdings of Japanese yen and German marks decreased as these currencies depreciated against the dollar.

Other U.S. Government assets increased \$0.7 billion, to \$82.6 billion; long-term credits extended exceeded repayments.

### **Changes in Foreign Assets in the United States**

#### *Foreign official assets*

Foreign official assets in the United States increased \$126.7 billion, to \$805.1 billion; record capital inflows accounted for most of the increase. These inflows represented acquisitions of dollars through exchange market intervention and investment of the unused proceeds of funds borrowed by governments in the international markets during the year. Dollar placements were mainly in U.S. Treasury securities: Industrial countries accounted for \$65.5 billion, and developing countries, mainly in Latin America and Asia, for \$56.9 billion.

#### *Bank liabilities*

U.S. banks' liabilities to private foreigners and international financial institutions increased \$6.5 billion, to \$819.9 billion, reflecting a further reduction in U.S. banks' use of foreign funds

**Table H.—Changes in U.S. Direct Investment Abroad, 1996**  
(Billions of dollars)

	At current cost	At market value
<b>Total change</b> .....	<b>86.5</b>	<b>222.6</b>
Capital outflows .....	87.8	87.8
Equity capital .....	21.6	21.6
Intercompany debt .....	8.3	8.3
Reinvested earnings .....	57.9	57.9
Price changes .....	7.4	153.9
Exchange rate changes .....	-4.7	-28.4
Other valuation changes .....	-4.0	9.4



(table I). U.S. banks borrowed little from overseas until a surge in domestic and foreign demand for bank credit late in the year. Through much of the year, the growth in domestic deposits provided banks with ample funding and enabled banks to pay down their liability positions with their own foreign offices. Late in the year, banks in the United States, especially foreign-owned banks, financed strong growth in loans by supplementing domestic funds with large-scale borrowing from their overseas offices. Japanese-owned banks in the United States, which made large loan repayments, were the exception.

Foreign-owned banks in the United States, which accounted for much of the increase in interbank liabilities, borrowed heavily from their home offices in Europe and Canada and affiliated offices in the Caribbean, particularly in the fourth quarter, to fund their heavy domestic and foreign lending. This borrowing was partly offset by Japanese banks' large net repayments to their offices abroad throughout much of the year. U.S.-owned banks also borrowed in the fourth quarter, mostly from their own foreign offices in the United Kingdom and the Caribbean; however, this borrowing was not enough to keep net repayments to those offices earlier in the year from resulting in a decline in their interbank liabilities.

Liabilities to nonbank foreigners increased \$14.5 billion, to \$116.5 billion, reflecting a widening of the short-term interest-rate differentials that favored dollar deposits and the strong exchange value of the dollar in the second half of the year. Large inflows came from the United Kingdom, Canada, Japan, and international financial institutions.

U.S. banks' foreign-currency liabilities declined \$5.9 billion, to \$103.8 billion, mostly because of repayments to Western Europe and Japan. This cutback in funding coincided with a sharp reduction in foreign-currency lending by U.S. banks.

Custody liabilities reported by U.S. banks increased \$2.7 billion, to \$36.6 billion. Repayments by U.S. nonbank customers early in the year were

more than offset by a surge in their borrowing in the second half, mainly from banks in the Caribbean and the United Kingdom.

*U.S. Treasury securities*

Foreign holdings of U.S. Treasury securities by both private foreigners and international financial institutions increased \$141.2 billion, to \$530.6 billion (table J). Net purchases of U.S. Treasury bonds reached a record that was two-thirds higher than the previous record in 1995. A negative price adjustment reflected a drop in bond prices in the first half of the year that was not fully offset by a recovery in prices in the second half. Foreign purchases of Treasury bonds accelerated throughout the year, as the U.S. interest-rate differential in favor of Treasury bonds widened substantially and as the dollar remained strong. The U.S.-Japanese long-term interest-rate differential reached a 7-year high of over 400 basis points, which induced heavy demand from Japan and other countries in Asia. Purchases from the United Kingdom and international bond funds in the Caribbean were especially strong during the second half, when U.S. bond prices rallied.

By country, Japan and the United Kingdom are the largest investors in foreign official and private holdings of U.S. Treasury securities (table K).

*U.S. currency*

Foreign holdings of U.S. currency increased \$17.3 billion, to \$209.6 billion, or 53 percent of U.S. currency outstanding at yearend 1996. These newly introduced estimates of foreign holdings indicate that overseas demand for U.S. currency has strengthened considerably in the 1990's,

**Table I.—U.S. Liabilities Reported by U.S. Banks at Yearend**  
[Billions of dollars]

	1995	1996
<b>Total liabilities</b> .....	<b>813.4</b>	<b>819.9</b>
Bank own liabilities, payable in dollars .....	669.8	679.5
To unaffiliated foreign banks .....	171.5	181.5
To own foreign offices .....	396.3	401.5
To other foreigners .....	102.0	116.5
Bank custody liabilities .....	33.9	36.6
Total liabilities payable in foreign currencies .....	109.7	103.8

**Table J.—Changes in Foreign Holdings of U.S. Treasury Securities, 1996**  
[Billions of dollars]

Total change .....	141.2
Net foreign purchases .....	155.6
Price changes .....	-14.4
Exchange rate changes .....	0

**Table K.—Foreign Official and Private Holdings of U.S. Treasury Securities by Country, as of December 31, 1996**  
[Billions of dollars]

1	Total holdings .....	1,109.5
2	Japan .....	276.0
3	United Kingdom .....	188.5
4	Germany .....	72.1
5	Netherlands Antilles .....	63.2
6	Peoples Republic of China .....	46.6
7	Spain .....	45.5
8	Singapore .....	38.5
9	Hong Kong .....	33.2
10	Taiwan .....	31.7
	Middle Eastern oil-exporters .....	31.5

mostly as a result of economic and political upheavals in several areas. No country detail of these currency holdings is available.<sup>2</sup>

#### Other U.S. securities

Foreign holdings of U.S. securities, other than U.S. Treasury securities, increased \$226.0 billion, to \$1,225.5 billion. The increase reflected the record net purchases of U.S. corporate and agency bonds and the large price appreciation of U.S. stocks (table L). Despite the swing in U.S. long-term interest rates—rising steeply early in the year and falling in the second half—the change in the differential against most major foreign bond markets increased in favor of U.S. investments. This yield advantage was augmented by the dollars' strength against most major currencies during the year.

Foreign holdings of U.S. bonds increased \$120.0 billion, to \$654.1 billion, as foreign buying outpaced the record buying in 1995 by 50 percent. In response to this strong foreign demand, U.S. corporations issued a near-record \$53.4 billion in new bonds overseas; issues of fixed-rate bonds slowed, but issues of floating-rate bonds and of asset-backed bonds accelerated. Foreigners accelerated investments in U.S. federally-sponsored agency bonds to a record \$44.6 billion; some of these bonds were newly issued abroad by U.S. corporations that have sought to diversify their sources of funds in the past 2 years. Foreign investments in other outstanding U.S. corporate bonds also accelerated to \$23.2 billion, following small net sales in the past 2 years.

Foreign holdings of U.S. stocks increased \$105.9 billion, to \$571.3 billion, reflecting \$93.3 billion in price appreciation and \$12.6 billion in net foreign purchases. Foreign purchases in the last 2 years have been moderate in comparison with the very strong rises in U.S. stock market prices—34 percent in 1995 and 20 percent in 1996 (according to Standard and Poor's combined index of 500

2. For more information about the new estimates, see "U.S. International Transactions, Revised Estimates for 1974-96," page 48.

**Table L.—Changes in Foreign Holdings of Other U.S. Securities, 1996**  
[Billions of dollars]


Total change .....	226.0
Net foreign purchases .....	133.8
Price changes .....	94.0
Exchange rate changes .....	-1.9

stocks). Notwithstanding the moderate pace of foreigners' purchases in those 2 years, the gains in foreign holdings were considerable, adding over 60 percent to the value of their investments. Western Europeans, who accounted for half of the 1996 net purchases, slowed their purchases from those in 1995. Net purchases by financial centers in the Caribbean and in Asia excluding Japan also slowed.

#### Foreign direct investment in the United States and other liabilities

Foreign direct investment in the United States at current cost increased \$74.6 billion, to \$729.1 billion; at market value, it increased \$221.7 billion, to \$1,253.6 billion (table M). At current cost, net capital inflows more than accounted for the total change. At market value, capital inflows were augmented by substantial price appreciation in owners' equity as a result of the steep rise in U.S. stock prices. These estimates incorporate the results of BEA's 1992 benchmark survey of foreign direct investment in the United States.<sup>3</sup> In 1996, net capital inflows reached a record high. By account, net equity inflows approached their 1990 peak, reflecting continued growth in acquisitions of U.S. businesses, and record reinvested earnings reflected the favorable effect on U.S. affiliates' earnings of the sustained economic growth in the United States; in contrast, net intercompany debt inflows were slightly lower than in 1995.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$38.6 billion, to \$271.5 billion, principally reflecting U.S. corporations' borrowing from banks in the Caribbean and the United Kingdom after midyear.

Tables 1 through 3 follow. 

3. For more information, see "U.S. International Transactions, Revised Estimates for 1974-96," page 50.

**Table M.—Changes in Foreign Direct Investment in the United States, 1996**  
[Billions of dollars]

	At current cost	At market value
Total change .....	74.6	221.7
Capital inflows .....	77.0	77.0
Equity capital .....	53.0	53.0
Intercompany debt .....	11.8	11.8
Reinvested earnings .....	12.2	12.2
Price changes .....	5.4	144.8
Exchange rate changes .....	-4	0
Other valuation changes .....	-7.4	-1

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

[Millions of dollars]

Line	Type of investment	Position 1995 <sup>P</sup>	Changes in position in 1996 (decrease (-))				Total (a+b+c+d)	Position 1996 <sup>P</sup>
			Attributable to:					
			Capital flows (a)	Valuation adjustments				
				Price changes (b)	Exchange rate changes <sup>1</sup> (c)	Other changes <sup>2</sup> (d)		
1	<b>Net international investment position of the United States:</b>							
2	With direct investment positions at current cost (line 3 less line 24) ...	-687,702	-195,111	32,038	-22,195	2,446	-182,822	-970,524
	With direct investment positions at market value (line 4 less line 25)	-637,480	-195,111	39,063	-46,339	8,564	-193,823	-831,303
	<b>U.S. assets abroad:</b>							
3	With direct investment positions at current cost (lines 5+10+15) .....	3,272,731	352,444	121,367	-21,849	-3,964	447,998	3,720,729
4	With direct investment positions at market value (lines 5+10+16) .....	3,700,432	352,444	267,858	-45,567	9,373	584,108	4,284,540
5	U.S. official reserve assets .....	176,061	-6,668	-4,581	-4,073		-15,322	160,739
6	Gold .....	101,279		<sup>3</sup> -4,581		-4,581	96,698	
7	Special drawing rights .....	11,037	-370		-355		-725	10,312
8	Reserve position in the International Monetary Fund .....	14,649	1,280		-494		786	15,435
9	Foreign currencies .....	49,096	-7,578		-3,224		-10,802	38,294
10	U.S. Government assets, other than official reserve assets .....	81,897	690		-34	1	657	82,554
11	U.S. credits and other long-term assets <sup>4</sup> .....	79,958	796		-1	1	796	80,754
12	Repayable in dollars .....	79,178	846			-12	834	80,012
13	Other <sup>5</sup> .....	780	-50		-1	13	-38	742
14	U.S. foreign currency holdings and U.S. short-term assets .....	1,939	-106		-33		-139	1,800
15	U.S. private assets:							
16	With direct investment at current cost (lines 17+19+22+23) .....	3,014,773	358,422	125,948	-17,742	-3,965	462,663	3,477,436
	With direct investment at market value (lines 18+19+22+23) .....	3,442,474	358,422	272,439	-41,460	9,372	586,773	4,041,247
	Direct investment abroad:							
17	At current cost .....	884,290	87,813	7,375	-4,726	-3,954	86,508	970,798
18	At market value .....	1,311,991	87,813	153,866	-28,444	9,383	222,618	1,534,609
19	Foreign securities .....	1,054,352	108,189	118,573	-7,675		219,087	1,273,439
20	Bonds .....	355,284	49,403	806	-7,521		42,688	397,972
21	Corporate stocks .....	699,068	58,786	117,767	-154		176,399	875,467
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	307,982	64,234		-3,161		61,073	369,055
23	U.S. claims reported by U.S. banks, not included elsewhere .....	768,149	98,186		-2,180	-11	95,995	864,144
24	Foreign assets in the United States:							
25	With direct investment at current cost (lines 26+33) .....	3,960,433	547,555	89,329	346	-6,410	630,820	4,591,253
	With direct investment at market value (lines 26+34) .....	4,337,912	547,555	228,795	772	809	777,931	5,115,843
26	Foreign official assets in the United States .....	678,451	122,354	4,345		-1	126,698	805,149
27	U.S. Government securities .....	498,906	115,634	-4,333			111,301	610,207
28	U.S. Treasury securities .....	471,508	111,253	-3,802			107,451	578,959
29	Other .....	27,398	4,381	-531			3,850	31,248
30	Other U.S. Government liabilities <sup>7</sup> .....	25,225	720			-1	719	25,944
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	107,394	4,722				4,722	112,116
32	Other foreign official assets .....	46,926	1,278	8,678			9,956	56,882
33	Other foreign assets:							
34	With direct investment at current cost (lines 35+37+38+39+42+43) .....	3,281,982	425,201	84,984	346	-6,409	504,122	3,786,104
	With direct investment at market value (lines 36+37+38+39+42+43) .....	3,659,461	425,201	224,450	772	610	651,233	4,310,694
35	Direct investment in the United States:							
36	At current cost .....	654,502	76,955	5,356	-426	-7,335	74,550	729,052
37	At market value .....	1,031,981	76,955	144,822		-116	221,661	1,253,642
38	U.S. Treasury securities .....	389,383	155,578	-14,411			141,167	530,550
39	U.S. currency .....	192,300	17,300				17,300	209,600
40	U.S. securities other than U.S. Treasury securities .....	999,537	133,798	94,039	-1,887		225,950	1,225,487
41	Corporate and other bonds .....	534,116	121,194	721	-1,887		120,028	654,144
42	Corporate stocks .....	465,421	12,604	93,318			105,922	571,343
43	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	232,891	31,786		5,932	926	38,644	271,535
	U.S. liabilities reported by U.S. banks, not included elsewhere .....	813,369	9,784		-3,273		6,511	819,880

<sup>P</sup> Preliminary.  
<sup>R</sup> Revised.  
1. Represents gains or losses on foreign-currency-denominated assets due to their revaluation at current exchange rates.  
2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.  
3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.  
4. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.  
5. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.  
6. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

Table 2.—U.S. Assets Abroad and Foreign Assets in the United States by Area

[Millions of dollars]

Line	Type of investment	Amounts outstanding, by area									
		Western Europe		Canada		Japan		Latin America and Other Western Hemisphere		Other countries, international organizations, and unallocated <sup>1</sup>	
		1995 <sup>P</sup>	1996 <sup>P</sup>	1995 <sup>P</sup>	1996 <sup>P</sup>	1995 <sup>P</sup>	1996 <sup>P</sup>	1995 <sup>P</sup>	1996 <sup>P</sup>	1995 <sup>P</sup>	1996 <sup>P</sup>
<b>U.S. assets abroad:</b>											
1	U.S. official reserve assets .....	21,089	20,261	.....	.....	16,207	14,533	11,800	3,500	126,965	122,445
2	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	101,279	96,698
3	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	11,037	10,312
4	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	14,649	15,435
5	Foreign currencies .....	21,089	20,261	.....	.....	16,207	14,533	11,800	3,500	.....	.....
6	U.S. Government assets, other than official reserve assets .....	7,186	6,859	6	-1	76	38	16,212	15,811	58,417	59,847
7	U.S. credits and other long-term assets <sup>2</sup> .....	7,261	6,892	.....	.....	.....	.....	16,169	15,728	58,528	58,134
8	Repayable in dollars .....	7,216	6,858	.....	.....	.....	.....	16,034	15,612	55,928	57,542
9	Other <sup>3</sup> .....	45	34	.....	.....	.....	.....	135	116	600	592
10	U.S. foreign currency holdings and U.S. short-term assets .....	-75	-33	6	-1	76	38	43	83	1,889	1,713
U.S. private assets:											
11	Direct investment abroad .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
12	Foreign securities .....	517,842	636,599	120,665	145,696	161,139	160,391	114,180	144,764	140,526	185,989
13	Bonds .....	155,826	167,094	73,793	79,235	32,683	34,004	55,490	69,095	37,492	48,544
14	Corporate stocks .....	362,016	469,505	46,872	66,461	128,456	126,387	58,690	75,669	103,034	137,445
15	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	116,905	144,006	11,711	13,015	2,741	3,100	159,313	190,243	17,312	18,691
16	U.S. claims reported by U.S. banks, not included elsewhere .....	241,812	282,417	41,251	52,292	100,584	95,102	297,369	326,204	87,133	108,129
<b>Foreign assets in the United States:</b>											
17	Foreign official assets in the United States .....	208,174	236,847	23,078	26,224	( <sup>5</sup> )	( <sup>5</sup> )	67,425	82,151	( <sup>5</sup> )	( <sup>5</sup> )
18	U.S. Government securities .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
19	U.S. Treasury securities .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
20	Other .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
21	Other U.S. Government liabilities <sup>7</sup> .....	5,159	5,845	238	197	2,500	2,573	570	460	16,758	16,869
22	U.S. liabilities reported by U.S. banks, not included elsewhere .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
23	Other foreign official assets .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
Other foreign assets in the United States:											
24	Direct investment in the United States .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
25	U.S. Treasury securities .....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
26	U.S. currency .....	.....	.....	.....	.....	.....	.....	.....	.....	192,300	209,600
27	U.S. securities other than U.S. Treasury securities .....	602,293	734,381	92,461	112,977	111,398	132,280	110,946	148,030	82,439	97,819
28	Corporate and other bonds .....	346,870	421,429	20,023	23,947	67,909	80,634	59,538	80,540	39,776	47,594
29	Corporate stocks .....	255,423	312,952	72,438	89,030	43,489	51,646	51,408	67,490	42,663	50,225
30	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	47,789	82,140	2,119	2,770	8,905	10,539	148,469	148,490	25,609	27,596
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )
<b>Addenda:</b>											
1	U.S. Treasury securities, foreign official plus private holdings (lines 19 + 25, above) .....	309,497	413,923	25,220	25,813	223,750	276,044	91,574	123,521	210,850	270,208
2	U.S. liabilities reported by U.S. banks, foreign official plus private (lines 22 + 31, above) .....	335,480	350,312	28,370	38,074	86,840	59,164	346,252	363,544	123,821	120,902

<sup>P</sup> Preliminary.<sup>R</sup> Revised.

1. Includes U.S. gold stock valued at market price.

2. Also includes paid-in capital subscription to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

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

4. Positions at current costs or market value are not available by area; country detail are available only at historical costs in the article "Direct Investment Positions on a Historical Cost Basis, 1996; Country and Industry Detail," elsewhere in this issue of the SURVEY.

5. Details are not shown separately.

6. Details not shown separately are included in totals in line 17.

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



# Direct Investment Positions for 1996

## Country and Industry Detail

By Sylvia E. Bargas

**T**HE DETAILED estimates by country and industry of the direct investment positions of the United States, which are presented in this article, are prepared only on the basis of historical cost; thus, these estimates reflect prices at the time of investment rather than prices of the current period.<sup>1</sup> In contrast, the estimates of the direct investment positions presented elsewhere in this issue are on a current-cost and a market-value basis; those estimates are conceptually and analytically superior to the historical-cost estimates, but they are available only at an aggregate level.<sup>2</sup> For perspective, table 1 shows the aggregate direct investment positions on all three valuation bases.

On a historical-cost basis, the position for U.S. direct investment abroad (USDIA) grew 11 percent in 1996, and the position for foreign direct investment in the United States (FDIUS) grew 12 percent. The strong growth in both measures was largely attributable to favorable economic con-

ditions in the United States and in a number of foreign countries. Robust earnings by affiliates generated readily available financing in the form of reinvested earnings, and strong earnings by parents reduced the need to draw funds from affiliates and—particularly for FDIUS—provided a source of funds for mergers and acquisitions. In addition, USDIA was spurred by new investment opportunities abroad resulting from privatizations of government-owned enterprises.

As in previous years, the largest component of capital outflows for USDIA was reinvested earnings, which tend to be used mainly to finance the ongoing operations of foreign affiliates.<sup>3</sup> The largest component of capital inflows for FDIUS continued to be equity capital, which includes capital contributions to existing U.S. affiliates and funds used to acquire and establish new U.S. affiliates.<sup>4</sup> To some extent, this difference in composition reflects the greater average maturity of foreign affiliates relative to U.S. affiliates and the relatively greater role of acquisitions in recent growth in FDIUS. Many foreign affiliates of U.S. companies were acquired or established decades ago and can now be sustained largely through

1. Historical cost is the basis used for valuation in company accounting records in the United States, and it is the only basis on which companies can report data in the direct investment surveys conducted by BEA. For consistency, the estimates of earnings and reinvested earnings used in analyzing changes in the historical-cost positions are also on this basis and are not adjusted to current cost; country and industry detail for these items, like the positions, is not available with such an adjustment.

2. See "The International Investment Position of the United States in 1996" in this issue.

3. A foreign affiliate is a foreign business enterprise in which a single U.S. investor owns at least 10 percent of the voting securities, or the equivalent.

4. A U.S. affiliate is a U.S. business enterprise in which a single foreign investor owns at least 10 percent of the voting securities, or the equivalent.

**Table 1.—Alternative Direct Investment Position Estimates, 1995 and 1996**  
[Millions of dollars]

Valuation method	Position at year-end 1995 <sup>a</sup>	Changes in 1996			Position at year-end 1996 <sup>a</sup>
		Total	Capital flows	Valuation adjustments	
<b>U.S. direct investment abroad:</b>					
Historical cost .....	717,554	78,940	85,561	-6,620	796,494
Current cost .....	884,290	86,508	87,812	-1,304	970,798
Market value .....	1,311,991	222,617	87,812	134,805	1,534,609
<b>Foreign direct investment in the United States:</b>					
Historical cost .....	560,850	69,195	78,828	-9,633	630,045
Current cost .....	654,502	74,550	76,955	-2,405	729,052
Market value .....	1,031,981	221,661	76,955	144,706	1,253,642

<sup>a</sup> Preliminary.  
<sup>b</sup> Revised.

### Acknowledgments

The survey from which the data for the U.S. direct investment position abroad were drawn was conducted under the supervision of Mark W. New, assisted by Laura A. Downey, Javier J. Hodge, Marie K. Laddomada, Sherry Lee, Leila C. Morrison, Gary M. Solamon, Dwayne Torney, and Wendy P. Warcholik. Smith W. Allnutt III programmed the tables.

The survey from which the data for the foreign direct investment position in the United States were drawn was conducted under the supervision of Gregory G. Fouch, assisted by Peter J. Fox, Nancy F. Halvorson, Tracy K. Leigh, Beverly E. Palmer, and Linden L. Webber. Karen E. Poffel programmed the tables.

the retention of their own earnings. In contrast, U.S. affiliates of foreign companies tend to be of more recent vintage and to rely more heavily on contributions of equity capital from their foreign parents to build their operations.

**Benchmark revision of FDIUS estimates.**—The estimates of the FDIUS position for 1992 have been revised to incorporate data collected in BEA's 1992 benchmark survey of foreign direct investment in the United States, which covered the universe of FDIUS. For years after 1992, the estimates have been revised by extrapolating the 1992 universe data on the basis of data collected in BEA's quarterly sample survey and by incorporating new or adjusted data from that survey. The revisions for all of these years were small—1 percent or less for all countries and industries combined. Previously, the estimates for 1992 forward were extrapolated from the 1987 benchmark survey of FDIUS.<sup>5</sup>

### U.S. Direct Investment Abroad

The U.S. direct investment position abroad valued at historical cost—the book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates—was \$796.5 billion at yearend 1996 (table 2 and chart 1). The largest positions by far remained those in the United Kingdom (\$142.6 billion, or 18 percent of the total) and in Canada (\$91.6 billion, or 11 percent of the total) (table 3 and chart 2).

5. For additional information, see "U.S. International Transactions, Revised Estimates for 1974–96" in this issue. A more complete explanation of these revisions will accompany the presentation of the detailed estimates of the FDIUS position scheduled to be published in the September 1997 SURVEY OF CURRENT BUSINESS.

**Table 2.—U.S. Direct Investment Position Abroad and Foreign Direct Investment Position in the United States on a Historical-Cost Basis, 1982–96**

Yearend	Millions of dollars		Percent change from preceding year	
	U.S. direct investment position abroad	Foreign direct investment position in the United States	U.S. direct investment position abroad	Foreign direct investment position in the United States
1982	207,752	124,677	.....	.....
1983	212,150	137,061	2.1	9.9
1984	218,093	164,583	2.8	20.1
1985	238,369	184,615	9.3	12.2
1986	270,472	220,414	13.5	19.4
1987	326,253	263,394	20.6	19.5
1988	347,179	314,754	6.4	19.5
1989	381,781	368,924	10.0	17.2
1990	430,521	394,911	12.8	7.0
1991	467,844	419,108	8.7	6.1
1992	502,063	423,130	7.3	1.0
1993	564,283	467,412	12.4	10.5
1994	640,320	496,539	13.5	6.2
1995	717,554	560,850	12.1	13.0
1996	796,494	630,045	11.0	12.3

P Preliminary.  
 \* Revised.

In 1996, the USDIA position increased \$78.9 billion, or 11 percent, compared with an increase of 12 percent in 1995 and an average increase of 10 percent in 1982–94. The following table shows the change in position in 1996 by the type of capital flow and valuation adjustment:<sup>6</sup>

[Billions of dollars]

Total	78.9
Capital outflows	85.6
Equity capital	21.6
Intercompany debt	8.3
Reinvested earnings	55.6
Valuation adjustments	-6.6
Currency translation	-4.9
Other	-1.7
of which:	
Capital gains and losses	4.1

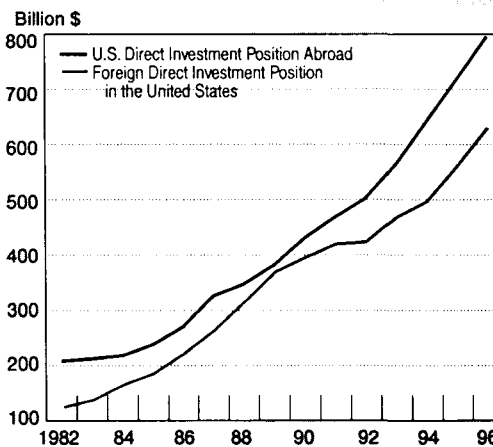
6. Valuation adjustments to the historical-cost position are made to reflect differences between changes in the position, measured at book value, and capital flows, measured at transactions value. Unlike the positions on a current-cost and market-value basis, no adjustment is made to reflect changes in the replacement cost of the tangible assets of affiliates or in the market value of parent companies' equity in affiliates. (However, as explained below, adjustments are made for realized capital gains and losses of affiliates, such as gains or losses on partial sales of affiliate assets.)

Currency-translation adjustments to the position are made to reflect changes in the exchange rates that are used to translate affiliates' foreign-currency-denominated assets and liabilities into U.S. dollars. The precise effects of currency fluctuations on translation adjustments depend on the value and currency composition of affiliates' assets and liabilities. Depreciation of foreign currencies against the dollar usually results in negative translation adjustments, because it tends to lower the dollar value of foreign-currency-denominated net assets. Similarly, appreciation of foreign currencies usually results in positive adjustments, because it tends to raise the dollar value of foreign-currency-denominated net assets.

"Other" valuation adjustments includes adjustments for differences between the proceeds from the sale or liquidation of affiliates by U.S. parents and the book values of the affiliates that are sold or liquidated, for differences between the purchase prices and the book values of affiliates that are acquired by U.S. parents, for writeoffs resulting from uncompensated expropriations of affiliates, and for capital gains and losses. Capital gains and losses represent the revaluation of the assets of ongoing affiliates for reasons other than exchange-rate changes, such as the partial sale of those assets for an amount different from their historical cost.

### CHART 1

#### Direct Investment Positions on a Historical-Cost Basis, 1982–96



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





Most—nearly two-thirds—of capital outflows in 1996 were accounted for by reinvested earnings, which were up \$3.2 billion from 1995. The remainder were accounted for by net equity capital outflows, which were down \$15.0 billion from 1995, and intercompany debt flows, which shifted \$12.2 billion, to outflows.

Reinvested earnings reflected record affiliate profits and a continued high rate of reinvestment. Affiliate profits in many countries were boosted by the large capital flows that have expanded the earnings base in recent years. In 1996, 60 percent of total earnings were reinvested, slightly below the 61-percent share of 1995 but well above the 36-percent average of 1982–94. If past relationships between growth in capital spending by affiliates and growth in earnings held in 1996, it seems likely that much of the reinvested earnings were used to finance capacity expansion by existing foreign affiliates.

The decrease in equity capital outflows was primarily due to a sharp drop in equity capital increases, as a number of multibillion-dollar mergers and acquisitions in 1995—mainly in pharmaceuticals, but also in utilities and telecommunications—were not matched by similar-sized transactions in 1996. Also contributing to the decrease in outflows was a rise in equity capital decreases (which are recorded as U.S. capital inflows); these decreases, which were concentrated in finance (except banking), insurance, and real estate (“FIRE”) and in petro-

leum, largely resulted from sales of affiliates by U.S. direct investors.

Merger and acquisition activity by U.S. direct investors, though lower than in 1995, occurred in a number of industries, particularly “other industries,” metals, and FIRE. As in 1995, several of the transactions in “other industries” and in FIRE involved acquisitions of energy providers and telephone companies. These acquisitions—in the United Kingdom, Australia, Belgium, and Brazil—were made in response to opportunities created by recent privatizations.

The shift to outflows in intercompany debt primarily reflected reduced borrowing by parents from their affiliates in FIRE, particularly from affiliates in the United Kingdom, Bermuda, and Japan.

*Changes by country*

The \$78.9 billion increase in the U.S. direct investment position abroad was spread among all major geographic areas. The largest increase by far was in Europe.

The following table shows major changes in the positions in 1996 by area and by country:

[Billions of dollars]

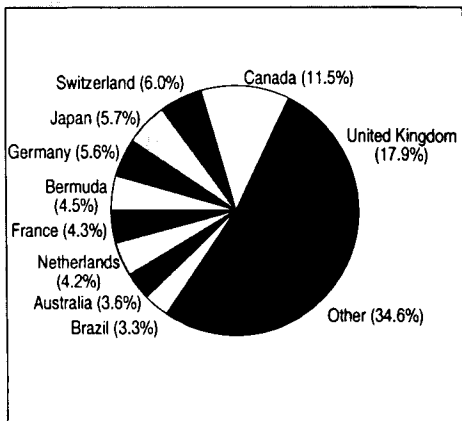
All countries .....	78.9
Europe .....	36.6
<i>of which:</i>	
United Kingdom .....	19.8
Netherlands .....	5.3
Ireland .....	3.3
Latin America and Other Western Hemisphere .....	16.0
<i>of which:</i>	
Bermuda .....	3.8
Mexico .....	2.8
Brazil .....	2.5
Panama .....	2.0
Asia and Pacific .....	14.6
<i>of which:</i>	
Australia .....	3.8
Hong Kong .....	1.8
Singapore .....	1.5
Canada .....	6.1

The position in Europe increased 11 percent and accounted for nearly one-half of the overall increase in the position worldwide. The increase resulted from capital outflows of \$45.3 billion that were partly offset by negative valuation adjustments of \$6.6 billion. Within Europe, more than one-half of the increase in the position was in the United Kingdom. Outside the United Kingdom, increases were largest in the Netherlands and Ireland.

In the United Kingdom, nearly one-half of the increase was in FIRE, where the increase was about evenly split among reinvested earnings, intercompany debt outflows, and equity capital

**CHART 2**

**U.S. Direct Investment Position Abroad, 1996: Host-Country Shares**



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

outflows. Equity capital outflows in FIRE funded the establishment of holding companies for the purpose of acquiring electric utility companies. Also contributing to the increase in position were reinvested earnings of manufacturing affiliates (particularly in industrial machinery and chemicals), loans to affiliates in petroleum and chemicals, and positive currency-translation adjustments (due to the dollar's depreciation against the British pound).

In the Netherlands, most of the increase was in FIRE and mainly reflected the reinvested earnings of holding companies (generated largely by operating affiliates located in other countries) that were partly offset by negative currency-translation adjustments.

The position in Ireland increased 40 percent—by far the fastest pace among the European countries. The increase reflected very strong earnings—85 percent of which were reinvested—by affiliates that mainly serve markets in other foreign countries. Reinvested earnings were largest in manufacturing—particularly in chemicals and electronic equipment—and in FIRE.

The position in Latin America and Other Western Hemisphere increased 12 percent as a result of capital outflows of \$14.3 billion and positive valuation adjustments of \$1.7 billion. Within the area, the largest increases were in Bermuda, Mexico, Brazil, and Panama. In Bermuda, the increase was mainly due to reinvested earnings and capital gains by affiliates in FIRE. Most of the increase in Mexico was in manufacturing; it reflected lending to affiliates in food and reinvested earnings by affiliates in chemicals. In Brazil, the increase reflected reinvested earnings of manufacturing affiliates and acquisitions of electric utilities in “other industries.” In Panama, the increase reflected capital gains and reinvested earnings among affiliates in FIRE.

The position in Asia and Pacific increased 12 percent as a result of capital outflows of \$14.8 billion. Within Asia and Pacific, the largest increase was in Australia and reflected valuation adjustments in banking and acquisitions of electric utility companies in “other industries.” Increases were also large in Hong Kong and Singapore. In Hong Kong, the increase was mainly due to reinvested earnings by affiliates in FIRE, wholesale trade, and electronic equipment. In Singapore, almost all of the increase resulted from reinvested earnings—particularly in electronic equipment, FIRE, industrial machinery, and petroleum.

The increase in the position in Canada was the second-largest dollar increase of any country, despite a relatively low growth rate of 7 percent. The increase was more than accounted for by reinvested earnings, which were largest in transportation equipment, FIRE, petroleum, and “other manufacturing.” Also contributing to the increase were large acquisitions of mining and waste management businesses in “other industries.”

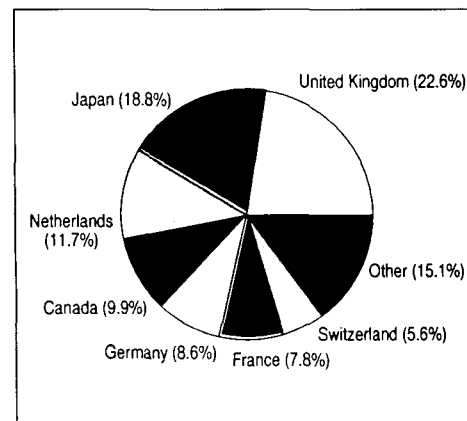
### Foreign Direct Investment in the United States

The foreign direct investment position in the United States valued at historical cost—the book value of foreign direct investors' equity in, and net outstanding loans to, their U.S. affiliates—was \$630.0 billion at the end of 1996 (table 2 and chart 1). More than one-half of the position was accounted for by three countries—the United Kingdom, Japan, and the Netherlands. The United Kingdom's position remained the largest (\$142.6 billion, or 23 percent of the total). Japan's position was the second largest (\$118.1 billion, or 19 percent), and the Netherlands position was the third largest (\$73.8 billion, or 12 percent) (table 4 and chart 3).

In 1996, the FDIUS position increased \$69.2 billion, or 12 percent, following an increase of 13 percent in 1995 and an average increase of 12 percent in 1982–94. The increase in the position in 1996 was mainly due to the continued strength

**CHART 3**

### Foreign Direct Investment Position in the United States, 1996: Parent-Country Shares



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

of the U.S. economy, which attracted new investments from abroad and which expanded the earnings existing U.S. affiliates could draw on to finance growth. In addition, continued economic expansion in certain major investor countries, such as the United Kingdom and Japan, may have increased the ability of parent companies in those countries to make new acquisitions and contribute additional capital to their existing U.S. affiliates and may have reduced their need to draw funds from their affiliates.

Factors specific to particular industries and to corporate restructuring in the United States also contributed to the increase in the position. Rapid market growth in high technology and information-related industries encouraged acquisitions in these industries. Corporate restructuring has led many companies to shed units that were either unprofitable or unrelated to their main lines of business, thereby creating new investment opportunities for foreign investors. These last two factors had an even more

**Table 4.—Foreign Direct Investment Position in the United States on a Historical-Cost Basis at Yearend**  
(Millions of dollars)

	1995								1996									
	All industries	Petroleum	Manufacturing	Trade	Depository institutions	Finance, except depository institutions	Insurance	Real estate	Other industries	All industries	Petroleum	Manufacturing	Trade	Depository institutions	Finance, except depository institutions	Insurance	Real estate	Other industries
All countries .....	560,850	33,888	213,025	79,138	34,076	82,369	50,975	29,704	57,875	630,045	42,343	234,323	92,945	31,903	70,185	59,566	30,118	68,061
Canada .....	48,258	3,220	19,588	3,821	1,695	6,964	5,241	2,276	5,571	53,845	3,577	22,031	4,004	2,296	5,451	7,056	2,487	6,941
Europe .....	357,193	24,527	156,258	32,842	19,035	33,656	40,613	11,890	38,573	410,425	30,560	172,501	43,761	16,909	43,046	46,776	11,456	45,416
Austria .....	1,555	(D)	252	(D)	(D)	(D)	(D)	(D)	4	1,791	(D)	245	(D)	(D)	(D)	(D)	(D)	3
Belgium .....	3,676	(D)	2,230	1,066	(D)	(D)	(D)	(D)	338	3,979	2,067	1,278	(D)	(D)	(D)	(D)	58	51
Denmark .....	2,990	(D)	1,035	(D)	206	(D)	(D)	(D)	(D)	2,118	772	1,469	117	(D)	(D)	(D)	4	46
Finland .....	2,752	(D)	1,756	(D)	(D)	(D)	(D)	(D)	(D)	2,818	(D)	2,259	373	2	(D)	(D)	(D)	(D)
France .....	38,480	(D)	21,629	1,740	2,072	3,875	2,742	231	(D)	49,307	385	26,360	2,709	2,173	7,348	3,121	237	6,974
Germany .....	49,269	(D)	25,335	9,696	1,625	4,798	5,352	1,094	(D)	62,242	(D)	25,471	11,402	2,103	5,195	9,015	1,399	(D)
Ireland .....	7,418	(D)	1,427	1,373	1,373	2,475	183	776	(D)	9,776	442	1,934	1,530	2,762	573	(D)	(D)	85
Italy .....	2,750	(D)	876	840	652	(D)	(D)	87	37	2,699	(D)	763	916	746	0	(D)	79	127
Liechtenstein .....	135	(D)	19	73	0	0	186	209	(D)	161	(D)	36	0	0	849	213	(D)	
Luxembourg .....	5,957	(D)	4,151	(D)	0	0	0	0	(D)	10,284	(D)	8,423	0	0	0	0	213	(D)
Netherlands .....	65,806	11,666	19,763	5,600	4,696	2,367	9,286	5,677	6,523	73,803	13,191	21,635	6,671	5,506	5,615	9,896	5,492	5,595
Norway .....	2,089	296	1,257	70	26	(D)	(D)	(D)	(D)	2,421	412	1,385	108	(D)	(D)	(D)	23	310
Spain .....	2,452	(D)	360	179	1,951	21	153	32	(D)	1,128	(D)	424	192	1,102	161	9	(D)	(D)
Sweden .....	9,581	(D)	7,085	1,520	57	(D)	(D)	300	(D)	9,470	(D)	6,549	(D)	(D)	(D)	(D)	247	469
Switzerland .....	35,593	465	12,973	1,564	952	11,806	5,156	601	1,857	35,101	463	14,686	3,341	981	5,437	5,959	834	2,419
United Kingdom .....	126,177	9,956	56,022	5,849	5,464	9,542	16,689	2,669	20,227	142,607	11,610	59,434	9,577	2,261	17,140	17,237	2,359	22,588
Other .....	514	(D)	67	(D)	188	1	0	18	8	718	(D)	77	(D)	252	-15	0	6	16
Latin America and Other Western Hemisphere .....	25,240	1,965	5,997	2,827	3,589	971	4,114	3,270	2,506	24,627	2,241	4,551	3,949	3,715	428	4,607	3,342	1,704
South and Central America .....	7,878	-310	776	-175	2,929	612	359	2,506	(D)	7,810	-353	175	158	3,084	482	(D)	326	(D)
Brazil .....	751	(D)	-139	19	856	2	6	5	(D)	591	(D)	-233	81	569	9	(D)	5	(D)
Mexico .....	1,960	(D)	922	-92	262	261	105	55	(D)	1,078	(D)	410	147	195	434	(D)	104	(D)
Panama .....	4,721	(D)	133	12	382	(D)	228	96	(D)	5,561	(D)	163	(D)	(D)	(D)	(D)	196	(D)
Venezuela .....	-259	-513	-18	6	270	(D)	8	(D)	(D)	-12	-33	-20	-2	303	(D)	4	4	(D)
Other .....	685	(D)	-122	-106	(D)	(D)	14	(D)	(D)	591	126	-145	-79	(D)	(D)	16	(D)	(D)
Other Western Hemisphere .....	17,362	2,275	5,220	3,001	660	359	2,912	(D)	(D)	16,817	2,594	4,376	3,791	631	-63	(D)	3,016	(D)
Bahamas .....	-1,780	(D)	114	163	0	-2,558	(D)	(D)	(D)	-1,859	(D)	152	(D)	(D)	-3,151	(D)	278	(D)
Bermuda .....	1,592	(D)	842	399	0	0	260	373	(D)	921	(D)	-181	375	(D)	428	(D)	171	(D)
Netherlands Antilles .....	8,481	(D)	2,904	204	617	769	284	274	(D)	9,128	(D)	2,670	174	90	579	(D)	334	(D)
U. K. Islands, Caribbean .....	6,417	(D)	1,332	674	451	3,255	1,575	832	(D)	8,368	(D)	1,684	523	473	3,409	(D)	1,806	190
Other .....	651	(D)	27	(D)	0	(D)	(D)	262	(D)	262	(D)	51	(D)	0	(D)	182	(D)	71
Africa .....	1,164	(D)	275	(D)	(D)	(D)	0	219	287	717	(D)	258	48	(D)	0	(D)	206	-153
South Africa .....	-3	(D)	-1	(D)	(D)	(D)	0	-2	(D)	-44	(D)	-1	(D)	(D)	0	(D)	206	-183
Other .....	1,167	(D)	276	(D)	(D)	(D)	0	220	286	761	(D)	259	(D)	(D)	0	(D)	206	180
Middle East .....	6,008	(D)	730	(D)	(D)	(D)	2	2,124	86	6,177	(D)	400	736	(D)	3	(D)	2,583	66
Israel .....	1,995	(D)	307	(D)	533	239	0	(D)	(D)	1,960	(D)	372	(D)	585	(D)	(D)	(D)	(D)
Kuwait .....	2,527	(D)	(D)	(D)	(D)	(D)	3	(D)	(D)	2,039	(D)	(D)	(D)	(D)	(D)	(D)	4	(D)
Lebanon .....	-9	(D)	(D)	(D)	(D)	(D)	0	-18	(D)	-11	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Saudi Arabia .....	1,310	(D)	(D)	(D)	(D)	(D)	1	(D)	(D)	1,484	(D)	(D)	(D)	(D)	(D)	(D)	4	(D)
United Arab Emirates .....	98	(D)	(D)	(D)	(D)	(D)	0	16	(D)	87	(D)	(D)	(D)	(D)	(D)	(D)	15	(D)
Other .....	88	(D)	1	(D)	66	(D)	0	30	(D)	84	(D)	(D)	(D)	(D)	(D)	(D)	33	(D)
Asia and Pacific .....	122,986	2,896	30,198	36,770	9,060	20,282	1,004	10,124	10,652	134,255	4,528	34,581	40,544	8,249	20,590	1,034	10,044	14,686
Australia .....	7,833	3,333	3,074	12	97	389	(D)	1,141	(D)	9,747	2,958	269	86	-736	(D)	(D)	458	1,208
Hong Kong .....	1,557	2	238	651	151	45	247	227	947	921	238	675	128	-632	(D)	236	301	
Japan .....	107,933	83	25,010	36,485	7,706	20,497	795	8,844	118,116	118,116	128	29,454	38,021	6,816	21,322	771	8,823	12,781
Korea, Republic of .....	626	(D)	80	(D)	151	(D)	14	71	(D)	394	(D)	2	(D)	(D)	120	(D)	23	96
Malaysia .....	402	(D)	239	(D)	(D)	(D)	2	(D)	(D)	445	(D)	282	(D)	(D)	(D)	3	87	16
New Zealand .....	149	(D)	9	(D)	(D)	(D)	-21	(D)	(D)	136	(D)	-17	(D)	(D)	(D)	(D)	-24	6
Philippines .....	75	(D)	4	(D)	65	(D)	1	(D)	(D)	81	(D)	3	(D)	21	56	(D)	4	4
Singapore .....	1,548	-19	316	170	83	(D)	(D)	(D)	(D)	1,468	350	24	97	523	(D)	(D)	428	55
Taiwan .....	2,139	(D)	1,137	(D)	456	(D)	41	136	(D)	2,298	1,225	(D)	(D)	514	(D)	(D)	42	105
Other .....	724	7	90	218	340	(D)	4	42	(D)	623	90	31	(D)	415	(D)	3	54	32
Addenda:																		
European Union (15) <sup>1</sup> .....	318,995	23,746	141,939	30,936	17,968	21,898	35,304	10,771	36,433	372,161	29,685	156,348	39,857	15,782	36,632	40,660	10,520	42,677
OEPC <sup>2</sup> .....	3,740	720	348	10	456	4	1	2,111	98	4,237	1,062	-68	10	563	3	2,564	111	

\* Less than \$500,000 (±).  
 † Suppressed to avoid disclosure of data of individual companies.  
 1. The European Union (15) comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.  
 2. OPEC is the Organization of Petroleum Exporting Countries. Its members are Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

pronounced effect on foreign investors' total outlays to acquire or establish U.S. businesses than on the position: In 1996, these outlays, including those financed by capital inflows from foreign parents, rose 41 percent, following a 25-percent increase in 1995.<sup>7</sup>

The following table shows the change in position in 1996 by type of capital flow and valuation adjustment:

[Billions of dollars]

Total .....	69.2
Capital inflows.....	78.8
Equity capital .....	53.0
Intercompany debt.....	11.7
Reinvested earnings.....	14.1
Valuation adjustments.....	-9.6
Currency translation .....	-4
Other .....	-9.2
<i>of which:</i>	
Capital gains and losses .....	-2.0

Capital inflows for foreign direct investment in the United States were at a record \$78.8 billion in 1996, up from \$69.4 billion in 1995. More than two-thirds of the 1996 total was accounted for by equity capital inflows, which were \$8.0 billion higher than in 1995. These inflows were at their highest level since the peak year of 1990. The high level of equity capital inflows reflected both capital contributions to existing U.S. affiliates and continued growth in acquisitions of U.S. businesses by foreigners.

For the third consecutive year, the position was boosted by reinvested earnings; in contrast, in 1989-93, growth in the position was reduced by negative reinvested earnings (negative reinvested earnings occur when affiliates incur losses or distribute earnings to their foreign parents in excess of their current earnings). Reinvested earnings were at a record \$14.1 billion in 1996, \$2.3 billion higher than the previous record in 1995. All industries except real estate, services, and banking had positive reinvested earnings. The high level of reinvested earnings reflected a \$2.1 billion

7. See "Foreign Direct Investment in the United States: New Investment in 1996 and Affiliate Operations in 1995," SURVEY 77 (June 1997): 42-69. Preliminary data from BEA's survey of new foreign direct investments, summarized in that article, indicate that total outlays to acquire or establish U.S. businesses were \$80.5 billion in 1996, up from \$57.2 billion in 1995. Unlike the changes in the foreign direct investment position presented in this article, these figures cover only transactions involving U.S. businesses newly acquired or established by foreign direct investors and include financing other than that from the foreign parent, such as local borrowing by existing U.S. affiliates. In contrast, changes in the position reflect transactions of both new and existing U.S. affiliates—but only transactions with the foreign parent or other members of the foreign parent group—and valuation adjustments.

Notwithstanding these differences, the two types of data are related. Any outlays to acquire or establish U.S. businesses that are funded by foreign parents (or other members of the foreign parent group) are part of capital inflows, a component of the change in the position. Data from the new investments survey indicate that foreign parent groups funded \$58.4 billion, or 73 percent, of outlays to acquire or establish new U.S. affiliates in 1996, compared with \$30.8 billion, or 54 percent, in 1995.

increase in earnings and a reinvestment rate of 54 percent, up from 49 percent in 1995. By industry, the increase in earnings was more than accounted for by "other manufacturing," petroleum, and insurance; however, it was partly offset by a large decrease in the earnings of banking affiliates. The two industries that continued to show losses—albeit small ones—were real estate and services.

Intercompany debt inflows were \$11.7 billion, down from \$12.6 billion.

### Changes by country

The \$69.2 billion increase in the foreign direct investment position in the United States in 1996 was concentrated among parents located in Europe. Outside Europe, the largest increases were by parents in Japan and Canada.

The following table shows the major changes in the positions in 1996 by area and by country:

[Billions of dollars]

All countries .....	69.2
Europe .....	53.2
<i>of which:</i>	
United Kingdom .....	16.4
Germany.....	13.0
France .....	10.8
Netherlands.....	8.0
Japan .....	10.2
Canada .....	5.6

The position of European investors increased 15 percent—a faster pace than that for any other major area—and accounted for more than three-quarters of the overall increase in 1996. The increase resulted from capital inflows of \$59.8 billion that were partly offset by negative valuation adjustments of \$6.6 billion. Within Europe, parents in the United Kingdom had by far the largest dollar increase, followed by parents in Germany, France, the Netherlands, Luxembourg, and Ireland.

The largest increase in the position of British parents was in "finance, except depository institutions" ("finance") and resulted from lending by foreign parents. Acquisitions in other manufacturing, services, and wholesale trade also contributed to the increase.

The increase in the position of German parents was more than accounted for by equity capital inflows, which were the largest from any country. The largest equity capital inflows were in services, insurance, petroleum, and "other industries." In insurance and services, the equity capital inflows reflected acquisitions; in petroleum and "other


industries," they reflected capital contributions to existing affiliates.

The largest increases in the position of French parents were in finance, metals, and "other industries." In finance, the increase reflected loans to affiliates; in metals, it reflected acquisitions and loans to affiliates; and in "other industries," it reflected capital contributions to existing affiliates.

The largest increases in the position of Netherlands parents were in finance, manufacturing—particularly in chemicals and "other manufacturing"—and petroleum. The increase in finance reflected parents' loans to their affiliates and valuation adjustments. The increases in chemicals and in petroleum mostly resulted from reinvested

earnings. The increase in "other manufacturing" reflected lending by parents.

The increase in the position of Japanese parents was more than accounted for by equity capital inflows, almost all of which were capital contributions to existing affiliates. By industry, the largest increases in the position were in services and "other manufacturing."

The largest increases in the position of Canadian parents were in manufacturing—particularly chemicals and "other manufacturing"—and insurance. In chemicals, the increase reflected borrowing from parents; in "other manufacturing," it reflected equity capital inflows and reinvested earnings. The increase in insurance reflected repayment by parents of loans from affiliates. 

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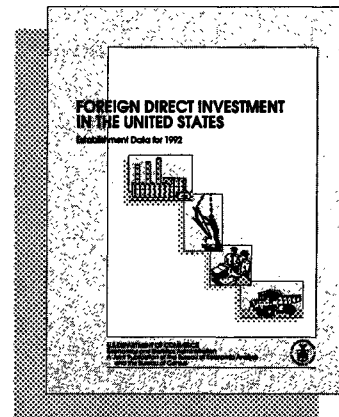
This publication presents the results of a project that links the enterprise, or company, data on the U.S. affiliates of foreign companies from the Bureau of Economic Analysis with the establishment data for all U.S. companies from the Bureau of the Census.

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

By Christopher L. Bach

As is customary each June, the estimates of U.S. international transactions have been revised to incorporate methodological and statistical revisions. This year, like last year, a number of improvements have been implemented as part of a multiyear effort by the Bureau of Economic Analysis (BEA) to address gaps in coverage of transactions. These gaps and plans to fill them were outlined by BEA in its Mid-Decade Strategic Plan for improving BEA's economic accounts (see the February and April 1995 and June 1996 issues of the SURVEY OF CURRENT BUSINESS). The improvements also address various gaps noted by the International Monetary Fund, the National Academy of Sciences, and the General Accounting Office.<sup>1</sup> In large part, the gaps have arisen because of the dynamic nature of the interna-

tional markets. The major improvements this year respond to rapid changes in both the capital markets and the services markets.

- In the investment income accounts, greatly improved estimates of income receipts are introduced based on results of a new benchmark survey of the stock of U.S. portfolio investment abroad as of March 1994. Conducted by the Treasury Department, this survey is the first such survey in more than 50 years, and its completion represents a major milestone in the multiyear program for statistical improvements developed jointly by BEA, the Treasury Department, and the Federal Reserve Board. The new position data enable BEA to develop improved estimates of bond interest and dividend income receipts. The new position data also permit BEA to greatly improve its estimates of U.S. bond and stock holdings that are included in the U.S. international investment position.
- In the capital accounts, estimates of international flows of U.S. currency appear for the first time. With this addition, BEA closes what had grown into a sizable gap

1. *Report on the World Current Account Discrepancy* (Washington, DC: International Monetary Fund, September 1987).

*Report on the Measurement of International Capital Flows* (Washington, DC: International Monetary Fund, September 1992).

*Behind the Numbers: U.S. Trade in the World Economy* (Washington, DC: National Research Council, 1992).

*Following the Money: U.S. Finance in the World Economy* (Washington, DC: National Research Council, 1994).

*Measuring U.S.-Canada Trade: Shifting Trade Winds May Threaten Recent Progress* (Washington, DC: General Accounting Office, January 1994).

*Economic Statistics: Status Report on the Initiative to Improve Economic Statistics* (Washington, DC: General Accounting Office, July 1995).

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The revised estimates were prepared under the general direction of Anthony DiLullo, with the assistance of Cynthia McPherson and staff in the Balance of Payments Division. Russell Scholl, Harlan King, Christopher Gohrband, Jane Newstedt, and Dena Holland prepared the benchmark estimates of U.S. portfolio investment abroad and related income flows; Michael Mann, Chris Emond, Shirley Davis, John Sondheimer, and Robert Becker, the benchmark estimates on nonfinancial services transactions; Russell Scholl and Jane Newstedt, the estimates of financial services transactions; Steven Baldwin, the estimates of earnings and expenditures of temporary workers; Ed Dozier, the estimates of truck transportation and ocean port services receipts; Russell Scholl and Barbara Berman, the estimates of U.S. currency flows and currency translation gains and losses; Harlan King, the preliminary estimates of nonbank

claims and liabilities; and Kwok Lee, the estimates of goods.

The revised estimates of the direct investment accounts were prepared under the general direction of David Belli. Gregory Fouch, with the assistance of Karen Poffel and other staff in the International Investment Division, prepared the revised estimates of foreign direct investment in the United States.

Special assistance was provided this year by Richard Porter and Ruth Judson of the Federal Reserve Board, who developed the estimates of U.S. currency flows; by Milton Pappas and William Griever of the U.S. Treasury Department, who conducted the benchmark survey of U.S. portfolio investment abroad and by Diane Oberg and staff of the Bureau of the Census' Foreign Trade Division, who conducted the study of "residual" seasonality for goods.

in coverage in the international transactions and investment position accounts. The gap had developed in recent decades, as strong foreign demand developed for U.S. currency, particularly in the form of Federal Reserve notes. Because of difficulty in accurate measurement, currency flows do not appear in the international accounts of most countries. The new estimates were developed by the Federal Reserve Board.

- In the services accounts, "other" private service receipts and "other" private service payments are revised to include preliminary results of BEA's annual surveys of financial services for 1995 and 1996. These are BEA's first annual surveys of financial services, and they update the results of BEA's first benchmark survey of financial services with unaffiliated foreigners, covering 1994. These new surveys enable BEA to better capture the diversity of transactions in financial services and more accurately portray the key role of U.S. institutions in cross-border trade in financial services.
- Also in the services accounts, estimates have been revised to incorporate preliminary results from BEA's 1996 benchmark survey of

selected services (largely business, professional, and technical services), to incorporate revised and more accurate estimates of "other" transportation, and to include new estimates of earnings and expenditures of temporary workers in the United States.

- In addition, results of BEA's 1992 benchmark survey of foreign direct investment in the United States are incorporated into the capital, investment income, and services accounts. The survey covers the universe of direct investment and is part of BEA's ongoing program of regular quinquennial benchmark surveys.
- Finally, unrealized currency translation gains and losses have been removed from certain banking transactions to provide a more accurate measure of U.S. banks' international activity.

In addition to these improvements, revisions are made to all accounts to incorporate revised and updated source data. Among the accounts most affected by this type of change were travel receipts for 1995 and 1996, which incorporated updated source data from the Immigration and Naturalization Service. Revisions were also made to the inward and outward direct investment ac-

Table 1.—Revisions to the Current-Account Estimates

[Millions of dollars; quarterly data are seasonally adjusted]

	Exports of goods, services, and income			Imports of goods, services, and income			Unilateral transfers			Balance on current account		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1985 .....	382,747	382,749	2	-484,037	-484,037	.....	-22,954	-22,700	254	-124,243	-123,987	256
1986 .....	401,258	400,842	-416	-528,513	-529,356	-843	-24,833	-24,679	154	-152,088	-153,193	-1,105
1987 .....	449,292	449,272	-20	-592,745	-593,416	-671	-23,939	-23,909	30	-167,392	-168,053	-661
1988 .....	560,233	560,620	387	-662,403	-662,676	-273	-26,266	-25,988	278	-128,436	-128,245	191
1989 .....	641,659	642,921	1,262	-719,539	-720,189	-650	-27,696	-26,963	733	-105,575	-104,231	1,344
1990 .....	697,083	700,455	3,372	-756,522	-757,758	-1,236	-36,219	-34,568	631	-84,657	-91,892	2,765
1991 .....	717,726	722,557	4,831	-731,753	-733,335	-1,582	4,510	5,122	612	-9,518	-5,657	3,861
1992 .....	736,704	743,358	6,654	-763,773	-764,549	-776	-35,514	-35,192	322	-62,583	-56,383	6,200
1993 .....	782,851	773,387	-9,464	-825,147	-826,020	-873	-37,640	-38,137	-497	-89,936	-90,771	9,165
1994 .....	840,006	854,156	14,150	-948,544	-948,849	-305	-39,866	-38,845	1,021	-148,405	-133,538	14,867
1995 .....	969,189	991,490	22,301	-1,082,268	-1,086,539	-4,271	-35,075	-34,046	1,029	-148,154	-129,095	19,059
1996 .....	1,032,478	1,055,233	22,755	-1,155,101	-1,163,450	-8,349	-42,472	-39,968	2,504	-165,095	-148,184	16,911
1992:I .....	183,103	184,610	1,507	-183,077	-183,097	-20	-7,680	-7,625	55	-7,854	-6,112	1,542
II .....	184,312	185,967	1,655	-191,127	-191,301	-174	-8,580	-8,462	118	-15,395	-13,796	1,599
III .....	183,063	184,924	1,861	-192,693	-193,033	-340	-7,871	-7,867	4	-17,501	-15,976	1,525
IV .....	186,226	187,656	1,630	-196,875	-197,118	-243	-11,383	-11,237	146	-22,032	-20,499	1,533
1993:I .....	187,026	189,422	2,396	-196,816	-197,041	-225	-8,380	-8,502	-122	-18,170	-16,121	2,049
II .....	190,582	192,533	1,951	-206,269	-206,335	-66	-8,533	-8,501	32	-24,220	-22,303	1,917
III .....	188,218	191,354	3,136	-206,420	-206,720	-300	-9,215	-9,347	-132	-27,417	-24,713	2,704
IV .....	197,027	200,077	3,050	-215,643	-215,928	-285	-11,513	-11,787	-274	-30,129	-27,638	2,491
1994:I .....	197,420	200,670	3,250	-218,959	-218,852	107	-8,169	-7,971	198	-29,708	-26,153	3,555
II .....	204,809	208,713	3,904	-231,327	-231,438	-111	-9,507	-9,275	232	-36,025	-32,000	4,025
III .....	214,287	217,714	3,427	-244,323	-244,405	-82	-9,975	-9,671	304	-40,011	-36,362	3,649
IV .....	223,494	227,062	3,568	-253,934	-254,154	-220	-12,215	-11,928	287	-42,655	-39,020	3,635
1995:I .....	233,086	237,587	4,501	-263,501	-263,845	-344	-8,639	-8,451	188	-39,054	-34,709	4,345
II .....	241,497	246,787	5,290	-274,183	-274,363	-180	-8,290	-8,128	162	-40,976	-35,704	5,272
III .....	244,479	250,734	6,255	-273,175	-275,019	-1,844	-8,992	-8,847	145	-37,688	-33,132	4,556
IV .....	250,128	256,382	6,254	-271,409	-273,316	-1,907	-9,154	-8,620	534	-30,435	-25,554	4,881
1996:I .....	252,656	256,382	3,726	-276,975	-278,860	-1,885	-10,955	-10,406	549	-35,274	-32,884	2,390
II .....	257,035	262,335	5,300	-288,208	-289,231	-1,023	-9,420	-8,689	731	-40,593	-35,585	5,008
III .....	254,405	261,979	7,574	-292,782	-295,865	-3,083	-9,476	-8,947	529	-47,853	-42,833	5,020
IV .....	268,380	274,545	6,165	-297,139	-299,493	-2,354	-12,621	-11,926	695	-41,380	-36,874	4,506



counts as a result of updated or revised annual survey results.

Table 1 presents a summary of revisions from all sources. Table 2 presents detail on the revisions due to new source data and methodologies. For 1996, \$22.8 billion is added to exports of goods, services, and income, and \$8.4 billion is added to imports of goods, services, and income. The largest single source of addition to exports was the upward revision to income receipts of \$8.4 billion in 1996. Many of the revisions to the services accounts were about offsetting for exports and imports, but the upward revision to travel receipts far exceeded the upward re-

vision to travel payments. In total, the U.S. current-account deficit was reduced \$16.9 billion.

The remainder of this article discusses the major revisions and the years directly affected as follows:

- Benchmark survey of U.S. portfolio investment abroad (1985–96)
- U.S. currency flows (1974–96)
- Financial services (1995–96)
- Benchmark survey of foreign direct investment in the United States (1992–96)
- Benchmark survey of selected services (1996)
- Transportation estimates (1995–96)

Table 2.—Major Sources of Revisions, 1985–1996

[Millions of dollars]

(Credits +; debits -) <sup>1</sup>	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>International transactions:</b>												
<b>Other transportation receipts (line 7):</b>												
Revised .....								22,616	23,050	24,941	27,412	27,216
Changes due to truck freight charges .....											246	228
Changes due to ocean port services .....								-1,075	-858	-961	-1,391	-2,299
Revisions due to updated source data .....									14	41	494	172
Previously published .....								23,691	23,894	25,861	28,063	29,115
<b>Royalties and license fees receipts (line 8):</b>												
Revised .....								19,656	20,304	22,661	27,383	29,974
Changes due to 1992 foreign direct investment benchmark .....								-59	-19	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....										389	430	1,145
Previously published .....								19,715	20,323	22,272	26,953	28,829
<b>Other private services receipts (line 9):</b>												
Revised .....		27,303	28,701	30,709	36,204	39,540	47,024	50,294	54,517	61,093	66,850	73,569
Changes due to financial services .....											920	488
Changes due to expenditures of temporary workers .....		438	338	222	322	626	799	983	1,070	1,241	1,303	1,302
Changes due to 1996 benchmark of selected services .....												424
Changes due to 1992 foreign direct investment benchmark .....								243	74	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....		-84	-103	-131	-202	-279	-373	-223	-63	781	2,903	4,087
Previously published .....		26,929	28,466	30,618	36,084	39,193	46,598	49,291	53,436	59,071	61,724	67,268
<b>Other private income receipts (line 13):</b>												
Revised .....	57,633	52,806	55,592	70,571	92,638	94,072	81,186	66,826	63,495	79,498	101,836	102,866
Changes due to dividend income .....	119	328	770	1,204	1,823	3,070	2,946	4,327	4,076	6,012	7,995	8,947
Changes due to bond interest income .....	-117	-1,118	-1,026	-908	-681	-46	1,459	2,479	6,087	3,846	3,400	-471
Revisions due to updated source data .....										694	1,377	312
Previously published .....	57,631	53,596	55,848	70,275	91,496	91,048	76,781	60,020	53,332	68,946	89,064	94,078
<b>Other transportation payments (line 21):</b>												
Revised .....								-24,894	-25,746	-27,255	-28,249	-28,453
Changes due to truck freight charges .....											233	256
Revisions due to updated source data .....								565	582	728	723	391
Previously published .....								-25,459	-26,328	-27,983	-29,205	-29,100
<b>Royalties and license fees payments (line 22):</b>												
Revised .....								-5,089	-4,819	-5,560	-6,503	-7,322
Changes due to 1992 foreign direct investment benchmark .....								-15	-23	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....									-31	-42	-191	-286
Previously published .....								-5,074	-4,765	-5,518	-6,312	-7,036
<b>Other private services payments (line 23):</b>												
Revised .....		-14,785	-17,999	-19,028	-20,548	-24,387	-28,098	-25,066	-29,356	-33,138	-39,285	-42,796
Changes due to financial services .....											-765	-1,182
Changes due to earnings of temporary workers .....		-844	-671	-474	-675	-1,232	-1,579	-1,886	-2,059	-2,377	-2,499	-2,506
Changes due to 1996 benchmark of selected services .....												-231
Changes due to 1992 foreign direct investment benchmark .....								51	-59	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....					25	-5	-3	456	659	219	-2,051	-1,251
Previously published .....		-13,941	-17,328	-18,554	-19,898	-23,150	-26,516	-23,687	-27,897	-30,980	-33,970	-37,626
<b>Direct investment income payments (line 26):</b>												
Revised .....								-302	-5,574	-20,154	-30,345	-32,132
Changes due to 1992 foreign direct investment benchmark .....								15	-18	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....										1,076	1,073	1,685
Previously published .....								-317	-5,556	-21,230	-31,418	-33,817

- Earnings and expenditures of temporary workers (1986–96)
- Currency translation gains and losses (1992–96)
- Nonbank claims and liabilities (1997)
- Goods (1994–96)
- Nonresident taxes (1985–96)

### Benchmark survey of U.S. portfolio investment abroad

The U.S. Department of the Treasury recently completed a benchmark survey of U.S. portfolio

investment in foreign long-term securities. This was the first such survey of U.S. ownership of foreign securities since a war-time survey conducted in May 1943. The survey collected data on the aggregate market value and composition of foreign long-term securities owned by U.S. persons as of March 31, 1994. Long-term securities are bonds with original maturities of more than 1 year and all equities. The survey was conducted in close consultation with the Bureau of Economic Analysis, the Federal Reserve Board, the Federal Reserve Bank of New York, the Securities and

Table 2.—Major Sources of Revisions, 1985–1996—Continued

(Millions of dollars)

(Credits +; debits -) <sup>1</sup>	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>Private remittances and other transfers (line 32):</b>												
Revised .....	-9,295	-10,424	-11,192	-12,742	-13,308	-13,972	-15,309	-15,348	-17,235	-18,630	-19,530	-20,704
Changes due to tax payments .....	254	113	-23	204	668	547	529	370	-27	1,149	1,390	2,540
Revisions due to updated source data .....	41	113	53	74	65	83	82	-22	-472	-273	-224	361
Previously published .....	-9,549	-10,578	-11,222	-13,020	-14,041	-14,602	-15,920	-15,696	-16,736	-19,506	-20,696	-23,605
<b>U.S. claims reported by U.S. banks (line 47):</b>												
Revised .....								21,175	30,615	-4,200	-75,108	-98,186
Changes due to removal of unrealized gains and losses .....								280	668	2,760	87	-2,181
Revisions due to updated source data .....										1,201	-6,049	-7,786
Previously published .....								20,895	29,947	-8,161	-69,146	-88,219
<b>Direct investment in the United States, net capital flows (line 57):</b>												
Revised .....								17,936	48,993	45,679	67,526	76,955
Changes due to 1992 foreign direct investment benchmark .....								336	5,971	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....										-4,081	7,290	-6,995
Previously published .....								17,600	43,022	49,760	60,236	83,950
<b>U.S. Treasury securities and U.S. currency flows (line 58):</b>												
Revised .....	25,633	7,909	-2,243	26,039	35,518	16,266	34,226	50,531	43,281	57,674	111,848	172,878
Changes due to new estimates of U.S. currency flows .....	5,200	4,100	5,400	5,800	5,900	18,800	15,400	13,400	18,900	23,400	12,300	17,300
Revisions due to updated source data .....										49	208	1,794
Previously published .....	20,433	3,809	-7,643	20,239	29,618	-2,534	18,826	37,131	24,381	34,225	99,340	153,784
<b>U.S. liabilities reported by U.S. banks (line 61):</b>												
Revised .....								16,216	25,063	104,338	30,176	9,784
Changes due to removal of unrealized gains and losses .....								755	621	-3,440	58	3,272
Revisions due to updated source data .....									3,583	-4,064	4,835	8,070
Previously published .....								15,461	20,859	111,842	25,283	-1,558
<b>International investment position (at yearend):</b>												
<b>Foreign securities (line 19):</b>												
Revised .....	119,403	158,123	188,589	232,849	314,294	342,313	455,750	515,083	853,528	889,706	1,054,352	1,273,439
Changes due to 1994 U.S. Treasury benchmark .....	5,115	14,692	34,637	56,873	96,682	113,620	153,325	178,537	302,895	333,465	332,603	( <sup>3</sup> )
Revisions due to updated source data .....												( <sup>3</sup> )
Previously published .....	114,288	143,431	153,952	175,976	217,612	228,693	302,425	336,546	550,633	556,241	721,749	( <sup>3</sup> )
<b>Direct investment in the United States (lines 35 and 36):</b>												
Revised:												
At current cost .....								500,542	550,862	584,970	654,502	729,052
At market value .....								696,177	768,389	773,726	1,031,981	1,253,642
Changes due to 1992 benchmark:												
At current cost .....								1,148	11,711	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>3</sup> )
At market value .....								1,965	7,539	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>3</sup> )
Revisions due to updated source data:												
At current cost .....										5,144	15,983	( <sup>3</sup> )
At market value .....										1,872	12,778	( <sup>3</sup> )
Previously published:												
At current cost .....								499,394	539,151	579,826	638,519	( <sup>3</sup> )
At market value .....								694,212	760,859	771,854	1,019,203	( <sup>3</sup> )
<b>U.S. currency (line 38):</b>												
Revised .....	68,900	73,000	78,400	84,200	90,100	108,900	124,300	137,700	156,600	180,000	192,300	209,600
Previously published .....												

1. Credits +: An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims. Debits -: An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.

2. Revisions due to the 1992 benchmark are not separately identifiable after 1993.

3. Estimates for 1996 were not published previously.

NOTE.—For international transactions, line references are to table 1 of "U.S. International Transactions, First Quarter 1997," in this issue of the SURVEY OF CURRENT BUSINESS. For the international investment position, line references are to table 1 of "The International Investment Position of the United States in 1996" in this issue of the SURVEY.

Exchange Commission, other U.S. Government agencies, and the financial community.

Both custodians and fund managers, including qualified investors, were surveyed to ensure comprehensiveness. Custodians were identified as entities located in the United States who managed the safe-keeping of \$20 million or more in foreign long-term securities for themselves or on behalf of other U.S. persons; most foreign securities are held by custodians or sub-custodians. Fund managers and investors were identified as entities located in the United States who owned or managed investment in foreign long-term securities of \$5 million or more on behalf of institutional or private investors.

Detailed data collected from fund managers was compared with summary level data collected from custodians, both to check on the completeness of coverage and to eliminate duplication of coverage. In all, 3,344 fund managers and custodians participated in the survey. Survey data was collected on an individual security basis by international security identification or CUSIP number and then aggregated by industry, by country, by type of security, by type of instrument, and by currency.<sup>2</sup>

The results of the survey, as expected, show large U.S. holdings. The total value of foreign bond and stock holdings as of March 31, 1994, was \$870.3 billion. The survey results now replace estimates based on transactions contained in the Treasury Department's International Capital Reporting system and BEA estimates.

The survey results are \$302.6 billion higher than the BEA estimated position of \$550.6 billion at yearend 1993, which was published in the article on the net U.S. international investment position in the July 1996 SURVEY OF CURRENT BUSINESS.

The differences between the two estimates can be attributed both to incomplete coverage of these transactions in the Treasury source data upon which BEA's position estimates are based and to inexact valuation of price and exchange rate adjustments applied to BEA's estimated positions. However, it is not possible to determine the amount of underestimation attributable to each part of the estimation process.

*Foreign bonds.*—The benchmark survey estimate of U.S. holdings of foreign bonds is \$309.7 billion at yearend 1993, compared with BEA's previous estimate of \$247.8 billion.

BEA's estimation procedures for bonds are divided between dollar-denominated and foreign-currency-denominated bonds. This division reflects the conventions used by BEA for estimating both positions and income. BEA's estimates of U.S. holdings of dollar-denominated bonds were overstated because of underestimation of the amount of redemptions and because of purchases by foreigners at the time bonds were originally sold (issued) in the United States. BEA's estimates of U.S. holdings of foreign-currency-denominated bonds were understated because of incomplete coverage and the lack of any geographic information on the nationality and currency of issuer, which is required in order to apply appropriate price and exchange rate valuations. The Treasury survey provides a one-time measure of the geographic distribution by nationality and currency of issuer; BEA has used this opportunity to revise its measures of valuation changes by applying appropriate prices, exchange rates, and yields to the updated geographic distribution of holdings.

The increase in reported bond holdings in the Treasury survey has resulted in a re-estimation of associated interest receipts. Receipts are estimated by applying market yields to revised portfolio holdings. Interest income receipts on bonds are revised upward \$6.1 billion, to \$23.3 billion, for 1993 as a result of the improved coverage of transactions. The benchmark survey also permits improved geographic attribution of bond interest income. The updated geography is used to attribute income to the country of ownership of the securities rather than to the country where transactions occur, which is the basis for BEA's estimates for the years between benchmark surveys. This distinction is important because allocations by country of transaction overstate income receipts from countries with well-developed financial markets—such as the United Kingdom, Switzerland, the Netherlands, and Hong Kong—and correspondingly understate income receipts from other countries.

*Foreign stocks.*—The benchmark survey estimate of U.S. holdings of foreign stocks is \$543.9 billion at yearend 1993, compared with BEA's previous estimate of \$302.8 billion. As with foreign bonds, the primary reasons for underestimation are incomplete coverage and inexact valuation. Acquisitions omitted from the position estimates in the past would not have been included in the accumulated appreciation of stock values that has occurred over the past several decades. Continued undercoverage over the years would have

2. For more detail on the methodology and survey results, see Milton Pappas, "United States Long-Term Portfolio Investment Abroad," *Treasury Bulletin* (Summer 1997).

compounded this understatement. In addition, necessary geographic detail to which to apply appropriate stock prices and exchange rate indexes was lacking. BEA has used this opportunity to revise its measures of valuation changes by applying appropriate prices, exchange rates, and dividend yields to the updated geographic distribution of holdings.

The increase in reported stock holdings in the Treasury survey has resulted in a re-estimation of the associated dividend receipts. Receipts are estimated by applying market rates to revised portfolio holdings. Dividend income receipts on stocks are revised up \$4.1 billion, to \$10.9 billion, for 1993 as a result of improved coverage of transactions. As with interest income on bonds, the much more accurate picture of U.S. stock holdings abroad by country of ownership has enabled BEA to improve its geographic allocation of dividend receipts.

*Historical revisions.*—To avoid a major break in series, the position estimates for bonds and stocks were carried backward from yearend 1993 to yearend 1984. The adjustment is based on the cumulative volume of trading over the entire timespan, which is apportioned to each year by the annual percentage of the cumulative volume that occurred in that year. The 1984 starting point was chosen because that was when the explosive growth in gross trading volume of foreign bonds and foreign stocks began (chart 1). Adjustment of the position estimates for the years prior to 1984 would have had only a marginal effect on estimated positions.

#### *U.S. currency flows*

U.S. currency—particularly Federal Reserve notes—is widely held by foreigners. The currency is used for many of the same reasons as in the United States. It serves as a unit of account, a medium of exchange, and a store of value, especially when the purchasing power of the domestic currency is uncertain. As a safe asset in an unpredictable world, dollars flow into a country during periods of economic and political upheaval and sometimes remain there well after the crisis has subsided. In other situations, the dollar co-circulates with the domestic currency for extended time periods.

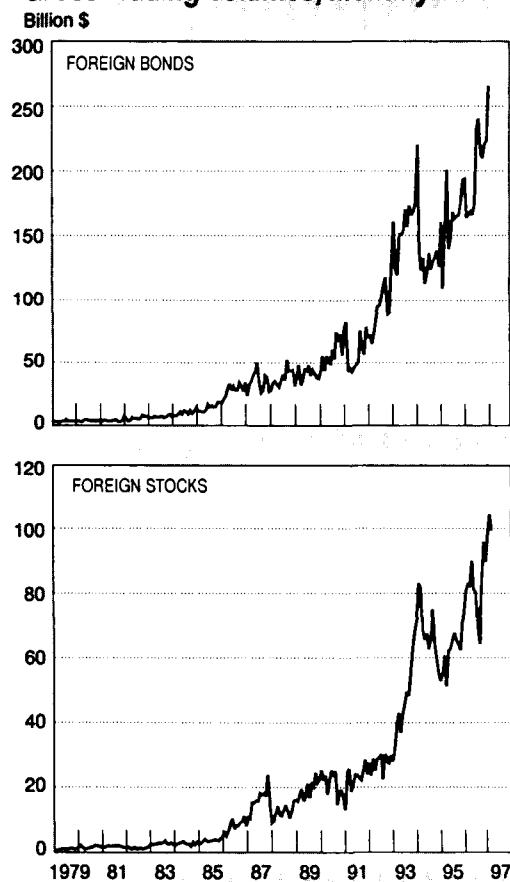
Although the amount of U.S. currency outstanding is known, the shares in domestic and in foreign circulation are notoriously difficult to measure accurately. Notwithstanding the growing importance of cross-border U.S. currency

flows in the past two decades, estimates of U.S. currency flows have not been included in the international transactions accounts or international investment position accounts because of this difficulty. This difficulty is not surprising, given the diversity of channels through which currency may flow abroad, the destinations of the currency, and its varied uses.

Recently, however, the Federal Reserve Board's research staff completed a multiyear research project to measure such flows. The research uses pioneering approaches to the measurement of U.S. currency flows abroad by direct and indirect methods of estimation that are based on numerous statistical measurement techniques and multiple data sources. Major conclusions from the study were the following: The amount of U.S. currency going into domestic circulation each year has not varied much over the past two decades, while the amount of currency going abroad has risen strongly, particularly in the 1990's; consequently, the share of U.S. currency

**CHART 1**

#### Gross Trading Volumes, Monthly



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

going into domestic circulation each year has dropped over the past two decades, while the share going abroad has risen strongly; these same broad conclusions emerge regardless of which measurement technique or set of source data was used; and all measurement techniques identified the same periods of major accelerations and decelerations in net outflows of currency.<sup>3</sup>

After a review of all the methods of measurement, a modification of one of the direct methods of measurement was developed in close consultation with the Federal Reserve Board's research staff. It is this modification that is used for the new estimates.

The exact amount of currency flowing abroad is not known. As a proxy, the new estimates use total net disbursements of \$100 notes from the New York City and Los Angeles cash offices of the Federal Reserve district banks.

Several institutional characteristics of the circulation of U.S. currency support this approach to measurement and indicate that most of these notes flow to and from foreigners. First, mostly lower denomination notes (\$5's, \$10's, \$20's, and \$50's) circulate in the U.S. economy, whereas mostly \$100 notes circulate abroad. A 1995 survey of U.S. households found that they could account at most for a little more than 3 percent of total holdings of \$100 notes. Second, the shipment of \$100 notes from the New York City cash office is very large relative to the size of its district as measured by several economic variables, including its regional share of vault cash, population, income, and deposits. Third, the inclusion of the Los Angeles cash office is based on information that suggests that \$100 notes returned to the United States from abroad (largely from Asian countries) are shipped primarily to Los Angeles. From 1990 to 1996, the New York City and Los Angeles cash offices have placed on net almost 84 percent of the \$142.7 billion increase in \$100 notes in circulation.

The proxy is known to be deficient in that it (1) excludes very small shipments of lower denomination notes sent abroad by these offices; (2) excludes very small shipments of \$100 notes sent abroad by other Federal Reserve cash offices; and (3) includes the very small amount of \$100 notes that are distributed into the U.S. economy. However, none of these deficiencies is thought

3. Richard D. Porter and Ruth A. Judson, "The Location of U.S. Currency: How Much Is Abroad?" *Federal Reserve Bulletin* (October 1996): 883-903. Similar empirical research and approaches to measurement were also applied to Germany; see Franz Seitz, *The Circulation of Deutsche Mark Abroad*, Economic Research Group of the Deutsche Bundesbank (May 1995). See also Douglas B. Weinberg, "U.S. International Transactions, Second Quarter 1996," *SURVEY* 76 (October 1996): 99-100.

to introduce major shortcomings to the proxy chosen.

The broad geographic areas to which U.S. currency has flowed in recent years are known. From 1988 to 1991, U.S. currency flowed first to Latin America, primarily to Argentina, and then to the rest of the world in response to the uncertainties created by the Persian Gulf War. In 1993 and 1994, the deteriorating situation in Russia and other parts of the former Soviet Union led to large outflows to those areas. Net U.S. currency flows to Russia alone accounted for more than half of total net flows of U.S. currency from 1994 to 1996. Additional flows have been to the Middle East and Far East. Although net currency flows tended to drop back after each of these surges, the general upward path of net currency flows abroad is unmistakable (table 3).

Quarterly estimates of net currency flows abroad are introduced into the U.S. international transactions accounts for 1974-96, and the amounts held by foreigners, into the annual estimates of the U.S. international investment position accounts for 1973-96. At yearend 1973, U.S. currency held abroad was \$30.5 billion, or 49 percent of U.S. currency in circulation and held outside of the U.S. Treasury, Federal Reserve banks, and vaults of depository institutions. By yearend 1996, U.S. currency held abroad had grown to \$209.6 billion, or 53 percent of the \$398.0 billion of U.S. currency in circulation (table 3).

The new measure of net currency flows is believed to represent nearly all the currency

Table 3.—U.S. Currency, 1973-1996

[Millions of dollars]

	Net flows to foreigners	Foreign holdings at yearend	Currency in circulation at yearend <sup>1</sup>
1973 .....	n.a.	30,500	61,929
1974 .....	1,100	31,600	88,188
1975 .....	1,500	33,100	74,138
1976 .....	1,500	34,800	80,967
1977 .....	1,900	36,500	89,043
1978 .....	3,000	39,500	97,963
1979 .....	3,000	42,500	106,882
1980 .....	4,500	47,000	117,379
1981 .....	3,200	50,200	124,641
1982 .....	4,000	54,200	134,805
1983 .....	5,400	59,600	148,604
1984 .....	4,100	63,700	158,444
1985 .....	5,200	68,900	170,187
1986 .....	4,100	73,000	183,050
1987 .....	5,400	78,400	199,272
1988 .....	5,800	84,200	214,816
1989 .....	5,900	90,100	225,333
1990 .....	18,800	108,900	249,491
1991 .....	15,400	124,300	269,916
1992 .....	13,400	137,700	294,965
1993 .....	18,900	156,600	324,848
1994 .....	23,400	180,000	357,460
1995 .....	12,300	192,300	376,187
1996 .....	17,300	209,600	397,945

1. Measured as a component of U.S. money stock.  
n.a. Not available

transactions that occur through wholesale banking channels. Currency that flows abroad through other channels—through tourists, through business persons, through personal remittances, and through U.S. military personnel stationed overseas—is not covered in this estimate. Currency smuggled and other illegal activities involving cash, such as drug trafficking, are also not covered in this estimate.

Partial estimates of U.S. currency held by foreigners and changes in those holdings were included in the international accounts and the international investment position of the United States from 1946 to 1962 (see Samuel Pizer and Frederick Cutler, "U.S. International Investments," *SURVEY* 43 (August 1963)). The estimates were discontinued when they were discovered to be unreliable and inaccurate. Currency flows at that time were based on a Federal Reserve survey of currency shipments through banks, a Census Bureau report of exports and imports of silver coins, periodic information on the U.S. Treasury's currency shipments, and estimates of U.S. currency spent abroad by U.S. troops. Growing uncertainty over the coverage and quality of measurement led to the series' termination, partly because evolving geographic statistical patterns appeared to be seriously out of line with actual developments.

### *Financial services*

Estimates of financial services are further improved from last year's introduction of the comprehensive benchmark survey for 1994 by this year's introduction of preliminary results from the 1995 and 1996 Annual Survey of Financial Services Transactions Between U.S. Financial Services Providers and Unaffiliated Foreign Persons.

The new annual surveys provide coverage comparable to that of the benchmark survey (which included nearly a dozen types of financial services), but in consideration of statistical reporting burden, the exemption level in the annual survey is raised to \$5.0 million from \$1.0 million in the benchmark survey. The loss in coverage due to the higher exemption level is recovered by statistical estimation of the exempt companies' transactions in nonbenchmark years. In addition, because the follow-on annual surveys, like the benchmark survey, cover only explicit fees paid and received, BEA continues to estimate fees paid and received on bond trading, which are not

separately identifiable and consequently can not be reported.<sup>4</sup>

The largest revisions for 1995 and 1996 to both receipts and payments were to underwriting and private placement fees and, to a lesser extent, to financial management fees and financial advisory fees. The revisions resulted largely from a substantial step-up in financial activity in both 1995 and 1996 from levels of the 1992–94 period upon which extrapolations were based. In contrast, preliminary estimates for brokerage commission receipts and payments were close to the revised estimates.

Despite the underestimation, the basic approach of extrapolation from the benchmark year using activity and fee-rate variables to produce current estimates until annual survey results can replace them still appears sound. In the future, the approach will be maintained, but the availability of annual surveys will permit the estimates for each type of financial service to be adjusted more promptly.

The annual surveys confirm the benchmark survey findings that much financial service activity takes place outside affiliated channels and that at least for the United States, it is necessary to survey transactions with unaffiliated foreigners in order to obtain complete coverage of financial services.

Estimates of receipts were revised up \$0.9 billion, to \$7.0 billion, for 1995 and up \$0.4 billion, to \$8.0 billion, for 1996. Estimates of payments were revised up \$0.8 billion, to \$2.5 billion, for 1995 and up \$1.2 billion, to \$3.2 billion, for 1996.

### *Benchmark survey of foreign direct investment in the United States*

Results of BEA's 1992 benchmark survey of foreign direct investment in the United States are introduced for 1992. For years after 1992, the estimates are revised by extrapolating forward the 1992 universe data and by incorporating new or adjusted data from BEA's quarterly sample surveys for 1993–96. Previously, the estimates for 1992 forward were extrapolated from the 1987 benchmark survey and sample surveys for 1993–96.

The 1992 benchmark survey covers the universe of U.S. affiliates of foreign direct investors. In nonbenchmark years, universe estimates of the direct investment position and related capital, investment income, and services flows are derived from data reported quarterly by a sample of affiliates and from estimates for affiliates not in the

4. See Christopher L. Bach, "U.S. International Transactions, Revised Estimates for 1986–95," *SURVEY* 76 (July 1996).

sample. The estimates for affiliates not in the sample are derived by extrapolating data from the benchmark survey using a matched sample of data from reporting affiliates.

*Direct investment capital.*—Net capital inflows for foreign direct investment in the United States are revised for 1992–96 to incorporate the results of the 1992 benchmark survey and new or adjusted data from the sample surveys for 1993–96. In addition, a recalculation of permanent invested capital in unincorporated bank affiliates, using more detailed source data, resulted in revisions for 1992 and 1993. The revisions for 1993–96 also reflect revised estimates of depreciation, depletion, and expensed exploration and development costs, which are used to adjust the reinvested earnings component of capital to a current-cost basis. Net capital inflows are revised up \$0.3 billion for 1992, up \$6.0 billion for 1993, down \$4.1 billion for 1994, up \$7.3 billion for 1995, and down \$7.0 billion for 1996.

A more complete explanation of the revisions will accompany the presentation of the detailed estimates of foreign direct investment in the United States in the September 1997 SURVEY.

*Direct investment income.*—Net payments of income by U.S. affiliates to their foreign parents are revised for 1992–96 to incorporate the results of the 1992 benchmark survey and new or adjusted data from the sample surveys for 1993–96. The revisions for 1993–96 also reflect revised estimates of depreciation, depletion, and expensed exploration and development costs, which are used to adjust the earnings component of direct investment income to a current-cost basis, and revisions to related withholding taxes. Net income payments are essentially unrevised for 1992 and 1993 and were revised down \$1.1 billion for 1994, down \$1.1 billion for 1995, and down \$1.7 billion for 1996.

*Royalties and license fees payments and receipts, affiliated.*—Payments and receipts of royalties and license fees between U.S. affiliates and their foreign parents (and foreign affiliates of their foreign parents) are revised for 1992–96 to incorporate the results of the 1992 benchmark survey and new or adjusted data from the sample surveys for 1993–96. For 1992, U.S. affiliates' payments and U.S. affiliates' receipts were essentially unrevised.

*Other private service payments and receipts, affiliated.*—Payments and receipts for other private services between U.S. affiliates and their foreign parents (and foreign affiliates of their foreign

parents) are revised for 1992–96 to incorporate the results of the 1992 benchmark survey and new or adjusted data from the sample surveys for 1993–96. For 1992, U.S. affiliates' payments are revised down \$0.1 billion, and U.S. affiliates' receipts are revised up \$0.2 billion.

#### *Benchmark survey of selected services*

The estimates for 1996 incorporate the preliminary results of BEA's 1996 Benchmark Survey of Selected Services Transactions with Unaffiliated Foreign Persons. The survey covered a number of business, professional, and technical services and is one of many quinquennial benchmark surveys that are a regular part of BEA's ongoing benchmark survey program. Services covered were primarily advertising, computer and data processing, database and other information services, and management, legal, and construction and engineering services. In addition, to fill data gaps in new, growing, and volatile services categories, this benchmark survey covered a number of other services for the first time: Financial services by firms that are not financial services providers (purchases only); selling agent services; and "other" private services, such as satellite photography, security services, actuarial services, salvage services, oilspill and toxic waste cleanup services, language translation services, and account collection services. (These services had previously been covered in annual surveys but not in a benchmark survey). The survey was required from each U.S. person who had transactions (either sales or purchases of any of the covered services) in excess of \$500,000 with unaffiliated foreign persons.

For 1996, \$0.4 billion in receipts and \$0.2 billion in payments are added to the accounts.

#### *Transportation estimates*

*Truck freight receipts and payments.*—Estimates of freight charges for the transportation of U.S. goods exports by truck between the United States and Canada are revised for 1995 and 1996, based on newly available source data.

Beginning in April 1995, the Bureau of the Census began collecting and providing to the Department of Transportation survey data on freight charges for the transportation of U.S. goods exports by truck between the United States and Canada. The survey data now replace BEA projections that were previously used to estimate truck freight receipts and payments. (Survey data for freight charges on U.S. goods imports from

Canada were available at the time the estimates were introduced in 1995.)

For 1995, the revision raised truck freight receipts by \$0.2 billion and reduced truck freight payments by \$0.2 billion. For 1996, the revision raised truck freight receipts by \$0.2 billion and reduced truck freight payments by \$0.3 billion.

*Ocean port receipts.*—Estimates of foreign-operated ocean carriers' expenses in U.S. ports are revised for 1992–96 to incorporate details now available from BEA's survey of ocean transportation. The new details identify the types of primary expenses incurred in U.S. ports by foreign ocean carriers.

Primary expenses include port call expenses (pilotage, towing, and tugboat), cargo expenses (stevedoring, container and barge rentals, and warehouse), vessel expenses (stores and supplies, vessel repairs, and officer and crew wages), and other expenses (agents' and brokers' fees and expenses relating to maintaining U.S. offices). The estimates of these nonfuel expenses are based on the annual BEA survey "Foreign Ocean Carriers' Expenses in the United States." From the annual reports, a per ton expenditure "rate" is calculated for each type of nonfuel expense and for each type of carrier (liner, tanker, and tramp). These implied per ton expenditure "rates" are used in conjunction with Bureau of the Census data on import and export tonnage of foreign-operated ocean carriers to calculate total expenses.

Previously, no detail by type of primary expense was available; consequently, estimates were developed only at the aggregate level. Estimates based on type of primary expense yield substantially lower estimates of foreign-operated ocean carriers' expenses in U.S. ports than estimates based on aggregate port expenses.

Separate enumeration of different types of port expenses also permits a more direct method of estimation of fuel expenses. Estimates of fuel expenses are now based on the Bureau of the Census quarterly report "Bunker Fuel Laden on Vessels Cleared for Foreign Countries." Previously, the estimates of fuel expenses were based on indirect methods of estimation because they could not be separated from other expenses reported on BEA's survey.

Estimates of primary expenses and of fuel for each type of service are summed to total ocean port services receipts. Downward revisions to ocean port services receipts range from \$1.1 billion for 1992 to \$2.3 billion for 1996.

### *Earnings and expenditures of temporary workers*

*Migratory workers.*—Earnings and expenditures of foreign residents employed temporarily in the United States are revised for 1986–96 to include the earnings of "undocumented" migrant agricultural workers, mostly from Mexico. These migrant workers are employed in the United States 23 weeks a year, on average, to assist in the growing and harvesting of crops. Until now, no estimates of earnings and expenditures of "undocumented" migrant agricultural workers have been included in the accounts.

Only the earnings and expenditures of "undocumented" migrant agricultural workers are included in the new estimates. Earnings and expenditures of nonagricultural Mexican and Canadian residents who commute to work and are employed in the border areas of the United States are already included in the "other" private services accounts. Resident immigrants, who also earn income and make expenditures, are considered residents of the United States; the share of their earnings that is sent abroad is included in personal remittances.

The estimation methodology for "undocumented" migrant agricultural workers uses biennial data from the U.S. Department of Labor's National Agricultural Workers Survey (NAWS) and data from the U.S. Department of Agriculture's Quarterly Agricultural Labor Survey (QALS). The NAWS survey, which is based on interviews with agricultural workers for the years 1989–95, covers crop workers (nursery, cash grains, field crops, and fruits and vegetables) and excludes livestock, poultry, and animal fodder workers. The QALS is a telephone survey of farm employers taken four times a year.

Several steps are necessary to combine the information from the two data sources. First, an estimate of total crop workers is calculated by extrapolating the number of total crop workers in 1991 from the NAWS by the total QALS employment of farm labor and agricultural service workers. Second, "undocumented" migrant workers are calculated by multiplying the NAWS percentage of crop workers who are migrants and the NAWS percentage of migrants who are "undocumented" times the total number of crop workers. Third, the number of "undocumented" migrant workers is multiplied by the average hours worked per quarter from the NAWS and the average hourly earnings, less withholding, from the QALS, to calculate earnings. It is assumed that 55 percent of earnings are spent in the United States.



Revisions are made for 1986–96. For 1996, \$2.0 billion is added to earnings, and \$1.1 billion is added to expenditures. For 1986, \$0.7 billion is added to earnings, and \$0.4 billion is added to expenditures.

*Professional workers.*—Earnings and expenditures of foreign residents employed temporarily in the United States are revised to include the earnings of self-employed foreign professionals—such as artists, athletes, consultants, and teachers. Estimates of their earnings are based on data from the Internal Revenue Service. It is assumed that 40 percent of professionals' earnings are spent in the United States. (Earnings and expenditures of professionals working in the United States for foreign corporations are included in the direct investment services accounts.)

Revisions are made for 1986–96. For 1996, \$0.5 billion is added to earnings, and \$0.2 billion is added to expenditures. For 1986, \$0.1 billion is added to earnings, and the amount added to expenditures is very small.

#### *Currency translation gains and losses*

Improved measures of U.S. banks' own claims and liabilities denominated in foreign currencies are introduced for 1992–96. An adjustment is made that improves the quality of the estimates by removing unrealized currency translation gains and losses from U.S. banks' capital flows. These gains and losses occur because foreign-currency-denominated assets and liabilities are reported in dollar equivalents, thereby giving rise to apparent transactions any time that exchange rates at the end of 1 month differ from those at the end of the next month. Because foreign-currency-denominated positions have increased in size in recent years, fluctuations in the positions attributable to exchange rate movements have become large enough to significantly distort the measure of capital transactions. Therefore, the dollar-equivalent amounts will now be adjusted to remove unrealized gains or losses, which should more appropriately be considered as valuation adjustments in the net U.S. international investment position. Bona fide capital transactions, as well as foreign exchange gains and losses that are realized, will then constitute capital flows in the balance of payments accounts. The adjustment is made on the basis of banking data collected by the Bank for International Settlements (BIS).

The improved flow estimates for U.S. banks' own foreign-currency-denominated claims and

liabilities are derived by applying the distribution of foreign currencies in the BIS banking data to the positions reported in the Treasury International Capital (TIC) reporting system at the beginning and end of quarters in order to compute the dollar amount of TIC outstandings held in each of nine key currencies—the British pound, Japanese yen, German mark, Swiss franc, French franc, Italian lire, Canadian dollar, the European Currency Unit (ECU), and the Special Drawing Right (SDR) (for less developed countries that transact largely in nondomestic currencies).

The TIC dollar-reported outstandings for each of the nine currencies are then converted into domestic currency units using end-of-period exchange rates. The difference between the beginning- and end-of-period positions constitutes the estimated capital flow for each currency in domestic units. The flow for each of the nine currencies is then converted back into dollars using quarterly average exchange rates, and the nine values are summed to compute global capital flows excluding exchange rate gains and losses.

The global flow without exchange gains and losses is then subtracted from the global TIC capital flow with gains and losses; the difference equals the exchange rate gains and losses incurred during the period. Representatives in the banking industry suggest that about 25 percent of the computed gains and losses are realized in a typical quarter and are thus appropriately included in capital flows; therefore, only the 75 percent that represent the unrealized exchange gains and losses are removed from the TIC-reported capital flow.

Unrealized gains and losses are removed from U.S. banks' foreign-currency-denominated flows for 1992–96. The adjustments for foreign currency claims ranged in size from  $-\$3.1$  billion in the third quarter of 1995 to  $\$3.3$  billion in the first quarter of 1995; the revisions were negative when the dollar appreciated and positive when the dollar depreciated. The adjustments for foreign currency liabilities ranged in size from  $-\$4.3$  billion in the first quarter of 1995 to  $\$4.1$  billion in the third quarter of 1995; the revisions were positive when the dollar appreciated and negative when the dollar depreciated. In many quarters, the changes were considerably smaller.

The improved estimates do not cover U.S. banks' customers' claims denominated in foreign currencies, because the currency composition of these asset holdings is not available.

### *Nonbank claims and liabilities*

Beginning with estimates for the first quarter of 1997, BEA is including estimates of capital flows for U.S. nonbank claims on and liabilities to unaffiliated foreigners in its preliminary estimates for the current quarter. The last time these capital flows had been included in the preliminary estimates was the fourth quarter of 1978.

Revisions to the Treasury Department's reporting forms at yearend 1978 extended the reporters' filing date, which made data unavailable to BEA for the preliminary estimates. From the first quarter of 1979 onward, BEA has published an "n.a." (not available) for these capital flows in the current quarter because it had no basis on which to make a reliable and accurate estimate.

In recent years, financing activity and capital flows in these accounts, particularly with Caribbean finance centers, have become large and significant. Consequently, BEA began exploring data sources that would provide the basis for a timely estimate of these capital flows. The Federal Reserve Board has made available to BEA preliminary data from its reports of offshore banks' asset and liability positions with U.S. banks and nonbanks.

BEA's estimates are based on changes in the Caribbean banks' asset and liability positions with U.S. nonbanks. Although U.S. nonbank flows with banks in the Caribbean are a major part of total U.S. nonbank flows, a substantial part of U.S. nonbank flows remains uncovered. There are no acceptable source data upon which to base reliable preliminary estimates of transactions with other areas of the world.

Because of this difficulty, it is expected that there will be large revisions between preliminary and revised estimates. However, these revisions should be smaller than those under the old procedure, which implicitly assumed that nonbank flows were zero for the preliminary estimates.

The new procedure is used only for the preliminary estimates. For the revised estimates published 90 days later, normal estimation procedures based on complete survey results from several data sources will continue to be used.

### *Goods*

BEA and the Bureau of the Census seasonally adjust the goods export and goods import estimates at the five-digit end-use commodity category levels, which is the most detailed level of end-use classification available. This level of detail is chosen because of the need to track specific trade

patterns and to relate those patterns to categories of final demand included in the national income and product accounts. Nearly 150 commodity categories are tested annually for seasonal variation. Almost 80 percent of total export value and almost 90 percent of total import value exhibit stable seasonality.

An aggregate series that is derived as the sum of individually seasonally adjusted series may in some instances exhibit "residual" seasonality. The amount of "residual" seasonality is usually small, and no adjustments are made to the aggregate series, because of a strong preference to have as accurate as possible measures for each of the individual series and to have individual series that sum to the aggregate series. However, in recent years, the amount of "residual" seasonality for exports has increased. Consequently, a concerted effort was made this year to reduce the "residual" seasonality for goods exports. Little "residual" seasonality exists for good imports.


For exports, "residual" seasonality is traceable mostly to the commodity categories of civilian aircraft and parts and of industrial, service, and agricultural-type machinery. The component series of civilian aircraft and parts contain large amounts of irregular and nonsystematic variation, which make it difficult to detect whether a pattern of stable seasonality exists. Given the difficulty in determining reliable seasonality in this series, this problem seems rather intractable, and civilian aircraft and parts can be expected to continue as a contributor to "residual" seasonality in total exports. However, some progress has been made with the machinery category. By combining several of the individual machinery series into a single category and by developing seasonal factors based on that single category, rather than on each component series separately, it was possible to reduce significantly "residual" seasonality in total exports. This combination of individual machinery categories will be reevaluated at the time of next year's annual revision. Staff at the Bureau of the Census' Foreign Trade Division conducted this research.

A number of additional series are adjusted for seasonal or for trading-day variations for the first time this year, which also helps reduce the "residual" seasonality of total exports.

BEA and the Census Bureau seasonally adjusted end-use series continue to sum to seasonally adjusted total exports and total imports.

*Nonresident taxes*

Net tax payments to foreigners are revised for 1985–95 to reflect a higher level of income from abroad and to reflect a change in assumed foreign withholding tax rates. Taxes on dividends were raised \$1.3 billion for 1996, reflecting the higher level of income receipts that re-

sulted from upward revisions to U.S. holdings of foreign stocks. Taxes on bond interest were lowered \$3.8 billion for 1996, as higher taxes resulting from upward revisions to U.S. holdings of foreign bonds were more than offset by the effect of a reduction in the assumed foreign withholding tax rate on bond interest income. 

# U.S. International Transactions, First Quarter 1997

By Christopher L. Bach

The international transactions accounts have undergone substantial revision as a result of major improvements in estimating methodologies and in the development of new source data. For a discussion of these changes, see "U.S. International Transactions, Revised Estimates for 1974-96" in this issue.

THE U.S. current-account deficit increased to \$41.0 billion in the first quarter of 1997 from \$36.9 billion (revised) in the fourth quarter of 1996 (table A, chart 1).<sup>1</sup> 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 capital inflows were \$59.1 billion in the first quarter, compared with \$40.1 billion in the fourth. Increases in U.S. assets abroad and increases in foreign assets in the United States both slowed,

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

but the slowdown was more pronounced for U.S. assets abroad. Although somewhat reduced, both increases remained large by historical standards.

The statistical discrepancy—errors and omissions in recorded transactions—was an outflow of \$18.1 billion in the first quarter, compared with an outflow of \$3.3 billion in the fourth.

The following are highlights for the first quarter of 1997:

- The balance on investment income shifted to a deficit from a surplus, and the deficit on goods and services increased.
- Capital outflows for U.S. assets abroad slowed; outflows for claims reported by U.S. banks slowed moderately, while outflows for net U.S. purchases of foreign securities slowed sharply.
- Capital inflows for foreign assets in the United States also slowed, particularly for liabilities reported by U.S. banks and for net foreign purchases of U.S. Treasury securities.

Table A.—Summary of U.S. International Transactions  
[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included are indicated in ( )	1995	1996	1995				1996				1997	Change: 1996 IV- 1997 I
				I	II	III	IV	I	II	III	IV		
1	Exports of goods, services, and income (1) .....	991,490	1,055,233	237,587	246,787	250,734	256,382	256,382	262,335	261,979	274,545	279,468	4,923
2	Goods, adjusted, excluding military (2) .....	575,871	612,069	138,389	143,181	145,360	148,941	150,048	153,411	150,764	157,846	162,527	4,681
3	Services (3) .....	218,739	236,764	51,980	53,303	56,244	57,211	57,067	58,736	59,322	61,656	61,991	335
4	Income receipts on investments (11) .....	196,880	206,400	47,218	50,303	49,130	50,230	49,277	50,188	51,893	55,043	54,950	-93
5	Imports of goods, services, and income (15) .....	-1,086,539	-1,183,450	-263,845	-274,363	-275,019	-273,316	-278,860	-289,231	-295,865	-299,493	-311,725	-12,232
6	Goods, adjusted, excluding military (16) .....	-749,431	-803,239	-182,790	-190,739	-188,180	-187,722	-192,973	-200,973	-203,257	-206,036	-212,314	-6,278
7	Services (17) .....	-147,036	-156,634	-35,884	-36,544	-37,308	-37,304	-38,671	-38,953	-39,345	-39,664	-41,321	-1,657
8	Income payments on investments (25) .....	-190,072	-203,577	-45,171	-47,080	-49,531	-48,290	-47,216	-49,305	-53,263	-53,793	-58,090	-4,297
9	Unilateral transfers (29) .....	-34,046	-39,968	-8,451	-8,128	-8,847	-8,620	-10,406	-8,689	-8,947	-11,926	-8,709	3,217
10	U.S. assets abroad, net (increase/capital outflow (-)) (33) .....	-307,207	-352,444	-69,625	-110,548	-40,679	-96,356	-70,768	-49,698	-77,542	-154,436	-99,787	54,649
11	U.S. official reserve assets, net (34) .....	-9,742	6,668	-5,318	-2,722	-1,893	191	17	-523	7,489	-315	4,480	4,795
12	U.S. Government assets, other than official reserve assets, net (39) .....	-549	-690	-158	-184	266	-473	-210	-358	162	-284	31	315
13	U.S. private assets, net (43) .....	-296,916	-358,422	-64,149	-107,642	-39,052	-96,074	-70,575	-48,817	-85,193	-153,837	-104,298	49,539
14	Foreign assets in the United States, net (increase/ capital inflow (+)) (48) .....	451,234	547,555	97,652	122,714	125,839	105,029	88,233	106,114	158,629	194,579	158,867	-35,712
15	Foreign official assets, net (49) .....	110,729	122,354	22,098	37,138	39,585	11,908	52,014	13,154	24,089	33,097	28,337	-4,760
16	Other foreign assets, net (56) .....	340,505	425,201	75,554	85,576	86,254	93,121	36,219	92,960	134,540	161,482	130,530	-30,952
17	Allocations of special drawing rights (62) .....												
18	Statistical discrepancy (63) .....	-14,931	-46,927	-3,318	23,538	-52,028	16,881	15,419	-20,831	-38,254	-3,269	-17,957	-14,688
19	Memorandum: Balance on current account (70) .....	-129,095	-148,184	-34,709	-35,704	-33,132	-25,554	-32,884	-35,585	-42,833	-36,874	-40,966	-4,092

P Preliminary.

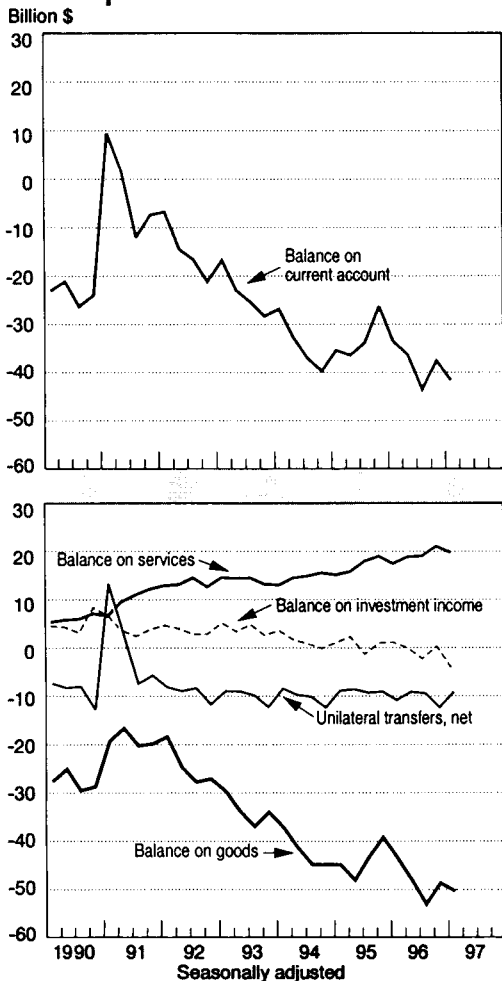
- The U.S. dollar appreciated 7 percent on a trade-weighted quarterly average basis for the quarter.

*U.S. dollar in exchange markets*

In the first quarter, the dollar appreciated 7 percent on a trade-weighted quarterly average basis against the currencies of 10 industrial countries (table B, chart 2). The dollar appreciated 8 percent against the German mark, 7 percent against the Japanese yen, and 1 percent against the Canadian dollar. The dollar was unchanged against the British pound.

**CHART 1**

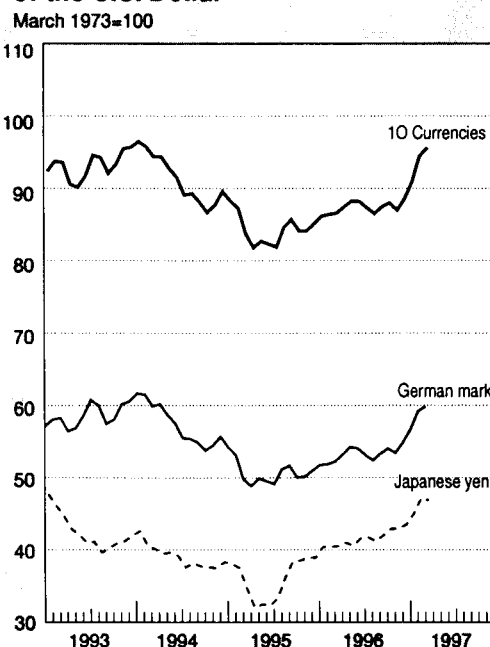
**U.S. Current-Account Balance and Its Components**



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

**CHART 2**

**Indexes of Foreign Currency Price of the U.S. Dollar**



1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom.

Monthly average rates. Indexes rebased by BEA.  
Data: Federal Reserve Board

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

**Table B.—Indexes of Foreign Currency Price of the U.S. Dollar**  
[March 1973=100]

	1996				1997	1996												1997		
	I	II	III	IV	I	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.		
Trade-weighted average against 10 currencies <sup>1</sup>	86.4	88.0	87.1	87.9	93.7	86.6	87.5	88.3	88.2	87.3	86.5	87.5	88.0	87.0	88.7	91.0	94.5	95.6		
Selected currencies: <sup>2</sup>																				
Canada	137.4	136.9	137.5	135.5	136.4	137.0	136.4	137.4	137.0	137.4	137.7	137.4	135.5	134.3	136.7	135.4	136.0	137.7		
European currencies:																				
Belgium	76.7	79.4	78.3	80.1	86.8	77.1	78.4	80.0	79.8	78.5	77.5	78.8	79.9	79.1	81.2	84.0	87.7	88.7		
France	111.6	114.2	112.8	114.6	123.9	112.0	113.0	114.8	114.7	112.7	112.1	113.6	114.4	113.3	116.1	119.9	125.2	126.6		
Germany	52.2	54.1	53.2	54.4	58.9	52.5	53.5	54.5	54.3	53.4	52.7	53.6	54.3	53.7	55.2	57.0	59.5	60.2		
Italy	276.7	273.6	267.7	267.9	288.3	275.0	275.5	274.0	271.4	268.7	266.9	267.6	268.2	266.4	269.0	276.0	291.3	297.7		
Netherlands	57.3	59.3	58.5	59.8	64.9	57.8	58.6	59.7	59.6	58.7	57.9	58.9	59.7	59.1	60.7	62.8	65.5	66.4		
Switzerland	37.0	38.7	38.0	40.0	44.6	37.2	37.9	39.0	39.1	38.3	37.4	38.4	39.1	39.8	41.3	43.2	45.2	45.5		
United Kingdom	161.5	162.2	159.1	151.0	151.6	161.9	163.1	163.1	160.4	159.2	159.5	158.5	155.8	148.7	148.6	149.1	152.1	153.6		
Japan	40.4	41.1	41.6	43.1	46.3	40.5	41.0	40.6	41.6	41.7	41.2	42.0	42.9	42.9	43.5	45.0	47.0	46.9		

1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.

2. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

The dollar's sharp advance during the quarter was encouraged by a further increase in both short- and long-term interest-rate differentials in favor of U.S. dollar assets. U.S. interest rates were pushed higher, partly by a strengthening rather than a moderation in U.S. economic activity and partly by expectations that U.S. monetary policy might be tightened. In late March, the Federal Reserve raised the target federal funds rate by 25 basis points to 5.5 percent. Abroad, Germany's economic growth gained momentum but remained below that in the United States, and market participants remained concerned about the economic health of Japanese financial institutions. Uncertainties concerning the start of the European Monetary Union may have temporarily strengthened the mark against the dollar late in the quarter.

The dollar's strong appreciation over the past 2 years has returned its level against the mark to close to that in late 1993 and early 1994, while its level against the yen is now well above that in the same time period (chart 2).

### Current Account

#### Goods and services

The deficit on goods and services increased to \$29.1 billion in the first quarter from \$26.2 billion in the fourth. The deficit on goods increased to \$49.8 billion from \$48.2 billion, and the surplus on services decreased to \$20.7 billion from \$22.0 billion.

**Goods.**—The deficit on goods increased to \$49.8 billion in the first quarter from \$48.2 billion in the fourth, as imports increased more than exports.

**Exports.**—Exports increased \$4.7 billion, or 3 percent, to \$162.6 billion in the first quarter.

Quantity, measured in chained (1992) dollars, increased 4 percent (table C).

Nonagricultural exports increased \$5.8 billion, or 4 percent, to \$148.2 billion. Quantity increased 5 percent, and prices decreased 1 percent. In value, capital goods accounted for nearly one-half of the increase. Among capital goods, one-third of the increase was attributable to surges in industrial engines, pumps, and compressors and in other industrial, agricultural, and service industry machinery. Another one-third was attributable to computers, peripherals, and parts and to semiconductors; these shipments are just above the levels reached at the end of 1995 before oversupply conditions limited shipments for much of 1996. The remaining one-third was attributable to civilian aircraft, engines, and parts, which remain exceptionally strong. Nonagricultural industrial supplies and materials increased as a result of higher shipments of chemicals and nonmonetary gold. Shipments of passenger cars and parts were sharply higher, particularly shipments to Canada, which rebounded from a strike-depressed fourth quarter.

Agricultural exports decreased \$1.1 billion, or 7 percent, to \$14.3 billion. Quantity decreased 7 percent. Prices of most major agricultural commodities fell sharply in the last two quarters of 1996 but changed little in the first quarter of 1997. Previously, prices had risen strongly from the fourth quarter of 1994 through the second quarter of 1996.

Soybeans decreased \$0.5 billion, or 23 percent, mostly to China, Europe, and Brazil. In contrast to most major commodities, the price of soybeans increased 12 percent in the first quarter, following a 13-percent decline in the fourth quarter. Soybean prices are now only 3 percent below last year's high in the third quarter.

Corn decreased \$0.4 billion, or 20 percent, mainly to Korea and Mexico. The price of corn

Table C.—U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars							Chained (1992) dollars <sup>1</sup>						
	1995	1996	1996				1997	1995	1996	1996				1997
			I	II	III	IV				I <sup>P</sup>	I	II	III	
Exports .....	575,871	612,069	150,048	153,411	150,764	157,846	162,527	560,426	606,009	146,818	150,995	149,716	158,480	164,668
Agricultural products .....	57,229	61,488	15,863	15,080	15,093	15,452	14,322	49,574	48,674	12,660	11,398	11,718	12,898	11,955
Nonagricultural products .....	518,642	550,581	134,185	138,331	135,671	142,394	148,205	510,885	558,093	134,319	139,870	138,158	145,746	153,104
Imports .....	749,431	803,239	192,973	200,973	203,257	206,036	212,314	737,232	797,115	190,873	198,786	202,649	204,807	214,893
Petroleum and products .....	56,155	72,744	14,619	18,514	19,052	20,559	19,170	60,332	63,530	14,417	16,384	16,816	15,913	15,535
Nonpetroleum products .....	693,276	730,495	178,354	182,459	184,205	185,477	193,144	675,689	731,397	176,065	182,095	185,317	187,920	198,300

<sup>P</sup> Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained dollar estimates are usually not additive.

increased 1 percent, following decreases of 31 percent in the fourth quarter and 11 percent in the third. The price of corn is now 37 percent below its high in the second quarter of 1996.

Wheat decreased \$0.3 billion, or 25 percent, mostly to Egypt. The price of wheat decreased 2 percent and is now 27 percent below its high in the second quarter of 1996.

*Imports.*—Imports increased \$6.3 billion, or 3 percent, to \$212.3 billion in the first quarter. Quantity, measured in chained (1992) dollars, increased 5 percent (table C).

Nonpetroleum imports increased \$7.7 billion, or 4 percent, to \$193.1 billion. Quantity increased 6 percent, and prices decreased 1 percent. In value, \$2.5 billion of the increase was attributable to unusually large shipments of completed autos from Canada. Increases also occurred in nonpetroleum industrial supplies and materials, mainly in nonmonetary gold and chemicals. Among capital goods, computers, peripherals, and parts increased; quarterly imports now exceed the levels reached in late 1995 before oversupply conditions limited imports for much of 1996. Semiconductors, which were subject to the same oversupply conditions, have not yet returned to their late-1995 quarterly level.

Petroleum imports decreased \$1.4 billion, or 7 percent, to \$19.2 billion. The average number of barrels imported daily decreased to 9.85 million from 10.13 million. The average price per barrel decreased to \$21.31 from \$22.22. Domestic consumption, production, and inventories all decreased.

*Balances by area.*—As noted earlier, the deficit on goods increased to \$49.8 billion in the first quarter from \$48.2 billion in the fourth. The deficit with industrial countries increased to \$23.5 billion from \$23.0 billion; an increase in the deficit with Japan was partly offset by a decrease in the deficit with Western Europe. The deficit with non-OPEC developing countries increased to \$20.1 billion from \$18.4 billion; the rise was mostly accounted for by Asian countries. The deficit with OPEC members decreased to \$6.2 billion from \$6.7 billion.

*Services.*—The surplus on services decreased to \$20.7 billion in the first quarter from \$22.0 billion in the fourth, as payments increased more than receipts.

Foreign visitors to the United States spent \$18.6 billion, up from \$18.2 billion. Receipts from overseas, Mexican, and Canadian visitors all in-

creased. U.S. travelers abroad spent \$13.1 billion, up from \$12.2 billion. Expenditures overseas accounted for most of the increase; expenditures in Mexico and Canada also increased.

Passenger fare receipts were unchanged at \$5.3 billion, and passenger fare payments were \$4.3 billion, up from \$4.1 billion, as a result of an increase in overseas travelers.

“Other” transportation receipts were unchanged at \$7.1 billion. “Other” transportation payments increased to \$7.3 billion from \$7.2 billion, as a result of an increase in freight payments.

Royalties and license fee receipts were unchanged at \$7.7 billion, and payments increased to \$1.9 billion from \$1.8 billion.

“Other” private services receipts increased to \$19.7 billion from \$19.1 billion, as most services increased by small amounts. “Other” private services payments increased to \$11.3 billion from \$11.0 billion.

Transfers under U.S. military sales contracts dropped to \$3.3 billion from \$4.0 billion in the fourth quarter, when there were shipments of unusually large amounts of major equipment. Direct defense expenditures abroad were up slightly to \$2.8 billion.

#### *Investment income*

The balance on investment income shifted to a deficit of \$3.1 billion in the first quarter from a surplus of \$1.3 billion in the fourth.

*Direct investment income.*—Receipts of income on U.S. direct investment abroad were \$25.7 billion in the first quarter, down from \$26.9 billion in the fourth, but still the second-highest quarter on record. Earnings remained strong in Western Europe. Payments of income on foreign direct investment in the United States were \$9.5 billion, up from \$7.8 billion, and only slightly below the record \$9.6 billion in the third quarter. Continued expansion in the U.S. economy, fewer drastic cost-reduction efforts with their high initial costs, and an expanded base of foreign-owned businesses have all contributed to the strong increase in earnings over the past several years.

*Portfolio investment income.*—Receipts of income on “other” private investment were \$28.4 billion in the first quarter, up from \$27.2 billion in the fourth, mostly as a result of higher claims. Payments of income on “other” private investment were \$27.5 billion, up from \$26.1 billion, mostly as a result of higher liabilities.

Receipts of income on U.S. Government assets were \$0.8 billion, down slightly from \$0.9 billion. Payments of income on U.S. Government liabilities were \$21.1 billion, up from \$19.9 billion, as a result of substantial accumulations of U.S. Treasury securities by foreigners in recent quarters.

#### *Unilateral transfers*

Net unilateral transfers were \$8.7 billion in the first quarter, down from \$11.9 billion in the fourth; fourth-quarter transactions had been boosted by special grants to Israel to finance military and economic purchases.

### Capital Account

Net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$59.1 billion in the first quarter, compared with \$40.1 billion in the fourth. Increases in U.S. assets abroad slowed more than increases in foreign assets in the United States. Although somewhat reduced, both increases remained large by historical standards.

#### *U.S. assets abroad*

U.S. assets abroad increased \$99.8 billion in the first quarter, compared with an increase of \$154.4 billion in the fourth.

*U.S. official reserve assets.*—U.S. official reserve assets decreased \$4.5 billion in the first quarter, following an increase of \$0.3 billion in the fourth. The decrease in the first quarter resulted from Mexico's final repayment of \$3.5 billion on its drawings under medium-term swap arrangements with the U.S. Treasury. With this repayment, the medium-term swap arrangements were terminated.

*Claims reported by banks.*—U.S. claims on foreigners reported by U.S. banks increased \$56.6 billion in the first quarter, compared with an increase of \$66.7 billion in the fourth. The increase in interbank claims payable in dollars slowed sharply from an exceptionally large increase in the fourth quarter; the increase in claims on other private foreigners, largely on international bond mutual funds in the Caribbean, also slowed sharply.

Interbank claims of U.S.-owned banks shifted by a large amount to a sizable decrease. This shift was partly offset by an increase in interbank

claims of foreign-owned banks, whose claims increased by an even larger amount in the first quarter than in the fourth. The funding to support the increases in claims of foreign-owned banks over the past two quarters came both from domestic deposit growth and from foreign sources.

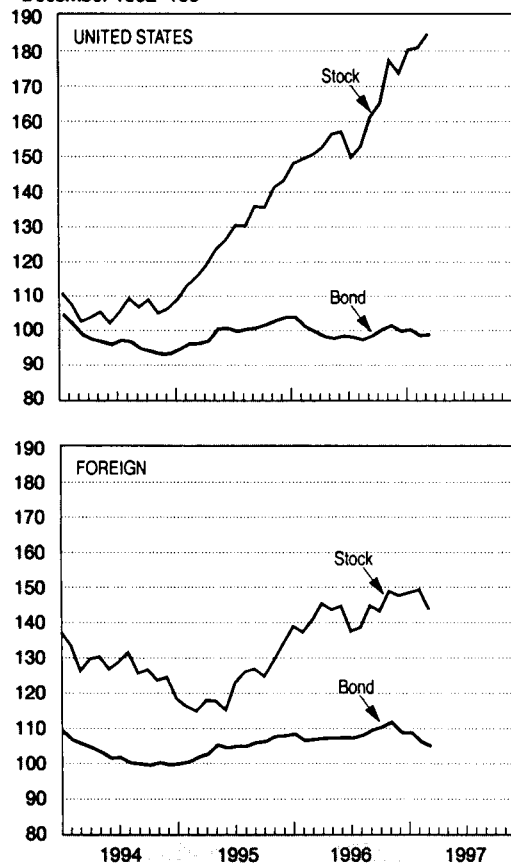
As in the fourth quarter, some interbank lending supported large net purchases of U.S. Treasury and corporate securities, the gradual strengthening of economic activity in Europe, and the large numbers of acquisitions and mergers. Most interbank lending was to banks in Europe, both in the United Kingdom and in continental Europe. Interbank demand for dollar credits in Canada and Southeast Asian countries strengthened.

The increase in claims on other private foreigners slowed sharply, largely as international bond

### CHART 3

#### Stock and Bond Price Indexes

December 1992=100



Sources:  
 Stock indexes — Morgan Stanley Capital International: U.S. index, and world index excluding United States, in local currencies.  
 Bond indexes — Salomon Brothers Inc: Treasury/government sponsored/corporate index, and non-U.S. world government bond index, in local currencies.

Indexes rebased by BEA.

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



mutual funds in Caribbean financial centers sold U.S. Treasury securities in the first quarter after borrowing heavily to finance exceptionally large net purchases in the fourth.

Banks' domestic customers' claims increased \$13.2 billion, compared with an increase of \$11.5 billion. An increase in customers' deposits in European and Caribbean banks was especially large and more than accounted for the increase in the first quarter.

Banks' own claims payable in foreign currencies increased \$7.7 billion; the increases were widespread, including increases on banks' own offices in the United Kingdom, Japan, and Canada. These claims now exclude, for the first time, the effect of unrealized currency translation gains and losses.<sup>2</sup>

*Foreign securities.*—Net U.S. purchases of foreign securities were \$14.5 billion in the first quarter, down from \$30.2 billion in the fourth. The decline was more than accounted for by a drop in net U.S. purchases of foreign bonds to \$2.8 billion from \$19.6 billion. Net U.S. purchases of foreign stocks increased to \$11.8 billion from \$10.6 billion (chart 3).

Transactions in outstanding bonds shifted to net sales of \$8.6 billion, in contrast to net purchases of \$7.0 billion. Net sales occurred in all major markets, including Western Europe, Canada, Latin America, and Asia excluding Japan. Foreign new bond issues in the United States remained strong at \$15.0 billion but were down from \$17.4 billion.

Net U.S. purchases of foreign stocks were \$11.8 billion, up \$1.2 billion but still less than one-half the record set in the first quarter of 1996. The increase in the first quarter of 1997 was largely from the Caribbean and Japan; net purchases from Europe slowed.

*Direct investment.*—Net capital outflows for U.S. direct investment abroad were \$24.6 billion in the first quarter, down from \$30.9 billion in the fourth. However, net equity capital outflows more than doubled. The pickup was mostly in Europe, where major acquisitions in soft drinks, health products, pharmaceuticals, and financial services boosted first-quarter outflows. Merger and acquisition activity in Europe, as well as the United States, remains near an all-time high. In contrast to the merger boom of the late 1980's, when a large share of mergers were across industries, mergers in the mid-1990's have been

highly focused, featuring consolidations within industries and within major product lines. Intercompany debt transactions shifted by a very large amount to net inflows. As has been the case for the past several years, large quarter-to-quarter swings in intercompany debt have resulted from sizable swings in transactions between finance affiliates and parents in the securities industry. Reinvested earnings decreased but remained strong.

#### *Foreign assets in the United States*

Foreign assets in the United States increased \$158.9 billion in the first quarter, compared with an increase of \$194.6 billion in the fourth.

*Foreign official assets.*—Foreign official assets in the United States increased \$28.3 billion in the first quarter, compared with an increase of \$33.1 billion in the fourth. Assets of industrial countries increased much more strongly in the first quarter than in the fourth, while assets of developing countries increased much less strongly than in the fourth (table D).

*Liabilities reported by banks.*—U.S. liabilities reported by U.S. banks increased \$18.9 billion in the first quarter, compared with a \$39.0 billion increase in the fourth. Interbank borrowing of dollars by both U.S.-owned and foreign-owned banks slowed sharply from an exceptionally large increase in the fourth quarter. Although U.S.-owned banks had little need for foreign funds to support lending activity abroad in the first quarter, foreign-owned banks continued to use funds borrowed from abroad, in addition to U.S. deposit growth, to support their lending activity abroad.

Liabilities payable in foreign currencies increased \$8.5 billion, in contrast to a \$6.4 billion decrease in the fourth quarter. Borrowing in the first quarter was from all major geographic areas. These liabilities now exclude, for the first time, unrealized currency translation gains and losses.<sup>2</sup>

*U.S. Treasury securities.*—Net foreign purchases of U.S. Treasury securities were strong at \$42.9 billion in the first quarter, but were down from an exceptional \$67.5 billion in the fourth.

Most of the drop was attributable to international bond mutual funds in the Caribbean, reflecting large net sales in February and March that were perhaps generated by the large price declines associated with the 40-basis-point rise in U.S. interest rates over the quarter; net purchases by mutual funds had been especially strong in

2. For more information, see "U.S. International Transactions, Revised Estimates for 1974-96," page 53.

November and December. Net purchases from other areas remained strong, especially from the United Kingdom, where much foreign trading activity is centered, and from Japan and other Asian countries. Interest yields on U.S. Government bonds relative to mark and yen bonds were large at the beginning of the quarter and increased further by the end of the quarter. These differentials are now at levels last reached in 1989 (chart 4).

**U.S. currency.**—Net U.S. currency flows to foreigners were \$3.5 billion, down from \$7.8 billion. This is the first time these flows have been included in the accounts.<sup>3</sup> The flows are recorded “net,” that is, net of flows to and from foreigners. The data were developed by the Federal Reserve Board.

**Other U.S. securities.**—Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$38.7 billion in the first quarter, up from \$32.4 billion in the fourth. Net foreign purchases of foreign stocks were sharply higher at \$10.3 billion, up from \$1.3 billion; net foreign purchases of bonds were \$28.4 billion, down from \$31.1 billion (chart 3).

Net foreign purchases of U.S. stocks jumped sharply, mostly as a result of net purchases by Western Europe. Accelerating U.S. stock prices, strong dollar appreciation, and continued growth of the U.S. economy with stable inflation were contributing factors. Net sales by Japan accelerated.

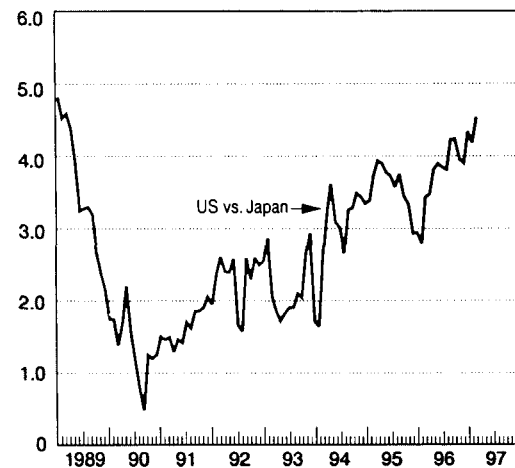
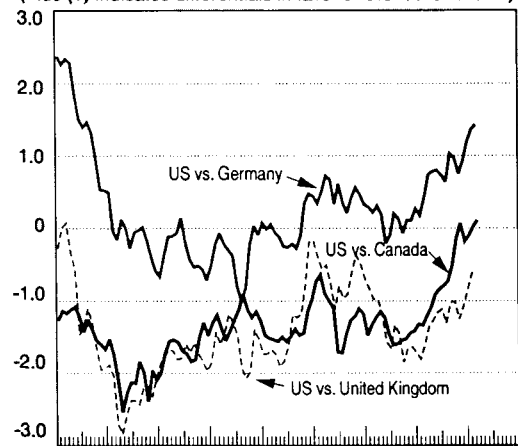
New bond issues sold abroad by U.S. corporations were a record \$20.7 billion, up sharply from \$14.6 billion in the fourth quarter; the previous

3. For more information, see “U.S. International Transactions, Revised Estimates for 1974–96,” page 48.

CHART 4

### Long-term Government Bond Yield Differentials<sup>1</sup>

(Plus (+) indicates differentials in favor of U.S. dollar assets)



1. Ten-year Government bond yields. Monthly Averages. Data OECD.  
U.S. Department of Commerce, Bureau of Economic Analysis

Table D.—Selected Transactions with Official Agencies

[Millions of dollars]

	1995	1996	1995				1996				1997	Change: 1996 IV- 1997 I
			I	II	III	IV	I	II	III	IV		
Changes in foreign official assets in the United States, net (decrease -) (table 1, line 49) .....	110,729	122,354	22,098	37,138	39,585	11,908	52,014	13,154	24,089	33,097	28,337	-4,760
Industrial countries <sup>1</sup> .....	22,546	65,498	13,749	6,906	5,833	-3,942	39,787	9,434	11,367	4,910	18,313	13,403
Members of OPEC <sup>2</sup> .....	4,239	12,278	-91	-29	5,933	-1,574	-1,539	5,239	5,263	3,315	6,717	3,402
Other countries .....	83,944	44,578	8,440	30,261	27,819	17,424	13,766	-1,519	7,459	24,872	3,307	-21,565
Changes in U.S. official reserve assets, net (increase -) (table 1, line 34) .....	-9,742	6,668	-5,318	-2,722	-1,893	191	17	-523	7,489	-315	4,480	4,795
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: <sup>3</sup>												
Foreign drawings, or repayments (-), net .....	11,800	-8,300	5,000	5,000	2,500	-700	-1,300	.....	-7,000	.....	-3,500	-3,500
Drawings .....	18,800	.....	6,000	7,000	4,500	1,300	.....	.....	.....	.....	.....	.....
Repayments .....	-7,000	-8,300	-1,000	-2,000	-2,000	-2,000	-1,300	.....	-7,000	.....	-3,500	-3,500

<sup>1</sup> Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

3. Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

record was \$16.5 billion in the first quarter of 1995. The upward trend in U.S. long-term interest rates and continued strong demand for dollar-denominated debt instruments led to record placements by U.S. corporations in the Eurobond markets, mostly as fixed-rate issues. Net foreign purchases of federally-sponsored agency bonds were \$8.0 billion, down from \$12.3 billion.

*Direct investment.*—Net capital inflows for foreign direct investment in the United States were \$21.7 billion in the first quarter, up from \$17.7 bil-

lion in the fourth. Equity capital inflows, though down somewhat from the fourth quarter when acquisitions in the insurance and securities industries were especially large, remained strong in the first quarter, when acquisitions in the chemicals and securities industries were large. Intercompany debt inflows strengthened, also reflecting the recent surge in foreign-affiliated funding of new foreign investment in the United States. Reinvested earnings were higher, partly reflecting improved earnings of affiliates.


*Tables 1 through 10A follow.* 

Table 1.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
1	Exports of goods, services, and income .....	40,165	42,722	46,464	49,353	54,911	60,132	68,387	72,384	81,986	113,050	148,484	157,936	172,090	184,855
2	Goods, adjusted, excluding military <sup>2</sup> .....	25,501	26,461	29,310	30,666	33,626	36,414	42,469	43,319	49,381	71,410	98,306	107,088	114,745	120,816
3	Services <sup>3</sup> .....	7,840	8,824	9,616	10,667	11,917	12,806	14,171	16,358	17,841	19,832	22,591	25,497	27,971	31,485
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	2,086	2,465	2,721	3,191	3,939	4,138	4,214	5,472	5,856	5,369	5,197	6,256	5,826	7,554
5	Travel .....	1,207	1,380	1,590	1,646	1,775	2,043	2,331	2,534	2,817	3,412	4,032	4,697	5,742	6,150
6	Passenger fares .....	241	271	317	371	411	450	544	615	699	875	1,104	1,039	1,366	1,386
7	Other transportation .....	2,076	2,175	2,333	2,426	2,568	3,125	3,299	3,579	3,579	4,465	5,697	5,840	6,747	7,090
8	Royalties and license fees <sup>5</sup> .....	1,314	1,534	1,516	1,747	1,867	2,019	2,331	2,545	2,770	3,225	3,821	4,300	4,353	4,920
9	Other private services <sup>5</sup> .....	651	714	814	951	1,024	1,160	1,294	1,546	1,764	1,985	2,321	2,920	3,584	3,848
10	U.S. Government miscellaneous services .....	265	285	326	336	353	343	332	347	357	401	419	446	489	557
11	Income receipts on U.S. assets abroad .....	6,824	7,437	7,528	8,021	9,367	10,913	11,748	12,707	14,765	21,808	27,587	25,351	29,375	32,354
12	Direct investment receipts .....	5,106	5,506	5,260	5,503	6,591	7,649	8,169	9,160	10,949	16,542	19,157	16,595	18,999	19,673
13	Other private receipts .....	1,256	1,421	1,669	1,781	2,021	2,338	2,671	2,641	2,949	4,330	7,356	7,644	9,043	11,057
14	U.S. Government receipts .....	462	510	599	636	756	925	907	906	866	936	1,074	1,112	1,332	1,625
15	Imports of goods, services, and income .....	-29,102	-32,708	-38,468	-41,476	-48,671	-53,998	-59,901	-68,414	-79,237	-98,997	-137,274	-132,745	-162,109	-193,764
16	Goods, adjusted, excluding military <sup>2</sup> .....	-18,700	-21,510	-25,493	-26,866	-32,991	-35,807	-39,866	-45,579	-55,797	-70,499	-103,811	-98,185	-124,228	-151,907
17	Services <sup>3</sup> .....	-8,619	-9,111	-10,494	-11,863	-12,302	-13,322	-14,520	-15,400	-16,868	-18,843	-21,379	-21,996	-24,570	-27,640
18	Direct defense expenditures .....	-2,880	-2,952	-3,764	-4,378	-4,535	-4,856	-4,819	-4,784	-4,629	-5,032	-4,795	-4,795	-4,895	-5,823
19	Travel .....	-2,211	-2,438	-2,657	-3,207	-3,030	-3,373	-3,980	-4,373	-5,042	-5,526	-5,980	-6,417	-6,856	-7,451
20	Passenger fares .....	-642	-717	-753	-829	-885	-1,080	-1,215	-1,290	-1,596	-1,790	-2,095	-2,263	-2,568	-2,748
21	Other transportation .....	-1,817	-1,951	-2,161	-2,157	-2,367	-2,455	-2,843	-3,130	-3,520	-4,684	-5,942	-6,708	-6,852	-7,972
22	Royalties and license fees <sup>5</sup> .....	-127	-135	-140	-166	-186	-221	-224	-241	-294	-385	-346	-472	-482	-504
23	Other private services <sup>5</sup> .....	-627	-461	-506	-565	-688	-751	-827	-956	-1,043	-1,180	-1,262	-1,551	-2,006	-2,190
24	U.S. Government miscellaneous services .....	-415	-457	-613	-661	-631	-586	-576	-592	-589	-640	-722	-789	-911	-951
25	Income payments on foreign assets in the United States .....	-1,783	-2,088	-2,481	-2,747	-3,378	-4,869	-5,515	-5,435	-6,572	-9,655	-12,084	-12,564	-13,311	-14,217
26	Direct investment payments .....	-629	-657	-711	-821	-876	-848	-875	-1,164	-1,284	-1,610	-2,331	-2,234	-3,110	-2,834
27	Other private payments .....	-802	-942	-1,221	-1,328	-1,800	-3,244	-3,617	-4,228	-4,604	-6,409	-6,491	-5,788	-6,681	-6,841
28	U.S. Government payments .....	-453	-489	-549	-598	-702	-777	-1,024	-1,844	-2,684	-3,836	-4,262	-4,542	-4,820	-5,542
29	Unilateral transfers, net .....	-4,240	-4,583	-4,955	-5,294	-5,629	-5,735	-6,156	-7,402	-8,544	-9,913	-9,249	-7,075	-5,686	-5,228
30	U.S. Government grants <sup>4</sup> .....	-3,227	-3,444	-3,802	-3,844	-4,256	-4,259	-4,449	-5,589	-6,665	-4,748	14-7,293	-5,101	-3,519	-2,990
31	U.S. Government pensions and other transfers .....	-399	-463	-499	-571	-537	-537	-611	-696	-770	-815	-939	-1,068	-1,250	-1,378
32	Private remittances and other transfers <sup>5</sup> .....	-614	-677	-655	-879	-836	-939	-1,096	-1,117	-1,109	-1,250	-1,017	-906	-917	-859
33	U.S. assets abroad, net (increase/capital outflow (-)) .....	-6,560	-6,716	-7,321	-8,757	-10,977	-11,585	-9,337	-12,475	-14,497	-22,874	-34,745	-38,703	-51,289	-34,785
34	U.S. official reserve assets, net <sup>7</sup> .....	171	1,225	570	53	-870	-1,179	2,481	2,349	-4	158	-1,467	-849	-2,568	-375
35	Gold .....	125	1,665	571	1,170	-967	-866	787	866	547	.....	.....	.....	.....	-118
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	-851	-249	-703	9	-172	-86	-78	-121
37	Reserve position in the International Monetary Fund .....	266	-94	537	-94	-870	-1,034	389	1,360	153	-33	-1,265	-486	-2,212	-294
38	Foreign currencies .....	-220	-346	-838	-1,023	-1,173	822	2,156	382	-1	182	-30	-317	-268	158
39	U.S. Government assets, other than official reserve assets, net .....	-1,680	-1,605	-1,543	-2,423	-2,274	-2,200	-1,589	-1,884	-1,568	-2,644	366	-3,474	-4,214	-3,693
40	U.S. credits and other long-term assets .....	-2,382	-2,463	-2,513	-3,638	-3,722	-3,489	-3,293	-4,181	-3,819	-4,638	-5,001	-5,941	-6,943	-6,445
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	720	874	1,235	1,005	1,386	1,200	1,721	2,115	2,086	2,596	14-4,826	2,475	2,596	2,719
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	-19	-16	-265	209	62	89	-16	182	165	-602	541	-9	133	33
43	U.S. private assets, net .....	-8,050	-5,336	-6,347	-7,386	-7,833	-8,206	-10,229	-12,940	-12,925	-20,388	-33,643	-35,380	-44,498	-30,717
44	Direct investment .....	-3,760	-5,011	-5,418	-4,805	-5,295	-5,960	-7,590	-7,618	-7,747	-11,353	-9,052	-14,244	-11,949	-11,890
45	Foreign securities .....	-677	-759	-720	-1,308	-1,569	-1,549	-1,076	-1,113	-618	-671	-1,854	-6,247	-8,885	-5,460
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-1,108	341	-442	-779	-1,203	-126	-596	-1,229	-1,054	-2,383	-3,221	-1,357	-2,296	-1,940
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-2,505	93	233	-495	233	-570	-967	-2,980	-3,506	-5,980	-19,516	-13,532	-21,368	-11,427
48	Foreign assets in the United States, net (increase/capital inflow (+)) .....	3,643	742	3,661	7,379	9,928	12,702	6,359	22,970	21,461	18,388	35,341	17,170	38,018	53,219
49	Foreign official assets in the United States, net .....	1,660	134	-672	3,451	-774	-1,301	6,908	26,879	10,475	6,026	10,546	7,027	17,693	36,816
50	U.S. Government securities .....	432	-141	-1,527	2,261	-769	-2,343	9,439	26,570	8,470	641	4,172	5,563	9,892	32,538
51	U.S. Treasury securities <sup>9</sup> .....	434	-134	-1,548	2,222	-798	-2,269	9,411	26,578	8,213	59	3,270	4,658	9,319	30,230
52	Other <sup>10</sup> .....	-2	-7	21	39	29	-74	28	-8	257	582	902	905	573	2,308
53	Other U.S. Government liabilities <sup>11</sup> .....	298	65	113	83	-15	251	-456	-510	182	936	301	1,517	4,627	1,400
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	930	210	742	1,106	10	792	-2,075	819	1,638	4,126	5,818	-2,158	969	773
55	Other foreign official assets <sup>12</sup> .....	.....	.....	.....	.....	.....	.....	.....	.....	185	323	254	2,104	2,205	2,105
56	Other foreign assets in the United States, net .....	1,983	607	4,333	3,928	10,703	14,002	-550	-3,909	10,988	12,362	24,795	10,143	20,326	16,403
57	Direct investment .....	322	415	425	698	807	1,263	1,464	367	949	2,800	4,760	2,603	4,347	3,728
58	U.S. Treasury securities and U.S. currency flows .....	-146	-131	-358	-135	136	-68	81	-24	-39	-216	16-1,797	4,090	4,283	2,434
59	U.S. securities other than U.S. Treasury securities .....	-85	-358	906	1,016	4,414	3,130	2,189	2,289	4,507	4,041	378	2,503	1,284	2,437
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	75	178	476	584	1,475	792	2,014	369	815	1,035	1,844	319	-578	1,086
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	1,818	503	2,882	1,765	3,871	8,886	-6,298	-6,911	4,754	4,702	16,017	628	10,990	6,719
62	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	867	717	710	.....	.....	.....	.....	.....
63	Statistical discrepancy (sum of above items with sign reversed) .....	-907	-457	829	-205	438	-1,516	-219	-9,779	-1,879	-2,654	-2,558	4,417	8,955	-4,099
<b>Memoranda:</b>															
64	Balance on goods (lines 2 and 16) .....	6,801	4,951	3,817	3,800	635	607	2,603	-2,260	-6,416	911	-5,505	8,903	-9,483	-31,091
65	Balance on services (lines 3 and 17) .....	-779	-287	-877	-1,196	-385	-516	-349	957	973	989	1,213	3,501	3,401	3,845
66	Balance on goods and services (lines 64 and 65) .....	6,022	4,664	2,940	2,604	250	91	2,254	-1,303	-5,443	1,900	-4,292	12,404	-6,082	-27,246
67	Balance on investment income (lines 11 and 25) .....	5,041	5,350	5,047	5,274	5,990	6,044	6,233	7,272	8,192	12,153	15,503	12,787	16,063	16,137
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	11,063	10,014	7,987	7,878	6,240	6,135	8,486	5,969	2,749	14,053	11,210	25,191	9,982	

**Transactions**

of dollars]

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	Line
220,516	287,965	344,440	360,928	361,436	351,306	395,850	382,749	400,842	448,272	560,620	642,921	700,455	722,557	743,358	773,367	854,156	991,490	1,055,233	1
142,075	184,439	224,250	237,044	211,167	201,799	219,926	215,915	223,344	250,208	320,230	362,120	389,307	416,913	440,362	456,832	502,398	575,871	612,069	2
36,353	39,692	47,584	57,354	64,079	64,307	71,168	73,155	86,312	98,553	111,024	127,142	147,824	164,236	177,154	186,711	197,248	218,739	236,764	3
8,209	6,961	9,029	10,720	12,572	12,524	9,969	8,718	8,549	11,106	9,284	8,564	9,932	11,135	12,367	13,471	12,166	13,756	14,647	4
7,183	8,441	10,588	12,913	12,393	10,947	16 <sup>1</sup> 17,177	17,762	20,385	23,563	29,434	36,205	43,007	48,385	54,742	57,875	58,417	63,395	69,908	5
1,603	2,156	2,591	3,111	3,174	3,610	4,411	5,582	7,003	8,976	10,857	15,298	15,854	16,618	16,611	17,083	19,125	20,557	6	6
8,136	9,971	11,618	12,560	12,317	12,590	13,809	14,674	16 <sup>1</sup> 15,784	17,471	19,811	21,106	22,745	23,331	22,616	23,050	24,941	27,412	27,216	7
5,885	6,184	7,085	7,284	5,603	5,778	6,177	6,678	8,113	10,183	12,146	13,818	16,634	17,819	19,656	20,304	22,661	27,383	29,974	8
4,717	5,439	6,276	16 <sup>1</sup> 10,220	17,444	18,192	19,255	20,035	16 <sup>1</sup> 27,303	28,701	30,709	36,204	39,540	47,024	16 <sup>1</sup> 50,294	54,517	61,093	66,850	73,569	9
620	520	398	517	576	666	714	878	595	626	664	587	668	690	841	883	887	818	893	10
42,088	63,834	72,606	86,529	86,200	85,200	104,756	93,679	91,186	100,511	129,366	153,659	163,324	141,408	125,852	129,844	154,510	196,890	206,400	11
25,468	36,183	37,146	32,549	16 <sup>1</sup> 23,922	26,950	31,262	30,547	31,968	39,608	52,092	55,368	58,740	52,198	51,912	61,241	70,911	90,349	98,890	12
14,786	23,356	32,898	50,300	56,160	53,418	66,267	57,633	52,506	55,592	70,571	92,636	94,072	81,186	66,826	63,495	79,498	101,836	102,866	13
1,843	2,295	2,562	3,680	4,118	4,832	5,227	5,499	6,413	5,311	6,703	8,553	10,512	8,023	7,114	5,108	4,101	4,695	4,644	14
-229,870	-281,657	-333,774	-364,196	-355,804	-377,573	-474,203	-484,037	-529,356	-593,416	-662,876	-720,189	-757,758	-733,335	-764,549	-826,020	-948,849	-1,086,539	-1,163,450	15
-176,002	-212,007	-249,750	-265,067	-247,642	-268,901	-332,418	-338,088	-368,425	-409,765	-447,189	-477,365	-498,337	-490,981	-536,458	-589,441	-668,590	-749,431	-803,239	16
-32,189	-36,689	-41,491	-45,503	-51,749	-54,973	-67,748	-72,862	-81,836	-92,349	-99,965	-104,185	-120,019	-121,195	-120,255	-126,403	-135,472	-147,036	-156,634	17
-7,352	-8,294	-10,851	-11,564	-12,460	-13,087	-12,516	-13,108	-13,730	-14,950	-15,604	-15,313	-17,531	-16,409	-13,835	-12,202	-10,292	-9,890	-10,861	18
-8,475	-9,413	-10,337	-11,479	-12,394	-13,149	16 <sup>1</sup> -22,913	-24,558	-25,913	-29,310	-32,114	-33,416	-37,349	-35,322	-38,552	-40,713	-43,782	-46,053	-48,739	19
-2,896	-3,184	-3,607	-4,487	-4,772	-6,003	-6,505	-6,444	-6,505	-7,283	-7,729	-8,249	-10,531	-10,012	-10,556	-11,313	-12,885	-14,433	-15,776	20
-9,124	-10,906	-11,790	-12,474	-11,710	-12,222	-14,843	-15,643	16 <sup>1</sup> -17,817	-19,057	-20,969	-22,260	-25,168	-25,204	-24,894	-25,746	-27,255	-28,249	-28,453	21
-671	-831	-724	-650	-795	-943	-1,168	-1,170	-1,401	-1,867	-2,601	-2,528	-3,135	-4,035	-5,089	-4,819	-5,560	-6,503	-7,322	22
-2,573	-2,909	-2,909	16 <sup>1</sup> -3,562	-8,169	-8,001	-10,203	-10,203	16 <sup>1</sup> -14,785	-17,999	-19,028	-20,548	-24,387	-28,098	16 <sup>1</sup> -25,066	-29,356	-33,138	-39,285	-42,796	23
-1,099	-1,239	-1,214	-1,287	-1,460	-1,588	-1,534	-1,735	-1,886	-1,893	-1,921	-1,871	-1,919	-2,116	-2,263	-2,265	-2,560	-2,623	-2,687	24
-21,680	-32,961	-42,532	-53,626	-56,412	-53,700	-74,036	-73,087	-79,095	-91,302	-115,722	-138,639	-139,402	-121,159	-107,836	-110,176	-144,787	-180,072	-203,577	25
-4,211	-6,357	-6,635	-6,899	16 <sup>1</sup> -1,943	-4,206	-5,723	-7,213	-7,058	-7,425	-11,693	-5,507	-2,871	3,433	-3,302	-5,874	-20,154	-30,345	-32,132	26
-8,795	-15,481	-21,214	-29,416	-35,187	-30,501	-44,158	-42,745	-47,412	-57,659	-72,314	-83,768	-95,489	-83,063	-67,054	-63,041	-77,614	-88,448	-100,103	27
-8,674	-11,122	-12,684	-17,313	-19,282	-18,993	-21,155	-23,129	-24,625	-26,218	-31,715	-38,364	-41,042	-41,529	-40,480	-41,561	-47,019	-51,279	-71,342	28
-5,788	-6,593	-8,349	-11,702	-17,075	-17,718	-20,598	-22,700	-24,679	-23,909	-25,988	-26,963	-34,588	5,122	-35,192	-38,137	-38,845	-34,046	-39,988	29
-3,412	-4,015	-5,486	-5,145	-6,087	-6,469	-8,696	-11,268	-11,883	-10,309	-10,537	-10,911	-17,433	24,160	-15,826	-16,821	-15,671	-11,096	-14,933	30
-1,532	-1,858	-1,818	-2,041	-2,251	-2,207	-2,159	-2,138	-2,372	-2,409	-2,709	-2,744	-3,184	-3,730	-4,018	-4,081	-4,544	-3,420	-4,331	31
-844	-920	-1,044	16 <sup>1</sup> -4,516	16 <sup>1</sup> -8,738	-9,043	-9,742	-9,295	-10,424	-11,192	-12,742	-13,308	-13,972	-15,309	-15,348	-17,235	-18,630	-19,530	-20,704	32
-61,130	-66,054	-86,967	-114,147	-122,335	-61,573	-36,313	-39,989	-106,753	-72,617	-100,221	-168,744	-74,011	-57,981	-68,774	-194,537	-160,516	-307,207	-352,444	33
732	-1,133	-8,155	-5,175	-4,965	-1,196	-3,131	-3,858	312	9,149	-3,912	-25,293	-2,158	5,763	3,901	-1,379	5,346	-9,742	6,668	34
-65	-65	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	35
1,249	-1,136	-16	-1,824	-1,371	-66	-979	-897	-246	-509	127	-635	-192	-177	2,316	-637	-441	-808	370	36
4,231	-189	-1,667	-2,491	-2,552	-4,434	-995	908	1,501	2,070	1,025	471	731	-367	-2,692	-44	494	-2,466	-1,280	37
-4,683	257	-6,472	-861	-1,041	3,304	-1,156	-3,869	-942	7,588	-5,064	-25,229	-2,697	6,307	4,277	-797	5,293	-6,468	7,578	38
-4,660	-3,746	-5,162	-5,097	-6,131	-5,006	-5,489	-2,821	-2,022	1,006	2,967	1,259	2,307	2,911	-1,657	-342	-352	-549	-690	39
-7,470	-7,697	-9,860	-9,674	-10,063	-9,967	-9,599	-7,657	-9,084	-6,506	-7,680	-5,590	-8,430	-12,874	-7,398	-6,299	-5,212	-4,803	-4,930	40
2,941	3,926	4,456	4,413	4,292	5,012	4,490	4,719	6,289	6,089	7,625	10,370	10,867	16,776	5,807	6,270	5,045	4,115	4,134	41
-131	26	242	164	-360	-51	-379	117	973	-113	277	125	-130	-992	-66	-313	-185	139	106	42
-57,202	-61,176	-73,651	-103,875	-111,239	-55,372	-27,694	-33,211	-105,044	-82,771	-99,275	-144,710	-74,160	-66,555	-71,018	-192,817	-165,510	-296,916	-358,422	43
-16,056	-25,222	-19,222	-8,624	16 <sup>1</sup> 991	-7,728	-12,344	-14,065	-19,025	-28,355	-16,175	-36,834	-29,950	-31,369	-42,640	-77,945	-69,262	-86,737	-87,813	44
-3,626	-4,726	-3,568	-5,699	-7,983	-6,762	-4,756	-7,481	-4,271	-5,251	-7,980	-22,070	-28,765	-45,673	-49,166	-146,253	-60,309	-100,074	-108,189	45
-3,853	-5,014	-4,023	-4,377	6,823	533	-10,342	-21,773	-7,046	-21,193	-27,646	-27,824	11,097	-387	766	-31,739	-34,997	-54,234	46	46
-33,667	-26,213	-46,838	-84,175	-111,070	-29,928	-11,127	-1,323	-59,975	-42,119	-53,927	-58,160	12,379	-610	21,175	30,615	-4,200	-75,108	-98,186	47
67,036	40,852	62,612	86,232	96,418	88,780	118,032	146,383	230,211	248,383	246,085	224,390	140,982	109,641	168,776	279,671	297,337	451,234	547,555	48
33,678	-13,865	15,497	4,960	3,593	5,845	3,140	-1,119	35,648	45,387	39,758	8,503	33,910	17,389	40,477	71,753	40,385	110,729	122,354	49
24,221	-21,972	11,895	6,322	5,085	6,496	4,703	-1,139	33,150	44,802	43,050	1,532	30,243	16,147	22,403	53,014	36,827	72,712	115,634	50
23,555	-22,435	9,708	5,019	5,779	6,972	4,690	-838	34,364	43,238	41,741	149	29,576	14,846	18,454	48,952	30,750	68,977	111,253	51
666	463	2,187	1,303	-694	-476	13	-301	-1,214	1,564	1,309	1,383	667	1,301	3,949	4,062	6,077	3,735	4,381	52
2,476	-40	615	-338	605	602	739	844	2,195	-2,326	-467	160	1,868	1,367	2,191	1,313	2,366	744	720	53
5,551	7,213	-159	-3,670	-1,747	545	555	645	1,187	3,918	-319	4,976	3,385	-1,484	16,571	14,841	3,665	34,008	4,722	54
1,430	1,135	3,145	2,646	-350	-1,798	-2,857	-1,469	-884	-1,007	-2,506	1,835	-1,586	1,369	-688	2,585	-2,473	3,265	1,278	55
33,358	54,516	47,115	81,272	92,826	82,934	114,892	147,501	194,563	202,996	206,307	215,887	107,082	92,253	128,299	207,918	256,952	340,505	425,201	56
7,897	11,877	16,918	25,195	16 <sup>1</sup> 12,464	10,457	24,													

Table 1.—U.S. International  
(Millions)

Line	(Credits +; debits -) <sup>1</sup>	Not seasonally adjusted								
		1985				1986				
		I	II	III	IV	I	II	III	IV	
1	Exports of goods, services, and income .....	96,755	97,190	91,716	97,097	98,802	101,519	98,358	102,163	
2	Goods, adjusted, excluding military <sup>2</sup> .....	55,338	55,563	50,701	54,323	54,037	58,017	53,730	57,560	
3	Services <sup>3</sup> .....	17,865	17,945	18,901	18,445	20,370	20,517	23,116	22,309	
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	2,609	2,268	1,954	1,897	1,908	1,956	2,120	2,566	
5	Travel .....	3,909	4,731	5,198	3,923	4,432	4,925	6,272	4,755	
6	Passenger fares .....	843	1,114	1,366	1,089	1,135	1,267	1,856	1,325	
7	Other transportation .....	3,515	3,568	3,707	3,885	1 <sup>6</sup> 3,823	3,912	4,061	3,987	
8	Royalties and license fees <sup>5</sup> .....	1,454	1,545	1,513	2,166	1,754	1,952	1,967	2,441	
9	Other private services <sup>5</sup> .....	5,316	4,488	4,889	5,342	1 <sup>6</sup> 7,158	6,355	6,712	7,079	
10	U.S. Government miscellaneous services .....	218	231	275	154	161	151	129	155	
11	Income receipts on U.S. assets abroad .....	23,553	23,683	22,114	24,330	24,394	22,985	21,513	22,294	
12	Direct investment receipts .....	7,336	7,993	6,350	8,868	8,609	8,401	8,207	8,207	
13	Other private receipts .....	14,930	14,550	14,090	14,063	14,202	13,286	12,625	12,693	
14	U.S. Government receipts .....	1,287	1,140	1,674	1,398	1,583	1,298	2,137	1,394	
15	Imports of goods, services, and income .....	-112,583	-123,109	-122,570	-125,795	-124,864	-133,533	-135,119	-135,841	
16	Goods, adjusted, excluding military <sup>2</sup> .....	-78,579	-85,585	-83,734	-90,190	-87,114	-92,674	-92,524	-96,113	
17	Services <sup>3</sup> .....	-15,817	-19,200	-20,514	-17,332	-18,233	-20,324	-23,509	-19,769	
18	Direct defense expenditures .....	-3,246	-3,170	-3,063	-3,640	-3,434	-3,510	-3,320	-3,467	
19	Travel .....	-4,681	-7,169	-8,182	-4,526	-5,045	-6,445	-8,879	-5,544	
20	Passenger fares .....	-1,253	-1,800	-2,044	-1,346	-1,409	-1,595	-2,031	-1,469	
21	Other transportation .....	-3,563	-3,984	-3,922	-4,175	1 <sup>6</sup> -4,173	-4,377	-4,709	-4,558	
22	Royalties and license fees <sup>5</sup> .....	-277	-272	-310	-312	-319	-357	-360	-365	
23	Other private services <sup>5</sup> .....	-2,364	-2,375	-2,537	-2,928	1 <sup>6</sup> -3,407	-3,653	-3,735	-3,991	
24	U.S. Government miscellaneous services .....	-433	-431	-466	-406	-446	-389	-476	-376	
25	Income payments on foreign assets in the United States .....	-18,168	-18,324	-18,322	-18,273	-19,516	-20,534	-19,085	-19,960	
26	Direct investment payments .....	-1,896	-1,945	-1,982	-1,420	-1,487	-2,640	-1,440	-1,491	
27	Other private payments .....	-10,522	-10,651	-10,554	-11,018	-11,907	-11,837	-11,450	-12,218	
28	U.S. Government payments .....	-6,750	-5,728	-6,816	-6,836	-6,122	-6,057	-6,195	-6,251	
29	Unilateral transfers, net .....	-5,225	-5,174	-5,882	-6,419	-5,369	-6,185	-6,483	-6,642	
30	U.S. Government grants <sup>4</sup> .....	-2,236	-2,591	-3,093	-3,348	-2,106	-3,277	-3,485	-3,015	
31	U.S. Government pensions and other transfers .....	-484	-416	-459	-779	-497	-653	-482	-839	
32	Private remittances and other transfers <sup>6</sup> .....	-2,505	-2,167	-2,330	-2,293	-2,766	-2,355	-2,515	-2,788	
33	U.S. assets abroad, net (increase/capital outflow (-)) .....	-5,289	-1,972	-4,843	-27,905	-17,057	-26,266	-32,248	-32,182	
34	U.S. official reserve assets, net <sup>7</sup> .....	-233	-356	-121	-3,148	-115	16	280	132	
35	Gold .....	-264	-180	-264	-189	-274	-104	163	-31	
36	Special drawing rights .....	281	72	388	168	344	366	508	283	
37	Reserve position in the International Monetary Fund .....	-250	-248	-245	-3,126	-185	-246	-391	-120	
38	Foreign currencies .....	-920	-1,002	-437	-482	-381	-158	-1,576	93	
39	U.S. Government assets, other than official reserve assets, net .....	-1,790	-2,553	-1,733	-1,581	-1,826	-1,637	-4,265	-1,356	
40	U.S. credits and other long-term assets .....	940	1,285	1,278	1,217	1,423	1,436	1,736	1,494	
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	-70	266	18	-98	22	43	953	-44	
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	-4,116	-614	-4,285	-24,195	-16,561	-25,124	-30,952	-32,407	
43	Direct investment .....	-2,402	-4,056	-3,782	-3,824	-9,317	-7,691	-4,586	2,569	
44	Foreign securities .....	-2,474	-2,219	-1,572	-1,217	-5,930	-1,051	181	2,529	
45	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	475	2,337	-2,779	-10,375	-6,230	-2,722	-7,838	-5,183	
46	U.S. claims reported by U.S. banks, not included elsewhere .....	284	3,325	3,847	-6,779	4,916	-13,660	-18,909	-32,322	
47	Other .....	18,321	29,688	38,418	59,976	41,478	54,113	71,058	63,561	
48	Foreign assets in the United States, net (increase/capital inflow (+)) .....	-10,962	8,502	2,506	-1,165	2,712	15,918	15,789	1,229	
49	U.S. Government securities .....	-7,499	8,886	-358	-2,168	3,061	13,896	11,895	4,298	
50	U.S. Treasury securities <sup>9</sup> .....	-7,177	8,750	-414	-1,997	3,238	14,540	12,171	4,415	
51	Other <sup>10</sup> .....	-322	136	56	-171	-177	-644	-276	-117	
52	Other U.S. Government liabilities <sup>11</sup> .....	-343	560	320	307	423	1,081	1,153	-462	
53	U.S. liabilities reported by U.S. banks, not included elsewhere .....	-3,007	-120	2,927	845	-1,131	1,472	3,043	-2,197	
54	Other foreign official assets <sup>12</sup> .....	-113	-824	-383	-149	359	-631	-302	-410	
55	Other foreign assets in the United States, net .....	29,284	21,166	35,911	61,140	38,766	38,195	55,270	62,332	
56	Direct investment .....	4,893	4,710	4,983	5,414	3,420	5,923	8,929	17,351	
57	U.S. Treasury securities and U.S. currency flows .....	3,390	6,888	9,136	6,219	6,420	4,620	-854	-2,277	
58	U.S. securities other than U.S. Treasury securities .....	9,615	7,194	11,689	22,484	18,730	22,752	17,107	12,380	
59	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	-720	1,724	2,801	6,046	696	1,635	1,947	-953	
60	U.S. liabilities reported by U.S. banks, not included elsewhere .....	12,106	650	7,312	20,977	9,500	3,266	28,141	35,831	
61	Other .....									
62	Allocations of special drawing rights .....									
63	Statistical discrepancy (sum of above items with sign reversed) .....	7,980	3,407	3,161	2,946	7,010	9,351	4,432	8,942	
<b>Memoranda:</b>										
64	Balance on goods (lines 2 and 16) .....	-23,241	-30,032	-33,033	-35,867	-33,077	-34,657	-38,794	-38,553	
65	Balance on services (lines 3 and 17) .....	2,048	-1,255	-1,612	1,113	2,137	193	-384	2,540	
66	Balance on goods and services (lines 64 and 65) .....	-21,193	-31,287	-34,645	-34,754	-30,940	-34,464	-39,188	-36,013	
67	Balance on investment income (lines 11 and 25) .....	5,385	5,358	3,792	6,057	4,878	2,451	2,428	2,335	
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	-15,808	-25,929	-30,854	-29,697	-26,062	-32,014	-36,760	-33,678	
69	Unilateral transfers, net (line 29) .....	-5,225	-5,174	-5,882	-6,419	-5,369	-6,185	-6,483	-6,642	
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	-21,032	-31,103	-36,736	-35,117	-31,431	-38,199	-43,243	-40,321	

See footnotes on page 65.

SURVEY OF CURRENT BUSINESS

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Transactions—Continued  
of dollars]

Not seasonally adjusted																Line
1987				1988				1989				1990				
I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
103,347	110,738	112,741	122,448	133,768	139,421	139,679	147,751	155,288	163,570	159,190	164,874	170,169	174,725	171,589	183,972	1
57,646	61,683	61,614	69,265	77,006	81,222	77,852	84,150	88,559	94,076	87,030	92,455	96,328	99,590	92,910	100,479	2
23,031	24,285	26,457	24,780	25,823	27,097	30,338	27,766	29,569	30,433	34,809	32,531	33,873	35,195	39,952	38,805	3
3,113	3,235	2,584	2,174	2,441	2,540	2,536	1,767	2,161	2,142	2,417	1,844	2,147	2,327	2,954	2,502	4
4,756	5,827	7,288	5,691	5,933	7,117	9,201	7,182	7,553	8,643	11,003	9,007	9,289	10,541	12,466	10,712	5
1,325	1,784	2,231	1,864	1,820	2,233	2,930	1,993	2,270	2,483	3,387	2,517	3,192	3,863	4,528	3,917	6
4,037	4,278	4,557	4,600	4,801	4,999	5,041	4,970	5,145	5,329	5,232	5,400	5,493	5,510	5,856	5,886	7
2,242	2,380	2,504	3,057	2,689	2,892	2,871	3,695	3,178	3,301	3,307	4,032	3,579	3,966	4,120	4,970	8
7,455	6,658	7,117	7,471	8,016	7,137	7,571	7,986	9,106	8,388	9,122	9,588	10,028	8,987	9,860	10,665	9
103	124	177	122	124	179	189	173	155	146	143	144	145	200	170	153	10
22,669	24,769	24,670	28,403	30,939	31,103	31,489	36,835	37,159	39,061	37,551	39,888	39,969	39,940	38,727	44,688	11
8,668	10,124	9,293	11,524	12,279	13,668	11,664	14,482	13,646	14,203	12,785	14,734	14,889	15,032	13,031	15,788	12
12,617	13,366	13,872	15,737	15,936	16,227	18,502	19,906	22,363	23,370	22,898	23,507	23,001	23,073	23,660	24,338	13
1,384	1,279	1,505	1,143	2,725	1,207	1,323	1,447	1,150	988	1,869	1,647	2,079	1,835	2,036	4,562	14
-134,056	-147,608	-153,483	-158,299	-156,583	-164,886	-168,296	-173,112	-170,742	-183,438	-183,371	-182,840	-180,010	-186,572	-194,885	-196,292	15
-93,587	-101,248	-104,400	-110,530	-107,442	-111,540	-110,605	-117,602	-113,925	-120,776	-119,217	-123,447	-119,793	-121,451	-125,260	-131,833	16
-19,899	-23,837	-25,757	-23,057	-22,711	-25,508	-27,858	-24,087	-23,370	-26,428	-28,957	-25,430	-26,338	-30,039	-33,556	-30,088	17
-3,613	-3,608	-3,788	-3,942	-3,831	-3,868	-3,851	-4,054	-3,946	-3,908	-3,722	-3,736	-4,008	-3,910	-4,663	-5,152	18
-5,521	-8,221	-9,302	-6,266	-6,293	-8,498	-10,368	-6,935	-6,438	-8,827	-10,748	-7,403	-7,266	-10,289	-11,935	-7,859	19
-1,489	-1,899	-2,248	-1,648	-1,648	-2,008	-2,320	-1,753	-1,739	-2,161	-2,560	-1,790	-2,171	-2,782	-3,224	-2,354	20
-4,110	-4,722	-4,927	-5,298	-5,190	-5,300	-5,262	-5,167	-5,296	-5,523	-5,724	-5,717	-5,978	-6,050	-6,480	-6,660	21
-383	-465	-459	-550	-604	-640	-664	-693	-610	-636	-572	-710	-715	-698	-800	-923	22
-4,205	-4,486	-4,494	-4,815	-4,678	-4,685	-4,643	-5,021	-4,909	-4,935	-5,146	-5,558	-5,739	-5,816	-6,143	-6,888	23
-379	-436	-540	-538	-468	-459	-530	-463	-431	-439	-486	-515	-463	-494	-510	-451	24
-20,770	-22,523	-23,297	-24,712	-26,429	-27,837	-30,033	-31,423	-33,447	-36,232	-35,197	-37,763	-33,879	-35,082	-36,070	-34,372	25
-2,024	-1,989	-2,327	-2,754	-2,933	-3,293	-2,968	-2,688	-1,841	-2,813	-1,949	96	-1,328	-1,742	664	26	
-12,294	-14,031	-14,433	-16,901	-16,441	-16,814	-18,842	-20,217	-22,369	-23,893	-23,478	-24,028	-23,407	-23,604	-24,011	-24,467	27
-6,452	-6,503	-6,527	-7,234	-7,303	-8,233	-8,518	-8,237	-9,267	-9,526	-9,770	-9,831	-10,006	-10,150	-10,317	-10,569	28
-5,362	-5,426	-5,753	-7,367	-8,227	-5,585	-5,944	-8,232	-8,315	-5,536	-8,582	-8,530	-8,997	-7,484	-7,364	-12,744	29
-2,116	-2,283	-2,245	-3,685	-2,297	-1,982	-2,395	-3,863	-2,408	-1,955	-2,735	-3,813	-2,724	-3,569	-3,030	-8,110	30
-543	-506	-574	-786	-552	-644	-588	-924	-653	-542	-639	-911	-714	-641	-721	-1,108	31
-2,704	-2,637	-2,934	-2,917	-3,378	-2,959	-2,961	-3,444	-3,254	-3,039	-3,208	-3,807	-3,559	-3,274	-3,613	-3,526	32
9,166	-26,713	-26,712	-28,358	3,227	-24,833	-49,472	-29,144	-53,982	-9,185	-82,435	-53,182	38,192	-37,366	-43,236	-31,802	33
1,956	3,419	32	3,741	1,503	39	-7,380	1,925	-4,000	-12,095	-5,996	-3,202	-3,177	371	1,739	-1,091	34
76	-171	-210	-205	155	180	-35	-173	-188	68	-211	-204	-247	-216	363	-93	35
606	335	407	722	446	69	202	307	316	-159	337	-23	234	493	8	-4	36
1,274	3,255	-165	3,225	901	-210	-7,547	1,791	-4,128	-12,004	-6,122	-2,975	-3,164	94	1,368	-995	37
-121	-92	289	929	-1,675	-820	3,474	893	-284	607	42	-703	-834	-332	4,178	39	
-978	-2,118	-2,067	-1,343	-2,814	-2,021	-1,458	-1,388	-1,007	-1,174	-2,136	-1,274	-1,869	-2,016	-1,349	-3,195	40
1,010	1,867	2,360	2,388	1,031	1,177	3,386	4,776	1,894	834	2,772	1,223	1,240	1,169	1,044	7,414	41
-153	159	-4	-116	108	23	60	86	6	56	-29	93	-74	14	-28	-43	42
7,331	-30,040	-27,033	-33,028	3,399	-24,051	-44,081	-34,543	-50,855	3,194	-47,046	-50,003	42,072	-36,903	-44,642	-34,687	43
-5,442	-7,592	-7,695	-4,625	-4,032	-7,327	-192	-192	-12,327	-8,892	-9,579	-6,237	-10,080	-4,775	-17,423	2,288	44
-1,749	-287	-1,159	-2,056	-4,504	1,318	-1,500	-3,294	-2,225	-6,192	-9,149	-4,504	-8,580	-11,037	-1,037	-8,111	45
-5,715	712	-1,319	-724	-3,454	-9,954	-5,217	-2,568	-9,293	-5,767	-5,924	-6,662	3,019	-5,069	-15,514	-10,260	46
20,237	-22,873	-16,860	-22,623	15,982	-11,383	-30,037	-28,489	-27,010	23,844	-22,394	-32,600	57,713	-16,022	-10,668	-18,644	47
42,161	57,767	83,276	65,179	31,624	74,833	52,961	86,627	66,230	11,247	74,207	72,705	-23,083	41,971	63,933	58,171	48
14,199	10,445	764	19,980	24,925	6,006	-1,974	10,801	7,700	-5,115	13,060	-7,142	-6,421	6,207	13,937	20,186	49
12,131	11,340	1,555	19,776	27,568	6,055	-3,197	12,624	5,355	-9,823	12,966	-6,966	-6,698	4,081	12,469	20,391	50
12,193	11,084	841	19,120	27,730	5,853	-3,769	11,927	4,634	-9,726	12,776	-7,535	-6,177	3,735	12,335	19,663	51
-62	256	714	656	-162	202	572	697	721	-97	190	569	-521	346	134	708	52
-1,115	-1,228	-131	-442	-48	-442	-155	178	-307	314	-338	492	-195	1,160	-408	1,310	53
3,543	615	-35	-205	-1,751	810	1,888	-1,264	2,197	3,823	-211	-833	598	1,240	2,141	-694	54
-360	-283	-625	261	-844	-417	-508	-737	455	572	643	165	-126	-274	-265	-921	55
27,961	47,323	82,512	45,200	6,699	68,828	54,955	75,826	58,531	16,361	61,148	79,848	-16,662	35,764	49,996	37,965	56
12,796	9,029	20,894	15,500	8,021	14,020	13,962	21,276	18,149	15,592	11,859	22,337	15,515	14,529	9,015	8,857	57
-2,326	-731	-1,835	2,649	6,511	7,673	4,743	7,112	10,961	4,789	12,744	7,024	1,709	6,257	6,044	2,256	58
18,372	15,960	12,676	-4,888	2,423	9,702	7,484	6,764	8,544	9,365	10,270	10,568	1,311	2,114	-2,874	1,041	59
6,151	5,595	6,656	-39	12,593	6,742	6,399	7,159	6,637	12,000	-1,121	4,570	12,904	6,713	16,838	8,678	60
-7,032	17,470	44,121	31,978	-22,849	30,691	22,387	33,515	14,240	-25,385	27,596	35,329	-48,101	6,151	20,973	17,153	61
-15,255	11,244	-10,099	6,397	-5,810	-18,982	31,053	-23,890	9,501	23,340	8,991	6,753	1,729	14,725	9,963	-1,507	62
-35,941	-39,565	-42,786	-41,265	-30,436	-30,318	-32,753	-33,452	-25,386	-26,700	-32,187	-30,992	-23,465	-21,861	-32,350	-31,354	64
3,332	448	701	1,723	3,112	1,589	2,680	3,679	6,199	4,005	5,652	7,101	7,535	5,155	6,397	6,718	65
-32,609	-39,117	-42,085	-39,542	-27,324	-28,729	-30,073	-29,773	-19,167	-22,895	-26,535	-23,891	-15,930	-16,706	-25,954	-22,636	66
1,900	2,245	1,373	3,691	4,510	3,265	1,457	4,412	3,712	2,829	2,354	6,125	6,090	4,859	2,657	10,316	67
-30,709	-36,872	-40,712	-35,851	-25,464	-28,617	-25,362	-25,362	-15,455	-19,866	-24,181	-17,766	-9,841	-11,847	-23,297	-12,320	68
-5,362	-5,426	-5,753	-7,367	-8,227	-5,585	-5,944	-8,232	-8,315	-5,536	-8,582	-8,530	-8,997	-7,484	-7,364	-12,744	69
-36,072	-42,298	-46,465	-43,218	-29,041	-31,049	-34,561	-33,594	-21,769	-25,402	-30,763	-26,296	-16,838	-19,331	-30,660	-25,063	70

Table 1.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Not seasonally adjusted											
		1991				1992				1993			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
1	Exports of goods, services, and income	179,224	181,357	178,100	183,875	184,296	186,681	183,761	188,620	188,465	192,963	190,972	200,966
2	Goods, adjusted, excluding military <sup>2</sup>	101,891	106,511	100,336	108,175	109,192	110,856	105,749	114,555	112,163	115,849	108,080	120,740
3	Services <sup>3</sup>	37,041	39,760	44,674	42,782	42,868	43,025	47,654	43,607	44,833	45,457	50,265	46,157
4	Transfers under U.S. military agency sales contracts <sup>4</sup>	2,688	2,748	2,586	3,112	3,399	3,006	3,158	2,824	3,690	3,419	3,625	2,736
5	Travel	9,544	12,033	14,738	12,072	12,283	13,680	15,977	12,802	12,710	14,410	17,156	13,599
6	Passenger fares	3,094	3,818	5,034	3,908	3,834	4,034	4,944	3,806	3,824	4,008	4,988	3,791
7	Other transportation	5,557	5,734	5,981	6,059	5,546	5,618	5,689	5,763	5,662	5,776	5,717	5,895
8	Royalties and license fees <sup>5</sup>	4,085	4,272	4,263	5,189	4,631	4,829	4,840	5,356	4,684	5,059	4,897	5,663
9	Other private services <sup>5</sup>	11,864	11,010	11,860	12,290	16,13,044	11,586	12,747	12,917	14,058	12,499	13,656	14,305
10	U.S. Government miscellaneous services	200	145	213	132	131	272	299	139	204	286	225	168
11	Income receipts on U.S. assets abroad	40,293	35,086	33,090	32,399	32,236	32,800	30,359	30,458	31,470	31,677	32,628	34,069
12	Direct investment receipts	14,907	12,924	11,226	13,141	13,255	14,337	12,359	11,962	14,709	15,438	15,111	15,984
13	Other private receipts	22,679	20,486	19,821	18,200	17,262	16,929	16,015	16,620	16,370	15,145	16,077	16,903
14	U.S. Government receipts	2,706	1,677	2,043	1,597	1,719	1,534	1,984	1,877	1,390	1,098	1,440	1,182
15	Imports of goods, services, and income	-176,811	-181,801	-187,592	-187,133	-177,025	-190,816	-197,451	-199,258	-189,380	-206,276	-212,255	-218,111
16	Goods, adjusted, excluding military <sup>2</sup>	-116,404	-119,828	-124,518	-130,231	-122,891	-131,718	-138,203	-143,646	-136,130	-146,411	-150,278	-156,622
17	Services <sup>3</sup>	-28,277	-30,914	-32,419	-29,586	-27,951	-30,773	-31,848	-29,682	-28,252	-32,128	-34,308	-31,715
18	Direct defense expenditures	-5,169	-3,933	-3,597	-2,587	-3,710	-3,438	-3,309	-3,374	-3,177	-3,194	-2,919	-2,912
19	Travel	-6,770	-9,816	-10,862	-7,874	-7,772	-10,459	-11,787	-8,534	-8,108	-10,749	-12,265	-9,591
20	Passenger fares	-2,033	-2,641	-2,854	-2,455	-2,358	-2,705	-2,962	-2,531	-2,461	-2,867	-2,259	-2,727
21	Other transportation	-6,065	-6,234	-6,565	-6,340	-6,061	-6,006	-6,494	-6,333	-6,183	-6,465	-6,534	-6,564
22	Royalties and license fees <sup>5</sup>	-882	-1,006	-1,080	-1,067	-1,347	-1,097	-1,489	-1,156	-1,069	-1,163	-1,264	-1,323
23	Other private services <sup>5</sup>	-6,887	-6,798	-6,813	-7,603	-6,208	-6,452	-5,224	-7,182	-6,680	-7,134	-7,468	-8,075
24	U.S. Government miscellaneous services	-472	-489	-618	-537	-491	-616	-584	-572	-575	-556	-601	-523
25	Income payments on foreign assets in the United States	-32,130	-31,659	-30,655	-27,316	-26,183	-28,325	-27,400	-25,929	-24,997	-27,736	-27,669	-29,774
26	Direct investment payments	1,404	138	-111	2,001	1,487	-1,040	-934	184	846	-2,065	-1,368	-2,987
27	Other private payments	-22,963	-20,837	-20,091	-19,182	-17,618	-17,141	-16,336	-15,959	-15,650	-15,464	-15,749	-16,178
28	U.S. Government payments	-10,581	-10,360	-10,453	-10,135	-10,052	-10,144	-10,130	-10,154	-10,193	-10,207	-10,562	-10,609
29	Unilateral transfers, net	13,642	3,994	-8,828	-5,686	-7,610	-8,058	-7,759	-11,765	-8,394	-8,237	-9,124	-12,382
30	U.S. Government grants <sup>4</sup>	18,368	8,226	-2,246	-188	-2,941	-3,398	-3,025	-6,461	-3,504	-3,243	-3,904	-6,169
31	U.S. Government pensions and other transfers	-785	-666	-754	-1,545	-717	-1,000	-882	-1,420	-594	-1,029	-803	-1,656
32	Private remittances and other transfers <sup>6</sup>	-3,951	-3,566	-3,828	-3,953	-3,952	-3,660	-3,851	-3,885	-4,297	-3,965	-4,417	-4,556
33	U.S. assets abroad, net (increase/capital outflow (-))	-9,928	860	-15,966	-32,646	-10,966	-16,416	-13,630	-27,733	-21,019	-45,447	-62,477	-75,594
34	U.S. official reserve assets, net <sup>7</sup>	-353	1,014	3,877	1,225	-1,057	1,464	1,952	1,542	-983	822	-545	-673
35	Gold												
36	Special drawing rights	31	-190	6	-23	-172	-168	-173	2,829	-140	-166	-118	-113
37	Reserve position in the International Monetary Fund	-341	72	-114	17	111	1	-118	-2,655	-226	313	-48	-80
38	Foreign currencies	-43	1,132	3,966	1,232	-996	1,631	2,243	1,398	-615	675	-378	-480
39	U.S. Government assets, other than official reserve assets, net	619	-503	3,263	-469	-328	-365	-321	-644	488	-293	-197	-341
40	U.S. credits and other long-term assets	-2,018	-1,056	-8,724	-1,077	-1,516	-1,240	-1,978	-2,663	-943	-764	-1,666	-2,926
41	Repayments on U.S. credits and other long-term assets <sup>8</sup>	2,700	755	12,442	880	1,256	1,014	1,429	2,108	1,763	891	2,036	1,580
42	U.S. foreign currency holdings and U.S. short-term assets, net	-63	-202	-455	-272	-68	-139	229	-89	-331	-420	-567	1,006
43	U.S. private assets, net	-10,194	149	-23,107	-33,403	-9,610	-17,515	-15,262	-28,631	-20,255	-45,976	-51,736	-74,581
44	Direct investment	-13,746	-1,235	-9,429	-6,959	-20,193	-10,386	-6,289	-6,772	-14,512	-22,879	-12,854	-27,901
45	Foreign securities	-9,960	-12,021	-12,550	-11,142	-8,668	-8,196	-13,059	-19,243	-28,208	-29,833	-51,940	-36,272
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	40	7,902	3,341	-106	7,562	-6,620	-3,737	2,408	-6,130	-725	5,896	1,225
47	U.S. claims reported by U.S. banks, not included elsewhere	13,562	5,503	-4,469	-15,196	11,689	7,687	6,823	5,024	28,325	7,461	6,962	-12,133
48	Foreign assets in the United States, net (increase/capital inflow (+))	7,900	13,013	33,480	55,248	30,321	50,278	35,628	52,549	24,294	58,865	85,549	110,964
49	Foreign official assets in the United States, net	5,569	-4,914	3,854	12,879	20,988	20,879	-7,524	6,133	10,937	17,466	19,073	24,277
50	U.S. Government securities	126	-3,764	6,095	13,690	15,380	12,950	593	-6,520	1,745	6,750	20,443	24,076
51	U.S. Treasury securities <sup>9</sup>	155	-3,545	5,621	12,615	14,916	11,251	-319	-7,394	1,080	5,668	19,098	23,106
52	Other <sup>10</sup>	-29	-219	474	1,075	464	1,699	912	874	665	1,082	1,345	970
53	Other U.S. Government liabilities <sup>11</sup>	769	253	771	-426	-73	518	607	1,138	-469	132	932	718
54	U.S. liabilities reported by U.S. banks, not included elsewhere	3,908	-1,517	-3,107	-768	5,568	7,486	-7,724	11,241	8,257	9,485	-2,486	-415
55	Other foreign official assets <sup>12</sup>	766	115	95	383	113	-75	-1,000	274	1,404	1,099	184	-102
56	Other foreign assets in the United States, net	2,331	17,927	29,626	42,370	9,332	29,398	43,152	46,416	13,357	41,399	66,476	86,687
57	Direct investment	3,629	13,714	-1,111	5,772	1,327	5,889	3,057	7,662	7,255	11,213	11,543	18,983
58	U.S. Treasury securities and U.S. currency flows	9,539	15,681	3,004	6,022	1,986	11,331	11,008	26,206	16,363	5,608	9,558	11,652
59	U.S. securities other than U.S. Treasury securities	5,023	14,872	10,310	4,939	4,569	10,467	2,531	12,476	9,694	15,205	17,782	37,411
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-586	-2,549	4,761	-4,741	5,689	3,954	4,854	-924	-215	6,531	288	3,885
61	U.S. liabilities reported by U.S. banks, not included elsewhere	-15,274	-23,771	12,661	30,378	-4,239	-2,243	21,702	996	-19,740	2,842	27,205	14,756
62	Allocations of special drawing rights												
63	Statistical discrepancy (sum of above items with sign reversed)	-14,027	-17,223	-1,195	-13,660	-18,987	-21,669	-550	-2,413	6,034	8,112	-2,665	-5,845
64	Memoranda:												
65	Balance on goods (lines 2 and 16)	-14,513	-13,317	-24,182	-22,056	-13,699	-20,862	-32,454	-29,091	-23,967	-30,562	-42,198	-35,882
66	Balance on services (lines 3 and 17)	8,764	8,846	12,255	13,176	14,917	12,252	15,906	13,924	16,581	13,329	15,956	14,442
67	Balance on goods and services (lines 64 and 65)	-6,749	-4,471	-11,927	-8,880	1,218	-8,611	-16,548	-15,167	-7,386	-17,233	-26,242	-21,440
68	Balance on investment income (lines 11 and 25)	8,163	4,027	2,436	5,623	6,053	4,475	2,959	6,472	3,941	9,959	4,296	4,296
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup>	2,414	-444	-9,491	-3,258	7,271	-4,135	-13,689	-10,637	-914	-13,293	-21,263	-17,144
70	Unilateral transfers, net (line 29)	13,642	3,994	-8,828	-5,686	-7,610	-8,058	-7,759	-11,765	-8,394	-8,237	-9,124	-12,382
69	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup>	16,055	3,550	-16,319	-8,943	-339	-12,193	-21,448	-22,403	-9,308	-21,530	-30,407	-29,526

See footnotes on page 85.





Table 1.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Seasonally adjusted							
		1985				1986			
		I	II	III	IV	I	II	III	IV
1	Exports of goods, services, and income .....	96,595	96,229	93,549	96,378	98,821	100,666	99,708	101,649
2	Goods, adjusted, excluding military <sup>2</sup> .....	54,866	54,154	52,836	54,059	53,536	56,828	55,645	57,335
3	Services <sup>3</sup> .....	18,227	18,214	17,961	18,756	20,935	20,804	21,879	22,697
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	2,609	2,268	1,954	1,886	1,908	1,955	2,120	2,566
5	Travel .....	4,363	4,604	4,391	4,406	5,004	4,820	5,250	5,313
6	Passenger fares .....	991	1,065	1,128	1,227	1,349	1,222	1,511	1,503
7	Other transportation .....	3,595	3,572	3,642	3,866	3,655	3,890	3,994	4,016
8	Royalties and license fees <sup>5</sup> .....	1,550	1,592	1,589	1,947	1,873	2,005	2,060	2,174
9	Other private services <sup>5</sup> .....	4,889	4,880	5,013	5,254	6,730	6,779	6,817	6,978
10	U.S. Government miscellaneous services .....	230	233	244	171	189	133	127	147
11	Income receipts on U.S. assets abroad .....	23,502	23,861	22,752	23,563	24,350	23,034	22,184	21,617
12	Direct investment receipts .....	7,307	8,025	7,112	8,103	8,570	8,301	7,583	7,513
13	Other private receipts .....	14,930	14,550	14,090	14,603	14,202	13,286	12,625	12,693
14	U.S. Government receipts .....	1,265	1,286	1,550	1,397	1,578	1,447	1,976	1,411
15	Imports of goods, services, and income .....	-116,271	-120,924	-120,349	-126,499	-129,152	-131,516	-132,680	-136,010
16	Goods, adjusted, excluding military <sup>2</sup> .....	-80,319	-84,565	-83,909	-89,295	-89,220	-91,743	-92,801	-94,661
17	Services <sup>3</sup> .....	-17,707	-18,276	-18,151	-18,732	-20,298	-19,492	-20,847	-21,200
18	Direct defense expenditures .....	-3,246	-3,170	-3,053	-3,640	-4,434	-3,510	-3,320	-3,467
19	Travel .....	-6,105	-6,374	-6,273	-6,807	-6,566	-6,730	-6,732	-6,884
20	Passenger fares .....	-1,486	-1,742	-1,660	-1,556	-1,657	-1,528	-1,636	-1,693
21	Other transportation .....	-3,750	-3,883	-3,826	-4,184	-4,911	-4,279	-4,594	-4,553
22	Royalties and license fees <sup>5</sup> .....	-283	-280	-314	-295	-327	-363	-363	-348
23	Other private services <sup>5</sup> .....	-2,387	-2,395	-2,589	-2,833	-3,460	-3,686	-3,758	-3,882
24	U.S. Government miscellaneous services .....	-450	-432	-436	-417	-463	-396	-444	-383
25	Income payments on foreign assets in the United States .....	-18,245	-18,083	-18,289	-18,472	-19,634	-20,281	-19,032	-20,149
26	Direct investment payments .....	-1,973	-1,704	-1,919	-1,619	-1,605	-2,387	-1,387	-1,680
27	Other private payments .....	-10,522	-10,651	-10,554	-11,018	-11,907	-11,837	-11,450	-12,218
28	U.S. Government payments .....	-5,750	-5,728	-5,816	-5,835	-6,122	-6,057	-6,195	-6,251
29	Unilateral transfers, net .....	-5,170	-5,398	-6,007	-6,125	-5,318	-6,341	-6,610	-6,409
30	U.S. Government grants <sup>4</sup> .....	-2,236	-2,591	-3,093	-3,347	-2,106	-3,277	-3,485	-3,015
31	U.S. Government pensions and other transfers .....	-542	-522	-631	-544	-558	-563	-536	-714
32	Private remittances and other transfers <sup>5</sup> .....	-2,392	-2,285	-2,383	-2,234	-2,654	-2,501	-2,589	-2,680
33	U.S. assets abroad, net (increase/capital outflow -) .....	-4,291	-1,131	-4,555	-29,912	-16,231	-23,736	-31,355	-35,427
34	U.S. official reserve assets, net <sup>7</sup> .....	-233	-356	-121	-3,148	-115	16	280	132
35	Gold .....	-264	-180	-264	-189	-274	-104	163	-31
36	Special drawing rights .....	281	72	388	388	344	366	508	283
37	Reserve position in the International Monetary Fund .....	-250	-248	-245	-3,126	-185	-246	-391	-120
38	Foreign currencies .....	-760	-1,063	-453	-555	-266	-230	-1,554	29
39	U.S. Government assets, other than official reserve assets, net .....	-1,790	-2,563	-1,733	-1,581	-1,826	-1,637	-4,265	-1,356
40	U.S. credits and other long-term assets .....	1,100	1,234	1,262	1,124	1,538	1,364	1,758	1,429
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	-70	266	18	-98	22	43	953	-44
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	-3,298	278	-3,981	-26,210	-15,850	-23,522	-30,081	-35,588
43	Direct investment .....	-1,583	-3,165	-3,477	-6,839	-8,606	-6,099	-3,715	-612
44	Foreign securities .....	-2,474	-2,219	-1,572	-1,217	-5,930	-1,051	181	2,529
45	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	475	2,337	-2,779	-10,375	-6,230	-2,722	-7,638	-5,183
46	U.S. claims reported by U.S. banks, not included elsewhere .....	284	3,325	3,847	-8,779	4,916	-13,660	-18,909	-32,322
47	U.S. claims reported by U.S. banks, not included elsewhere .....	284	3,325	3,847	-8,779	4,916	-13,660	-18,909	-32,322
48	Foreign assets in the United States, net (increase/capital inflow +) .....	18,365	29,370	38,339	60,311	41,557	53,797	70,935	63,923
49	Foreign official assets in the United States, net .....	-10,962	8,502	2,506	-1,165	2,712	15,918	15,789	1,229
50	U.S. Government securities .....	-7,498	8,886	-358	-2,168	3,061	13,896	11,895	4,298
51	U.S. Treasury securities <sup>9</sup> .....	-7,177	8,750	-414	-1,997	3,238	14,540	12,171	4,415
52	Other <sup>10</sup> .....	-322	136	56	-171	-177	-644	-276	-117
53	Other U.S. Government liabilities <sup>11</sup> .....	-343	560	320	307	423	1,081	1,153	-462
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	-3,007	-120	2,927	845	-1,131	1,472	3,043	-2,197
55	Other foreign official assets <sup>12</sup> .....	-113	-824	-383	-149	359	-531	-302	-410
56	Other foreign assets in the United States, net .....	29,327	20,868	35,833	61,476	38,845	37,879	55,146	62,694
57	Direct investment .....	4,936	4,412	4,915	5,750	3,499	5,607	8,805	17,713
58	U.S. Treasury securities and U.S. currency flows .....	3,390	6,888	9,136	6,219	6,420	4,620	-854	-2,277
59	U.S. securities other than U.S. Treasury securities .....	9,615	7,194	11,669	22,484	18,730	22,752	17,107	12,380
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	-720	1,724	2,801	6,046	696	1,635	1,947	-953
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	12,106	650	7,312	20,977	9,500	3,265	28,141	35,831
62	Allocations of special drawing rights .....								
63	Statistical discrepancy (sum of above items with sign reversed) .....	10,772	1,854	-977	5,847	10,323	7,130	2	12,274
63a	Of which seasonal adjustment discrepancy .....	2,792	-1,553	-4,138	2,901	3,313	-2,221	-4,430	3,332
64	Memoranda:								
64	Balance on goods (lines 2 and 16) .....	-25,453	-30,411	-31,073	-35,236	-35,684	-34,915	-37,156	-37,326
65	Balance on services (lines 3 and 17) .....	520	-62	-190	24	637	1,312	1,032	1,497
66	Balance on goods and services (lines 64 and 65) .....	-24,933	-30,473	-31,263	-35,212	-35,047	-33,603	-36,124	-35,829
67	Balance on investment income (lines 11 and 25) .....	5,257	5,778	4,463	5,091	4,716	2,753	3,152	1,468
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	-19,676	-24,695	-26,800	-30,121	-30,331	-30,850	-32,972	-34,361
69	Unilateral transfers, net (line 29) .....	-5,170	-5,398	-6,007	-6,125	-5,318	-6,341	-6,610	-6,409
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	-24,846	-30,093	-32,807	-36,246	-35,649	-37,191	-39,582	-40,770

See footnotes on page 85.

























Table 3.—Private  
(Millions)

Line		1994	1995	1996	Not seasonally adjusted			
					1995			
					I	II	III	IV
1	Exports of private services .....	184,195	204,165	221,224	47,124	48,196	56,157	52,688
2	Travel (table 1, line 5) .....	58,417	63,395	69,908	13,157	14,887	19,475	15,876
3	Passenger fares (table 1, line 6) .....	17,083	19,125	20,557	4,279	4,406	5,713	4,727
4	Other transportation (table 1, line 7) .....	24,341	27,412	27,216	6,468	6,894	6,913	7,116
5	Freight .....	9,587	11,420	11,161	2,594	2,883	2,865	3,078
6	Port services .....	14,180	14,810	14,691	3,636	3,710	3,751	3,743
7	Other .....	1,065	1,184	1,364	289	302	297	296
8	Royalties and license fees (table 1, line 8) .....	22,661	27,383	29,974	6,213	6,575	6,991	7,604
9	Affiliated, .....	17,793	21,670	23,760	4,958	5,162	5,534	6,117
10	U.S. parents' receipts .....	16,768	20,210	21,916	4,495	4,888	5,158	5,889
11	U.S. affiliates' receipts .....	1,025	1,460	1,844	363	284	376	428
12	Unaffiliated .....	4,869	5,713	6,214	1,355	1,413	1,457	1,488
13	Industrial processes <sup>1</sup> .....	3,026	3,583	3,979	846	884	914	939
14	Other <sup>2</sup> .....	1,843	2,131	2,235	508	530	543	549
15	Other private services (table 1, line 9) .....	61,093	66,850	73,569	16,986	15,434	17,065	17,365
16	Affiliated services, .....	18,651	20,272	22,810	4,528	4,899	5,155	5,580
17	U.S. parents' receipts .....	12,138	12,795	13,763	2,838	3,148	3,205	3,506
18	U.S. affiliates' receipts .....	6,513	7,477	9,047	1,690	1,751	1,950	2,084
19	Unaffiliated services .....	42,442	46,578	50,759	12,558	10,535	11,810	11,775
20	Education .....	7,175	7,512	7,807	3,028	2,965	1,976	1,543
21	Financial services .....	5,763	7,029	8,034	1,578	1,678	1,796	1,977
22	Insurance, net .....	1,670	1,390	1,212	353	327	335	326
23	Premiums received .....	4,921	5,524	6,179	1,331	1,351	1,396	1,436
24	Losses paid .....	3,245	4,133	4,058	978	1,034	1,061	1,060
25	Telecommunications .....	2,865	3,183	3,405	765	787	807	824
26	Business, professional, and technical services .....	15,893	17,765	19,247	4,310	4,394	4,503	4,558
27	Other unaffiliated services <sup>3</sup> .....	9,070	9,699	10,145	2,323	2,383	2,494	2,498
28	Imports of private services .....	122,620	134,523	143,066	30,008	34,506	37,144	32,864
29	Travel (table 1, line 19) .....	43,782	46,053	48,739	9,405	12,563	13,820	10,265
30	Passenger fares (table 1, line 20) .....	12,885	14,433	15,776	3,072	3,818	4,163	3,980
31	Other transportation (table 1, line 21) .....	27,255	28,249	28,453	6,931	7,051	7,311	6,956
32	Freight .....	16,324	16,769	16,879	4,277	4,150	4,312	4,020
33	Port services .....	10,013	10,579	10,792	2,424	2,674	2,765	2,716
34	Other .....	919	911	783	231	226	234	220
35	Royalties and license fees (table 1, line 22) .....	5,560	6,503	7,322	1,483	1,490	1,697	1,833
36	Affiliated, .....	3,776	5,128	5,301	1,143	1,156	1,346	1,486
37	U.S. parents' payments .....	261	448	553	99	102	122	126
38	U.S. affiliates' payments .....	3,515	4,680	4,748	1,044	1,054	1,224	1,360
39	Unaffiliated .....	1,784	1,373	2,021	341	334	352	347
40	Industrial processes <sup>1</sup> .....	1,034	962	1,126	239	235	239	249
41	Other <sup>2</sup> .....	750	411	895	102	99	113	98
42	Other private services (table 1, line 23) .....	33,138	39,285	42,796	9,117	9,586	10,153	10,430
43	Affiliated services, .....	11,860	13,597	16,026	3,071	3,242	3,451	3,833
44	U.S. parents' payments .....	5,948	6,820	7,506	1,459	1,637	1,705	2,019
45	U.S. affiliates' payments .....	5,912	6,777	8,521	1,612	1,605	1,746	1,814
46	Unaffiliated services .....	21,278	25,689	26,770	6,046	6,344	6,702	6,597
47	Education .....	816	949	1,041	193	232	286	238
48	Financial services .....	1,654	2,472	3,184	597	570	649	656
49	Insurance, net .....	4,034	5,383	4,387	1,342	1,422	1,424	1,195
50	Premiums paid .....	14,075	15,187	15,473	3,749	3,793	3,819	3,826
51	Losses recovered .....	10,041	9,804	11,086	2,407	2,371	2,395	2,631
52	Telecommunications .....	6,928	7,773	8,385	1,862	1,932	1,965	2,015
53	Business, professional, and technical services .....	3,628	4,691	5,253	1,078	1,150	1,210	1,255
54	Other unaffiliated services <sup>3</sup> .....	4,217	4,420	4,520	976	1,037	1,169	1,239
Memoranda:								
55	Balance on goods (table 1, line 64) .....	-166,192	-173,560	-191,170	-38,311	-45,210	-49,442	-40,597
56	Balance on private services (line 1 minus line 28) .....	61,575	69,642	78,138	17,116	13,688	19,013	19,824
57	Balance on goods and private services (lines 55 and 56) .....	-104,617	-103,918	-113,032	-21,195	-31,522	-30,429	-20,773

See footnotes on page 85.















**Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns**  
 [Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1994	1995	1996	Not seasonally adjusted										Amounts out- standing Mar. 31, 1997
					1995				1996				1997		
					I	II	III	IV	I	II	III	IV		I <sup>1</sup>	
A1	Claims, total (table 1, line 46) .....	-31,739	-34,997	-64,234	-4,044	-23,147	6,988	-14,794	-15,778	-5,047	-17,294	-26,115	-8,600	377,855	
2	Financial claims .....	-29,144	-33,885	-61,568	-5,425	-22,284	7,042	-13,218	-16,257	-4,832	-17,774	-22,705	-8,600	349,815	
3	<i>Denominated in U.S. dollars</i> .....	-26,065	-25,477	-41,661	-5,296	-23,041	11,819	-8,959	-4,470	-4,891	-8,639	-23,661	-8,600	272,041	
4	<i>Denominated in foreign currencies</i> .....	-3,079	-8,408	-19,907	-129	757	-4,777	-4,259	-11,787	69	-9,135	956		77,774	
5	By type: Deposits <sup>2</sup> .....	-29,048	-33,832	-60,856	-5,916	-22,227	7,450	-13,139	-16,147	-4,672	-17,563	-22,474	-8,600	344,981	
6	Other claims <sup>2,3</sup> .....	-96	-53	-712	491	-57	-408	-79	-110	-160	-211	-231		4,834	
7	By area: Industrial countries <sup>4</sup> .....	-1,660	-24,294	-29,780	-175	-6,127	-11,521	-6,471	-14,987	6,319	-8,112	-13,000		146,444	
8	Of which United Kingdom .....	2,318	-11,266	-18,167	-1,102	-1,071	-2,547	-6,546	-10,672	3,180	-4,072	-6,603		67,007	
9	Canada .....	-6,518	274	-1,061	1,724	-1,846	754	-358	-141	65	3,126	-4,101		10,813	
10	Caribbean banking centers <sup>5</sup> .....	-23,388	-9,809	-30,719	-6,856	-16,022	18,804	-6,735	-1,234	-10,854	-9,399	-9,232	-8,600	191,094	
11	Other .....	-4,096	218	-1,069	606	-135	-241	-12	-36	-297	-263	-473		12,277	
12	Commercial claims .....	-2,595	-1,112	-2,666	1,381	-863	-54	-1,576	479	-215	480	-3,410		27,840	
13	<i>Denominated in U.S. dollars</i> .....	-2,348	-1,600	-2,657	783	-723	-195	-1,465	410	-166	432	-3,333		25,801	
14	<i>Denominated in foreign currencies</i> .....	-247	488	-9	598	-140	141	-111	69	-49	48	-77		2,039	
15	By type: Trade receivables .....	-2,733	-1,840	-2,227	743	-911	-83	-1,589	875	-153	266	-3,215		25,225	
16	Advance payments and other claims .....	138	728	-439	638	48	29	13	-396	-62	214	-195		2,615	
17	By area: Industrial countries <sup>4</sup> .....	-1,056	353	-1,161	1,323	-470	345	-845	-231	-72	645	-1,503		15,468	
18	Members of OPEC <sup>6</sup> .....	-87	-171	-278	118	-20	-94	-175	-100	120	-91	-207		1,279	
19	Other .....	-1,452	-1,294	-1,227	-60	-373	-305	-556	810	-263	-74	-1,700		11,093	
B1	Liabilities, total (table 1, line 60) .....	-7,710	34,588	31,786	9,075	7,286	6,968	11,259	6,800	7,288	20,610	-2,912	4,800	276,335	
2	Financial liabilities .....	-7,483	34,715	26,194	8,938	9,169	6,124	10,484	5,774	7,108	18,375	-5,063	4,800	243,867	
3	<i>Denominated in U.S. dollars</i> .....	-15,217	32,203	12,420	6,281	9,871	6,395	9,656	3,574	3,100	11,156	-5,410	4,800	206,996	
4	<i>Denominated in foreign currencies</i> .....	7,734	2,512	13,774	2,657	-702	-271	828	2,200	4,008	7,219	347		36,871	
5	By area: Industrial countries <sup>4</sup> .....	6,631	7,649	27,031	3,008	-2,022	3,575	3,088	10,054	6,530	10,247	200		77,291	
6	Of which United Kingdom .....	3,735	10,203	25,140	1,342	-351	4,711	4,501	7,757	7,738	9,176	469		63,820	
7	Caribbean banking centers <sup>5</sup> .....	-14,342	26,899	-657	6,096	11,190	2,508	7,105	-4,105	900	7,897	-5,349	4,800	150,300	
8	Other .....	228	167	-180	-166	1	41	291	-175	-322	231	86		16,276	
9	Commercial liabilities .....	-227	-127	5,592	137	-1,883	844	775	1,026	180	2,235	2,151		32,468	
10	<i>Denominated in U.S. dollars</i> .....	-914	541	5,919	799	-2,108	882	968	1,338	102	2,356	2,123		31,588	
11	<i>Denominated in foreign currencies</i> .....	687	-668	-327	-662	225	-38	-193	-312	78	-121	28		880	
12	By type: Trade payables .....	1,203	1,008	1,506	-161	683	-466	952	-198	266	524	914		12,519	
13	Advance receipts and other liabilities .....	-1,430	-1,135	4,086	298	-2,566	1,310	-177	1,224	-86	1,711	1,237		19,949	
14	By area: Industrial countries <sup>4</sup> .....	275	-57	3,967	579	-1,912	990	286	1,371	-143	1,217	1,522		19,331	
15	Members of OPEC <sup>6</sup> .....	151	440	632	205	-19	-138	392	-225	304	260	293		3,273	
16	Other .....	-653	-510	993	-647	48	-8	97	-120	19	758	336		9,864	

See footnotes on page 85.

Table 8.—Claims on Foreigners Reported by U.S. Banks

(Millions of dollars)

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	1994	1995	1996	Not seasonally adjusted										Amounts out- standing Mar. 31, 1997
					1995				1996				1997		
					I	II	III	IV	I	II	III	IV		IP	
1	Total, net (table 1, line 47) .....	-4,200	-75,108	-88,186	-28,348	-47,520	4,489	-3,729	1,968	192	-33,598	-66,657	-56,560	917,421	
2	By type:														
	Banks' own claims .....	8,858	-60,394	-62,878	-19,633	-38,566	7,846	-10,041	5,304	-1,932	-11,136	-65,114	-43,407	709,024	
3	Payable in dollars .....	4,792	-47,175	-68,258	-10,966	-34,624	3,472	-5,057	1,257	-4,736	-8,734	-66,045	-35,663	636,355	
	By borrower:														
	Claims on:														
4	own foreign offices .....	2,495	-24,412	-35,084	-9,355	-12,781	2,582	-4,858	9,811	-9,802	-4,170	-30,923	-17,615	360,126	
5	unaffiliated foreign banks .....	-8,703	8,814	-11,929	2,334	-8,797	2,985	12,292	-2,107	-1,814	-4,033	-3,975	-4,832	118,355	
6	foreign public borrowers <sup>1</sup> .....	5,786	838	294	-443	331	1,025	-75	-5,338	4,775	153	704	-6,715	28,935	
7	other private foreigners .....	5,214	-32,415	-21,539	-3,502	-13,377	-3,120	-12,416	-1,109	2,105	-684	-21,851	-6,501	128,939	
	By bank ownership: <sup>2</sup>														
	U.S.-owned banks' claims on:														
8	own foreign offices .....	-8,416	9,679	-17,794	-5,968	8,748	8,419	-1,520	-1,317	582	-5,814	-11,245	7,062	135,979	
9	unaffiliated foreign banks .....	2,961	-4,198	-11,568	-801	-2,854	-3,118	2,575	3,727	-6,780	-4,784	-3,751	1,605	49,024	
10	other foreigners .....	736	-28,658	-11,389	-851	-14,392	-2,616	-10,799	-4,213	7,364	3,991	-18,531	-1,624	94,175	
	Foreign-owned banks' claims on:														
11	own foreign offices .....	10,911	-34,091	-17,290	-3,387	-21,529	-6,837	-3,338	11,128	-10,384	1,644	-19,678	-24,677	224,147	
12	unaffiliated foreign banks .....	-11,664	13,012	-361	3,135	-5,943	6,103	9,717	-5,834	4,946	751	-224	-6,437	69,331	
13	other foreigners .....	10,264	-2,919	-9,856	-3,094	1,346	521	-1,692	-2,234	-484	-4,522	-2,616	-11,592	63,699	
14	Payable in foreign currencies .....	4,066	-13,219	5,380	-8,667	-3,942	4,374	-4,984	4,047	2,804	-2,402	931	-7,744	72,669	
15	Banks' domestic customers' claims .....	-13,058	-14,714	-35,308	-8,715	-8,954	-3,357	6,312	-3,436	2,124	-22,453	-11,543	-13,153	208,397	
16	Payable in dollars .....	-15,034	-19,447	-26,840	-10,714	-7,589	-6,977	5,833	-3,197	3,294	-22,617	-4,320	-18,851	199,482	
17	Deposits .....	-23,095	6,310	-19,131	-2,323	-2,462	2,779	8,316	-10,431	-1,463	-10,292	3,045	-17,497	95,147	
18	Foreign commercial paper <sup>3</sup> .....	9,848	-13,330	-10,668	-6,859	910	-6,860	-621	3,577	-2,142	-10,163	-1,940	861	65,429	
19	Other negotiable and readily transferable instruments <sup>4</sup> .....	-746	-7,782	-1,993	81	-3,297	-4,104	-462	1,387	5,377	-2,060	-6,697	-43	21,599	
20	Outstanding collections and other .....	-1,041	-4,645	4,952	-1,613	-2,740	1,208	-1,500	2,270	1,512	-102	1,272	-2,172	17,307	
21	Payable in foreign currencies .....	1,976	4,733	-8,468	1,999	-1,365	3,620	479	-239	-1,170	164	-7,223	5,698	8,915	
	By area:														
22	Industrial countries <sup>5</sup> .....	-456	-44,402	-62,753	-27,718	-17,031	8,620	-8,273	12,303	-8,637	-33,987	-22,432	-60,665	504,350	
23	Western Europe .....	-1,597	-32,230	-40,870	-17,673	-3,963	7,437	-18,031	-700	-7,479	-24,806	-7,885	-50,677	337,047	
24	Of which United Kingdom .....	-6,852	-13,842	-17,842	-6,651	335	8,986	-16,512	-4,309	1,857	-16,076	686	-20,754	159,471	
25	Canada .....	850	-3,870	-10,760	-8,420	-48	1,202	3,396	2,487	-4,189	-6,129	-2,929	-12,722	65,296	
26	Japan .....	-1,276	-10,033	2,305	-3,254	-11,687	1,171	3,737	10,724	2,416	-210	-10,625	2,348	89,735	
27	Other .....	1,567	1,731	-3,428	1,629	-1,333	-1,190	2,625	-208	615	-2,842	-993	386	12,272	
28	Caribbean banking centers <sup>6</sup> .....	-10,912	-25,311	-17,366	6,561	-20,460	-10,396	-1,016	-2,497	14,461	-3,663	-25,667	9,541	233,209	
29	Other areas .....	7,168	-5,395	-28,067	-7,191	-10,029	6,265	5,560	-7,938	-5,632	4,061	-18,558	-5,436	179,862	
30	Of which Members of OPEC, included below <sup>7</sup> .....	3,113	4,123	-589	1,138	-773	-243	4,001	2,609	-733	-1,862	-603	131	16,282	
31	Latin America .....	2,110	-2,517	-10,505	-1,098	-2,149	2,177	-1,447	677	-675	-1,449	-9,058	-861	80,911	
32	Asia .....	6,456	-6,407	-15,430	-7,927	-9,556	4,723	6,353	-4,914	-7,494	4,729	-7,761	-2,731	86,307	
33	Africa .....	630	383	128	461	-112	-247	281	-78	-30	213	23	-75	2,805	
34	Other <sup>8</sup> .....	-1,928	3,146	-2,260	1,373	1,788	-388	373	-3,623	2,567	568	-1,772	-1,769	9,839	
	Memoranda:														
1	International banking facilities' (IBFs) own claims, payable in dollars (lines 1-13 above) .....	-17,468	9,685	-17,199	5,405	-4,397	4,884	3,793	3,223	1,012	2,326	-23,760	-10,277	229,887	
	By borrower:														
	Claims on:														
2	own foreign offices .....	-8,798	-7,496	-15,723	-411	673	-3,235	-4,523	6,264	-3,304	2,744	-21,427	-4,107	135,056	
3	unaffiliated foreign banks .....	-12,775	18,593	563	5,380	-4,455	8,776	8,892	-3,870	4,443	-525	515	-3,798	59,497	
4	foreign public borrowers .....	4,481	1,127	1,495	846	290	590	-599	859	963	145	-472	302	6,277	
5	all other foreigners .....	-376	-2,539	-3,534	-410	-905	-1,247	23	-30	-1,090	-38	-2,376	-2,674	29,057	
	By bank ownership: <sup>2</sup>														
6	U.S.-owned IBFs .....	-10,210	4,174	4,872	235	6,059	676	-2,796	-278	-141	3,309	1,982	-1,340	54,860	
7	Foreign-owned IBFs .....	-7,258	5,511	-22,071	5,170	-10,456	4,208	6,589	3,501	1,153	-983	-25,742	-8,937	175,027	
8	Banks' dollar acceptances payable by foreigners .....	-507	17	-1,214	-12	-353	26	356	-622	-303	-61	-228	-1,623	11,247	

See footnotes on page 85.







Transactions, by Area  
of dollars]

Table with columns for European Union (14), United Kingdom, and European Union (6) (15), subdivided by years 1996 and 1997. Includes a 'Line' column on the far right. Data points range from 86,287 to -8,779.





Table 10.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Australia							
		1994	1995	1996	1996				1997
					I	II	III	IV	
1	Exports of goods, services, and income .....	17,906	20,521	21,726	5,149	5,366	5,643	5,568	5,214
2	Goods, adjusted, excluding military <sup>2</sup> .....	9,582	10,495	11,705	2,985	2,910	2,895	2,915	2,823
3	Services <sup>3</sup> .....	4,159	4,534	4,792	1,049	1,183	1,334	1,226	1,116
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	425	253	204	41	66	56	41	35
5	Travel .....	1,431	1,639	1,819	349	446	572	452	392
6	Passenger fares .....	427	429	461	95	117	137	112	100
7	Other transportation .....	219	280	297	65	72	80	80	72
8	Royalties and license fees <sup>5</sup> .....	513	529	575	131	138	146	160	136
9	Other private services <sup>5</sup> .....	1,139	1,396	1,423	358	344	341	379	379
10	U.S. Government miscellaneous services .....	6	8	13	9	.....	2	2	2
11	Income receipts on U.S. assets abroad .....	4,165	5,492	5,229	1,116	1,272	1,413	1,428	1,276
12	Direct investment receipts .....	2,392	3,402	2,979	581	720	849	829	678
13	Other private receipts .....	1,773	2,090	2,250	535	552	564	599	598
14	U.S. Government receipts .....	.....	.....	.....	.....	.....	.....	.....	.....
15	Imports of goods, services, and income .....	-5,264	-6,187	-6,820	-1,556	-1,468	-1,704	-2,092	-2,129
16	Goods, adjusted, excluding military <sup>2</sup> .....	-3,203	-3,401	-3,869	-827	-882	-992	-1,168	-1,159
17	Services <sup>3</sup> .....	-2,009	-2,245	-2,501	-700	-521	-565	-715	-758
18	Direct defense expenditures .....	-53	-68	-53	-15	-12	-9	-17	-15
19	Travel .....	-784	-831	-943	-315	-162	-183	-283	-325
20	Passenger fares .....	-422	-452	-503	-142	-108	-121	-132	-157
21	Other transportation .....	-243	-289	-326	-76	-81	-80	-89	-87
22	Royalties and license fees <sup>5</sup> .....	-20	-19	-32	-6	-7	-8	-12	-9
23	Other private services <sup>5</sup> .....	-444	-548	-599	-134	-141	-153	-171	-152
24	U.S. Government miscellaneous services .....	-43	-38	-45	-13	-10	-11	-11	-12
25	Income payments on foreign assets in the United States .....	-52	-540	-450	-29	-66	-147	-209	-213
26	Direct investment payments .....	268	-112	31	82	55	-15	-92	-108
27	Other private payments .....	-241	-319	-333	-72	-85	-94	-82	-86
28	U.S. Government payments .....	-79	-109	-148	-39	-36	-38	-35	-19
29	Unilateral transfers, net .....	-83	-85	-82	-27	-19	-25	-21	-23
30	U.S. Government grants <sup>4</sup> .....	.....	.....	.....	.....	.....	.....	.....	.....
31	U.S. Government pensions and other transfers .....	-32	-32	-34	-8	-8	-9	-9	-8
32	Private remittances and other transfers <sup>6</sup> .....	-51	-53	-58	-19	-11	-16	-12	-15
33	U.S. assets abroad, net (increase/capital outflow (-)) .....	-884	-5,063	-11,507	-3,585	129	-3,164	-4,887	-595
34	U.S. official reserve assets, net <sup>7</sup> .....	.....	.....	.....	.....	.....	.....	.....	.....
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
37	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....
38	Foreign currencies .....	.....	.....	.....	.....	.....	.....	.....	.....
39	U.S. Government assets, other than official reserve assets, net .....	6	2	15	1	.....	2	12	.....
40	U.S. credits and other long-term assets .....	.....	.....	.....	.....	.....	.....	.....	.....
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	2	.....	.....	.....	.....	.....	.....	.....
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	4	2	15	1	.....	2	12	.....
43	U.S. private assets, net .....	-890	-5,065	-11,522	-3,586	129	-3,166	-4,899	-595
44	Direct investment .....	-32	-6,450	-3,789	-1,364	-635	-1,162	-628	-605
45	Foreign securities .....	-2,339	-4	-4,470	-2,010	-240	566	-2,786	-1,092
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-273	-92	-222	90	-123	-141	-48	.....
47	U.S. claims reported by U.S. banks, not included elsewhere .....	1,754	1,481	-3,041	-302	1,127	-2,429	-1,437	1,102
48	Foreign assets in the United States, net (increase/capital inflow (+)) .....	3,919	1,571	4,280	1,582	2,376	-1,269	1,592	-1,155
49	Foreign official assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities <sup>9</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
52	Other <sup>10</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities <sup>11</sup> .....	-186	-28	-63	7	-38	-13	-9	23
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets <sup>12</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment .....	1,101	504	2,129	1,617	-344	80	777	326
58	U.S. Treasury securities and U.S. currency flows .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities .....	660	652	-614	-232	-388	212	-206	271
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	166	266	427	154	155	-127	245	.....
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	18 2,178	18 177	18 2,391	18 36	18 2,991	18 -1,421	18 785	18 -1,775
62	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed) .....	-15,593	-10,758	-7,587	-1,583	-6,383	519	-160	-1,312
64	Memoranda:	.....	.....	.....	.....	.....	.....	.....	.....
65	Balance on goods (lines 2 and 16) .....	6,379	7,094	7,836	2,158	2,028	1,903	1,747	1,664
66	Balance on services (lines 3 and 17) .....	2,150	2,289	2,291	348	663	769	511	358
65	Balance on goods and services (lines 64 and 65) .....	8,529	9,383	10,127	2,506	2,691	2,672	2,258	2,022
67	Balance on investment income (lines 11 and 25) .....	4,113	4,952	4,779	1,087	1,207	1,266	1,219	1,063
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	12,642	14,335	14,906	3,593	3,898	3,939	3,477	3,085
69	Unilateral transfers, net (line 29) .....	-83	-85	-82	-27	-19	-25	-21	-23
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	12,559	14,250	14,814	3,566	3,879	3,914	3,456	3,062

See footnotes on page 85.



Table 10a.—U.S. International Transactions,  
[Millions]

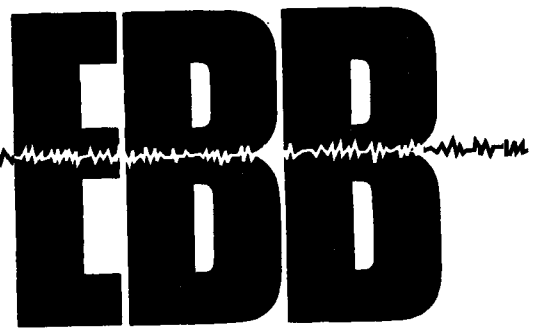
Line	(Credits +; debits -) <sup>1</sup>	Belgium-Luxembourg			France			Germany		
		1994	1995	1996 <sup>P</sup>	1994	1995	1996 <sup>P</sup>	1994	1995	1996 <sup>P</sup>
1	Exports of goods, services, and income .....	17,284	20,074	18,486	24,782	29,157	30,813	38,518	45,457	46,694
2	Goods, adjusted, excluding military <sup>2</sup> .....	11,080	12,838	12,685	13,610	14,255	14,454	18,745	21,879	22,970
3	Services <sup>3</sup> .....	2,568	2,830	2,890	6,630	8,051	8,831	11,637	13,213	14,227
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	50	110	89	116	44	63	192	250	389
5	Travel .....	442	486	539	1,639	2,063	2,255	3,577	4,212	4,573
6	Passenger fares .....	218	272	320	823	972	991	1,296	1,584	1,757
7	Other transportation .....	348	361	323	428	439	418	1,177	1,172	840
8	Royalties and license fees <sup>5</sup> .....	676	744	723	1,587	1,991	2,257	2,337	2,748	2,653
9	Other private services <sup>5</sup> .....	833	856	895	2,031	2,526	2,828	3,018	3,203	3,967
10	U.S. Government miscellaneous services .....	1	1	1	6	16	19	40	44	48
11	Income receipts on U.S. assets abroad .....	3,636	4,406	3,920	4,542	6,851	7,528	8,136	10,365	9,497
12	Direct investment receipts .....	2,676	3,103	2,634	1,296	2,728	3,322	3,107	4,783	4,286
13	Other private receipts .....	960	1,303	1,286	3,246	4,123	4,206	3,876	4,615	4,548
14	U.S. Government receipts .....	( <sup>6</sup> )	( <sup>7</sup> )	( <sup>8</sup> )	( <sup>9</sup> )	( <sup>10</sup> )	( <sup>11</sup> )	1,153	967	663
15	Imports of goods, services, and income .....	-12,208	-13,703	-14,956	-25,382	-28,779	-31,356	-51,491	-57,139	-60,726
16	Goods, adjusted, excluding military <sup>2</sup> .....	-8,464	-8,756	-9,499	-16,674	-17,175	-18,630	-31,678	-36,764	-38,831
17	Services <sup>3</sup> .....	-1,395	-1,712	-1,795	-5,904	-6,466	-6,609	-12,157	-12,284	-12,935
18	Direct defense expenditures .....	-86	-118	-104	-47	-66	-51	-4,585	-4,082	-4,010
19	Travel .....	-295	-345	-312	-2,511	-2,801	-2,865	-2,458	-2,407	-2,455
20	Passenger fares .....	-98	-107	-132	-460	-539	-591	-763	-849	-949
21	Other transportation .....	-408	-439	-455	-675	-645	-713	-1,449	-1,519	-1,567
22	Royalties and license fees <sup>5</sup> .....	-86	-114	-132	-250	-296	-351	-609	-652	-719
23	Other private services <sup>5</sup> .....	-361	-617	-680	-1,775	-1,894	-1,789	-2,015	-2,468	-2,896
24	U.S. Government miscellaneous services .....	-61	-72	-80	-186	-225	-249	-278	-307	-339
25	Income payments on foreign assets in the United States .....	-2,349	-3,235	-3,662	-2,784	-5,138	-6,117	-7,656	-8,031	-8,960
26	Direct investment payments .....	-264	-617	-900	63	-1,722	-2,256	-2,098	-1,908	-2,097
27	Other private payments .....	-1,018	-1,360	-1,280	-2,345	-2,764	-2,825	-2,192	-2,677	-2,765
28	U.S. Government payments .....	-1,067	-1,358	-1,482	-502	-652	-638	-3,208	-3,506	-4,098
29	Unilateral transfers, net .....	-41	-49	-56	-156	-133	-142	1,190	1,425	1,325
30	U.S. Government grants <sup>4</sup> .....									
31	U.S. Government pensions and other transfers .....	-17	-16	-17	-60	-61	-68	-281	-291	-288
32	Private remittances and other transfers .....	-24	-33	-39	-95	-72	-74	1,471	1,716	1,613
33	U.S. assets abroad, net (increase/capital outflow (-)) .....	-5,321	-7,040	-1,721	-4,155	-10,506	-20,751	-3,664	-13,332	-21,156
34	U.S. official reserve assets, net <sup>7</sup> .....							3,198	2,648	-609
35	Gold .....									
36	Special drawing rights .....									
37	Reserve position in the International Monetary Fund .....									
38	Foreign currencies .....							3,198	2,648	-609
39	U.S. Government assets, other than official reserve assets, net .....	5	6	-5		-3	1	-7	-13	-44
40	U.S. credits and other long-term assets .....									
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....				1					
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	5	6	-6	-1	-3	1	-7	-13	-44
43	U.S. private assets, net .....	-5,326	-7,046	-1,716	-4,155	-10,503	-20,752	-6,855	-15,967	-20,503
44	Direct investment .....	-2,397	-2,080	-1,190	-2,586	-5,726	-5,221	-2,217	-4,373	-655
45	Foreign securities .....	-1,392	-1,952	-1,577	-695	-420	-5,379	-1,248	-898	-7,805
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-130	-1,241	-2,963	241	-1,672	-48	-952	-8,982	-7,498
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-1,407	-1,772	860	-1,215	-2,685	-10,104	-2,438	-1,714	-4,245
48	Foreign assets in the United States, net (increase/capital inflow (+)) .....	-4,883	8,147	8,648	8,864	911	9,616	15,320	26,381	39,485
49	Foreign official assets in the United States, net .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
50	U.S. Government securities .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
51	U.S. Treasury securities <sup>9</sup> .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
52	Other <sup>10</sup> .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
53	Other U.S. Government liabilities <sup>11</sup> .....	27	-23	8	-26	46	78	-24	-39	-201
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
55	Other foreign official assets <sup>12</sup> .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
56	Other foreign assets in the United States, net .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
57	Direct investment .....	1,452	3,282	4,675	3,881	4,500	10,928	7,144	10,229	16,283
58	U.S. Treasury securities and U.S. currency flows .....	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
59	U.S. securities other than U.S. Treasury securities .....	-2,876	-501	2,765	-156	-20	2,745	2,735	4,095	6,470
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	311	-36	400	-449	-594	631	810	220	30
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	14,379	14,542	14,800	14,361	14,312	14,476	14,655	14,876	14,903
62	Allocations of special drawing rights .....									
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above item with sign reversed) .....	5,169	-7,429	-11,410	-1,974	9,450	11,820	127	-2,792	-5,622
64	Memoranda:									
65	Balance on goods (lines 2 and 16) .....	2,616	4,082	3,186	-3,064	-2,920	-4,176	-12,933	-14,885	-15,861
66	Balance on services (lines 3 and 17) .....	1,173	1,118	1,095	726	1,585	2,222	-520	929	1,292
67	Balance on goods and services (lines 64 and 65) .....	3,789	5,200	4,281	-2,338	-1,335	-1,954	-13,453	-13,956	-14,569
68	Balance on investment income (lines 11 and 25) .....	1,287	1,171	258	1,758	1,713	1,411	480	2,274	537
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	5,076	6,371	4,539	-680	378	-643	-12,973	-11,682	-14,032
70	Unilateral transfers, net (line 29) .....	-41	-49	-56	-155	-133	-142	1,190	1,425	1,325
71	Balance on current account (lines 1, 15, and 29 or lines 66 and 69) <sup>13</sup> .....	5,035	6,322	4,483	-735	245	-685	-11,783	-10,257	-12,707

See footnotes on page 85.



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# BEA CURRENT AND HISTORICAL DATA

## National, International, and Regional Estimates

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

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The tables listed below present annual, quarterly, and monthly estimates, indicated as follows: [A] Annual estimates only; [Q] quarterly estimates only; [QA] quarterly and annual estimates; [MA] monthly and annual estimates.

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## National Data

## A. Selected NIPA Tables

The tables in this section include the most recent estimates of gross domestic product and its components; these estimates were released on June 27, 1997 and include the "final" estimates for the first quarter of 1997.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly. In most tables, the annual estimates are also shown. For a guide to which issues of the SURVEY OF CURRENT BUSINESS contain the "annual only" NIPA tables, see the headnote to "Revised and Newly Available NIPA Estimates, 1991-95" in the May SURVEY.

The selected NIPA tables are available electronically on the day of the gross domestic product (GDP) news release by subscription from STAT-USA's Economic Bulletin Board and Internet services; for information, call (202) 482-1986. The tables are also available on printouts or diskettes; for subscription information, write to the National Income and Wealth Division (BE-54), Bureau of Economic Analysis, Washington, DC 20230 or call (202) 606-9700.

NOTE.—The 1997 annual revision of the NIPA's will be presented in the August SURVEY; see the box on page 4 for more information.

## 1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995	1996				1997
				IV	I	II	III	
<b>Gross domestic product</b>	<b>7,253.8</b>	<b>7,576.1</b>	<b>7,350.6</b>	<b>7,426.8</b>	<b>7,545.1</b>	<b>7,616.3</b>	<b>7,716.1</b>	<b>7,871.0</b>
<b>Personal consumption expenditures</b>	<b>4,924.9</b>	<b>5,151.4</b>	<b>4,990.5</b>	<b>5,060.5</b>	<b>5,139.4</b>	<b>5,165.4</b>	<b>5,240.3</b>	<b>5,336.0</b>
Durable goods	606.4	632.1	612.8	625.2	637.6	630.5	635.2	658.9
Nondurable goods	1,485.9	1,545.1	1,494.2	1,522.1	1,544.7	1,546.5	1,566.8	1,593.7
Services	2,832.6	2,974.3	2,883.5	2,913.2	2,957.1	2,988.5	3,038.3	3,083.4
<b>Gross private domestic investment</b>	<b>1,065.3</b>	<b>1,117.0</b>	<b>1,064.0</b>	<b>1,068.9</b>	<b>1,096.0</b>	<b>1,156.2</b>	<b>1,146.6</b>	<b>1,204.3</b>
Fixed investment	1,028.2	1,101.5	1,046.2	1,070.7	1,088.0	1,119.6	1,127.8	1,149.8
Nonresidential	738.5	791.1	749.7	769.0	773.8	807.0	814.5	830.8
Structures	199.7	214.3	204.0	208.4	207.4	213.5	227.8	232.5
Producers' durable equipment	538.8	576.8	545.7	560.6	566.3	593.5	586.7	598.3
Residential	289.8	310.5	296.5	301.7	314.2	312.6	313.3	319.0
Change in business inventories	37.0	15.4	17.8	-1.7	8.0	36.6	18.8	54.5
<b>Net exports of goods and services</b>	<b>-94.7</b>	<b>-98.7</b>	<b>-67.2</b>	<b>-86.3</b>	<b>-99.2</b>	<b>-120.2</b>	<b>-89.1</b>	<b>-99.5</b>
Exports	807.4	855.2	837.0	839.5	850.0	844.3	887.0	904.5
Goods	581.4	614.9	604.5	603.6	610.4	605.4	640.2	655.9
Services	225.9	240.3	232.5	235.9	239.7	239.0	246.8	248.6
Imports	902.0	953.9	904.2	925.8	949.2	964.5	976.0	1,004.0
Goods	757.0	802.2	759.0	776.7	798.2	812.1	821.6	842.9
Services	145.1	151.7	145.2	149.2	151.0	152.5	154.4	161.1
<b>Government consumption expenditures and gross investment</b>	<b>1,358.3</b>	<b>1,406.4</b>	<b>1,363.4</b>	<b>1,383.7</b>	<b>1,408.8</b>	<b>1,414.8</b>	<b>1,418.3</b>	<b>1,430.3</b>
Federal	516.6	523.1	507.7	518.6	529.6	525.5	518.5	520.4
National defense	345.5	347.1	337.1	343.9	353.7	348.8	341.9	336.5
Nondefense	171.0	176.0	170.6	174.7	175.8	176.7	176.7	183.9
State and local	841.7	883.3	855.7	865.1	879.2	889.3	899.8	909.9

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

Table 1.2.—Real Gross Domestic Product

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995	1996				1997
				IV	I	II	III	
<b>Gross domestic product</b>	<b>6,742.2</b>	<b>6,906.8</b>	<b>6,780.2</b>	<b>6,813.8</b>	<b>6,892.1</b>	<b>6,928.1</b>	<b>6,993.3</b>	<b>7,094.4</b>
<b>Personal consumption expenditures</b>	<b>4,577.8</b>	<b>4,690.7</b>	<b>4,609.4</b>	<b>4,649.1</b>	<b>4,687.6</b>	<b>4,693.5</b>	<b>4,732.5</b>	<b>4,798.0</b>
Durable goods	579.8	611.4	587.5	599.2	615.6	611.6	619.1	646.4
Nondurable goods	1,421.9	1,442.0	1,423.2	1,436.1	1,440.9	1,442.2	1,448.6	1,464.9
Services	2,577.0	2,638.3	2,599.3	2,614.7	2,632.3	2,640.6	2,665.6	2,688.2
<b>Gross private domestic investment</b>	<b>1,009.4</b>	<b>1,056.6</b>	<b>1,004.3</b>	<b>1,011.4</b>	<b>1,038.1</b>	<b>1,093.1</b>	<b>1,083.9</b>	<b>1,141.0</b>
Fixed investment	975.9	1,042.1	988.5	1,013.3	1,031.1	1,057.5	1,066.6	1,091.9
Nonresidential	714.3	766.8	723.3	743.5	750.5	781.4	792.0	813.0
Structures	181.1	190.0	183.2	186.6	184.9	188.6	199.8	203.0
Producers' durable equipment	534.5	578.6	541.4	558.3	567.5	595.0	593.7	611.7
Residential	262.8	276.7	266.3	271.1	281.5	277.8	276.6	281.1
Change in business inventories	32.7	13.6	13.7	-3.5	6.7	34.1	17.1	48.6
<b>Net exports of goods and services</b>	<b>-107.6</b>	<b>-113.6</b>	<b>-84.9</b>	<b>-104.0</b>	<b>-114.7</b>	<b>-137.4</b>	<b>-98.4</b>	<b>-120.7</b>
Exports	775.4	825.9	803.1	806.7	817.9	816.1	862.9	885.3
Goods	565.9	608.8	588.8	590.9	600.6	601.1	642.6	664.6
Services	210.4	218.2	215.3	216.7	218.3	216.1	221.7	222.4
Imports	883.0	939.5	888.0	910.7	932.6	953.5	961.3	1,006.0
Goods	744.7	796.3	750.0	768.4	789.9	810.0	817.0	853.4
Services	138.8	143.8	138.5	142.8	143.2	144.1	145.0	153.2
<b>Government consumption expenditures and gross investment</b>	<b>1,260.2</b>	<b>1,270.6</b>	<b>1,249.6</b>	<b>1,254.7</b>	<b>1,278.2</b>	<b>1,276.1</b>	<b>1,273.4</b>	<b>1,273.8</b>
Federal	472.3	467.1	456.2	462.9	473.4	469.3	462.9	459.2
National defense	319.6	313.9	308.8	311.9	319.4	314.9	309.4	301.2
Nondefense	152.3	152.8	147.0	150.6	153.7	153.9	153.1	157.2
State and local	788.6	804.3	794.4	792.6	805.5	807.7	811.4	815.7
Residual	-9	-1.7	-2	-2	-1.7	-1.4	-3.4	-4.0

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

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



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

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1996					1997
			IV	I	II	III	IV	
<b>Gross domestic product</b> .....	<b>7,253.8</b>	<b>7,576.1</b>	<b>7,350.6</b>	<b>7,426.8</b>	<b>7,545.1</b>	<b>7,616.3</b>	<b>7,716.1</b>	<b>7,871.0</b>
Plus: Receipts of factor income from the rest of the world .....	208.3	228.4	213.4	220.4	223.9	226.4	242.9	242.3
Less: Payments of factor income to the rest of the world .....	215.3	237.3	219.7	220.6	231.4	243.8	253.5	270.3
<b>Equals: Gross national product</b> .....	<b>7,246.7</b>	<b>7,567.1</b>	<b>7,344.3</b>	<b>7,426.6</b>	<b>7,537.5</b>	<b>7,598.9</b>	<b>7,705.6</b>	<b>7,843.0</b>
Less: Consumption of fixed capital .....	811.1	845.5	833.1	831.4	839.8	851.0	859.8	868.4
Private .....	664.4	696.4	685.0	683.1	691.2	701.6	709.8	717.1
Capital consumption allowances .....	660.9	699.1	676.9	683.6	693.8	704.3	714.8	725.3
Less: Capital consumption adjustment .....	-3.5	2.7	-8.1	.5	2.6	2.7	5.0	8.2
Government .....	146.7	149.1	148.2	148.4	148.6	149.4	150.0	151.3
General government .....	125.3	126.8	126.4	126.4	126.4	126.9	127.2	128.3
Government enterprises .....	21.3	22.4	21.8	22.0	22.2	22.5	22.8	23.0
<b>Equals: Net national product</b> .....	<b>6,435.7</b>	<b>6,721.6</b>	<b>6,511.1</b>	<b>6,595.2</b>	<b>6,697.7</b>	<b>6,747.9</b>	<b>6,845.7</b>	<b>6,974.6</b>
Less: Indirect business tax and nontax liability .....	595.5	617.9	604.1	604.1	608.7	614.6	644.0	628.6
Business transfer payments .....	30.8	32.2	31.2	31.5	32.4	32.2	32.6	32.6
Statistical discrepancy .....	-1.5	-75.1	-47.0	-50.6	-58.1	-98.7	-93.2	-95.4
Plus: Subsidies less current surplus of government enterprises .....	18.2	17.5	16.8	17.3	17.6	16.8	18.3	17.7
<b>Equals: National income</b> .....	<b>5,828.9</b>	<b>6,164.2</b>	<b>5,939.7</b>	<b>6,027.5</b>	<b>6,132.2</b>	<b>6,216.6</b>	<b>6,280.6</b>	<b>6,426.5</b>
Less: Corporate profits with inventory valuation and capital consumption adjustments .....	604.8	670.2	628.3	661.2	672.1	677.3	670.1	712.5
Net interest .....	403.6	403.3	401.9	399.5	402.3	405.6	405.7	412.0
Contributions for social insurance .....	660.0	689.7	668.6	676.0	686.2	694.4	702.2	717.6
Wage accruals less disbursements .....	2.7	0	.9	1.9	0	0	-1.9	1.9
Plus: Personal interest income .....	717.1	738.2	727.2	726.1	733.1	742.9	750.5	755.6
Personal dividend income .....	214.8	230.6	221.7	226.6	229.3	231.5	234.8	240.0
Government transfer payments to persons .....	1,000.0	1,056.7	1,018.7	1,040.1	1,052.6	1,062.1	1,071.9	1,096.7
Business transfer payments to persons .....	22.6	23.0	22.7	22.9	23.0	23.1	23.2	23.3
<b>Equals: Personal income</b> .....	<b>6,112.4</b>	<b>6,449.5</b>	<b>6,230.2</b>	<b>6,304.5</b>	<b>6,409.6</b>	<b>6,498.9</b>	<b>6,584.9</b>	<b>6,698.1</b>
<b>Addenda:</b>								
Gross domestic income .....	7,255.2	7,651.2	7,397.6	7,477.4	7,603.2	7,715.0	7,809.3	7,966.5
Gross national income .....	7,248.2	7,642.3	7,391.3	7,477.2	7,595.6	7,697.6	7,798.7	7,938.5
Net domestic product .....	6,442.7	6,730.6	6,517.5	6,595.4	6,705.3	6,765.3	6,856.3	7,002.6

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

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1996					1997
			IV	I	II	III	IV	
<b>Gross domestic product</b> .....	<b>6,742.2</b>	<b>6,906.8</b>	<b>6,780.2</b>	<b>6,813.8</b>	<b>6,892.1</b>	<b>6,928.1</b>	<b>6,993.3</b>	<b>7,094.4</b>
Plus: Receipts of factor income from the rest of the world .....	194.2	209.2	197.6	203.2	205.4	207.0	221.0	219.7
Less: Payments of factor income to the rest of the world .....	199.7	215.9	202.4	202.3	211.1	221.4	229.0	243.2
<b>Equals: Gross national product</b> .....	<b>6,736.4</b>	<b>6,899.7</b>	<b>6,775.0</b>	<b>6,814.4</b>	<b>6,886.1</b>	<b>6,913.3</b>	<b>6,985.0</b>	<b>7,070.4</b>
Less: Consumption of fixed capital .....	757.0	783.7	772.9	772.2	779.5	787.5	795.8	805.9
Private .....	623.4	648.9	638.7	637.6	645.0	652.7	660.5	670.1
Government .....	133.6	134.7	134.1	134.5	134.3	134.7	135.1	135.6
General government .....	113.9	114.3	114.1	114.4	114.1	114.3	114.6	114.9
Government enterprises .....	19.7	20.3	20.0	20.1	20.3	20.4	20.6	20.7
<b>Equals: Net national product</b> .....	<b>5,979.4</b>	<b>6,115.2</b>	<b>6,001.3</b>	<b>6,041.5</b>	<b>6,106.0</b>	<b>6,125.0</b>	<b>6,188.3</b>	<b>6,263.6</b>
<b>Addenda:</b>								
Gross domestic income <sup>1</sup> .....	6,743.4	6,975.3	6,823.5	6,860.2	6,945.2	7,017.9	7,077.8	7,180.4
Gross national income <sup>2</sup> .....	6,737.6	6,968.1	6,818.4	6,860.8	6,939.1	7,003.2	7,069.4	7,156.5
Net domestic product .....	5,985.1	6,122.3	6,006.4	6,040.9	6,112.0	6,139.7	6,196.7	6,287.7

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

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

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

Table 1.11.—Command-Basis Real Gross National Product

[Billions of chained (1992) dollars]

<b>Gross national product</b> .....	<b>6,736.4</b>	<b>6,899.7</b>	<b>6,775.0</b>	<b>6,814.4</b>	<b>6,886.1</b>	<b>6,913.3</b>	<b>6,985.0</b>	<b>7,070.4</b>
Less: Exports of goods and services and receipts of factor income from the rest of the world .....	970.4	1,036.0	1,001.4	1,010.8	1,024.1	1,024.0	1,085.0	1,105.8
Plus: Command-basis exports of goods and services and receipts of factor income <sup>1</sup> .....	985.9	1,053.0	1,020.9	1,030.6	1,042.1	1,043.1	1,096.2	1,126.8
<b>Equals: Command-basis gross national product</b> .....	<b>6,751.8</b>	<b>6,916.7</b>	<b>6,794.5</b>	<b>6,834.2</b>	<b>6,904.0</b>	<b>6,932.5</b>	<b>6,996.2</b>	<b>7,091.4</b>
<b>Addendum:</b>								
Terms of trade <sup>2</sup> .....	101.6	101.6	101.9	102.0	101.8	101.9	101.0	101.9

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

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

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





## 3. Government Receipts, Current Expenditures, and Gross Investment

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995	1996				1997
				IV	I	II	III	
<b>Receipts</b> .....	<b>2,268.4</b>	<b>2,404.4</b>	<b>2,298.6</b>	<b>2,338.5</b>	<b>2,402.0</b>	<b>2,414.9</b>	<b>2,462.3</b>	<b>2,511.0</b>
Personal tax and nontax receipts .....	794.3	863.8	807.2	824.9	870.6	872.5	887.2	918.6
Corporate profits tax accruals .....	218.7	233.0	218.7	233.4	236.4	233.4	228.9	246.2
Indirect business tax and nontax accruals .....	595.5	617.9	604.1	604.1	608.7	614.6	644.0	628.6
Contributions for social insurance .....	660.0	689.7	668.6	676.0	686.2	694.4	702.2	717.6
<b>Current expenditures</b> .....	<b>2,335.1</b>	<b>2,438.5</b>	<b>2,365.0</b>	<b>2,402.7</b>	<b>2,427.6</b>	<b>2,446.5</b>	<b>2,477.3</b>	<b>2,498.0</b>
Consumption expenditures .....	1,136.4	1,173.1	1,143.3	1,154.9	1,173.7	1,180.6	1,183.0	1,195.7
Transfer payments (net) .....	1,011.5	1,073.1	1,030.3	1,059.1	1,064.5	1,073.8	1,095.1	1,107.1
To persons .....	1,000.0	1,056.7	1,018.7	1,040.1	1,052.6	1,062.1	1,071.9	1,096.7
To the rest of the world (net) .....	11.5	16.4	11.6	19.0	11.8	11.7	23.3	10.5
Net interest paid .....	181.7	188.5	187.5	184.8	185.6	189.1	194.7	191.6
Interest paid .....	318.0	321.8	322.8	319.8	319.7	322.3	325.5	321.3
To persons and business .....	256.7	250.5	258.1	255.2	252.3	248.3	246.1	236.8
To the rest of the world .....	61.3	71.3	64.7	64.7	67.3	74.0	79.4	84.6
Less: Interest received by government .....	136.3	133.3	135.3	135.0	134.0	133.2	130.9	129.7
Less: Dividends received by government .....	12.6	13.7	13.0	13.3	13.7	13.7	13.9	14.2
Subsidies less current surplus of government enterprises .....	18.2	17.5	16.8	17.3	17.6	16.8	18.3	17.7
Subsidies .....	33.4	32.1	31.7	31.7	31.8	32.0	32.8	32.9
Less: Current surplus of government enterprises .....	15.3	14.6	14.8	14.4	14.2	15.2	14.4	15.3
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>-66.7</b>	<b>-34.1</b>	<b>-66.4</b>	<b>-64.3</b>	<b>-25.7</b>	<b>-31.6</b>	<b>-15.0</b>	<b>13.0</b>
Social insurance funds .....	117.7	112.8	118.3	109.9	111.7	114.5	115.2	113.5
Other .....	-184.4	-146.9	-184.7	-174.1	-137.4	-146.1	-130.2	-100.5

Table 3.2.—Federal Government Receipts and Current Expenditures

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Receipts</b> .....	<b>1,478.4</b>	<b>1,575.0</b>	<b>1,494.7</b>	<b>1,523.1</b>	<b>1,575.6</b>	<b>1,581.9</b>	<b>1,619.3</b>	<b>1,653.6</b>
Personal tax and nontax receipts .....	614.9	673.1	623.3	639.6	681.4	690.2	691.1	718.8
Income taxes .....	598.1	653.7	605.5	622.2	661.3	659.6	671.5	698.3
Estate and gift taxes .....	14.8	17.3	15.7	15.2	18.0	18.5	17.4	18.4
Nontaxes .....	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.1
Corporate profits tax accruals ....	184.3	196.2	184.3	196.4	199.0	196.5	192.8	207.3
Federal Reserve banks .....	23.1	22.9	22.9	22.7	23.0	22.8	23.2	24.0
Other .....	161.1	173.2	161.3	173.7	176.0	173.7	169.6	183.4
Indirect business tax and nontax accruals .....	91.2	90.5	91.3	84.4	83.2	85.7	108.7	86.2
Excise taxes .....	58.5	52.2	57.7	51.1	50.2	51.4	56.0	53.0
Customs duties .....	19.5	20.3	19.6	20.1	19.4	20.7	20.9	20.5
Nontaxes .....	15.2	18.1	13.9	13.3	13.5	13.6	31.8	12.6
Contributions for social insurance	588.0	615.2	595.9	602.6	612.0	619.4	626.7	641.3
<b>Current expenditures</b> .....	<b>1,640.1</b>	<b>1,702.1</b>	<b>1,649.3</b>	<b>1,678.3</b>	<b>1,702.3</b>	<b>1,702.6</b>	<b>1,725.2</b>	<b>1,735.9</b>
Consumption expenditures .....	453.8	459.0	451.4	453.6	463.5	461.3	457.7	462.8
Transfer payments (net) .....	719.9	764.2	730.9	756.2	757.9	762.9	779.8	786.8
To persons .....	708.4	747.7	719.3	737.2	746.0	751.2	756.6	776.4
To the rest of the world (net) .....	11.5	16.4	11.6	19.0	11.8	11.7	23.3	10.5
Grants-in-aid to State and local governments .....	206.1	214.6	203.3	207.6	219.3	214.5	216.8	219.4
Net interest paid .....	229.1	233.4	233.9	230.5	230.8	233.7	238.8	235.3
Interest paid .....	254.0	258.0	258.9	255.9	255.8	258.5	261.8	257.6
To persons and business .....	192.7	186.7	194.2	191.3	188.5	184.5	182.4	173.1
To the rest of the world .....	61.3	71.3	64.7	64.7	67.3	74.0	79.4	84.6
Less: Interest received by government .....	24.9	24.6	25.0	25.4	25.0	24.8	23.0	22.3
Subsidies less current surplus of government enterprises .....	31.3	30.9	29.9	30.4	30.8	30.3	32.0	31.6
Subsidies .....	33.1	31.7	31.3	31.3	31.4	31.7	32.4	32.6
Less: Current surplus of government enterprises .....	1.8	.8	1.4	.9	.6	1.4	.4	1.0
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>-161.7</b>	<b>-127.1</b>	<b>-154.5</b>	<b>-155.2</b>	<b>-126.7</b>	<b>-120.8</b>	<b>-105.9</b>	<b>-82.3</b>
Social insurance funds .....	59.5	57.2	60.7	53.0	55.2	59.1	61.2	60.7
Other .....	-221.2	-184.3	-215.2	-208.3	-181.9	-179.9	-167.1	-143.0

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

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Receipts</b> .....	<b>996.1</b>	<b>1,044.0</b>	<b>1,007.1</b>	<b>1,023.0</b>	<b>1,045.7</b>	<b>1,047.6</b>	<b>1,059.8</b>	<b>1,076.8</b>
Personal tax and nontax receipts .....	179.4	190.8	183.8	185.3	189.2	192.3	196.2	199.8
Income taxes .....	133.5	142.9	137.3	138.1	141.7	144.2	147.3	150.4
Nontaxes .....	23.9	24.7	24.1	24.4	24.5	24.8	25.2	25.4
Other .....	22.0	23.2	22.4	22.8	23.0	23.3	23.7	24.0
Corporate profits tax accruals ....	34.4	36.8	34.4	36.9	37.4	36.9	36.1	38.9
Indirect business tax and nontax accruals .....	504.3	527.3	512.8	519.7	525.5	528.9	535.2	542.4
Sales taxes .....	238.3	249.3	241.8	245.9	248.8	249.5	252.9	257.6
Property taxes .....	216.3	225.5	220.2	222.2	224.6	226.5	228.8	230.6
Other .....	49.7	52.5	50.8	51.6	52.2	52.9	53.6	54.1
Contributions for social insurance	71.9	74.5	72.8	73.4	74.2	74.9	75.5	76.3
Federal grants-in-aid .....	206.1	214.6	203.3	207.6	219.3	214.5	216.8	219.4
<b>Current expenditures</b> .....	<b>901.1</b>	<b>951.0</b>	<b>919.0</b>	<b>932.0</b>	<b>944.7</b>	<b>958.4</b>	<b>968.9</b>	<b>981.5</b>
Consumption expenditures .....	682.6	714.0	691.9	701.3	710.2	719.3	725.3	732.9
Transfer payments to persons ...	291.6	308.9	299.4	302.9	306.6	310.9	315.3	320.3
Net interest paid .....	-47.4	-44.9	-46.4	-45.7	-45.1	-44.6	-44.1	-43.7
Interest paid .....	64.0	63.8	63.9	63.9	63.8	63.8	63.7	63.7
Less: Interest received by government .....	111.4	108.7	110.3	109.6	109.0	108.4	107.9	107.4
Less: Dividends received by government .....	12.6	13.7	13.0	13.3	13.7	13.7	13.9	14.2
Subsidies less current surplus of government enterprises .....	-13.1	-13.4	-13.0	-13.1	-13.3	-13.4	-13.7	-13.9
Subsidies .....	.4	.4	.4	.4	.4	.4	.4	.4
Less: Current surplus of government enterprises .....	13.5	13.7	13.4	13.5	13.6	13.8	14.1	14.3
Less: Wage accruals less disbursements .....	0	0	0	0	0	0	0	0
<b>Current surplus or deficit (-), national income and product accounts</b> .....	<b>95.0</b>	<b>93.0</b>	<b>88.1</b>	<b>91.0</b>	<b>101.0</b>	<b>89.2</b>	<b>90.9</b>	<b>95.3</b>
Social insurance funds .....	58.2	55.6	57.6	56.8	56.4	55.3	54.0	52.9
Other .....	36.8	37.4	30.5	34.1	44.6	33.8	36.9	42.5



**Table 3.7B.—Government Consumption Expenditures and Gross Investment by Type**  
[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					1997
			1995	1996				
			IV	I	II	III	IV	
<b>Government consumption expenditures and gross investment<sup>1</sup></b>	<b>1,358.3</b>	<b>1,406.4</b>	<b>1,363.4</b>	<b>1,383.7</b>	<b>1,408.8</b>	<b>1,414.8</b>	<b>1,418.3</b>	<b>1,430.3</b>
<b>Federal</b>	<b>516.6</b>	<b>523.1</b>	<b>507.7</b>	<b>518.6</b>	<b>529.6</b>	<b>525.5</b>	<b>518.5</b>	<b>520.4</b>
<b>National defense</b>	<b>345.5</b>	<b>347.1</b>	<b>337.1</b>	<b>343.9</b>	<b>353.7</b>	<b>348.8</b>	<b>341.9</b>	<b>336.5</b>
Consumption expenditures	302.3	303.9	300.1	298.7	307.4	304.7	304.7	302.5
Durable goods <sup>2</sup>	20.8	20.7	18.9	19.1	22.1	22.9	18.8	19.8
Nondurable goods	6.2	7.9	5.7	7.7	8.3	6.5	7.2	7.6
Services	275.2	275.2	275.5	271.9	276.9	273.4	278.7	275.1
Compensation of general government employees, except force-account construction <sup>3</sup>	130.6	129.4	129.2	130.8	129.9	129.3	127.9	130.1
Consumption of general government fixed capital <sup>4</sup>	60.5	58.9	60.3	59.6	59.1	58.7	58.2	58.4
Other services	84.1	86.9	86.0	81.5	87.9	85.4	92.7	86.6
Gross investment	43.3	43.2	37.0	45.2	46.3	44.1	37.2	34.1
Structures	5.3	5.0	5.3	5.0	5.1	5.1	4.9	4.6
Equipment	37.9	38.1	31.7	40.1	41.2	39.0	32.2	29.5
<b>Nondefense</b>	<b>171.0</b>	<b>176.0</b>	<b>170.6</b>	<b>174.7</b>	<b>175.8</b>	<b>176.7</b>	<b>176.7</b>	<b>183.9</b>
Consumption expenditures	151.5	155.2	151.3	154.9	156.1	156.6	153.0	160.4
Durable goods <sup>2</sup>	.8	1.0	.7	.9	1.0	1.2	1.0	.9
Nondurable goods	7.6	7.2	7.6	7.8	7.3	7.0	6.8	7.8
Commodity Credit Corporation inventory change	-.2	-.3	-.1	-.1	-.5	-.5	-.3	0
Other nondurables	7.8	7.6	7.6	7.9	7.8	7.5	7.1	7.8
Services	143.2	146.9	143.1	146.3	147.8	148.4	145.2	151.6
Compensation of general government employees, except force-account construction <sup>3</sup>	76.4	77.7	76.3	77.7	77.9	77.6	77.4	79.8
Consumption of general government fixed capital <sup>4</sup>	10.7	10.9	10.8	10.9	10.8	10.9	11.0	11.1
Other services	56.1	58.4	55.9	57.7	59.0	59.8	56.9	60.7
Gross investment	19.5	20.8	19.3	19.8	19.7	20.1	23.7	23.5
Structures	10.1	9.9	9.9	9.7	10.0	9.6	10.4	9.9
Equipment	9.4	10.9	9.4	10.1	9.7	10.5	13.2	13.6
<b>State and local</b>	<b>841.7</b>	<b>883.3</b>	<b>855.7</b>	<b>865.1</b>	<b>879.2</b>	<b>889.3</b>	<b>899.8</b>	<b>909.9</b>
Consumption expenditures	682.6	714.0	691.9	701.3	710.2	719.3	725.3	732.9
Durable goods <sup>2</sup>	14.7	15.5	15.2	15.3	15.4	15.6	15.7	15.9
Nondurable goods	72.8	78.3	73.6	76.1	78.3	78.4	80.4	81.3
Services	595.1	620.2	603.2	609.9	616.5	625.3	629.1	635.8
Compensation of general government employees, except force-account construction <sup>3</sup>	516.2	536.5	522.9	528.1	533.6	540.7	543.6	548.7
Consumption of general government fixed capital <sup>4</sup>	54.2	57.0	55.3	55.9	56.5	57.4	58.0	58.8
Other services	24.7	26.7	25.0	25.9	26.3	27.3	27.5	28.3
Gross investment	159.1	169.3	163.8	163.8	169.1	170.0	174.5	177.0
Structures	130.0	138.9	134.0	133.8	138.7	139.4	143.6	145.8
Equipment	29.1	30.5	29.7	30.0	30.3	30.6	30.9	31.2
<b>Addenda:</b>								
Compensation of general government employees <sup>3</sup>	727.3	747.9	732.6	740.6	745.8	751.9	753.3	763.2
Federal	207.1	207.2	205.6	208.5	207.9	207.0	205.3	210.0
State and local	520.2	540.7	526.9	532.1	537.9	544.9	548.0	553.2

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

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

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

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

**Table 3.8B.—Real Government Consumption Expenditures and Real Gross Investment by Type**  
[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					1997
			1995	1996				
			IV	I	II	III	IV	
<b>Government consumption expenditures and gross investment<sup>1</sup></b>	<b>1,260.2</b>	<b>1,270.6</b>	<b>1,249.6</b>	<b>1,254.7</b>	<b>1,278.2</b>	<b>1,276.1</b>	<b>1,273.4</b>	<b>1,273.8</b>
<b>Federal</b>	<b>472.3</b>	<b>467.1</b>	<b>456.2</b>	<b>462.9</b>	<b>473.4</b>	<b>469.3</b>	<b>462.9</b>	<b>459.2</b>
<b>National defense</b>	<b>319.6</b>	<b>313.9</b>	<b>308.8</b>	<b>311.9</b>	<b>319.4</b>	<b>314.9</b>	<b>309.4</b>	<b>301.2</b>
Consumption expenditures	280.1	275.7	275.1	271.6	279.6	276.5	275.3	270.1
Durable goods <sup>2</sup>	20.5	20.2	18.6	18.7	21.5	22.3	18.4	19.3
Nondurable goods	6.2	7.3	5.5	7.3	7.7	7.7	6.4	6.8
Services	253.1	248.0	250.5	245.4	250.2	246.4	250.2	243.8
Compensation of general government employees, except force-account construction <sup>3</sup>	120.9	115.7	117.5	116.6	116.5	115.8	113.9	113.0
Consumption of general government fixed capital <sup>4</sup>	52.2	51.0	51.8	51.6	51.0	50.8	50.7	50.6
Other services	79.9	81.4	81.2	77.1	82.8	79.8	85.8	80.3
Gross investment	39.6	38.2	33.8	40.3	39.9	38.5	34.2	31.3
Structures	4.6	4.2	4.5	4.3	4.3	4.2	4.1	3.8
Equipment	35.0	34.0	29.2	36.0	35.6	34.3	30.1	27.4
<b>Nondefense</b>	<b>152.3</b>	<b>152.8</b>	<b>147.0</b>	<b>150.6</b>	<b>153.7</b>	<b>153.9</b>	<b>153.1</b>	<b>157.2</b>
Consumption expenditures	133.5	132.8	128.6	131.6	134.7	134.4	130.5	134.7
Durable goods <sup>2</sup>	.9	1.2	.8	1.0	1.2	1.3	1.2	1.2
Nondurable goods	6.8	6.5	6.8	7.0	6.5	6.3	6.1	7.0
Commodity Credit Corporation inventory change	-.2	-.3	-.1	-.1	-.4	-.4	-.2	0
Other nondurables	7.1	6.7	6.9	7.0	6.9	6.6	6.4	7.0
Services	125.7	125.2	121.0	123.7	126.9	126.8	123.2	126.5
Compensation of general government employees, except force-account construction <sup>3</sup>	62.9	61.2	58.9	60.0	62.3	61.7	60.8	61.1
Consumption of general government fixed capital <sup>4</sup>	10.2	10.3	10.3	10.3	10.3	10.3	10.4	10.5
Other services	53.2	54.4	52.5	54.2	55.1	55.6	52.6	55.8
Gross investment	18.7	20.0	18.4	18.9	18.9	19.4	22.8	22.7
Structures	9.3	8.9	8.9	8.8	9.0	8.5	9.2	8.6
Equipment	9.5	11.2	9.5	10.2	9.9	11.0	13.8	14.3
<b>State and local</b>	<b>788.6</b>	<b>804.3</b>	<b>794.4</b>	<b>792.6</b>	<b>805.5</b>	<b>807.7</b>	<b>811.4</b>	<b>815.7</b>
Consumption expenditures	639.1	649.0	642.1	640.9	649.7	652.4	653.2	656.3
Durable goods <sup>2</sup>	14.1	14.7	14.3	14.4	14.6	14.7	14.9	15.0
Nondurable goods	69.2	72.0	70.2	70.9	71.6	72.3	73.0	73.8
Services	556.0	562.5	557.7	555.7	563.6	565.5	565.4	567.7
Compensation of general government employees, except force-account construction <sup>3</sup>	476.4	479.9	477.1	473.8	481.3	482.7	481.8	483.0
Consumption of general government fixed capital <sup>4</sup>	51.7	53.3	52.3	52.7	53.1	53.5	53.9	54.3
Other services	28.1	29.9	28.7	29.8	29.8	29.7	30.3	31.1
Gross investment	149.4	155.3	152.3	151.7	155.8	155.3	158.3	159.5
Structures	121.1	125.6	123.4	122.5	126.3	125.5	128.1	129.0
Equipment	28.4	29.7	28.9	29.2	29.5	29.9	30.2	30.5
<b>Residual</b>	<b>-1.0</b>	<b>-1.9</b>	<b>-1.3</b>	<b>-1.6</b>	<b>-1.7</b>	<b>-1.7</b>	<b>-2.4</b>	<b>-2.6</b>
<b>Addenda:</b>								
Compensation of general government employees <sup>3</sup>	663.7	660.3	656.7	653.6	663.6	663.8	660.1	660.8
Federal	184.1	177.2	176.5	176.8	179.2	177.9	175.1	174.5
State and local	480.0	483.7	480.8	477.4	485.0	486.5	485.7	487.0

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

See footnotes to table 3.7B.

Table 3.10.—National Defense Consumption Expenditures and Gross Investment

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>National defense consumption expenditures and gross investment<sup>1</sup> .....</b>	<b>345.5</b>	<b>347.1</b>	<b>337.1</b>	<b>343.9</b>	<b>353.7</b>	<b>348.8</b>	<b>341.9</b>	<b>336.5</b>
<b>Consumption expenditures .....</b>	<b>302.3</b>	<b>303.9</b>	<b>300.1</b>	<b>298.7</b>	<b>307.4</b>	<b>304.7</b>	<b>304.7</b>	<b>302.5</b>
<b>Durable goods<sup>2</sup> .....</b>	<b>20.8</b>	<b>20.7</b>	<b>18.9</b>	<b>19.1</b>	<b>22.1</b>	<b>22.9</b>	<b>18.8</b>	<b>19.8</b>
Aircraft .....	8.6	8.9	8.0	8.0	9.5	9.8	8.3	9.0
Missiles .....	3.2	3.1	2.8	2.9	3.2	3.6	2.7	2.7
Ships .....	1.2	.8	.8	.7	.9	1.3	.5	1.0
Vehicles .....	1.1	.9	.8	1.0	1.0	1.0	.8	.8
Electronics .....	2.5	2.6	2.2	2.3	2.9	2.9	2.3	2.5
Other durable goods .....	4.4	4.3	4.1	4.2	4.7	4.3	4.1	3.8
<b>Nondurable goods .....</b>	<b>6.2</b>	<b>7.9</b>	<b>5.7</b>	<b>7.7</b>	<b>8.3</b>	<b>8.5</b>	<b>7.2</b>	<b>7.6</b>
Petroleum products .....	2.7	3.4	2.4	3.2	3.5	4.1	3.0	3.1
Ammunition .....	1.2	1.1	.9	1.2	1.5	1.1	.7	1.5
Other nondurable goods .....	2.4	3.4	2.4	3.3	3.4	3.3	3.6	3.0
<b>Services .....</b>	<b>275.2</b>	<b>275.2</b>	<b>275.5</b>	<b>271.9</b>	<b>276.9</b>	<b>273.4</b>	<b>278.7</b>	<b>275.1</b>
Compensation of general government employees, except force-account construction <sup>3</sup> .....	130.6	129.4	129.2	130.8	129.9	129.3	127.9	130.1
Military .....	80.1	78.4	78.3	79.1	78.4	78.1	77.8	79.3
Civilian .....	50.5	51.1	51.0	51.7	51.5	51.1	50.1	50.8
Consumption of general government fixed capital <sup>4</sup> .....	60.5	58.9	60.3	59.6	59.1	58.7	58.2	58.4
Other services .....	84.1	86.9	86.0	81.5	87.9	85.4	92.7	86.6
Research and development .....	22.9	26.9	25.6	25.9	28.1	26.4	27.0	25.3
Installation support .....	26.8	25.9	26.3	24.2	26.4	25.5	27.5	26.4
Weapons support .....	8.4	7.7	7.9	7.3	7.7	7.3	8.4	7.6
Personnel support .....	19.4	19.4	19.3	18.0	19.0	19.1	21.5	20.4
Transportation of material .....	4.2	4.8	4.6	4.9	5.0	4.7	4.8	4.5
Travel of persons .....	5.3	4.6	5.0	4.2	4.9	4.7	4.8	4.4
Other .....	-2.7	-2.4	-2.7	-3.0	-3.1	-2.3	-1.4	-2.0
<b>Gross investment .....</b>	<b>43.3</b>	<b>43.2</b>	<b>37.0</b>	<b>45.2</b>	<b>46.3</b>	<b>44.1</b>	<b>37.2</b>	<b>34.1</b>
<b>Structures .....</b>	<b>5.3</b>	<b>5.0</b>	<b>5.3</b>	<b>5.0</b>	<b>5.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.6</b>
<b>Equipment .....</b>	<b>37.9</b>	<b>38.1</b>	<b>31.7</b>	<b>40.1</b>	<b>41.2</b>	<b>39.0</b>	<b>32.2</b>	<b>29.5</b>
Aircraft .....	8.2	10.2	4.9	12.7	12.4	11.2	4.5	4.1
Missiles .....	4.8	3.8	3.6	4.0	3.8	3.9	3.6	3.3
Ships .....	8.0	6.8	7.2	7.0	7.2	6.5	6.3	5.8
Vehicles .....	.9	.8	.8	.9	.9	.8	.6	.9
Electronics .....	3.5	3.7	3.3	3.1	3.8	4.3	3.7	3.6
Other equipment .....	12.5	12.9	12.1	12.5	13.1	12.4	13.5	11.7
<b>Addendum:</b>								
Compensation of general government employees <sup>3</sup> .....	130.6	129.5	129.2	130.8	129.9	129.3	127.9	130.1

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

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

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

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

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

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>National defense consumption expenditures and gross investment<sup>1</sup> .....</b>	<b>319.6</b>	<b>313.9</b>	<b>308.8</b>	<b>311.9</b>	<b>319.4</b>	<b>314.9</b>	<b>309.4</b>	<b>301.2</b>
<b>Consumption expenditures .....</b>	<b>280.1</b>	<b>275.7</b>	<b>275.1</b>	<b>271.6</b>	<b>279.6</b>	<b>276.5</b>	<b>275.3</b>	<b>270.1</b>
<b>Durable goods<sup>2</sup> .....</b>	<b>20.5</b>	<b>20.2</b>	<b>18.6</b>	<b>18.7</b>	<b>21.5</b>	<b>22.3</b>	<b>18.4</b>	<b>19.3</b>
Aircraft .....	8.3	8.6	7.8	7.7	9.1	9.5	8.0	8.7
Missiles .....	3.4	3.3	3.2	3.1	3.5	3.9	2.9	2.8
Ships .....	1.1	.8	.8	.6	.8	1.2	.5	.9
Vehicles .....	1.0	.9	.8	1.0	.9	.9	.7	.7
Electronics .....	2.5	2.7	2.2	2.3	2.9	3.0	2.4	2.6
Other durable goods .....	4.2	4.0	3.9	3.9	4.3	3.9	3.8	3.5
<b>Nondurable goods .....</b>	<b>6.2</b>	<b>7.3</b>	<b>5.5</b>	<b>7.3</b>	<b>7.7</b>	<b>7.7</b>	<b>6.4</b>	<b>6.8</b>
Petroleum products .....	3.0	3.1	2.5	3.2	3.3	3.7	2.4	2.6
Ammunition .....	1.1	1.0	.8	1.1	1.2	1.0	.6	1.3
Other nondurable goods .....	2.2	3.2	2.2	3.1	3.3	3.2	3.4	2.8
<b>Services .....</b>	<b>253.1</b>	<b>248.0</b>	<b>250.5</b>	<b>245.4</b>	<b>250.2</b>	<b>246.4</b>	<b>250.2</b>	<b>243.8</b>
Compensation of general government employees, except force-account construction <sup>3</sup> .....	120.9	115.7	117.5	116.6	116.5	115.8	113.9	113.0
Military .....	78.3	75.4	76.8	76.1	75.4	75.2	74.6	74.1
Civilian .....	42.6	40.4	40.8	40.5	41.1	40.6	39.4	39.0
Consumption of general government fixed capital <sup>4</sup> .....	52.2	51.0	51.8	51.6	51.0	50.8	50.7	50.6
Other services .....	79.9	81.4	81.2	77.1	82.8	79.8	85.8	80.3
Research and development .....	22.5	26.6	25.3	25.6	27.9	26.2	26.8	25.1
Installation support .....	24.6	23.5	24.0	22.2	24.1	23.1	24.7	23.9
Weapons support .....	7.9	7.0	7.4	6.8	7.1	6.6	7.6	6.7
Personnel support .....	18.1	17.4	17.8	16.6	17.2	17.0	18.8	17.9
Transportation of material .....	4.2	4.8	4.6	4.9	5.0	4.7	4.8	4.5
Travel of persons .....	5.0	4.3	4.7	3.9	4.5	4.4	4.3	3.8
Other .....	-2.5	-2.1	-2.5	-2.7	-2.7	-2.0	-1.2	-1.6
<b>Gross investment .....</b>	<b>39.6</b>	<b>38.2</b>	<b>33.8</b>	<b>40.3</b>	<b>39.9</b>	<b>38.5</b>	<b>34.2</b>	<b>31.3</b>
<b>Structures .....</b>	<b>4.6</b>	<b>4.2</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.2</b>	<b>4.1</b>	<b>3.8</b>
<b>Equipment .....</b>	<b>35.0</b>	<b>34.0</b>	<b>29.2</b>	<b>36.0</b>	<b>35.6</b>	<b>34.3</b>	<b>30.1</b>	<b>27.4</b>
Aircraft .....	6.6	7.2	4.0	9.4	8.0	7.4	3.9	3.4
Missiles .....	4.8	4.0	3.5	4.1	4.0	4.2	3.8	3.3
Ships .....	7.1	6.0	6.3	6.2	6.4	5.8	5.6	5.2
Vehicles .....	.8	.7	.7	.8	.7	.7	.6	.8
Electronics .....	3.9	4.4	3.7	3.5	4.4	5.2	4.6	4.7
Other equipment .....	11.9	11.8	11.4	11.6	12.0	11.2	12.3	10.6
Residual .....	.2	-.3	-.2	.5	-.3	-.7	-.7	-.5
<b>Addendum:</b>								
Compensation of general government employees <sup>3</sup> .....	120.9	115.7	117.5	116.6	116.5	115.8	113.9	113.0

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

See footnotes to table 3.10.

## 4. Foreign Transactions

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

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995	1996				1997
				IV	I	II	III	
<b>Receipts from the rest of the world</b> .....	<b>1,015.6</b>	<b>1,083.6</b>	<b>1,050.3</b>	<b>1,059.9</b>	<b>1,073.9</b>	<b>1,070.7</b>	<b>1,129.8</b>	<b>1,146.8</b>
Exports of goods and services ...	807.4	855.2	837.0	839.5	850.0	844.3	887.0	904.5
Goods <sup>1</sup> .....	581.4	614.9	604.5	603.6	610.4	605.4	640.2	655.9
Durable .....	393.0	419.5	409.8	408.3	417.3	413.6	438.9	455.9
Nondurable .....	188.5	195.4	194.7	195.3	193.1	191.8	201.3	200.0
Services <sup>1</sup> .....	225.9	240.3	232.5	235.9	239.7	239.0	246.8	248.6
Receipts of factor income .....	208.3	228.4	213.4	220.4	223.9	226.4	242.9	242.3
Capital grants received by the United States (net) .....	0	0	0	0	0	0	0	0
<b>Payments to the rest of the world</b> .....	<b>1,015.6</b>	<b>1,083.6</b>	<b>1,050.3</b>	<b>1,059.9</b>	<b>1,073.9</b>	<b>1,070.7</b>	<b>1,129.8</b>	<b>1,146.8</b>
Imports of goods and services ...	902.0	953.9	904.2	925.8	949.2	964.5	976.0	1,004.0
Goods <sup>1</sup> .....	757.0	802.2	759.0	776.7	798.2	812.1	821.6	842.9
Durable .....	510.9	533.0	514.8	524.8	529.4	539.4	538.5	560.6
Nondurable .....	246.0	269.1	244.2	251.9	268.8	272.7	283.1	282.3
Services <sup>1</sup> .....	145.1	151.7	145.2	149.2	151.0	152.5	154.4	161.1
Payments of factor income .....	215.3	237.3	219.7	220.6	231.4	243.8	253.5	270.3
Transfer payments (net) .....	34.6	41.9	36.6	43.3	37.4	36.9	49.8	37.2
From persons (net) .....	14.9	16.3	16.5	15.7	16.2	16.2	17.1	17.4
From government (net) .....	11.5	16.4	11.6	19.0	11.8	11.7	23.3	10.5
From business .....	8.2	9.2	8.5	8.6	9.4	9.1	9.5	9.4
Net foreign investment .....	-136.3	-149.5	-110.2	-129.9	-144.2	-174.6	-149.4	-164.7

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

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

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995	1996				1997
				IV	I	II	III	
<b>Exports of goods and services</b> .....	<b>775.4</b>	<b>825.9</b>	<b>803.1</b>	<b>806.7</b>	<b>817.9</b>	<b>816.1</b>	<b>862.9</b>	<b>885.3</b>
Goods <sup>1</sup> .....	565.9	608.8	588.8	590.9	600.6	601.1	642.6	664.6
Durable .....	403.2	442.4	422.3	424.0	437.9	439.0	468.8	492.5
Nondurable .....	163.7	166.8	167.9	168.4	165.3	164.8	176.6	176.2
Services <sup>1</sup> .....	210.4	218.2	215.3	216.7	218.3	216.1	221.7	222.4
<b>Receipts of factor income</b> .....	<b>194.2</b>	<b>209.2</b>	<b>197.6</b>	<b>203.2</b>	<b>205.4</b>	<b>207.0</b>	<b>221.0</b>	<b>219.7</b>
<b>Imports of goods and services</b> .....	<b>883.0</b>	<b>939.5</b>	<b>888.0</b>	<b>910.7</b>	<b>932.6</b>	<b>953.5</b>	<b>961.3</b>	<b>1,006.0</b>
Goods <sup>1</sup> .....	744.7	796.3	750.0	768.4	789.9	810.0	817.0	853.4
Durable .....	507.1	547.7	514.0	529.7	542.1	556.9	561.9	595.3
Nondurable .....	237.2	248.5	235.8	238.5	247.7	253.0	255.0	258.2
Services <sup>1</sup> .....	138.8	143.8	138.5	142.8	143.2	144.1	145.0	153.2
<b>Payments of factor income</b> .....	<b>199.7</b>	<b>215.9</b>	<b>202.4</b>	<b>202.3</b>	<b>211.1</b>	<b>221.4</b>	<b>229.0</b>	<b>243.2</b>

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

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

**Table 4.3.—Exports and Imports of Goods and Services by Type of Product**  
[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates						
			1995			1996			1997
			IV	I	II	III	IV	I	
<b>Exports of goods and services</b> .....	<b>807.4</b>	<b>855.2</b>	<b>837.0</b>	<b>839.5</b>	<b>850.0</b>	<b>844.3</b>	<b>887.0</b>	<b>904.5</b>	
<b>Exports of goods<sup>1</sup></b> .....	<b>581.4</b>	<b>614.9</b>	<b>604.5</b>	<b>603.6</b>	<b>610.4</b>	<b>605.4</b>	<b>640.2</b>	<b>655.9</b>	
Foods, feeds, and beverages	50.5	55.6	53.3	56.0	55.6	55.0	55.6	50.9	
Industrial supplies and materials	141.3	140.4	142.3	140.1	138.3	137.4	145.9	147.4	
Durable goods .....	49.8	50.8	49.5	49.5	51.2	50.7	51.9	53.1	
Nondurable goods .....	91.4	89.6	92.7	90.7	87.2	86.6	94.1	94.3	
Capital goods, except automotive	233.8	252.9	249.2	248.2	252.0	244.3	267.0	277.6	
Civilian aircraft, engines, and parts	26.1	30.8	25.1	26.5	33.4	26.7	36.7	39.6	
Computers, peripherals, and parts	39.7	43.8	43.5	45.4	43.2	43.0	43.4	46.4	
Other	168.0	178.3	180.6	176.3	175.4	174.5	186.9	191.6	
Automotive vehicles, engines, and parts	61.8	64.3	62.0	62.0	63.0	66.9	65.3	69.2	
Consumer goods, except automotive	64.4	70.2	65.8	67.9	70.5	69.2	73.4	75.8	
Durable goods .....	32.7	35.8	33.1	34.0	35.6	35.3	38.3	38.5	
Nondurable goods .....	31.7	34.5	32.7	33.9	34.9	33.8	35.2	37.3	
Other	29.6	31.5	32.0	29.5	30.8	32.6	32.9	34.9	
Durable goods .....	14.8	15.7	16.0	14.7	15.4	16.3	16.4	17.5	
Nondurable goods .....	14.8	15.7	16.0	14.7	15.4	16.3	16.4	17.5	
<b>Exports of services<sup>1</sup></b> .....	<b>225.9</b>	<b>240.3</b>	<b>232.5</b>	<b>235.9</b>	<b>239.7</b>	<b>239.0</b>	<b>246.8</b>	<b>248.6</b>	
Transfers under U.S. military agency sales contracts	12.5	13.9	12.5	12.0	13.6	13.8	16.1	13.5	
Travel	61.1	64.3	63.5	64.7	64.2	62.3	65.8	67.6	
Passenger fares	18.5	19.7	19.3	19.5	19.7	19.3	20.2	20.3	
Other transportation	28.1	29.0	28.8	28.1	29.1	29.0	29.7	29.4	
Royalties and license fees	27.0	27.8	28.1	28.0	27.8	27.7	27.6	27.8	
Other private services	60.5	66.5	61.7	64.8	66.3	67.3	67.4	70.0	
Other	18.3	19.3	18.5	18.8	19.0	19.5	19.8	20.0	
<b>Imports of goods and services</b> .....	<b>902.0</b>	<b>953.9</b>	<b>904.2</b>	<b>925.8</b>	<b>949.2</b>	<b>964.5</b>	<b>976.0</b>	<b>1,004.0</b>	
<b>Imports of goods<sup>1</sup></b> .....	<b>757.0</b>	<b>802.2</b>	<b>759.0</b>	<b>776.7</b>	<b>798.2</b>	<b>812.1</b>	<b>821.6</b>	<b>842.9</b>	
Foods, feeds, and beverages	33.2	35.6	32.8	34.2	35.9	35.8	36.6	37.9	
Industrial supplies and materials, except petroleum and products	119.8	124.6	117.8	120.9	123.6	127.1	126.9	129.0	
Durable goods .....	59.6	63.1	57.7	59.2	62.7	65.3	65.4	66.3	
Nondurable goods .....	60.2	61.5	60.1	61.7	60.9	61.8	61.5	62.7	
Petroleum and products	55.1	68.0	53.5	55.9	70.1	71.5	74.4	68.9	
Capital goods, except automotive	221.4	228.5	232.0	233.6	225.7	225.1	229.5	235.4	
Civilian aircraft, engines, and parts	10.7	12.7	10.6	11.0	12.7	13.2	14.0	13.6	
Computers, peripherals, and parts	56.3	61.4	61.9	62.2	60.5	61.4	61.4	64.0	
Other	154.4	154.4	159.5	160.4	152.5	150.6	154.2	157.7	
Automotive vehicles, engines, and parts	124.8	130.1	119.3	125.0	131.1	135.7	128.6	141.9	
Consumer goods, except automotive	180.0	170.4	158.6	163.4	166.3	172.4	179.4	181.2	
Durable goods .....	83.8	88.8	83.3	85.2	87.1	91.0	91.9	92.7	
Nondurable goods .....	76.3	81.6	75.2	78.2	79.2	81.4	87.5	88.5	
Other	42.7	45.0	45.0	43.6	45.6	44.5	46.2	48.6	
Durable goods .....	21.4	22.5	22.5	21.8	22.8	22.2	23.1	24.3	
Nondurable goods .....	21.4	22.5	22.5	21.8	22.8	22.2	23.1	24.3	
<b>Imports of services<sup>1</sup></b> .....	<b>145.1</b>	<b>151.7</b>	<b>145.2</b>	<b>149.2</b>	<b>151.0</b>	<b>152.5</b>	<b>154.4</b>	<b>161.1</b>	
Direct defense expenditures	9.8	10.2	9.4	10.0	10.3	10.4	10.3	10.6	
Travel	45.9	48.2	46.2	48.6	47.9	46.8	49.4	52.8	
Passenger fares	14.3	14.2	14.3	14.4	14.1	13.9	14.6	15.5	
Other transportation	29.2	28.3	28.6	27.7	28.6	28.6	28.5	29.1	
Royalties and license fees	6.3	7.3	6.8	6.8	6.9	8.7	7.0	7.5	
Other private services	32.6	35.9	33.0	34.5	36.0	36.4	36.9	37.8	
Other	7.0	7.5	7.1	7.2	7.3	7.7	7.7	7.8	
<b>Addenda:</b>									
Exports of agricultural goods <sup>2</sup>	57.2	61.2	60.7	63.2	60.2	59.9	61.5	57.0	
Exports of nonagricultural goods	524.2	553.7	543.8	540.4	550.1	545.5	578.6	598.9	
Imports of nonpetroleum goods	701.9	734.2	705.5	720.7	728.2	740.6	747.2	774.0	

**Table 4.4.—Real Exports and Imports of Goods and Services by Type of Product**  
[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates						
			1995			1996			1997
			IV	I	II	III	IV	I	
<b>Exports of goods and services</b> .....	<b>775.4</b>	<b>825.9</b>	<b>803.1</b>	<b>806.7</b>	<b>817.9</b>	<b>816.1</b>	<b>862.9</b>	<b>885.3</b>	
<b>Exports of goods<sup>1</sup></b> .....	<b>565.9</b>	<b>608.8</b>	<b>588.8</b>	<b>590.9</b>	<b>600.6</b>	<b>601.1</b>	<b>642.6</b>	<b>664.6</b>	
Foods, feeds, and beverages	44.6	44.1	43.5	44.7	42.1	42.9	46.8	43.1	
Industrial supplies and materials	116.7	121.6	120.1	120.0	120.2	119.5	126.8	128.0	
Durable goods .....	42.3	44.6	42.3	42.6	44.6	45.1	46.1	46.8	
Nondurable goods .....	74.4	77.1	77.8	77.4	75.7	74.5	80.8	81.3	
Capital goods, except automotive	256.1	289.1	275.2	277.4	286.2	281.8	310.9	330.1	
Civilian aircraft, engines, and parts	23.9	27.2	22.6	23.7	29.6	23.4	31.9	33.9	
Computers, peripherals, and parts	62.6	90.0	74.2	82.3	87.3	91.1	98.5	115.4	
Other	176.1	185.5	188.0	182.8	181.7	182.2	195.3	200.2	
Automotive vehicles, engines, and parts	60.0	61.7	59.6	59.6	60.6	64.2	62.5	66.0	
Consumer goods, except automotive	62.6	67.4	63.7	65.3	67.6	66.3	70.3	72.3	
Durable goods .....	32.2	34.8	32.5	33.1	34.6	34.3	37.1	37.2	
Nondurable goods .....	30.4	32.6	31.2	32.1	33.0	31.9	33.1	35.1	
Other	28.5	30.2	30.7	28.2	29.4	31.3	31.8	33.8	
Durable goods .....	14.2	15.1	15.4	14.1	14.7	15.7	15.9	16.9	
Nondurable goods .....	14.2	15.1	15.4	14.1	14.7	15.7	15.9	16.9	
<b>Exports of services<sup>1</sup></b> .....	<b>210.4</b>	<b>218.2</b>	<b>215.3</b>	<b>216.7</b>	<b>218.3</b>	<b>216.1</b>	<b>221.7</b>	<b>222.4</b>	
Transfers under U.S. military agency sales contracts	11.1	12.2	11.0	10.7	11.8	12.0	14.1	11.6	
Travel	57.2	57.7	58.6	59.0	57.9	55.4	58.3	59.1	
Passenger fares	16.8	17.9	17.8	17.8	18.1	17.5	18.1	18.6	
Other transportation	27.2	27.5	28.2	27.1	27.6	27.5	27.8	27.5	
Royalties and license fees	25.1	25.4	26.0	25.8	25.4	25.3	25.1	25.1	
Other private services	56.6	61.0	57.4	59.9	60.9	61.7	61.6	63.7	
Other	16.3	16.6	16.4	16.5	16.5	16.7	16.7	16.7	
Residual	-9.8	-20.2	-14.8	-17.6	-18.9	-21.0	-22.7	-29.8	
<b>Imports of goods and services</b> .....	<b>883.0</b>	<b>939.5</b>	<b>888.0</b>	<b>910.7</b>	<b>932.6</b>	<b>953.5</b>	<b>961.3</b>	<b>1,006.0</b>	
<b>Imports of goods<sup>1</sup></b> .....	<b>744.7</b>	<b>796.3</b>	<b>750.0</b>	<b>768.4</b>	<b>789.9</b>	<b>810.0</b>	<b>817.0</b>	<b>853.4</b>	
Foods, feeds, and beverages	29.3	32.2	29.5	31.4	31.7	32.5	33.1	34.0	
Industrial supplies and materials, except petroleum and products	107.7	113.9	104.8	109.0	112.7	117.0	116.7	118.2	
Durable goods .....	53.4	57.4	51.4	53.8	56.8	59.4	59.6	59.8	
Nondurable goods .....	54.3	56.4	53.4	55.2	55.8	57.5	57.0	58.4	
Petroleum and products	59.2	59.5	58.7	55.2	62.0	63.1	57.6	55.8	
Capital goods, except automotive	240.4	268.0	256.5	263.6	263.1	278.2	297.1		
Civilian aircraft, engines, and parts	9.9	11.2	9.7	9.9	11.3	11.5	12.2	11.7	
Computers, peripherals, and parts	84.1	112.5	97.9	104.1	109.6	115.2	121.3	135.5	
Other	151.8	156.5	157.4	159.5	153.9	153.8	158.9	167.2	
Automotive vehicles, engines, and parts	115.4	119.4	109.3	114.7	120.5	124.5	117.9	130.1	
Consumer goods, except automotive	155.0	164.4	153.1	157.2	160.3	166.6	173.6	176.1	
Durable goods .....	81.3	86.1	80.7	82.2	84.4	88.5	89.5	91.0	
Nondurable goods .....	73.8	78.3	72.4	74.9	75.9	78.1	84.1	85.1	
Other	40.6	43.0	42.9	41.6	43.5	42.6	44.3	47.0	
Durable goods .....	20.3	21.5	21.5	20.8	21.7	21.3	22.2	23.5	
Nondurable goods .....	20.3	21.5	21.5	20.8	21.7	21.3	22.2	23.5	
<b>Imports of services<sup>1</sup></b> .....	<b>138.8</b>	<b>143.8</b>	<b>138.5</b>	<b>142.8</b>	<b>143.2</b>	<b>144.1</b>	<b>145.0</b>	<b>153.2</b>	
Direct defense expenditures	9.0	9.5	8.4	9.2	9.4	9.4	9.8	10.8	
Travel	43.7	45.8	44.2	47.0	45.9	44.3	46.0	50.5	
Passenger fares	13.7	13.5	13.6	13.6	13.2	13.3	13.7	14.3	
Other transportation	28.9	27.5	28.2	27.3	27.7	27.7	27.3	27.9	
Royalties and license fees	5.9	6.7	6.3	6.3	6.3	6.0	6.3	6.8	
Other private services	31.0	33.7	31.2	32.5	33.7	34.2	34.6	35.5	
Other	6.5	7.0	6.6	6.8	6.8	7.1	7.1	7.3	
Residual	-8.8	-16.7	-13.9	-14.5	-15.7	-17.2	-19.1	-22.7	
<b>Addenda:</b>									
Exports of agricultural goods <sup>2</sup>	49.6	48.5	49.4	50.5	45.5	46.5	51.3	47.6	
Exports of nonagricultural goods	516.4	561.1	539.8	540.7	556.2	555.5	592.1	618.6	
Imports of nonpetroleum goods	684.2	735.1	689.8	711.3	726.4	745.4	757.		

5. Saving and Investment

Table 5.1.—Gross Saving and Investment

[Billions of dollars]

Table with 10 columns: 1995, 1996, and Seasonally adjusted at annual rates (1995, 1996 I-IV, 1997 I). Rows include Gross saving, Gross private saving, Gross government saving, Capital grants received by the United States (net), Gross investment, and Addendum.

Table 5.4.—Private Fixed Investment by Type

[Billions of dollars]

Table with 10 columns: 1995, 1996, and Seasonally adjusted at annual rates (1995, 1996 I-IV, 1997 I). Rows include Private fixed investment, Nonresidential, Structures, Producers' durable equipment, and Residential.

1. Includes new computers and peripheral equipment only.

Table 5.5.—Real Private Fixed Investment by Type

[Billions of chained (1992) dollars]

Table with 10 columns: 1995, 1996, and Seasonally adjusted at annual rates (1995, 1996 I-IV, 1997 I). Rows include Private fixed investment, Nonresidential, Structures, Producers' durable equipment, and Residential.

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

Table 5.10.—Change in Business Inventories by Industry

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Change in business inventories ....</b>	<b>37.0</b>	<b>15.4</b>	<b>17.8</b>	<b>-1.7</b>	<b>8.0</b>	<b>36.6</b>	<b>18.8</b>	<b>54.5</b>
Farm .....	-2.6	-1.9	-2.1	-4.4	-3.3	1.2	-9	.6
Nonfarm .....	39.6	17.3	19.9	2.7	11.3	35.4	19.7	53.9
Change in book value .....	69.7	25.6	28.6	19.6	21.7	32.0	28.9	46.7
Inventory valuation adjustment .....	-30.1	-8.3	-8.7	-16.9	-10.4	3.4	-9.2	7.2
Manufacturing .....	12.7	6.0	11.9	12.6	-4.6	12.2	3.9	20.6
Durable goods .....	11.8	6.8	12.5	14.6	.5	12.0	0	12.7
Nondurable goods .....	.9	-7	-6	-2.0	-5.1	.2	3.9	7.9
Wholesale trade .....	15.2	4.6	4.5	6.7	7.3	-5.1	9.4	20.2
Durable goods .....	13.3	3.7	12.7	9.5	3.0	6.1	-3.9	12.5
Nondurable goods .....	1.9	.9	-8.2	-2.8	4.3	-11.3	13.3	7.8
Merchant wholesalers .....	13.6	4.2	3.4	4.0	6.6	-5.2	11.4	16.6
Durable goods .....	12.1	2.7	11.7	6.2	1.6	4.8	-2.1	10.5
Nondurable goods .....	1.5	1.5	-8.3	-2.2	4.9	-10.1	13.5	6.0
Nonmerchant wholesalers .....	1.5	.4	1.0	2.7	.8	.1	-2.0	3.7
Durable goods .....	1.2	1.0	.9	3.3	1.4	1.3	-1.8	1.9
Nondurable goods .....	.3	-7	.1	-6	-6	-1.2	-2	1.7
Retail trade .....	3.6	2.5	-7.8	-22.9	5.4	24.3	3.3	1.3
Durable goods .....	3.7	1.0	-4.1	-19.4	7.5	18.0	-2.0	.8
Motor vehicle dealers .....	.9	-3.6	.4	-26.1	2.2	11.5	-2.2	-4.0
Other .....	2.9	4.7	-4.5	6.7	5.3	6.5	.3	4.8
Nondurable goods .....	-1	1.5	-3.7	-3.5	-2.1	6.3	5.3	.6
Other .....	8.1	4.1	11.4	6.3	3.2	4.0	3.1	11.7
Durable goods .....	6.0	1.2	6.2	7.6	-1.1	-1.5	-2	0
Nondurable goods .....	2.1	2.9	5.2	-1.3	4.2	5.5	3.3	11.7

NOTE.—Estimates for nonfarm industries other than manufacturing and trade for 1986 and earlier periods are based on the 1972 Standard Industrial Classification (SIC). Manufactures estimates for 1981 and earlier periods and trade estimates and earlier periods are based on the 1972 SIC; later estimates these industries are based on the 1987 SIC. The resulting discontinuities are small.

Table 5.11.—Real Change in Business Inventories by Industry

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Change in business inventories ....</b>	<b>32.7</b>	<b>13.6</b>	<b>13.7</b>	<b>-3.5</b>	<b>6.7</b>	<b>34.1</b>	<b>17.1</b>	<b>48.6</b>
Farm .....	-5.2	-4.0	-5.0	-7.0	-5.6	-8	-2.6	-1.1
Nonfarm .....	37.2	17.1	19.0	2.9	11.7	34.6	19.3	49.2
Manufacturing .....	11.8	6.0	11.2	12.0	-3.9	11.9	4.2	18.2
Durable goods .....	11.2	6.5	12.0	14.0	.5	11.5	.1	11.8
Nondurable goods .....	.8	-3	-6	-1.6	-4.2	.6	4.0	6.4
Wholesale trade .....	14.3	4.8	4.4	6.4	7.3	-3.6	9.1	18.8
Durable goods .....	12.7	3.5	12.1	9.0	2.8	6.0	-3.6	11.9
Nondurable goods .....	1.7	1.3	-7.4	-2.3	4.4	-9.0	12.2	6.9
Merchant wholesalers .....	12.8	4.4	3.5	3.8	6.5	-3.8	10.9	15.6
Durable goods .....	11.5	2.6	11.2	5.9	1.5	4.7	-1.9	10.0
Nondurable goods .....	1.4	1.8	-7.4	-1.8	4.8	-8.0	12.2	5.6
Nonmerchant wholesalers .....	1.4	.4	.9	2.6	.7	.2	-1.9	3.3
Durable goods .....	1.2	1.0	.9	3.1	1.3	1.3	-1.7	1.9
Nondurable goods .....	.3	-5	.1	-5	-5	-1.0	-1	1.4
Retail trade .....	3.5	2.3	-7.1	-21.7	5.2	22.7	2.9	1.2
Durable goods .....	3.5	1.0	-3.7	-17.9	6.9	16.9	-1.9	.9
Motor vehicle dealers .....	.9	-3.3	.4	-23.6	2.0	10.6	-2.1	-3.5
Other .....	2.7	4.4	-4.2	6.3	5.0	6.2	.2	4.6
Nondurable goods .....	0	1.3	-3.4	-3.7	-1.8	5.8	4.8	.3
Other .....	7.6	4.0	10.6	6.1	3.1	3.6	3.1	10.8
Durable goods .....	5.3	1.1	5.5	6.7	-9	-1.3	-1	0
Nondurable goods .....	2.0	2.9	4.9	-1.0	4.1	5.1	3.3	11.1
Residual .....	.6	.1	-7	-3	.5	-6	1.0	.1

NOTE.—Chained (1992) dollar series for real change in business inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

See note to table 5.10.

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

[Billions of dollars]

	Seasonally adjusted quarterly totals					
	1995	1996				1997
		IV	I	II	III	
<b>Inventories<sup>1</sup></b> .....	<b>1,260.4</b>	<b>1,262.9</b>	<b>1,270.7</b>	<b>1,278.7</b>	<b>1,284.7</b>	<b>1,295.2</b>
Farm .....	100.2	97.6	101.6	102.7	97.4	100.6
Nonfarm .....	1,160.2	1,165.3	1,169.0	1,176.0	1,187.3	1,194.6
Durable goods .....	680.9	682.7	685.4	673.3	673.8	684.9
Nondurable goods .....	499.3	502.6	503.6	502.7	513.5	509.7
Manufacturing .....	430.4	432.7	430.9	433.7	437.8	440.7
Durable goods .....	269.2	271.8	272.0	274.1	276.5	279.6
Nondurable goods .....	161.3	160.9	158.9	159.5	161.3	161.2
Wholesale trade .....	304.0	307.3	309.8	306.2	307.3	312.5
Durable goods .....	187.9	189.7	190.3	191.6	190.2	193.8
Nondurable goods .....	116.1	117.6	119.5	114.6	117.1	118.8
Merchant wholesalers .....	263.0	265.2	267.9	264.0	265.5	270.3
Durable goods .....	163.6	164.7	165.0	166.0	165.1	168.2
Nondurable goods .....	99.4	100.5	102.9	98.0	100.3	102.1
Nonmerchant wholesalers .....	41.0	42.0	41.9	42.2	41.8	42.2
Durable goods .....	24.3	25.0	25.3	25.6	25.1	25.6
Nondurable goods .....	16.7	17.0	16.6	16.6	16.8	16.6
Retail trade .....	299.1	294.5	296.0	302.7	303.5	304.3
Durable goods .....	158.4	153.8	155.3	159.7	159.4	163.3
Motor vehicle dealers .....	78.1	72.0	72.0	74.4	74.2	77.2
Other .....	80.3	81.7	83.3	85.3	85.2	86.1
Nondurable goods .....	140.8	140.7	140.7	143.0	144.2	141.0
Other .....	126.7	130.8	132.3	133.4	138.6	137.0
Durable goods .....	45.5	47.4	47.9	47.8	47.7	48.3
Nondurable goods .....	81.2	83.4	84.5	85.6	90.9	88.8
<b>Final sales of domestic business<sup>2</sup></b> .....	<b>512.0</b>	<b>519.0</b>	<b>527.2</b>	<b>529.8</b>	<b>539.0</b>	<b>547.5</b>
<b>Final sales of goods and structures of domestic business<sup>2</sup></b> .....	<b>278.4</b>	<b>283.4</b>	<b>287.5</b>	<b>288.1</b>	<b>292.8</b>	<b>298.6</b>
<b>Ratio of inventories to final sales of domestic business</b>						
Inventories to final sales .....	2.46	2.43	2.41	2.41	2.38	2.37
Nonfarm inventories to final sales .....	2.27	2.25	2.22	2.22	2.20	2.18
Nonfarm inventories to final sales of goods and structures .....	4.17	4.11	4.07	4.08	4.05	4.00

1. Inventories are as of the end of the quarter. The quarter-to-quarter change in inventories calculated from current-dollar inventories in this table is not the current-dollar change in business inventories (CBI) component of GDP. The former is the difference between two inventory stocks, each valued at their respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates; whereas, CBI is stated at annual rates.  
 2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

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

[Billions of chained (1992) dollars]

	Seasonally adjusted quarterly totals					
	1995	1996				1997
		IV	I	II	III	
<b>Inventories<sup>1</sup></b> .....	<b>1,184.5</b>	<b>1,183.7</b>	<b>1,185.3</b>	<b>1,193.9</b>	<b>1,198.1</b>	<b>1,210.3</b>
Farm .....	104.5	102.8	101.4	101.2	100.5	100.2
Nonfarm .....	1,079.6	1,080.4	1,083.3	1,091.9	1,096.7	1,109.0
Durable goods .....	621.4	624.4	626.7	634.9	633.6	639.7
Nondurable goods .....	458.1	456.0	456.6	457.1	463.2	469.3
Manufacturing .....	400.4	403.4	402.4	405.4	406.5	411.0
Durable goods .....	255.3	258.8	258.9	261.8	261.8	264.8
Nondurable goods .....	145.2	144.8	143.8	143.9	144.9	146.5
Wholesale trade .....	281.5	283.1	284.9	284.0	286.3	291.0
Durable goods .....	178.2	180.5	181.2	182.7	181.8	184.8
Nondurable goods .....	103.4	102.8	103.9	101.6	104.7	106.4
Merchant wholesalers .....	242.7	243.7	245.3	244.4	247.1	251.0
Durable goods .....	154.9	156.4	156.7	157.9	157.5	160.0
Nondurable goods .....	88.0	87.5	88.7	86.7	89.8	91.2
Nonmerchant wholesalers .....	38.7	39.3	39.5	39.6	39.1	39.9
Durable goods .....	23.3	24.1	24.5	24.8	24.3	24.8
Nondurable goods .....	15.3	15.2	15.1	14.8	14.8	15.2
Retail trade .....	279.6	274.2	275.5	281.1	281.9	282.2
Durable goods .....	147.3	142.8	144.5	148.7	148.3	148.5
Motor vehicle dealers .....	71.1	65.2	65.7	68.4	67.9	67.0
Other .....	76.4	78.0	79.2	80.8	80.8	81.9
Nondurable goods .....	132.1	131.2	130.8	132.2	133.4	133.5
Other .....	117.9	119.5	120.2	121.1	121.9	124.6
Durable goods .....	40.4	42.1	41.8	41.5	41.5	41.5
Nondurable goods .....	77.5	77.2	78.3	79.5	80.4	83.1
Residual .....	.5	.4	.4	.4	.5	.6
<b>Final sales of domestic business<sup>2</sup></b> .....	<b>474.1</b>	<b>478.5</b>	<b>483.3</b>	<b>483.8</b>	<b>490.8</b>	<b>496.4</b>
<b>Final sales of goods and structures of domestic business<sup>2</sup></b> .....	<b>263.4</b>	<b>267.0</b>	<b>269.9</b>	<b>270.3</b>	<b>274.8</b>	<b>279.5</b>
<b>Ratio of inventories to final sales of domestic business</b>						
Inventories to final sales .....	2.50	2.47	2.45	2.47	2.44	2.44
Nonfarm inventories to final sales .....	2.28	2.26	2.24	2.26	2.23	2.23
Nonfarm inventories to final sales of goods and structures .....	4.10	4.05	4.01	4.04	3.99	3.97

1. Inventories are as of the end of the quarter. Quarter-to-quarter changes calculated from this table are at quarterly rates, whereas, the change in the business inventories component of GDP is stated at annual rates.  
 2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.  
 NOTE.—Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, divided by 100. Chained (1992) dollar final sales series are calculated as the product of the chain-type index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

## 6. Income and Employment by Industry

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

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>National income without capital consumption adjustment</b> .....	<b>5,824.5</b>	<b>6,153.6</b>	<b>5,939.7</b>	<b>6,019.0</b>	<b>6,121.6</b>	<b>6,206.0</b>	<b>6,267.7</b>	<b>6,410.5</b>
<b>Domestic industries</b> .....	<b>5,831.5</b>	<b>6,162.5</b>	<b>5,946.0</b>	<b>6,019.2</b>	<b>6,129.2</b>	<b>6,223.4</b>	<b>6,278.3</b>	<b>6,438.4</b>
<b>Private industries</b> .....	<b>5,011.3</b>	<b>5,319.4</b>	<b>5,120.3</b>	<b>5,184.3</b>	<b>5,288.7</b>	<b>5,376.5</b>	<b>5,428.2</b>	<b>5,578.4</b>
Agriculture, forestry, and fishing .....	93.2	114.1	96.7	103.9	113.6	120.3	118.6	117.2
Mining .....	43.6	44.4	44.6	43.6	44.7	45.2	44.2	46.4
Construction .....	263.6	281.5	267.4	274.3	278.9	284.0	288.8	294.8
Manufacturing .....	1,026.3	1,069.1	1,044.5	1,041.2	1,065.9	1,081.4	1,087.9	1,100.0
Durable goods .....	597.1	628.6	606.6	608.7	628.4	637.0	640.3	644.7
Nondurable goods .....	429.3	440.5	437.8	432.5	437.5	444.4	447.7	455.3
Transportation and public utilities .....	451.0	471.4	459.4	462.5	474.9	477.6	470.6	486.1
Transportation .....	189.4	196.5	193.3	193.4	195.4	199.2	198.0	202.6
Communications .....	136.6	148.5	138.9	143.5	149.3	151.9	149.1	152.5
Electric, gas, and sanitary services .....	125.0	126.5	127.1	125.6	130.2	126.5	123.5	131.0
Wholesale trade .....	327.0	351.2	335.0	345.2	344.5	351.4	363.7	374.5
Retail trade .....	478.6	506.6	487.8	495.4	506.3	510.7	514.1	532.3
Finance, insurance, and real estate .....	992.0	1,037.0	1,007.6	1,018.6	1,032.4	1,047.6	1,049.5	1,100.1
Services .....	1,335.9	1,444.1	1,377.3	1,399.5	1,427.5	1,458.3	1,490.9	1,526.9
<b>Government</b> .....	<b>820.3</b>	<b>843.1</b>	<b>825.7</b>	<b>834.9</b>	<b>840.5</b>	<b>846.8</b>	<b>850.1</b>	<b>860.0</b>
<b>Rest of the world</b> .....	<b>-7.0</b>	<b>-8.9</b>	<b>-6.3</b>	<b>-2</b>	<b>-7.6</b>	<b>-17.4</b>	<b>-10.6</b>	<b>-28.0</b>

Table 6.16C.—Corporate Profits by Industry

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Corporate profits with inventory valuation and capital consumption adjustments</b> .....	<b>604.8</b>	<b>670.2</b>	<b>628.3</b>	<b>661.2</b>	<b>672.1</b>	<b>677.3</b>	<b>670.1</b>	<b>712.5</b>
<b>Domestic industries</b> .....	<b>528.1</b>	<b>588.2</b>	<b>546.6</b>	<b>578.0</b>	<b>593.7</b>	<b>600.7</b>	<b>580.2</b>	<b>632.7</b>
Financial .....	97.4	107.5	96.6	111.6	112.7	110.1	95.7	123.7
Nonfinancial .....	430.7	480.6	450.0	466.4	481.0	490.6	484.5	509.0
<b>Rest of the world</b> .....	<b>76.7</b>	<b>82.0</b>	<b>81.7</b>	<b>83.2</b>	<b>78.4</b>	<b>76.6</b>	<b>89.9</b>	<b>79.7</b>
Receipts from the rest of the world .....	111.1	126.2	113.9	122.2	122.6	122.9	137.0	134.3
Less: Payments to the rest of the world .....	34.5	44.1	32.3	39.0	44.2	46.3	47.1	54.5
<b>Corporate profits with inventory valuation adjustment</b> .....	<b>570.8</b>	<b>631.0</b>	<b>595.3</b>	<b>624.8</b>	<b>633.5</b>	<b>637.6</b>	<b>627.9</b>	<b>668.0</b>
<b>Domestic industries</b> .....	<b>494.1</b>	<b>548.9</b>	<b>513.7</b>	<b>541.6</b>	<b>555.1</b>	<b>561.0</b>	<b>538.0</b>	<b>588.3</b>
Financial .....	119.1	131.9	119.3	134.9	136.6	135.0	121.3	149.9
Federal Reserve banks .....	21.9	21.7	21.7	21.5	21.7	21.6	22.0	22.6
Other .....	97.3	110.2	97.6	113.4	114.9	113.4	99.3	127.3
Nonfinancial .....	375.0	417.0	394.4	406.7	418.5	426.1	416.7	438.4
Manufacturing .....	145.7	168.5	157.3	161.3	164.7	170.6	169.4	168.1
Durable goods .....	77.2	92.7	80.8	89.5	92.4	94.6	94.5	89.8
Primary metal industries .....	3.0	2.0	2.7	2.3	1.4	3.2	1.1	-1
Fabricated metal products .....	11.1	15.1	12.2	13.9	14.4	16.0	15.9	13.9
Industrial machinery and equipment .....	12.1	13.3	11.1	14.3	13.6	13.0	12.4	12.2
Electronic and other electric equipment .....	25.6	29.0	29.5	27.1	27.4	29.2	32.2	32.1
Motor vehicles and equipment .....	4.4	8.8	3.6	8.1	10.6	10.2	6.4	10.7
Other .....	20.9	24.6	21.7	23.8	25.0	23.0	26.5	21.0
Nondurable goods .....	68.5	73.8	76.5	71.8	72.3	76.1	74.9	78.3
Food and kindred products .....	17.7	17.6	17.5	15.7	13.2	18.3	23.0	17.2
Chemicals and allied products .....	20.9	21.1	22.1	20.7	21.9	23.0	18.7	21.3
Petroleum and coal products .....	.8	-1.2	.3	-4.5	1.3	-1.2	-5	4.1
Other .....	29.1	36.4	36.6	39.9	35.9	35.9	33.7	35.7
Transportation and public utilities .....	94.8	99.0	95.8	95.6	104.5	102.5	93.2	102.2
Transportation .....	14.4	13.9	15.4	13.1	14.0	15.2	13.2	15.3
Communications .....	41.0	45.4	40.1	43.3	46.5	47.6	44.4	44.7
Electric, gas, and sanitary services .....	39.4	39.7	40.3	39.3	44.1	39.7	35.7	42.2
Wholesale trade .....	29.6	36.6	31.2	37.5	32.8	34.5	41.5	44.8
Retail trade .....	38.7	41.8	39.6	41.7	44.3	44.5	36.7	45.7
Other .....	66.2	73.1	70.5	70.6	72.2	73.9	75.9	77.6
<b>Rest of the world</b> .....	<b>76.7</b>	<b>82.0</b>	<b>81.7</b>	<b>83.2</b>	<b>78.4</b>	<b>76.6</b>	<b>89.9</b>	<b>79.7</b>

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



## 7. Quantity and Price Indexes

Table 7.1.—Quantity and Price Indexes for Gross Domestic Product  
[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					1995	1996	Seasonally adjusted								
			1995	1996						1995	1996				1997			
			IV	I	II	III	IV			I	IV	I	II	III	IV	I		
<b>Gross domestic product:</b>																		
Current dollars .....	116.16	121.33	117.71	118.94	120.83	121.97	123.57	126.05										
Chain-type quantity index .....	107.97	110.61	108.58	109.12	110.37	110.95	111.99	113.61										
Chain-type price index .....	107.57	109.88	108.42	109.03	109.62	110.17	110.69	111.43										
Implicit price deflator .....	107.59	109.69	108.41	109.00	109.47	109.93	110.34	110.95										
<b>Personal consumption expenditures:</b>																		
Current dollars .....	116.71	122.08	118.26	119.92	121.79	122.41	124.18	126.45										
Chain-type quantity index .....	108.49	111.16	109.23	110.17	111.09	111.23	112.15	113.70										
Chain-type price index .....	107.58	109.97	108.28	108.91	109.76	110.23	110.98	111.62										
Implicit price deflator .....	107.58	109.82	108.27	108.85	109.64	110.06	110.73	111.21										
<b>Durable goods:</b>																		
Current dollars .....	124.13	129.39	125.43	127.98	130.51	129.05	130.01	134.87										
Chain-type quantity index .....	118.69	125.15	120.27	122.65	126.02	125.19	126.73	132.31										
Chain-type price index .....	104.58	104.11	104.35	104.55	104.14	103.99	103.76	103.70										
Implicit price deflator .....	104.58	103.39	104.30	104.34	103.57	103.08	102.59	101.93										
<b>Nondurable goods:</b>																		
Current dollars .....	112.41	116.89	113.04	115.15	116.86	117.00	118.54	120.57										
Chain-type quantity index .....	107.57	109.09	107.67	108.65	109.01	109.11	109.59	110.83										
Chain-type price index .....	104.50	107.22	105.00	106.01	107.26	107.32	108.31	108.95										
Implicit price deflator .....	104.50	107.15	104.99	105.99	107.21	107.23	108.16	108.79										
<b>Services:</b>																		
Current dollars .....	117.56	123.44	119.67	120.91	122.73	124.03	126.10	127.97										
Chain-type quantity index .....	106.96	109.50	107.88	108.52	109.25	109.59	110.63	111.57										
Chain-type price index .....	109.92	112.77	110.94	111.46	112.38	113.20	114.05	114.83										
Implicit price deflator .....	109.92	112.73	110.93	111.42	112.34	113.17	113.98	114.70										
<b>Gross private domestic investment:</b>																		
Current dollars .....	134.77	141.31	134.61	135.24	138.66	146.28	145.06	152.36										
Chain-type quantity index .....	127.71	133.88	127.06	127.95	131.34	138.29	137.13	144.35										
Chain-type price index .....	105.39	106.22	105.89	105.79	105.84	106.42	106.84	106.80										
Implicit price deflator .....	105.53	105.71	105.94	105.69	105.58	105.78	105.79	105.55										
<b>Fixed investment:</b>																		
Current dollars .....	131.25	140.60	133.53	136.66	138.88	142.91	143.96	146.76										
Chain-type quantity index .....	124.57	133.02	126.18	129.34	131.61	134.98	136.14	139.38										
Chain-type price index .....	105.37	106.30	105.89	105.86	105.98	106.55	106.81	106.78										
Implicit price deflator .....	105.36	105.70	105.83	105.66	105.52	105.87	105.74	105.30										
<b>Nonresidential:</b>																		
Current dollars .....	132.38	141.80	134.39	137.84	138.70	144.65	146.01	148.92										
Chain-type quantity index .....	128.04	137.46	129.66	133.27	134.53	140.06	141.97	145.73										
Chain-type price index .....	103.39	103.95	103.73	103.69	103.72	104.17	104.24	104.11										
Implicit price deflator .....	103.39	103.16	103.64	103.43	103.10	103.28	102.85	102.19										
<b>Structures:</b>																		
Current dollars .....	118.01	126.65	120.56	123.18	122.62	126.17	134.65	137.43										
Chain-type quantity index .....	107.06	112.30	108.30	110.32	109.27	111.51	118.09	120.01										
Chain-type price index .....	110.23	112.77	111.31	111.66	112.22	113.16	114.03	114.55										
Implicit price deflator .....	110.23	112.78	111.32	111.66	112.21	113.15	114.02	114.51										
<b>Producers' durable equipment:</b>																		
Current dollars .....	138.63	148.39	140.40	144.22	145.71	152.70	150.95	153.93										
Chain-type quantity index .....	137.50	148.87	139.29	143.65	146.00	153.08	152.74	157.37										
Chain-type price index .....	100.83	100.72	100.91	100.74	100.59	100.88	100.67	100.33										
Implicit price deflator .....	100.82	99.68	100.80	100.40	99.80	99.75	98.83	97.81										
<b>Residential:</b>																		
Current dollars .....	128.46	137.64	131.43	133.75	139.31	138.59	138.90	141.43										
Chain-type quantity index .....	116.49	122.69	118.08	120.19	124.81	123.16	122.51	124.61										
Chain-type price index .....	110.28	112.22	111.31	111.30	111.67	112.58	113.34	113.55										
Implicit price deflator .....	110.28	112.18	111.31	111.28	111.62	112.53	113.28	113.49										
<b>Exports of goods and services:</b>																		
Current dollars .....	126.26	133.75	130.89	131.29	132.94	132.05	138.72	141.46										
Chain-type quantity index .....	121.27	129.16	125.60	126.16	127.91	127.63	134.95	138.45										
Chain-type price index .....	104.12	104.26	104.32	104.37	104.73	104.26	103.67	103.69										
Implicit price deflator .....	104.12	103.55	104.22	104.06	103.93	103.46	102.79	102.17										
<b>Exports of goods:</b>																		
Current dollars .....	129.59	137.05	134.73	134.54	136.04	134.92	142.68	146.19										
Chain-type quantity index .....	126.12	135.69	131.23	131.71	133.87	133.97	143.23	148.13										
Chain-type price index .....	102.75	101.88	102.80	102.55	102.65	101.71	100.62	100.48										
Implicit price deflator .....	102.75	101.00	102.67	102.15	101.62	100.72	99.62	98.69										
<b>Exports of services:</b>																		
Current dollars .....	118.44	125.99	121.86	123.65	125.65	125.28	129.39	130.31										
Chain-type quantity index .....	110.28	114.40	112.86	113.62	114.42	113.31	116.25	116.59										
Chain-type price index .....	107.40	110.25	107.99	108.86	109.94	110.73	111.49	111.95										
Implicit price deflator .....	107.40	110.13	107.98	108.83	109.81	110.56	111.31	111.77										
<b>Imports of goods and services:</b>																		
Current dollars .....	134.84	142.59	135.17	138.40	141.89	144.19	145.90	150.09										
Chain-type quantity index .....	132.00	140.45	132.75	136.14	139.40	142.54	143.70	150.38										
Chain-type price index .....	102.16	102.00	101.88	101.90	102.07	101.55	102.45	101.39										
Implicit price deflator .....	102.16	101.53	101.82	101.66	101.78	101.15	101.53	99.81										
<b>Imports of goods:</b>																		
Current dollars .....	138.93	147.22	139.30	142.55	146.51	149.05	150.79	154.70										
Chain-type quantity index .....	136.67	146.16	137.65	141.03	144.97	148.67	149.95	156.64										

Table 7.2.—Quantity and Price Indexes for Gross Domestic Product, Final Sales, and Purchases

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					1997
			1995	1996				
				IV	I	II	III	
<b>Gross domestic product:</b>								
Current dollars .....	116.16	121.33	117.71	118.94	120.83	121.97	123.57	126.05
Chain-type quantity index .....	107.97	110.61	108.58	109.12	110.37	110.95	111.99	113.61
Chain-type price index .....	107.57	109.88	108.42	109.03	109.62	110.17	110.69	111.43
Implicit price deflator .....	107.59	109.69	108.41	109.00	109.47	109.93	110.34	110.95
<b>Final sales of domestic product:</b>								
Current dollars .....	115.70	121.21	117.56	119.10	120.84	121.52	123.41	125.32
Chain-type quantity index .....	107.56	110.50	108.45	109.26	110.38	110.51	111.84	112.96
Chain-type price index .....	107.57	109.90	108.43	109.05	109.66	110.20	110.70	111.45
Implicit price deflator .....	107.57	109.70	108.41	109.00	109.48	109.97	110.34	110.94
<b>Gross domestic purchases:</b>								
Current dollars .....	117.13	122.33	118.23	119.75	121.84	123.31	124.41	127.04
Chain-type quantity index .....	109.12	111.83	109.38	110.20	111.61	112.53	112.97	114.92
Chain-type price index .....	107.31	109.57	108.10	108.71	109.27	109.80	110.50	111.09
Implicit price deflator .....	107.33	109.39	108.09	108.66	109.16	109.58	110.12	110.55
<b>Final sales to domestic purchasers:</b>								
Current dollars .....	116.67	122.22	118.08	119.91	121.85	122.86	124.24	126.31
Chain-type quantity index .....	108.71	111.72	109.25	110.35	111.62	112.09	112.82	114.27
Chain-type price index .....	107.32	109.60	108.11	108.73	109.31	109.83	110.51	111.11
Implicit price deflator .....	107.32	109.40	108.09	108.67	109.16	109.61	110.13	110.54
<b>Addenda:</b>								
Chain-type price indexes for gross domestic purchases:								
Food .....	106.38	109.56	107.34	107.91	108.79	110.16	111.39	111.77
Energy .....	101.92	106.70	100.36	103.73	108.31	106.22	108.53	110.19
Gross domestic purchases less food and energy .....	107.69	109.72	108.57	109.05	109.39	109.93	110.49	111.06

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

Table 7.3.—Quantity and Price Indexes for Gross National Product and Command-Basis Gross National Product

[Index numbers, 1992=100]

	1995	1996	1997	1998	1999	2000	2001
<b>Gross national product:</b>							
Current dollars .....	115.85	120.97	117.40	118.72	120.49	121.47	123.18
Chain-type quantity index .....	107.69	110.30	108.31	108.93	110.08	110.52	111.66
Chain-type price index .....	107.55	109.88	108.41	109.03	109.62	110.17	110.69
Implicit price deflator .....	107.58	109.67	108.40	108.98	109.46	109.92	110.32
<b>Less: Exports of goods and services and receipts of factor income:</b>							
Chain-type quantity index .....	124.84	133.28	128.83	130.03	131.76	131.74	139.58
<b>Plus: Command-basis exports of goods and services and receipts of factor income:</b>							
Chain-type quantity index .....	126.81	135.45	131.32	132.57	134.04	134.18	141.00
<b>Equals: Command-basis gross national product:</b>							
Chain-type quantity index .....	107.93	110.57	108.61	109.25	110.36	110.82	111.84

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

Table 7.4.—Chain-Type Quantity and Price Indexes for Personal Consumption Expenditures by Major Type of Product

[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					1997
			1995	1996				
				IV	I	II	III	
<b>Personal consumption expenditures:</b>								
Quantity index .....	108.49	111.16	109.23	110.17	111.09	111.23	112.15	
Price index .....	107.58	109.97	108.28	108.91	109.76	110.23	110.98	
<b>Durable goods:</b>								
Quantity index .....	118.69	125.15	120.27	122.65	126.02	125.19	126.73	
Price index .....	104.58	104.11	104.35	104.55	104.14	103.99	103.76	
<b>Motor vehicles and parts:</b>								
Quantity index .....	106.86	107.49	106.65	108.37	109.17	106.34	106.06	
Price index .....	112.08	113.64	112.53	113.41	113.48	113.73	113.94	
<b>Furniture and household equipment:</b>								
Quantity index .....	132.59	145.67	137.26	139.46	145.77	147.35	150.09	
Price index .....	96.35	93.61	95.17	94.63	93.80	93.34	92.66	
<b>Other:</b>								
Quantity index .....	119.00	126.89	119.09	123.36	127.23	126.69	130.29	
Price index .....	106.29	106.92	106.83	107.38	106.94	106.70	106.65	
<b>Nondurable goods:</b>								
Quantity index .....	107.57	109.09	107.67	108.65	109.01	109.11	109.59	
Price index .....	104.50	107.22	105.00	106.01	107.26	107.32	108.31	
<b>Food:</b>								
Quantity index .....	106.39	106.77	106.53	107.45	106.81	106.31	106.50	
Price index .....	106.42	109.69	107.39	108.01	108.99	110.31	111.43	
<b>Clothing and shoes:</b>								
Quantity index .....	114.02	118.91	114.07	116.41	119.23	120.17	119.85	
Price index .....	98.91	98.62	99.06	99.50	99.06	97.84	98.09	
<b>Gasoline and oil:</b>								
Quantity index .....	106.30	106.76	106.88	105.65	107.25	106.39	107.76	
Price index .....	101.13	107.01	97.40	102.88	111.03	105.65	108.47	
<b>Fuel oil and coal:</b>								
Quantity index .....	94.32	93.71	97.76	97.96	92.60	92.37	91.93	
Price index .....	97.27	108.74	96.70	105.39	108.75	105.20	115.61	
<b>Other:</b>								
Quantity index .....	106.42	108.48	106.27	107.13	107.74	108.85	110.22	
Price index .....	106.03	108.58	107.26	107.76	108.48	108.86	109.21	
<b>Services:</b>								
Quantity index .....	106.96	109.50	107.88	108.52	109.25	109.59	110.63	
Price index .....	109.92	112.77	110.94	111.46	112.38	113.20	114.05	
<b>Housing:</b>								
Quantity index .....	105.40	107.13	106.11	106.52	106.93	107.29	107.79	
Price index .....	109.09	112.48	110.46	111.32	112.08	112.89	113.64	
<b>Household operation:</b>								
Quantity index .....	111.50	114.37	112.37	113.12	115.07	113.67	115.63	
Price index .....	106.30	109.03	106.88	107.59	108.70	109.59	110.26	
<b>Electricity and gas:</b>								
Quantity index .....	106.57	108.65	106.43	108.32	110.65	107.34	108.31	
Price index .....	103.89	106.26	104.45	104.67	105.77	106.94	107.67	
<b>Other household operation:</b>								
Quantity index .....	115.13	118.57	116.73	116.65	118.33	118.32	120.99	
Price index .....	108.03	111.02	108.64	109.68	110.80	111.49	112.12	
<b>Transportation:</b>								
Quantity index .....	111.98	116.87	113.87	115.45	115.97	117.16	118.90	
Price index .....	108.75	110.79	109.40	108.87	110.52	111.51	112.26	
<b>Medical care:</b>								
Quantity index .....	105.79	107.99	106.90	106.87	107.64	108.21	109.26	
Price index .....	114.63	116.81	115.52	115.82	116.54	117.03	117.84	
<b>Other:</b>								
Quantity index .....	106.76	109.73	107.51	108.75	109.36	109.89	110.93	
Price index .....	107.97	111.18	109.04	109.63	110.62	111.71	112.76	
<b>Addenda:</b>								
Price indexes for personal consumption expenditures:								
Food .....	106.42	109.69	107.39	108.01	108.99	110.31	111.43	
Energy <sup>1</sup> .....	102.28	106.73	100.75	103.85	108.42	106.25	108.40	
Personal consumption expenditures less food and energy .....	108.16	110.25	108.95	109.43	110.01	110.49	111.08	

1. Consists of prices for gasoline and oil, fuel oil and coal, and electricity and gas.

**Table 7.6.—Chain-Type Quantity and Price Indexes for Private Fixed Investment by Type**  
[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Private fixed investment:</b>								
Quantity index .....	124.57	133.02	126.18	129.34	131.61	134.98	136.14	139.38
Price index .....	105.37	106.30	105.89	105.86	105.98	106.55	106.81	106.78
<b>Nonresidential:</b>								
Quantity index .....	128.04	137.46	129.66	133.27	134.53	140.06	141.97	145.73
Price index .....	103.39	103.95	103.73	103.69	103.72	104.17	104.24	104.11
<b>Structures:</b>								
Quantity index .....	107.06	112.30	108.30	110.32	109.27	111.51	118.09	120.01
Price index .....	110.23	112.77	111.31	111.66	112.22	113.16	114.03	114.55
Nonresidential buildings, including farm:								
Quantity index .....	113.04	118.60	115.15	116.09	114.62	117.49	126.21	129.38
Price index .....	111.00	113.20	111.88	112.12	112.66	113.59	114.42	114.73
Utilities:								
Quantity index .....	101.75	106.56	104.50	105.64	106.75	105.41	108.43	105.03
Price index .....	109.76	113.31	111.51	112.17	112.76	113.62	114.69	115.37
Mining exploration, shafts, and wells:								
Quantity index .....	83.94	98.01	78.79	95.90	96.89	101.87	97.36	100.92
Price index .....	107.38	109.81	108.20	108.55	109.20	110.49	111.01	112.94
Other structures:								
Quantity index .....	83.02	70.80	75.47	72.22	64.32	68.46	78.19	82.40
Price index .....	104.80	108.43	106.44	107.15	107.83	108.84	109.92	111.17
<b>Producers' durable equipment:</b>								
Quantity index .....	137.50	148.87	139.29	143.65	146.00	153.08	152.74	157.37
Price index .....	100.83	100.72	100.91	100.74	100.59	100.88	100.67	100.33
<b>Information processing and related equipment:</b>								
Quantity index .....	149.91	180.25	159.80	168.04	174.49	186.67	191.83	200.87
Price index .....	91.09	87.05	89.55	88.47	87.23	86.75	85.75	84.91
<b>Computers and peripheral equipment<sup>1</sup>:</b>								
Quantity index .....	208.15	302.23	240.29	266.72	287.35	315.95	338.89	362.35
Price index .....	69.49	59.35	65.77	62.92	59.61	58.48	56.39	54.42
<b>Other:</b>								
Quantity index .....	126.57	135.26	128.83	130.94	132.61	139.11	138.38	142.48
Price index .....	104.78	105.77	105.00	105.40	105.87	105.94	105.87	105.97
<b>Industrial equipment:</b>								
Quantity index .....	130.06	132.54	129.24	131.86	135.01	132.15	131.14	132.16
Price index .....	107.17	108.94	108.23	108.59	108.78	109.06	109.31	109.32
<b>Transportation and related equipment:</b>								
Quantity index .....	137.07	139.29	133.87	136.36	133.36	146.85	140.57	142.39
Price index .....	105.75	107.91	106.63	106.64	107.58	108.71	108.69	108.75
<b>Other:</b>								
Quantity index .....	127.53	131.15	125.83	128.48	129.77	133.73	132.61	137.93
Price index .....	105.43	108.34	106.66	107.48	107.86	108.67	109.34	109.11
<b>Residential:</b>								
Quantity index .....	116.49	122.69	118.08	120.19	124.81	123.16	122.61	124.61
Price index .....	110.28	112.22	111.31	111.30	111.67	112.58	113.34	113.55
<b>Structures:</b>								
Quantity index .....	116.52	122.82	118.14	120.32	124.97	123.29	122.72	124.67
Price index .....	110.45	112.42	111.51	111.48	111.87	112.78	113.55	113.75
<b>Single family:</b>								
Quantity index .....	109.64	116.18	110.77	113.69	118.13	117.30	115.60	117.03
Price index .....	113.11	114.64	113.90	113.69	113.92	115.00	115.94	115.73
<b>Multifamily:</b>								
Quantity index .....	134.69	147.39	141.18	146.74	160.33	136.49	146.00	159.84
Price index .....	105.35	106.74	106.05	105.86	106.08	107.08	107.96	107.76
<b>Other structures:</b>								
Quantity index .....	123.38	128.47	124.99	125.68	129.34	129.67	129.19	130.16
Price index .....	107.67	110.23	109.08	109.29	109.88	110.59	111.15	111.87
<b>Producers' durable equipment:</b>								
Quantity index .....	115.34	117.84	115.85	115.48	118.94	118.28	118.67	122.64
Price index .....	103.91	104.82	104.01	104.58	104.21	104.92	105.57	106.23

1. Includes new computers and peripheral equipment only.

**Table 7.9.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services and for Receipts and Payments of Factor Income**  
[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Exports of goods and services:</b>								
Quantity index .....	121.27	129.16	125.60	126.16	127.91	127.63	134.95	138.45
Price index .....	104.12	104.26	104.32	104.37	104.73	104.26	103.67	103.69
<b>Goods<sup>1</sup>:</b>								
Quantity index .....	126.12	135.69	131.23	131.71	133.87	133.97	143.23	148.13
Price index .....	102.75	101.88	102.80	102.55	102.65	101.71	100.62	100.48
<b>Durable:</b>								
Quantity index .....	134.02	147.04	140.35	140.92	145.54	145.89	155.82	163.69
Price index .....	97.45	95.73	97.15	96.73	96.04	95.25	94.89	94.77
<b>Nondurable:</b>								
Quantity index .....	110.76	114.20	113.63	113.95	111.84	111.50	119.50	119.22
Price index .....	115.14	116.39	116.07	116.23	118.28	116.97	114.09	113.89
<b>Services<sup>1</sup>:</b>								
Quantity index .....	110.28	114.40	112.86	113.62	114.42	113.31	116.25	116.69
Price index .....	107.40	110.25	107.99	108.86	109.94	110.73	111.49	111.95
<b>Receipts of factor income:</b>								
Quantity index .....	140.85	151.69	143.31	147.36	148.98	150.12	160.30	159.32
Price index .....	107.23	109.17	107.97	108.47	108.97	109.37	109.87	110.28
<b>Imports of goods and services:</b>								
Quantity index .....	132.00	140.45	132.75	136.14	139.40	142.54	143.70	150.38
Price index .....	102.16	102.00	101.88	101.90	102.07	101.55	102.45	101.39
<b>Goods<sup>1</sup>:</b>								
Quantity index .....	136.67	146.16	137.65	141.03	144.97	148.67	149.95	156.64
Price index .....	101.65	101.26	101.27	101.36	101.38	100.70	101.61	100.58
<b>Durable:</b>								
Quantity index .....	146.39	158.08	148.36	152.91	156.46	160.75	162.18	171.84
Price index .....	100.75	98.02	100.33	99.41	98.24	97.54	96.89	95.86
<b>Nondurable:</b>								
Quantity index .....	119.57	125.27	118.85	120.23	124.82	127.50	128.52	130.14
Price index .....	103.70	108.36	103.45	105.68	108.27	107.63	111.85	110.83
<b>Services<sup>1</sup>:</b>								
Quantity index .....	111.82	115.86	111.60	115.05	115.41	116.15	116.81	123.43
Price index .....	104.55	105.57	104.82	104.47	105.41	105.75	106.64	105.43
<b>Payments of factor income:</b>								
Quantity index .....	157.49	170.26	159.61	159.50	166.48	174.54	180.54	191.78
Price index .....	107.80	109.86	108.51	109.03	109.58	110.12	110.69	111.13

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

Table 7.10.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services by Major Type of Product  
 [Index numbers, 1992=100]

			Seasonally adjusted									Seasonally adjusted						
	1995	1996	1995	1996					1997	1995	1996	1995	1996					1997
				IV	I	II	III	IV					I	IV	I	II	III	
<b>Exports of goods and services:</b>																		
Quantity index	121.27	129.16	125.60	126.16	127.91	127.63	134.95	138.45	Price index	102.90	104.32	103.30	103.95	104.29	104.42	104.61	104.91	
Price index	104.12	104.26	104.32	104.37	104.73	104.26	103.67	103.69	Durable goods:									
Quantity index																		
126.12	135.69	131.23	131.71	133.87	133.97	143.23	148.13	Price index	121.29	130.99	122.19	124.76	130.31	129.13	139.75	140.09		
Price index	102.75	101.88	102.80	102.55	102.65	101.71	100.62	100.48	101.53	102.87	101.87	102.45	102.90	102.98	103.15	103.63		
<b>Exports of goods<sup>1</sup>:</b>																		
Quantity index	126.12	135.69	131.23	131.71	133.87	133.97	143.23	148.13	Nondurable goods:									
Price index	102.75	101.88	102.80	102.55	102.65	101.71	100.62	100.48	Quantity index	122.22	130.97	125.58	129.20	132.81	128.53	133.34	141.23	
Foods, feeds, and beverages:																		
Quantity index	110.60	109.44	107.84	110.89	104.29	106.45	116.12	106.93	Price index	104.37	105.88	104.84	105.57	105.79	105.98	106.18	106.28	
Price index	113.28	127.46	122.71	125.93	135.24	130.02	118.66	118.55	Other:									
Industrial supplies and materials:																		
Quantity index	111.05	115.77	114.34	114.20	114.43	113.73	120.71	121.85	Quantity index	99.06	104.90	106.84	98.06	102.16	108.90	110.49	117.44	
Price index	121.08	115.55	118.33	116.80	115.48	114.83	115.10	115.21	Price index	103.96	104.23	104.22	104.40	104.87	104.17	103.47	103.43	
Durable goods:																		
Quantity index	114.71	121.02	114.84	115.53	121.06	122.41	125.10	126.97	Durable goods:									
Price index	117.92	113.89	117.06	116.18	114.74	112.40	112.26	113.25	Quantity index	99.06	104.90	106.84	98.06	102.16	108.90	110.49	117.44	
Nondurable goods:																		
Quantity index	109.12	113.01	114.05	113.48	110.96	109.21	118.40	119.16	Price index	103.96	104.25	104.24	104.43	104.89	104.20	103.49	103.46	
Price index	122.83	116.47	119.03	117.13	115.88	116.18	116.69	116.29	Nondurable goods:									
Capital goods, except automotive:																		
Quantity index	145.45	164.17	156.32	157.54	162.54	160.04	176.58	187.48	Quantity index	99.06	104.90	106.84	98.06	102.16	108.90	110.49	117.44	
Price index	91.29	88.79	90.67	90.08	89.12	88.28	87.69	87.19	Price index	103.96	104.25	104.24	104.43	104.89	104.20	103.49	103.46	
Civilian aircraft, engines, and parts:																		
Quantity index	63.35	72.00	60.01	62.84	78.55	62.04	84.57	89.98	<b>Exports of services<sup>1</sup>:</b>									
Price index	109.34	113.39	110.84	111.71	112.68	114.06	115.11	117.10	Quantity index	110.28	114.40	112.86	113.62	114.42	113.31	116.25	116.59	
Computers, peripherals, and parts:																		
Quantity index	217.55	313.05	257.92	289.51	303.63	316.62	342.43	401.08	Price index	107.40	110.25	107.99	108.86	109.94	110.73	111.49	111.95	
Price index	63.37	49.40	58.16	54.43	49.87	47.97	45.33	42.43	Transfers under U.S. military agency sales contracts:									
Other:																		
Quantity index	160.66	169.27	171.54	166.79	165.82	166.23	178.25	182.65	Quantity index	101.88	111.73	101.22	98.38	108.64	110.61	129.30	106.12	
Price index	95.42	96.21	96.14	96.50	96.62	95.89	95.83	95.87	Price index	112.47	115.02	113.24	112.26	116.52	115.58	115.71	117.57	
Automotive vehicles, engines, and parts:																		
Quantity index	127.56	131.25	126.65	126.72	128.79	136.54	132.95	140.40	Travel:									
Price index	103.07	104.18	104.04	104.00	104.09	104.16	104.46	104.84	Quantity index	104.43	105.33	107.05	107.81	105.69	101.28	106.55	107.96	
Consumer goods, except automotive:																		
Quantity index	121.75	130.98	123.86	126.94	131.54	128.84	136.61	140.65	Price index	106.95	111.56	108.30	109.95	111.02	112.38	112.89	114.38	
Royalties and license fees:																		
Quantity index	125.49	126.89	129.76	128.81	126.94	126.39	125.42	125.49	Passenger fares:									
Price index	107.30	109.43	108.03	108.73	109.23	109.63	110.13	110.54	Quantity index	101.37	107.51	107.08	106.84	109.03	105.48	108.67	112.20	
Other private services:																		
Quantity index	113.55	122.40	115.03	120.09	122.18	123.73	123.58	127.85	Price index	110.02	110.05	108.71	109.65	108.60	110.04	111.92	109.14	
Price index	106.81	108.97	107.62	108.26	108.90	109.17	109.55	109.92	Other transportation:									
Other:																		
Quantity index	109.42	111.23	109.94	110.79	110.54	111.68	111.92	112.10	Quantity index	114.90	116.04	118.97	114.40	116.66	115.91	117.19	116.13	
Price index	112.00	116.13	112.91	113.74	115.01	117.17	118.61	119.49	Price index	103.08	105.53	102.28	103.61	105.33	105.86	107.31	107.07	

**Table 7.10.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services by Major Type of Product—Continued**  
 [Index numbers, 1992=100]

	1995	1996	Seasonally adjusted						1995	1996	Seasonally adjusted										
			1995	1996				1997			1995	1996	1995	1996				1997			
				IV	I	II	III							IV	I	IV	I		II	III	IV
<b>Imports of goods and services:</b>																					
Quantity index .....	132.00	140.45	132.75	136.14	139.40	142.54	143.70	150.38													
Price index .....	102.16	102.00	101.88	101.90	102.07	101.55	102.45	101.39													
<b>Imports of goods<sup>1</sup>:</b>																					
Quantity index .....	136.67	146.16	137.65	141.03	144.97	148.67	149.95	156.64													
Price index .....	101.65	101.26	101.27	101.36	101.38	100.70	101.61	100.58													
<b>Foods, feeds, and beverages:</b>																					
Quantity index .....	106.19	116.50	106.71	113.69	114.85	117.82	119.83	123.07													
Price index .....	113.16	110.66	111.46	109.18	112.71	110.20	110.56	111.78													
<b>Industrial supplies and materials, except petroleum and products:</b>																					
Quantity index .....	130.86	138.30	127.30	132.39	136.93	142.13	141.75	143.59													
Price index .....	111.18	109.46	112.38	110.94	109.46	108.49	108.93	110.55													
<b>Durable goods:</b>																					
Quantity index .....	136.35	146.62	131.19	137.27	145.13	151.79	152.29	152.71													
Price index .....	111.67	109.91	112.28	109.96	110.32	109.80	109.56	111.22													
<b>Nondurable goods:</b>																					
Quantity index .....	125.78	130.64	123.70	127.89	129.37	133.24	132.06	135.19													
Price index .....	110.80	109.10	112.59	112.00	108.70	107.30	108.42	109.98													
<b>Petroleum and products:</b>																					
Quantity index .....	114.72	115.29	113.86	106.93	120.25	122.31	111.68	108.20													
Price index .....	93.08	114.22	91.15	101.40	112.95	113.31	129.20	123.41													
<b>Capital goods, except automotive:</b>																					
Quantity index .....	179.08	199.66	191.07	196.34	195.95	199.14	207.21	221.29													
Price index .....	92.10	86.43	90.60	89.16	86.81	85.51	84.24	82.02													
<b>Civilian aircraft, engines, and parts:</b>																					
Quantity index .....	78.35	89.24	76.75	78.47	89.76	91.72	97.01	92.94													
Price index .....	108.64	113.08	109.72	111.39	112.65	113.85	114.42	116.04													
<b>Computers, peripherals, and parts:</b>																					
Quantity index .....	265.56	355.18	308.95	328.44	345.87	363.68	382.72	427.50													
Price index .....	66.88	55.61	62.93	59.82	55.81	54.36	52.46	50.34													
<b>Other:</b>																					
Quantity index .....	168.68	173.94	174.91	177.26	171.01	170.89	176.59	185.84													
Price index .....	101.75	98.70	101.45	100.80	99.22	97.89	96.91	94.46													
<b>Automotive vehicles, engines, and parts:</b>																					
Quantity index .....	125.71	130.12	119.12	125.01	131.31	135.67	128.49	141.72													
Price index .....	108.13	108.81	109.00	108.81	108.65	108.85	108.92	108.95													
<b>Consumer goods, except automotive:</b>																					
Quantity index .....	126.38	134.02	124.84	128.12	130.67	135.79	141.50	143.59													
Price index .....	103.22	103.63	103.55	103.93	103.75	103.51	103.34	102.87													
<b>Durable goods:</b>																					
Quantity index .....	127.12	134.73	126.31	128.61	131.97	138.39	139.95	142.32													
Price index .....	103.07	103.11	103.22	103.63	103.23	102.91	102.68	101.86													
<b>Nondurable goods:</b>																					
Quantity index .....	125.57	133.24	123.24	127.59	129.25	132.96	143.16	144.96													
Price index .....	103.39	104.21	103.91	104.26	104.32	104.18	104.08	104.00													
<b>Other:</b>																					
Quantity index .....	117.31	124.20	123.87	120.19	125.54	123.10	127.97	135.67													
Price index .....	105.13	104.51	104.96	104.76	104.82	104.26	104.20	103.47													
<b>Durable goods:</b>																					
Quantity index .....	117.31	124.20	123.87	120.19	125.54	123.10	127.97	135.67													
Price index .....	105.13	104.51	104.96	104.76	104.82	104.26	104.20	103.47													
<b>Nondurable goods:</b>																					
Quantity index .....	117.31	124.20	123.87	120.19	125.54	123.10	127.97	135.67													
Price index .....	105.13	104.51	104.96	104.76	104.82	104.26	104.20	103.47													
<b>Imports of services<sup>1</sup>:</b>																					
Quantity index .....	111.82	115.86	111.60	115.05	115.41	116.15	116.81	123.43													
Price index .....	104.55	105.57	104.82	104.47	105.41	105.75	106.64	105.43													
<b>Direct defense expenditures:</b>																					
Quantity index .....	64.94	68.37	60.86	66.60	67.68	68.17	71.02	77.85													
Price index .....	109.30	108.46	112.07	108.74	109.78	110.04	105.29	98.93													
<b>Travel:</b>																					
Quantity index .....	113.29	118.83	114.67	121.97	119.19	114.80	119.39	131.00													
Price index .....	104.99	105.18	104.43	103.31	104.30	105.81	107.32	104.50													
<b>Passenger fares:</b>																					
Quantity index .....	129.96	127.51	128.39	129.03	125.22	126.37	129.43	135.21													
Price index .....	104.34	105.73	105.17	105.42	106.48	104.01	107.02	108.73													
<b>Other transportation:</b>																					
Quantity index .....	113.50	107.95	110.80	107.08	108.87	108.76	107.08	109.57													
Price index .....	101.05	103.12	101.25	101.59	103.03	103.19	104.69	104.41													
<b>Royalties and license fees:</b>																					
Quantity index .....	115.95	132.40	123.33	123.77	124.14	156.98	124.70	134.01													
Price index .....	107.30	109.38	108.03	108.53	109.23	109.63	110.13	110.54													
<b>Other private services:</b>																					
Quantity index .....	124.00	134.86	124.66	129.89	134.87	136.51	138.18	141.68													
Price index .....	105.10	106.48	105.66	106.14	106.52	106.52	106.75	106.75													
<b>Other:</b>																					
Quantity index .....	116.83	124.14	118.25	120.66	121.66	127.35	126.90	129.62													
Price index .....	106.31	107.59	106.48	106.33	107.15	107.99	108.89	108.01													
<b>Addenda:</b>																					
<b>Exports of agricultural goods<sup>2</sup>:</b>																					
Quantity index .....	112.54	110.01	112.05	114.57	103.37	105.55	116.55	108.04													
Price index .....	115.45	127.49	123.46	126.29	134.33	129.74	119.60	119.81													
<b>Exports of nonagricultural goods:</b>																					
Quantity index .....	127.63	138.68	133.41	133.64	137.45	137.29	146.33	152.88													
Price index .....	101.51	99.40	100.79	100.24	99.58	98.99	98.77	98.60													
<b>Imports of nonpetroleum goods:</b>																					
Quantity index .....	138.70	149.02	139.85	144.20	147.26	151.11	153.52	161.17													
Price index .....	102.59	100.39	102.39	101.60	100.63	99.86	99.47	98.85													

NOTE.—See footnotes to table 4.3.

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

	1995	1996	Seasonally adjusted					1997		1995	1996	Seasonally adjusted					1997																																			
			1995	1996								1995	1996	1996	1997																																					
				IV	I	II	III									IV		I																																		
<b>Government consumption expenditures and gross investment <sup>1</sup>:</b>								Compensation of general government employees, except force-account construction <sup>3</sup> :								Quantity index .....	92.95	90.45	87.07	88.66	92.07	91.20	89.89	90.28	Price index .....	121.51	126.65	129.31	129.22	124.85	125.56	126.96	130.45																			
Quantity index .....	99.72	100.54	98.88	99.28	101.14	100.98	100.76	100.79								Consumption of general government fixed capital <sup>4</sup> :										Quantity index .....	109.42	111.08	110.54	111.27	110.30	111.01	111.76	112.52																		
Price index .....	107.78	110.89	109.11	110.22	110.15	110.84	111.56	112.52								Price index .....	104.79	105.62	105.40	105.54	105.48	105.59	105.85	106.04	Other services:										Quantity index .....	111.58	114.10	110.24	113.70	115.67	116.62	110.42	117.21	Price index .....	105.54	107.35	106.38	106.45	107.06	107.65	108.23	108.57
<b>Federal:</b>								<b>Gross investment:</b>								Quantity index .....	89.95	96.03	88.34	90.89	90.60	93.12	109.52	109.01	Price index .....	104.22	104.86	104.89	104.81	104.70	104.86	105.07	105.20																			
Quantity index .....	89.45	88.48	86.40	87.67	89.67	88.88	87.88	86.96							Structures:										Quantity index .....	90.19	86.28	86.88	85.42	87.52	82.78	89.39	84.03																			
Price index .....	109.38	111.96	111.28	111.83	111.64	111.88	112.50	113.95							Price index .....	108.82	111.91	110.32	110.79	111.43	112.25	113.19	114.07	Equipment:										Quantity index .....	89.97	106.69	90.12	96.95	94.11	104.40	131.30	135.95										
<b>National defense:</b>								Price index .....	99.44	97.65	99.26	98.67	97.81	97.32	96.82	96.21	<b>State and local:</b>										Quantity index .....	107.18	109.31	107.97	107.72	109.48	109.77	110.28	110.87																	
Quantity index .....	85.05	83.53	82.17	83.00	85.00	83.81	82.33	80.16							Price index .....	106.74	109.84	107.73	109.16	109.17	110.13	110.91	111.57	<b>Consumption expenditures:</b>										Quantity index .....	105.89	107.52	106.38	106.17	107.64	108.08	108.21	108.72										
Price index .....	108.12	110.53	109.16	109.97	110.44	110.60	111.12	112.53							Price index .....	106.80	110.02	107.76	109.44	109.31	110.26	111.05	111.70	Durable goods <sup>2</sup> :										Quantity index .....	113.55	118.12	115.24	116.40	117.54	118.70	119.85	121.01										
<b>Consumption expenditures:</b>								Durable goods <sup>2</sup> :							Quantity index .....	104.70	105.66	106.16	105.95	105.49	105.60	105.60	105.63	Price index .....	104.70	105.66	106.16	105.95	105.49	105.60	105.60	105.63																				
Quantity index .....	87.63	86.26	86.07	84.97	87.46	86.49	86.12	84.50							Nondurable goods:										Quantity index .....	113.55	118.21	115.30	116.46	117.62	118.79	119.95	121.11																			
Price index .....	107.92	110.20	109.07	109.97	109.92	110.18	110.75	112.12							Price index .....	105.23	108.79	104.84	107.31	109.36	108.38	110.12	110.22	Services:										Quantity index .....	104.85	106.08	105.17	104.78	106.29	106.63	106.62	107.05										
Durable goods <sup>2</sup> :									Quantity index .....	96.58	98.34	98.12	93.21	100.09	96.38	103.70	96.99	Compensation of general government employees, except force-account construction <sup>3</sup> :										Quantity index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77																
Quantity index .....	68.14	67.15	61.89	61.98	71.43	74.21	60.97	64.15							Price index .....	108.37	111.80	109.60	111.46	110.89	112.01	112.83	113.60	Quantity index .....	87.19	80.75	86.05	82.35	82.33	80.75	77.59	72.42																				
Price index .....	101.39	102.66	101.42	102.33	102.96	102.71	102.63	103.03							Consumption of general government fixed capital <sup>4</sup> :										Quantity index .....	110.87	114.28	112.12	112.98	113.84	114.70	115.57	116.45																			
Nondurable goods:									Quantity index .....	99.99	110.20	102.65	106.24	108.29	109.29	117.00	113.73	Price index .....	104.78	106.85	105.67	106.03	106.47	107.22	107.69	108.24	Price index .....	116.83	119.33	117.84	117.18	118.34	120.03	121.77	122.18																	
Quantity index .....	66.08	76.98	58.66	76.74	81.90	81.91	67.38	71.56							Equipment:										Quantity index .....	117.99	123.47	120.05	121.42	122.79	124.16	125.53	126.91																			
Price index .....	99.99	110.20	102.65	106.24	108.29	109.29	117.00	113.73							Quantity index .....	68.68	66.76	57.38	70.70	69.90	67.33	59.11	53.88	Price index .....	108.54	112.00	108.73	109.07	113.52	112.74	112.68	114.54	Price index .....	117.99	123.47	120.05	121.42	122.79	124.16	125.53	126.91											
Services:									Price index .....	105.26	106.90	105.87	105.68	106.37	107.33	108.24	108.41	Other services:										Quantity index .....	104.38	110.85	106.38	110.37	110.47	110.30	112.28	115.16																
Quantity index .....	90.34	88.55	89.43	87.62	89.33	87.96	89.31	87.03							Price index .....	87.57	89.52	87.19	87.16	88.27	91.84	90.80	91.13	Quantity index .....	100.07	100.40	96.60	98.96	100.96	101.12	100.58	103.30																				
Price index .....	108.76	110.94	109.97	110.80	110.65	110.93	111.38	112.94							Compensation of general government employees, except force-account construction <sup>3</sup> :										Price index .....	112.29	115.22	115.98	116.00	114.41	114.81	115.65	117.21																			
Compensation of general government employees, except force-account construction <sup>3</sup> :									Quantity index .....	96.58	98.34	98.12	93.21	100.09	96.38	103.70	96.99	Quantity index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77																										
Quantity index .....	84.49	80.83	82.12	81.46	81.38	80.91	79.58	78.95							Price index .....	108.37	111.80	109.60	111.46	110.89	112.01	112.83	113.60	Price index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77																				
Price index .....	108.02	111.88	109.94	112.17	111.49	111.61	112.26	115.13							Consumption of general government fixed capital <sup>4</sup> :										Quantity index .....	110.87	114.28	112.12	112.98	113.84	114.70	115.57	116.45																			
Consumption of general government fixed capital <sup>4</sup> :									Quantity index .....	96.20	94.11	95.50	95.16	94.09	93.75	93.44	93.22	Price index .....	104.78	106.85	105.67	106.03	106.47	107.22	107.69	108.24																										
Quantity index .....	96.20	94.11	95.50	95.16	94.09	93.75	93.44	93.22							Other services:										Quantity index .....	110.87	114.28	112.12	112.98	113.84	114.70	115.57	116.45																			
Price index .....	115.94	115.01	116.40	115.55	115.34	114.94	114.20	114.86							Quantity index .....	104.38	110.85	106.38	110.37	110.47	110.30	112.28	115.16	Price index .....	105.23	108.79	104.84	107.31	109.36	108.38	110.12	110.22																				
Other services:									Quantity index .....	96.58	98.34	98.12	93.21	100.09	96.38	103.70	96.99	Quantity index .....	104.38	110.85	106.38	110.37	110.47	110.30	112.28	115.16																										
Quantity index .....	90.34	88.55	89.43	87.62	89.33	87.96	89.31	87.03							Price index .....	87.57	89.52	87.19	87.16	88.27	91.84	90.80	91.13	Quantity index .....	104.85	106.08	105.17	104.78	106.29	106.63	106.62	107.05																				
Price index .....	108.76	110.94	109.97	110.80	110.65	110.93	111.38	112.94							Price index .....	107.03	110.26	108.15	109.77	109.38	110.60	111.28	112.01	Compensation of general government employees, except force-account construction <sup>3</sup> :									Quantity index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77											
Compensation of general government employees, except force-account construction <sup>3</sup> :									Quantity index .....	96.20	94.11	95.50	95.16	94.09	93.75	93.44	93.22	Quantity index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77																										
Quantity index .....	84.49	80.83	82.12	81.46	81.38	80.91	79.58	78.95							Price index .....	108.37	111.80	109.60	111.46	110.89	112.01	112.83	113.60	Price index .....	104.31	105.08	104.47	103.74	105.38	105.70	105.50	105.77																				
Price index .....	108.02	111.88	109.94	112.17	111.49	111.61	112.26	115.13							Consumption of general government fixed capital <sup>4</sup> :										Quantity index .....	110.87	114.28	112.12	112.98	113.84	114.70	115.57	116.45																			
Consumption of general government fixed capital <sup>4</sup> :									Quantity index .....	96.20	94.11	95.50	95.16	94.09	93.75	93.44	93.22	Price index .....	104.78	106.85	105.67	106.03	106.47	107.22	107.69	108.24																										
Quantity index .....	96.20	94.11	95.50	95.16	94.09	93.75	93.44	93.22							Other services:										Quantity index .....	110.87	114.28	112.12	112.98	113.84	114.70	115.57	116.45																			
Price index .....	115.94	115.01	116.40	115.55	115.34	114.94	114.20	114.86							Quantity index .....	104.38	110.85	106.38	110.37	110.47	110.30	112.28	115.16	Price index .....	105.23	108.79	104.84	107.31	109.36	108.38	110.12	110.22																				
Other services:									Quantity index .....	96.58	98.34	98.12	93.21	100.09	96.38	103.70	96.99	Quantity index .....	104.38	110.85	106.38	110.37	110.47	110.30	11																											

Table 7.14.—Chain-Type Quantity and Price Indexes for Gross Domestic Product by Sector  
[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted							
			1995	1996						1997
				IV	I	II	III	IV	I	
<b>Gross domestic product:</b>										
Quantity index .....	107.97	110.61	108.58	109.12	110.37	110.95	111.99	113.61		
Price index .....	107.57	109.88	108.42	109.03	109.62	110.17	110.69	111.43		
<b>Business<sup>1</sup>:</b>										
Quantity index .....	109.23	112.34	110.04	110.74	112.01	112.66	113.95	115.83		
Price index .....	107.31	109.43	108.01	108.48	109.26	109.75	110.24	110.89		
<b>Nonfarm<sup>1</sup>:</b>										
Quantity index .....	109.47	112.48	110.31	110.94	112.16	112.75	114.06	115.94		
Price index .....	107.39	109.37	108.02	108.47	109.20	109.67	110.14	110.86		
<b>Nonfarm less housing:</b>										
Quantity index .....	109.93	113.12	110.72	111.50	112.84	113.38	114.77	116.81		
Price index .....	107.22	109.08	107.78	108.19	108.93	109.37	109.81	110.53		
<b>Housing:</b>										
Quantity index .....	105.63	107.12	106.90	106.31	106.51	107.46	108.18	108.67		
Price index .....	108.85	111.92	110.11	110.90	111.57	112.26	112.96	113.70		
<b>Farm:</b>										
Quantity index .....	93.43	103.51	92.73	97.55	102.26	107.66	106.56	109.04		
Price index .....	102.08	115.77	107.75	110.61	115.43	117.94	119.10	114.83		
<b>Households and institutions:</b>										
Quantity index .....	108.39	110.78	109.29	109.48	110.51	111.13	111.99	112.94		
Price index .....	106.78	110.26	108.07	109.15	109.70	110.67	111.50	112.57		
<b>Private households:</b>										
Quantity index .....	100.54	102.40	101.13	101.68	102.51	102.44	102.95	103.99		
Price index .....	109.67	113.64	111.20	112.04	112.65	114.38	115.49	115.98		
<b>Nonprofit institutions:</b>										
Quantity index .....	108.68	111.10	109.60	109.78	110.82	111.46	112.34	113.28		
Price index .....	106.67	110.13	107.95	109.04	109.59	110.53	111.36	112.45		
<b>General government<sup>2</sup>:</b>										
Quantity index .....	99.56	99.18	98.70	98.34	99.58	99.62	99.19	99.32		
Price index .....	109.65	112.87	111.44	112.90	112.10	112.90	113.60	114.89		
<b>Federal:</b>										
Quantity index .....	89.79	86.94	86.94	86.99	87.61	87.10	86.05	85.82		
Price index .....	112.93	115.98	116.00	116.89	115.39	115.56	116.09	118.54		
<b>State and local:</b>										
Quantity index .....	104.94	105.97	105.21	104.62	106.21	106.57	106.49	106.82		
Price index .....	108.03	111.33	109.23	110.94	110.47	111.56	112.34	113.09		

NOTE.—See footnotes to table 1.7.

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

	1.053	1.065	1.057	1.062	1.065	1.066	1.066	1.069
<b>Current-dollar cost and profit per unit of real gross domestic product<sup>1</sup></b>								
Consumption of fixed capital .....	.102	.102	.103	.103	.103	.102	.102	.101
<b>Net domestic product</b> .....	.950	.962	.954	.959	.963	.963	.964	.968
<b>Indirect business tax and nontax liability plus business transfer payments less subsidies</b> .....	.109	.106	.108	.107	.105	.105	.105	.106
<b>Domestic income</b> .....	.842	.857	.846	.851	.858	.859	.858	.862
Compensation of employees .....	.698	.705	.699	.702	.706	.706	.708	.709
Corporate profits with inventory valuation and capital consumption adjustments .....	.117	.125	.120	.123	.126	.126	.123	.127
Profits tax liability .....	.038	.038	.037	.039	.039	.038	.038	.038
<b>Profits after tax with inventory valuation and capital consumption adjustments</b> .....	.079	.086	.082	.084	.087	.088	.085	.089
<b>Net interest</b> .....	.027	.027	.027	.026	.026	.027	.027	.027

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

Table 7.16.—Implicit Price Deflators for Inventories of Business by Industry  
[Index numbers, 1992=100]

	1995	1996	Seasonally adjusted							
			1995	1996						1997
				IV	I	II	III	IV	I	
<b>Inventories<sup>1</sup></b> .....	106.41	106.70	107.20	107.11	107.22	107.01				
<b>Farm</b> .....	95.87	95.02	100.28	101.56	96.93	100.36				
<b>Nonfarm</b> .....	107.47	107.86	107.92	107.70	108.25	107.71				
Durable goods .....	106.35	106.14	106.18	106.04	106.35	107.07				
Nondurable goods .....	108.99	110.22	110.29	109.99	110.85	108.59				
<b>Manufacturing</b> .....	107.50	107.27	107.07	106.97	107.71	107.23				
Durable goods .....	105.43	105.03	105.05	104.72	105.61	105.59				
Nondurable goods .....	111.04	111.12	110.53	110.85	111.33	110.01				
<b>Wholesale</b> .....	108.01	108.56	108.76	107.81	107.35	107.40				
Durable goods .....	105.41	105.10	105.02	104.87	104.64	104.87				
Nondurable goods .....	112.34	114.39	115.07	112.77	111.89	111.62				
<b>Merchant wholesalers</b> .....	108.35	108.84	109.20	108.01	107.42	107.68				
Durable goods .....	105.61	105.32	105.26	105.11	104.88	105.13				
Nondurable goods .....	112.99	114.86	115.97	112.97	111.73	112.00				
<b>Nonmerchant wholesalers</b> .....	105.92	106.86	106.08	106.61	106.98	105.75				
Durable goods .....	104.09	103.66	103.52	103.33	103.06	103.21				
Nondurable goods .....	108.77	111.87	110.12	111.87	113.26	109.77				
<b>Retail trade</b> .....	107.00	107.43	107.45	107.68	107.68	107.84				
Durable goods .....	107.54	107.70	107.45	107.38	107.48	109.98				
Motor vehicle dealers .....	109.73	110.46	109.51	108.80	109.30	115.23				
Other .....	105.17	104.86	105.19	105.67	105.42	105.09				
Nondurable goods .....	106.53	107.25	107.59	108.16	108.04	105.61				
<b>Other</b> .....	107.40	109.46	110.05	110.15	113.71	109.96				
Durable goods .....	112.65	112.75	114.45	115.25	115.15	116.40				
Nondurable goods .....	104.81	107.94	107.92	107.65	113.10	106.78				

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

8. Supplementary Tables

Table 8.1.—Percent Change From Preceding Period in Selected Series  
[Percent]

	1995	Seasonally adjusted at annual rates						1995	1996	Seasonally adjusted at annual rates											
		1996	1996							1995	1996	1996									
			1995	1996								1997	1995	1996	1996				1997		
				IV	I	II	III								IV	I	IV	I		II	III
<b>Gross domestic product:</b>																					
Current dollars .....	4.6	4.4	2.3	4.2	6.5	3.8	5.4	8.3													
Chain-type quantity index .....	2.0	2.4	.3	2.0	4.7	2.1	3.8	5.9													
Chain-type price index .....	2.5	2.1	2.1	2.3	2.2	2.0	1.9	2.7													
Implicit price deflator .....	2.5	2.0	2.0	2.2	1.8	1.7	1.5	2.2													
<b>Personal consumption expenditures:</b>																					
Current dollars .....	4.8	4.6	2.7	5.7	6.4	2.0	5.9	7.5													
Chain-type quantity index .....	2.3	2.5	1.1	3.5	3.4	.5	3.4	5.6													
Chain-type price index .....	2.4	2.2	1.6	2.4	3.2	1.7	2.8	2.3													
Implicit price deflator .....	2.4	2.1	1.6	2.2	2.9	1.5	2.5	1.8													
<b>Durable goods:</b>																					
Current dollars .....	4.4	4.2	-2.0	8.4	8.2	-4.4	3.0	15.8													
Chain-type quantity index .....	3.2	5.4	-1.0	8.2	11.4	-2.6	5.0	18.8													
Chain-type price index .....	1.2	-5	-7	8	-1.6	-6	-9	-3													
Implicit price deflator .....	1.2	-1.1	-9	-2	-2.9	-1.9	-1.9	-2.5													
<b>Nondurable goods:</b>																					
Current dollars .....	3.9	4.0	.8	7.7	6.1	.5	5.4	7.0													
Chain-type quantity index .....	2.3	1.4	-4	3.7	1.3	4	1.8	4.6													
Chain-type price index .....	1.6	2.6	1.3	3.9	4.8	2	3.7	2.4													
Implicit price deflator .....	1.6	2.5	1.2	3.9	4.7	.1	3.5	2.4													
<b>Services:</b>																					
Current dollars .....	5.3	5.0	4.6	4.2	6.2	4.3	6.8	6.1													
Chain-type quantity index .....	2.2	2.4	2.3	2.4	2.7	1.3	3.8	3.4													
Chain-type price index .....	3.0	2.6	2.3	1.9	3.3	3.0	3.0	2.8													
Implicit price deflator .....	3.0	2.6	2.3	1.8	3.4	3.0	2.9	2.6													
<b>Gross private domestic investment:</b>																					
Current dollars .....	5.0	4.9	-4.0	1.9	10.5	23.8	-3.3	21.7													
Chain-type quantity index .....	3.1	4.7	-4.0	2.9	11.0	22.9	-3.3	22.8													
Chain-type price index .....	1.7	.8	.4	-4	2	2.2	1.6	-1													
Implicit price deflator .....	1.9	.2	0	-9	-4	.8	0	-9													
<b>Fixed investment:</b>																					
Current dollars .....	7.7	7.1	3.7	9.7	6.6	12.1	3.0	8.0													
Chain-type quantity index .....	6.0	6.8	3.5	10.4	7.2	10.6	3.5	9.8													
Chain-type price index .....	1.6	.9	.4	-1	.5	2.2	1.0	-1													
Implicit price deflator .....	1.6	.3	.2	-6	-5	1.3	-5	-1.7													
<b>Nonresidential:</b>																					
Current dollars .....	10.7	7.1	1.8	10.7	2.5	18.3	3.8	8.2													
Chain-type quantity index .....	9.5	7.4	2.5	11.6	3.8	17.5	5.5	11.0													
Chain-type price index .....	1.0	.5	-3	-2	.1	1.8	.3	-5													
Implicit price deflator .....	1.0	-2	-6	-8	-1.3	.7	-1.6	-2.5													
<b>Structures:</b>																					
Current dollars .....	10.8	7.3	2.9	9.0	-1.8	12.1	29.7	8.5													
Chain-type quantity index .....	7.3	4.9	1.0	7.7	-3.7	8.4	25.8	6.6													
Chain-type price index .....	3.3	2.3	1.8	1.2	2.0	3.4	3.1	1.8													
Implicit price deflator .....	3.3	2.3	1.9	1.2	2.0	3.4	3.1	1.7													
<b>Producers' durable equipment:</b>																					
Current dollars .....	10.6	7.0	1.4	11.3	4.2	20.6	-4.5	8.1													
Chain-type quantity index .....	10.4	8.3	3.0	13.1	6.7	20.9	-9	12.7													
Chain-type price index .....	.2	-1	-1.0	-7	-6	1.1	-8	-1.4													
Implicit price deflator .....	.2	-1.1	-1.5	-1.6	-2.4	-2	-3.6	-4.0													
<b>Residential:</b>																					
Current dollars .....	.7	7.1	8.8	7.3	17.7	-2.0	.9	7.5													
Chain-type quantity index .....	-2.3	5.3	6.4	7.4	16.3	-5.2	-1.8	6.7													
Chain-type price index .....	3.1	1.8	2.2	0	1.3	3.3	2.8	.7													
Implicit price deflator .....	3.1	1.7	2.2	-1	1.2	3.3	2.7	.7													
<b>Exports of goods and services:</b>																					
Current dollars .....	12.3	5.9	9.0	1.2	5.1	-2.7	21.8	8.1													
Chain-type quantity index .....	8.9	6.5	10.7	1.8	5.6	-9	25.0	10.8													
Chain-type price index .....	3.1	.1	-1.0	2	1.4	-1.8	-2.2	.1													
Implicit price deflator .....	3.1	-5	-1.5	-6	-5	-1.8	-2.6	-2.4													
<b>Exports of goods:</b>																					
Current dollars .....	14.2	5.8	12.5	-6	4.5	-3.2	25.1	10.2													
Chain-type quantity index .....	10.6	7.6	15.3	1.5	6.7	.3	30.7	14.4													
Chain-type price index .....	3.2	-8	-1.8	-1.0	.4	-3.6	-4.2	-6													
Implicit price deflator .....	3.2	-1.7	-2.4	-2.0	-2.1	-3.5	-4.3	-3.7													
<b>Exports of services:</b>																					
Current dollars .....	7.6	6.4	.7	6.0	6.6	-1.2	13.8	2.9													
Chain-type quantity index .....	4.7	3.7	-3	2.7	2.8	-3.8	10.8	1.2													
Chain-type price index .....	2.7	2.7	1.0	3.2	4.0	2.9	2.8	1.7													
<b>Implicit price deflator:</b>																					
Current dollars .....	2.7	2.5	1.0	3.2	3.7	2.8	2.7	1.7													
Chain-type quantity index .....	2.7	2.5	1.0	3.2	3.7	2.8	2.7	1.7													
Chain-type price index .....	2.7	2.5	1.0	3.2	3.7	2.8	2.7	1.7													
Implicit price deflator .....	2.7	2.5	1.0	3.2	3.7	2.8	2.7	1.7													

NOTE.—Except for disposable personal income, the quantity and price indexes are calculated from weighted averages of the detailed output and prices used to prepare each aggregate and component. Prior to the third quarter of 1995, these indexes use the geometric mean of weights that reflect the composition of output for the preceding and current years. Beginning with the third quarter of 1995, these indexes use weights that reflect the composition

of output in 1995. Implicit price deflators are weighted averages of the detailed price indexes used to prepare each aggregate and component and are calculated as the ratio of current- to chained-dollar output multiplied by 100. (Contributions to the percent change in real gross domestic product are shown in table 8.2.)



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

	1995	1996	Seasonally adjusted at annual rates					
			1995		1996			1997
			IV	I	II	III	IV	I
<b>Percent change at annual rate:</b>								
Gross domestic product .....	2.0	2.4	0.3	2.0	4.7	2.1	3.8	5.9
<b>Percentage points at annual rates:</b>								
<b>Personal consumption expenditures</b>	1.6	1.7	.7	2.4	2.3	.3	2.3	3.8
Durable goods .....	.3	.5	-.1	.7	.9	-.2	.4	1.5
Nondurable goods .....	.5	.3	-.1	.7	.3	.1	.4	.9
Services .....	.9	.9	.8	.9	1.1	.5	1.5	1.3
<b>Gross private domestic investment ...</b>	.4	.7	-.5	.4	1.5	3.2	-.5	3.2
Fixed investment .....	.8	1.0	.5	1.4	1.0	1.5	.5	1.4
Nonresidential .....	.9	.8	.2	1.1	.4	1.7	.6	1.2
Structures .....	.2	.1	0	.2	-.1	.2	.7	.2
Producers' durable equipment .....	.7	.6	.2	.9	.5	1.5	-.1	1.0
Residential .....	-.1	.2	.2	.3	.6	-.2	-.1	.3
Change in business inventories .....	-.4	-.3	-1.0	-1.0	.5	1.6	-1.0	1.8
<b>Net exports of goods and services ...</b>	0	-.1	.9	-1.1	-.6	-1.3	2.2	-1.2
Exports .....	.9	.7	1.1	.2	.6	-.1	2.6	1.2
Goods .....	.8	.6	1.1	.1	.5	0	2.3	1.2
Services .....	.1	.1	0	.1	.1	-.1	.3	0
Imports .....	-.9	-.8	-.2	-1.3	-1.2	-1.2	-.4	-2.4
Goods .....	-.9	-.7	-.2	-1.0	-1.2	-1.1	-.4	-2.0
Services .....	-.1	-.1	0	-.2	0	-.1	0	-.5
<b>Government consumption expenditures and gross investment .....</b>	0	.2	-.8	.3	1.4	-.1	-.2	0
Federal .....	-.3	-.1	-.9	.4	.6	-.2	-.4	-.2
National defense .....	-.3	-.1	-.6	.2	.4	-.3	-.3	-.5
Nondefense .....	0	0	-.3	.2	.2	0	0	.2
State and local .....	.3	.2	.2	-.1	.8	.1	.2	.2

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

	[Dollars]							
	1995	1996	Seasonally adjusted at annual rates					1997
			1995		1996			
IV			I	II	III	IV	I	
<b>Current dollars:</b>								
Gross domestic product .....	27,571	28,537	27,840	28,072	28,455	28,653	28,964	29,490
Gross national product .....	27,545	28,503	27,816	28,071	28,427	28,588	28,924	29,386
Personal income .....	23,233	24,294	23,597	23,830	24,173	24,450	24,718	25,096
Disposable personal income .....	20,214	21,040	20,539	20,712	20,890	21,167	21,387	21,654
Personal consumption expenditures .....	18,719	19,404	18,901	19,128	19,383	19,433	19,670	19,992
Durable goods .....	2,305	2,381	2,321	2,363	2,405	2,372	2,384	2,469
Nondurable goods .....	5,648	5,820	5,659	5,753	5,826	5,818	5,881	5,971
Services .....	10,767	11,203	10,921	11,011	11,152	11,243	11,405	11,552
<b>Chained (1992) dollars:</b>								
Gross domestic product .....	25,627	26,016	25,679	25,755	25,993	26,064	26,251	26,581
Gross national product .....	25,605	25,989	25,660	25,757	25,970	26,009	26,219	26,491
Disposable personal income .....	18,789	19,158	18,971	19,028	19,053	19,233	19,315	19,471
Personal consumption expenditures .....	17,400	17,669	17,458	17,573	17,679	17,657	17,764	17,977
Durable goods .....	2,204	2,303	2,225	2,265	2,322	2,301	2,324	2,422
Nondurable goods .....	5,404	5,431	5,390	5,428	5,434	5,426	5,438	5,489
Services .....	9,795	9,938	9,845	9,883	9,927	9,934	10,006	10,072
Population (mid-period, thousands) .....	263,090	265,482	264,032	264,563	265,155	265,806	266,405	266,901

Table 8.4.—Auto Output

[Billions of dollars]

	1995	1996	Seasonally adjusted at annual rates					1997
			1995	1996				
				IV	I	II	III	
<b>Auto output</b> .....	<b>134.8</b>	<b>128.3</b>	<b>132.6</b>	<b>112.9</b>	<b>136.2</b>	<b>139.0</b>	<b>124.8</b>	<b>127.8</b>
<b>Final sales</b> .....	<b>133.8</b>	<b>131.1</b>	<b>133.7</b>	<b>132.1</b>	<b>134.0</b>	<b>132.0</b>	<b>126.4</b>	<b>129.3</b>
Personal consumption expenditures .....	137.3	136.3	134.8	137.4	140.9	134.6	132.2	141.2
New autos .....	84.6	81.4	87.2	85.1	82.5	76.7	81.1	84.6
Net purchases of used autos .....	52.7	54.9	47.6	52.3	58.4	57.9	51.1	56.6
Producers' durable equipment .....	42.2	42.3	39.9	40.0	42.7	46.6	40.0	44.0
New autos .....	72.4	74.0	68.0	70.2	75.8	82.4	67.8	76.5
Net purchases of used autos .....	-30.2	-31.7	-28.1	-30.2	-33.1	-35.8	-27.8	-32.4
Net exports .....	-48.1	-49.8	-43.9	-47.9	-51.5	-51.1	-48.8	-53.4
Exports .....	16.7	17.2	16.7	17.3	15.7	18.6	17.1	16.9
Imports .....	64.8	67.0	60.6	65.2	67.2	69.7	65.9	75.2
Gross government investment .....	2.4	2.4	3.0	2.6	1.9	1.9	3.1	2.4
<b>Change in business inventories of new and used autos</b> .....	<b>1.0</b>	<b>-2.9</b>	<b>-1.2</b>	<b>-19.1</b>	<b>2.3</b>	<b>7.0</b>	<b>-1.6</b>	<b>-1.4</b>
New .....	0	-3.3	-3.7	-21.4	3.3	6.1	-1.0	-7
Used .....	1.0	.4	2.5	2.3	-1.0	.9	-6	-8
<b>Addenda:</b>								
Domestic output of new autos <sup>1</sup> .....	118.9	116.7	113.3	102.5	123.2	129.4	111.6	114.5
Sales of imported new autos <sup>2</sup> .....	56.3	55.8	57.8	58.3	53.8	54.9	56.1	64.1

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

Table 8.6.—Truck Output

[Billions of dollars]

Truck output <sup>1</sup> .....	127.6	132.2	130.5	129.7	134.4	130.7	134.1	139.7
<b>Final sales</b> .....	<b>125.5</b>	<b>133.0</b>	<b>130.1</b>	<b>134.8</b>	<b>129.4</b>	<b>129.5</b>	<b>138.1</b>	<b>137.6</b>
Personal consumption expenditures .....	56.9	58.4	58.7	59.6	58.0	56.8	59.1	58.7
Producers' durable equipment .....	66.3	71.0	67.1	68.4	69.1	71.6	75.0	76.5
Net exports .....	-5.1	-4.7	-4.9	-4.2	-5.2	-6.4	-3.1	-5.3
Exports .....	7.7	9.0	7.8	8.3	9.0	8.6	10.0	10.1
Imports .....	12.8	13.7	12.7	12.5	14.2	15.0	13.2	15.4
Gross government investment .....	7.5	8.3	9.2	11.1	7.5	7.5	7.1	7.8
<b>Change in business inventories</b> .....	<b>2.1</b>	<b>-8</b>	<b>.4</b>	<b>-5.1</b>	<b>4.9</b>	<b>1.2</b>	<b>-4.0</b>	<b>2.1</b>

1. Includes new trucks only.

Table 8.5.—Real Auto Output

[Billions of chained (1992) dollars]

	1995	1996	Seasonally adjusted at annual rates					1997
			1995	1996				
				IV	I	II	III	
<b>Auto output</b> .....	<b>120.5</b>	<b>112.6</b>	<b>117.0</b>	<b>100.1</b>	<b>119.6</b>	<b>121.3</b>	<b>109.4</b>	<b>111.1</b>
<b>Final sales</b> .....	<b>120.2</b>	<b>115.2</b>	<b>119.8</b>	<b>117.0</b>	<b>118.2</b>	<b>115.4</b>	<b>110.4</b>	<b>112.8</b>
Personal consumption expenditures .....	118.1	115.9	115.8	116.7	120.0	114.6	112.3	119.8
New autos .....	78.3	73.9	80.2	77.9	75.2	69.3	73.3	76.5
Net purchases of used autos .....	39.3	40.9	35.8	38.4	43.5	43.5	38.3	42.2
Producers' durable equipment .....	43.2	41.8	40.2	40.6	42.5	45.3	38.8	42.9
New autos .....	66.9	67.3	62.5	64.3	69.1	74.4	61.3	69.2
Net purchases of used autos .....	-23.8	-25.2	-22.4	-23.6	-26.2	-28.7	-22.4	-26.0
Net exports .....	-43.0	-44.3	-38.9	-42.6	-46.0	-45.4	-43.4	-52.0
Exports .....	16.0	16.2	15.7	16.3	14.8	17.5	16.1	15.9
Imports .....	59.1	60.5	54.6	58.9	60.8	62.9	59.5	67.8
Gross government investment .....	2.2	2.2	2.8	2.4	1.7	1.7	2.8	2.1
<b>Change in business inventories of new and used autos</b> .....	<b>.2</b>	<b>-2.7</b>	<b>-2.8</b>	<b>-16.8</b>	<b>1.4</b>	<b>5.8</b>	<b>-1.0</b>	<b>-1.7</b>
New .....	-6	-2.9	-5.0	-19.3	2.6	5.5	-3	-8
Used .....	.6	.1	1.8	1.6	-1.0	.5	-6	-8
Residual .....	.7	.6	.2	1.0	.7	.5	.4	.6
<b>Addenda:</b>								
Domestic output of new autos <sup>1</sup> .....	110.2	106.6	103.3	94.6	112.4	117.7	101.8	104.0
Sales of imported new autos <sup>2</sup> .....	52.1	50.7	53.1	53.5	49.1	49.7	50.7	58.0

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

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

Table 8.7.—Real Truck Output

[Billions of chained (1992) dollars]

Truck output <sup>1</sup> .....	114.5	116.6	116.4	115.2	118.5	114.8	117.8	122.1
<b>Final sales</b> .....	<b>112.6</b>	<b>117.2</b>	<b>116.0</b>	<b>119.7</b>	<b>114.1</b>	<b>113.8</b>	<b>121.4</b>	<b>120.2</b>
Personal consumption expenditures .....	50.9	50.9	51.9	52.5	50.7	49.4	51.0	50.4
Producers' durable equipment .....	59.3	62.9	60.0	60.8	61.1	63.1	66.4	67.4
Net exports .....	-4.3	-3.8	-4.0	-3.4	-4.2	-5.3	-2.2	-4.3
Exports .....	7.5	8.7	7.5	8.0	8.7	8.3	9.7	9.6
Imports .....	11.8	12.4	11.5	11.4	12.9	13.6	11.9	13.9
Gross government investment .....	6.7	7.3	8.2	9.8	6.6	6.6	6.3	6.8
<b>Change in business inventories</b> .....	<b>1.9</b>	<b>-7</b>	<b>.4</b>	<b>-4.5</b>	<b>4.3</b>	<b>1.1</b>	<b>-3.6</b>	<b>1.8</b>
Residual .....	0	-1	-1	0	0	-1	-1	0

1. Includes new trucks only.

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









**Table B.7.—Compensation and Wage and Salary Accruals by Industry**  
(Millions of dollars)

	Compensation			Wage and salary accruals				Compensation			Wage and salary accruals		
	1993	1994	1995	1993	1994	1995		1993	1994	1995	1993	1994	1995
<b>Total</b> .....	<b>3,809,500</b>	<b>4,009,754</b>	<b>4,222,722</b>	<b>3,095,293</b>	<b>3,257,335</b>	<b>3,433,238</b>	Communications .....	63,042	66,742	70,501	52,162	55,122	58,157
<b>Domestic industries</b> .....	<b>3,809,547</b>	<b>4,009,843</b>	<b>4,222,834</b>	<b>3,095,340</b>	<b>3,257,424</b>	<b>3,433,347</b>	Telephone and telegraph .....	48,891	51,349	.....	40,312	42,198	43,897
<b>Private industries</b> .....	<b>3,036,391</b>	<b>3,214,105</b>	<b>3,402,568</b>	<b>2,511,110</b>	<b>2,654,881</b>	<b>2,811,616</b>	Radio and television .....	14,151	15,393	.....	11,850	12,924	14,260
Agriculture, forestry, and fishing .....	32,857	34,939	36,226	28,080	29,999	31,080	Electric, gas, and sanitary services ....	52,381	53,609	51,831	42,172	43,021	43,484
Farms .....	14,249	14,503	.....	12,052	12,326	12,290	<b>Wholesale trade</b> .....	<b>244,590</b>	<b>259,948</b>	<b>277,911</b>	<b>204,706</b>	<b>218,000</b>	<b>233,379</b>
Agricultural services, forestry, and fishing .....	18,608	20,436	.....	16,028	17,673	18,790	<b>Retail trade</b> .....	<b>344,010</b>	<b>364,672</b>	<b>386,645</b>	<b>293,686</b>	<b>312,281</b>	<b>330,457</b>
<b>Mining</b> .....	<b>32,355</b>	<b>33,128</b>	<b>33,166</b>	<b>26,115</b>	<b>26,364</b>	<b>26,482</b>	<b>Finance, insurance, and real estate</b> ....	<b>299,210</b>	<b>313,330</b>	<b>322,115</b>	<b>250,262</b>	<b>262,233</b>	<b>269,571</b>
Metal mining .....	2,786	2,840	.....	2,188	2,173	2,395	Depository institutions .....	74,818	77,472	.....	60,945	62,958	64,714
Coal mining .....	6,134	6,443	.....	4,802	5,015	4,828	Nondepository institutions .....	21,330	21,807	.....	17,890	18,255	18,128
Oil and gas extraction .....	19,258	19,421	.....	15,725	15,587	15,446	Security and commodity brokers .....	52,566	55,476	.....	45,717	48,496	50,363
Nonmetallic minerals, except fuels ....	4,177	4,424	.....	3,420	3,589	3,813	Insurance carriers .....	67,311	70,646	.....	55,616	58,308	59,925
<b>Construction</b> .....	<b>165,738</b>	<b>163,150</b>	<b>196,015</b>	<b>134,173</b>	<b>147,446</b>	<b>157,579</b>	Insurance agents, brokers, and service .....	27,850	29,685	.....	23,477	25,084	26,196
<b>Manufacturing</b> .....	<b>749,301</b>	<b>788,590</b>	<b>817,973</b>	<b>596,001</b>	<b>625,358</b>	<b>650,015</b>	Real estate .....	39,087	41,582	.....	32,453	34,636	35,280
Durable goods .....	455,411	484,020	506,295	358,366	379,414	398,260	Holding and other investment offices .....	16,238	16,662	.....	14,164	14,496	14,965
Lumber and wood products .....	21,204	22,996	.....	15,915	18,464	19,370	<b>Services</b> .....	<b>916,577</b>	<b>971,928</b>	<b>1,058,843</b>	<b>776,850</b>	<b>821,818</b>	<b>892,680</b>
Furniture and fixtures .....	14,121	14,924	.....	11,319	11,986	12,462	Hotels and other lodging places .....	32,852	34,521	.....	27,641	28,990	30,655
Stone, clay, and glass products .....	19,989	21,365	.....	15,880	17,052	17,703	Personal services .....	21,900	22,699	.....	18,839	19,365	20,328
Primary metal industries .....	32,311	34,569	.....	25,085	26,884	27,884	Business services .....	152,514	167,968	.....	129,249	142,444	164,396
Fabricated metal products .....	52,275	56,382	.....	41,031	44,528	46,861	Auto repair, services, and parking .....	24,335	26,083	.....	20,600	22,054	23,820
Industrial machinery and equipment .....	90,139	95,829	.....	71,972	76,729	81,918	Miscellaneous repair services .....	10,740	10,312	.....	9,158	8,706	9,645
Electronic and other electric equipment .....	68,219	72,313	.....	54,672	58,037	62,253	Motion pictures .....	13,205	14,293	.....	11,203	12,123	13,927
Motor vehicles and equipment .....	50,889	60,040	.....	36,780	42,246	46,287	Amusement and recreation services ...	29,138	31,348	.....	24,383	26,216	28,915
Other transportation equipment .....	49,391	47,835	.....	38,583	36,871	36,187	Health services .....	308,229	324,532	.....	258,903	271,747	289,411
Instruments and related products ...	44,634	44,868	.....	36,186	36,131	36,540	Legal services .....	56,079	57,627	.....	47,447	48,431	49,757
Miscellaneous manufacturing industries .....	12,239	12,899	.....	9,943	10,486	10,795	Educational services .....	46,030	49,282	.....	38,920	41,597	44,074
Nondurable goods .....	293,890	304,570	311,678	237,635	245,944	251,755	Social services and membership organizations .....	79,712	85,614	.....	68,155	73,244	78,568
Food and kindred products .....	57,754	59,635	.....	46,315	47,767	49,117	Social services .....	39,134	42,671	.....	32,451	35,473	38,767
Tobacco products .....	2,690	2,703	.....	1,998	1,990	2,145	Membership organizations .....	40,578	42,943	.....	35,704	37,771	39,801
Textile mill products .....	18,521	19,109	.....	15,313	15,782	15,822	Other services <sup>1</sup> .....	131,174	136,906	.....	111,920	116,303	127,823
Apparel and other textile products .....	20,902	21,391	.....	17,063	17,435	17,189	Private households .....	10,669	10,843	11,122	10,432	10,598	11,361
Paper and allied products .....	31,117	32,236	.....	25,372	26,250	26,866	<b>Government</b> .....	<b>773,156</b>	<b>795,738</b>	<b>820,266</b>	<b>584,230</b>	<b>602,543</b>	<b>621,731</b>
Printing and publishing .....	55,711	58,493	.....	45,911	48,187	49,892	<b>Federal</b> .....	<b>258,564</b>	<b>258,451</b>	<b>.....</b>	<b>173,921</b>	<b>173,922</b>	<b>174,378</b>
Chemicals and allied products .....	62,227	63,726	.....	49,878	50,872	51,813	General government .....	210,906	207,612	207,087	141,550	139,189	137,890
Petroleum and coal products .....	10,407	10,434	.....	7,802	7,729	7,777	Civilian .....	122,047	123,278	.....	83,598	84,265	85,146
Rubber and miscellaneous plastics products .....	31,608	33,883	.....	25,561	27,515	28,774	Military <sup>2</sup> .....	88,859	84,334	.....	57,952	54,904	52,744
Leather and leather products .....	2,953	2,960	.....	2,422	2,417	2,360	Government enterprises .....	47,658	50,839	.....	32,371	34,753	36,488
<b>Transportation and public utilities</b> .....	<b>251,753</b>	<b>264,420</b>	<b>273,675</b>	<b>201,237</b>	<b>211,382</b>	<b>220,373</b>	<b>State and local</b> .....	<b>514,592</b>	<b>537,287</b>	<b>.....</b>	<b>410,309</b>	<b>428,621</b>	<b>447,353</b>
Transportation .....	136,330	144,069	151,343	106,903	113,239	118,732	General government .....	480,939	500,018	520,174	383,023	398,246	415,498
Railroad transportation .....	15,639	15,394	.....	11,207	10,914	11,149	Education .....	251,864	262,711	.....	198,791	207,426	216,465
Local and interurban passenger transit .....	8,254	8,883	.....	6,750	7,266	7,683	Other .....	229,075	237,307	.....	184,232	190,820	199,033
Trucking and warehousing .....	58,616	63,640	.....	45,551	49,811	52,608	Government enterprises .....	33,653	37,269	.....	27,286	30,375	31,855
Water transportation .....	7,375	7,667	.....	5,994	6,222	6,313	<b>Rest of the world</b> .....	<b>-47</b>	<b>-89</b>	<b>-109</b>	<b>-47</b>	<b>-89</b>	<b>-109</b>
Transportation by air .....	33,215	34,129	.....	26,504	27,162	28,171	Receipts from the rest of the world .....	1,212	1,251	1,255	1,212	1,251	1,255
Pipelines, except natural gas .....	1,135	1,112	.....	948	921	853	Less: Payments to the rest of the world ....	1,259	1,340	1,364	1,259	1,340	1,364
Transportation services .....	12,096	13,244	.....	9,949	10,943	11,955	<b>Addenda:</b>						
							Households and institutions .....	294,861	310,303	322,965	.....	.....	.....
							Nonfarm business .....	2,808,592	2,977,407	3,172,608	.....	.....	.....

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

NOTES.—Estimates in this table are based on the 1987 Standard Industrial Classification (SIC). Compensation equals wage and salary accruals plus supplements to wages and salaries. "Supplements" are listed in table 8.15 of the January/February 1996 SURVEY OF CURRENT BUSINESS.

**Table B.8.—Employment by Industry**  
[Thousands]

	Full-time and part-time employees			Persons engaged in production <sup>1</sup>				Full-time and part-time employees			Persons engaged in production <sup>1</sup>		
	1993	1994	1995	1993	1994	1995		1993	1994	1995	1993	1994	1995
<b>Total</b> .....	<b>119,137</b>	<b>122,092</b>	.....	<b>118,722</b>	<b>119,424</b>	.....	Transportation services .....	375	405	.....	376	397	.....
<b>Domestic Industries</b> .....	<b>119,241</b>	<b>122,204</b>	.....	<b>118,826</b>	<b>119,536</b>	.....	Communications .....	1,268	1,286	.....	1,173	1,262	.....
<b>Private Industries</b> .....	<b>97,390</b>	<b>100,282</b>	.....	<b>97,483</b>	<b>101,112</b>	.....	Telephone and telegraph .....	891	909	.....	824	892	.....
<b>Agriculture, forestry, and fishing</b> .....	<b>1,886</b>	<b>1,943</b>	.....	<b>2,985</b>	<b>3,309</b>	.....	Radio and television .....	377	377	.....	349	370	.....
Farms .....	857	842	.....	1,714	1,978	.....	Electric, gas, and sanitary services .....	945	929	.....	941	927	.....
Agricultural services, forestry, and fishing .....	1,029	1,101	.....	1,271	1,331	.....	<b>Wholesale trade</b> .....	<b>6,056</b>	<b>6,236</b>	.....	<b>6,140</b>	<b>6,320</b>	.....
<b>Mining</b> .....	<b>612</b>	<b>605</b>	.....	<b>616</b>	<b>610</b>	.....	<b>Retail trade</b> .....	<b>20,429</b>	<b>21,158</b>	.....	<b>18,242</b>	<b>18,890</b>	.....
Metal mining .....	50	49	.....	50	49	.....	<b>Finance, insurance, and real estate</b> .....	<b>6,877</b>	<b>7,026</b>	.....	<b>7,118</b>	<b>7,255</b>	.....
Coal mining .....	113	113	.....	111	111	.....	Depository institutions .....	2,077	2,067	.....	1,972	1,975	.....
Oil and gas extraction .....	345	338	.....	350	346	.....	Nondepository institutions .....	461	488	.....	458	486	.....
Nonmetallic minerals, except fuels .....	104	105	.....	105	104	.....	Security and commodity brokers .....	496	544	.....	553	593	.....
<b>Construction</b> .....	<b>4,854</b>	<b>5,198</b>	.....	<b>6,126</b>	<b>6,504</b>	.....	Insurance carriers .....	1,513	1,522	.....	1,454	1,470	.....
<b>Manufacturing</b> .....	<b>18,173</b>	<b>18,429</b>	.....	<b>18,106</b>	<b>18,441</b>	.....	Insurance agents, brokers, and service .....	702	725	.....	845	853	.....
<b>Durable goods</b> .....	<b>10,284</b>	<b>10,503</b>	.....	<b>10,336</b>	<b>10,576</b>	.....	Real estate .....	1,374	1,425	.....	1,593	1,633	.....
Lumber and wood products .....	731	775	.....	498	515	.....	Holding and other investment offices .....	254	255	.....	243	245	.....
Furniture and fixtures .....	490	505	.....	498	515	.....	<b>Services</b> .....	<b>32,633</b>	<b>33,634</b>	.....	<b>32,317</b>	<b>33,630</b>	.....
Stone, clay, and glass products .....	521	535	.....	522	542	.....	Hotels and other lodging places .....	1,679	1,708	.....	1,499	1,548	.....
Primary metal industries .....	681	698	.....	675	694	.....	Personal services .....	1,272	1,277	.....	1,731	1,717	.....
Fabricated metal products .....	1,343	1,394	.....	1,334	1,388	.....	Business services .....	5,890	6,354	.....	6,004	6,526	.....
Industrial machinery and equipment .....	1,938	1,998	.....	1,935	1,994	.....	Auto repair, services, and parking .....	1,036	1,075	.....	1,325	1,315	.....
Electronic and other electric equipment .....	1,530	1,576	.....	1,515	1,567	.....	Miscellaneous repair services .....	375	350	.....	583	565	.....
Motor vehicles and equipment .....	838	899	.....	834	894	.....	Motion pictures .....	422	480	.....	468	510	.....
Other transportation equipment .....	920	852	.....	920	850	.....	Amusement and recreation services .....	1,322	1,423	.....	1,163	1,262	.....
Instruments and related products .....	897	866	.....	887	859	.....	Health services .....	9,074	9,319	.....	8,449	8,762	.....
Miscellaneous manufacturing industries .....	395	405	.....	428	441	.....	Legal services .....	1,058	1,059	.....	1,163	1,203	.....
<b>Nondurable goods</b> .....	<b>7,889</b>	<b>7,926</b>	.....	<b>7,770</b>	<b>7,865</b>	.....	Educational services .....	1,948	1,985	.....	1,799	1,826	.....
Food and kindred products .....	1,678	1,684	.....	1,635	1,655	.....	<b>Social services and membership organizations</b> .....	<b>4,288</b>	<b>4,459</b>	.....	<b>4,060</b>	<b>4,353</b>	.....
Tobacco products .....	45	42	.....	44	42	.....	Social services .....	2,205	2,328	.....	2,327	2,531	.....
Textile mill products .....	680	681	.....	671	676	.....	Membership organizations .....	2,083	2,131	.....	1,733	1,822	.....
Apparel and other textile products .....	996	982	.....	980	997	.....	Other services <sup>2</sup> .....	2,846	2,881	.....	3,223	3,222	.....
Paper and allied products .....	693	694	.....	686	687	.....	Private households .....	1,423	1,284	.....	860	821	.....
Printing and publishing .....	1,539	1,565	.....	1,519	1,550	.....	<b>Government</b> .....	<b>21,851</b>	<b>21,922</b>	.....	<b>18,343</b>	<b>18,424</b>	.....
Chemicals and allied products .....	1,077	1,060	.....	1,064	1,043	.....	<b>Federal</b> .....	<b>5,936</b>	<b>5,737</b>	.....	<b>4,863</b>	<b>4,693</b>	.....
Petroleum and coal products .....	150	148	.....	149	146	.....	General government .....	4,987	4,766	.....	4,063	3,903	.....
Rubber and miscellaneous plastics products .....	911	954	.....	902	951	.....	Civilian .....	2,187	2,117	.....	2,159	2,089	.....
Leather and leather products .....	120	116	.....	120	118	.....	Military <sup>3</sup> .....	2,800	2,649	.....	1,904	1,814	.....
<b>Transportation and public utilities</b> .....	<b>5,870</b>	<b>6,063</b>	.....	<b>5,833</b>	<b>6,163</b>	.....	Government enterprises .....	949	971	.....	800	790	.....
<b>Transportation</b> .....	<b>3,657</b>	<b>3,838</b>	.....	<b>3,719</b>	<b>3,974</b>	.....	<b>State and local</b> .....	<b>15,915</b>	<b>16,185</b>	.....	<b>13,490</b>	<b>13,731</b>	.....
Railroad transportation .....	238	235	.....	223	225	.....	General government .....	15,041	15,299	.....	12,630	12,869	.....
Local and interurban passenger transit .....	386	408	.....	414	445	.....	Education .....	8,058	8,215	.....	6,510	6,637	.....
Trucking and warehousing .....	1,731	1,845	.....	1,833	2,000	.....	Other .....	6,983	7,084	.....	6,120	6,232	.....
Water transportation .....	174	179	.....	169	177	.....	Government enterprises .....	874	886	.....	850	862	.....
Transportation by air .....	734	749	.....	685	712	.....	<b>Rest of the world</b> .....	<b>-104</b>	<b>-112</b>	.....	<b>-104</b>	<b>-112</b>	.....
Pipelines, except natural gas .....	19	17	.....	19	18	.....							

1. Equals the number of full-time equivalent employees plus the number of self-employed persons. Unpaid family workers are not included.  
2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

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



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

	Thousands of dollars			Thousands				Thousands of dollars			Thousands				
	Wages and salaries per full-time equivalent			Full-time equivalent employees				Wages and salaries per full-time equivalent			Full-time equivalent employees				
	1993	1994	1995	1993	1994	1995		1993	1994	1995	1993	1994	1995		
<b>Total<sup>1</sup></b> .....	<b>29,390</b>	<b>29,952</b>		<b>105,355</b>	<b>108,752</b>										
<b>Domestic industries</b> .....	<b>28,351</b>	<b>29,922</b>		<b>105,459</b>	<b>108,864</b>										
<b>Private industries</b> .....	<b>28,825</b>	<b>29,355</b>		<b>87,116</b>	<b>90,440</b>										
Agriculture, forestry, and fishing .....	17,365	18,404		1,617	1,630										
Farms .....	16,420	17,459		734	706										
Agricultural services, forestry, and fishing .....	18,152	19,127		883	924										
Mining .....	43,598	44,161		599	597										
Metal mining .....	43,380	44,347		50	49										
Coal mining .....	43,655	45,180		110	111										
Oil and gas extraction .....	46,524	46,668		338	334										
Nonmetallic minerals, except fuels .....	33,861	34,845		101	103										
Construction .....	29,417	29,560		4,561	4,988										
Manufacturing .....	33,747	34,715		17,661	18,014										
Durable goods .....	35,573	36,719		10,074	10,333										
Lumber and wood products .....	23,891	24,391		708	757										
Furniture and fixtures .....	23,930	24,312		473	493										
Stone, clay, and glass products .....	31,137	32,295		510	528										
Primary metal industries .....	37,273	38,794		673	693										
Fabricated metal products .....	31,202	32,528		1,315	1,369										
Industrial machinery and equipment .....	37,820	39,109		1,903	1,922										
Electronic and other electric equipment .....	44,367	47,414		1,505	1,558										
Motor vehicles and equipment .....	42,446	43,686		909	891										
Other transportation equipment .....	41,214	42,407		878	852										
Instruments and related products .....	26,801	27,166		371	386										
Miscellaneous manufacturing industries .....															
Nondurable goods .....	31,321	32,020		7,587	7,681										
Food and kindred products .....	28,767	29,233		1,610	1,634										
Tobacco products .....	45,409	47,381		44	42										
Textile mill products .....	23,062	23,555		664	670										
Apparel and other textile products .....	17,923	18,161		952	960										
Paper and allied products .....	37,094	38,265		684	686										
Printing and publishing .....	32,515	33,278		1,412	1,448										
Chemicals and allied products .....	47,055	48,868		1,060	1,041										
Petroleum and coal products .....	52,362	52,938		149	146										
Rubber and miscellaneous plastics products .....	28,528	29,240		896	941										
Leather and leather products .....	20,879	21,389		116	113										
Transportation and public utilities .....	36,850	36,565		5,461	5,781										
Transportation .....	31,675	31,325		3,375	3,615										
Railroad transportation .....	50,256	48,507		223	225										
Local and interurban passenger transit .....	19,296	19,273		350	377										
Trucking and warehousing .....	28,398	28,545		1,604	1,745										
Water transportation .....	37,230	36,817		161	169										
Transportation by air .....	39,149	38,473		677	706										
Pipelines, except natural gas .....	49,895	54,176		19	17										
Transportation services .....	29,176	29,104										341	376		
Communications .....	45,123	44,027										1,156	1,252		
Telephone and telegraph .....	49,584	47,628										813	886		
Radio and television .....	34,548	35,311										343	366		
Electric, gas, and sanitary services .....	45,346	47,069										930	914		
Wholesale trade .....	35,367	36,504										5,788	5,972		
Retail trade .....	17,598	18,044										16,689	17,307		
Finance, insurance, and real estate .....	38,776	39,547										6,454	6,631		
Depository institutions .....	30,921	31,910										1,971	1,973		
Nondepository institutions .....	40,659	38,923										440	469		
Security and commodity brokers .....	96,449	92,727										474	523		
Insurance carriers .....	38,277	39,665										1,453	1,470		
Insurance agents, brokers, and service .....	35,410	36,406										663	689		
Real estate .....	26,821	27,445										1,210	1,262		
Holding and other investment offices .....	58,288	59,167										243	245		
Services .....	27,464	27,839										28,286	29,520		
Hotels and other lodging places .....	19,222	19,622										1,438	1,485		
Personal services .....	17,205	17,321										1,095	1,118		
Business services .....	24,208	24,576										5,339	5,796		
Auto repair, services, and parking .....	21,436	22,481										961	981		
Miscellaneous repair services .....	26,935	27,037										340	322		
Motion pictures .....	34,471	32,765										325	370		
Amusement and recreation services .....	23,178	22,896										1,052	1,145		
Health services .....	32,202	32,436										8,040	8,378		
Legal services .....	50,529	50,344										939	962		
Educational services .....	23,112	24,283										1,684	1,713		
Social services and membership organizations .....	18,770	19,209										3,631	3,813		
Social services .....	17,097	17,817										1,898	1,991		
Membership organizations .....	20,602	20,731										1,733	1,822		
Other services <sup>2</sup> .....	43,179	44,458										2,592	2,616		
Private households .....	12,273	12,909										850	821		
Government .....	31,850	32,704										18,343	18,424		
Federal government .....	35,764	37,060										4,883	4,693		
General government .....	34,839	35,557										4,063	3,903		
Civilian .....	38,721	40,337										2,159	2,089		
Military <sup>3</sup> .....	30,437	30,267										1,904	1,814		
Government enterprises .....	40,464	43,991										800	790		
State and local .....	30,438	31,216										13,480	13,731		
General government .....	30,326	30,946										12,630	12,869		
Education .....	30,536	31,253										6,510	6,637		
Other .....	30,103	30,619										6,120	6,232		
Government enterprises .....	32,101	35,238										850	862		
Rest of the world .....												-104	-112		

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

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

3. Includes Coast Guard.

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

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

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
<b>Farm output</b> .....	<b>186.0</b>	<b>201.6</b>		<b>181.9</b>	<b>197.8</b>	
Cash receipts from farm marketings .....	181.3	179.2		177.6	176.7	
Crops .....	91.2	91.1		90.5	87.1	
Livestock .....	90.0	88.1		87.1	89.7	
Farm housing .....	5.5	5.7		5.1	4.9	
Farm products consumed on farms .....	.5	.5		.5	.5	
Other farm income .....	4.8	4.7		4.8	4.3	
Change in farm inventories .....	-6.2	11.5	-2.6	-7.3	12.3	-5.2
Crops .....	-7.3	10.1		-7.7	9.5	
Livestock .....	1.1	1.4		1.0	1.5	
<b>Less: Intermediate goods and services purchased</b> .....	<b>113.9</b>	<b>119.3</b>		<b>111.2</b>	<b>114.3</b>	
Intermediate goods and services, other than rent .....	100.9	105.5		98.6	100.6	
Rent paid to nonoperator landlords .....	12.9	13.8		12.6	13.7	
<b>Equals: Gross farm product</b> .....	<b>72.1</b>	<b>82.3</b>	<b>78.6</b>	<b>70.7</b>	<b>83.7</b>	<b>75.3</b>
<b>Less: Consumption of fixed capital</b> .....	<b>23.4</b>	<b>23.9</b>	<b>23.7</b>			
<b>Equals: Net farm product</b> .....	<b>48.7</b>	<b>58.4</b>	<b>54.9</b>			
<b>Less: Indirect business tax nontax liability</b> .....	<b>4.6</b>	<b>5.0</b>				
<b>Plus: Subsidies to operators</b> .....	<b>11.3</b>	<b>6.6</b>				
<b>Equals: Farm national income</b> .....	<b>55.4</b>	<b>60.0</b>				
Compensation of employees .....	14.3	14.6				
Wage and salary accruals .....	12.0	12.3				
Supplements to wages and salaries .....	2.3	2.2				
Proprietors' income and corporate profits with IVA and CCAj .....	32.7	36.4	27.9			
Proprietors' income .....	31.1	34.3	27.9			
Corporate profits .....	1.7	2.1				
Net interest .....	8.3	9.1				

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

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

	Billions of dollars			Billions of chained (1992) dollars		
	1993	1994	1995	1993	1994	1995
<b>Housing output</b> <sup>1</sup> .....	<b>649.0</b>	<b>680.7</b>	<b>716.0</b>	<b>631.5</b>	<b>644.0</b>	<b>656.8</b>
Nonfarm housing .....	643.4	675.0	710.1	626.4	639.1	652.1
Owner-occupied .....	481.1	502.6	528.5	468.2	475.4	483.7
Tenant-occupied .....	162.3	172.5	181.6	158.3	163.7	168.3
Farm housing .....	5.5	5.7	5.8	5.1	4.9	4.8
<b>Less: Intermediate goods and services consumed</b> .....	<b>86.8</b>	<b>83.1</b>	<b>86.7</b>	<b>84.8</b>	<b>78.8</b>	<b>79.3</b>
<b>Equals: Gross housing product</b> .....	<b>562.1</b>	<b>597.6</b>	<b>629.3</b>	<b>546.8</b>	<b>565.1</b>	<b>577.5</b>
Nonfarm housing .....	557.6	593.1	624.6	542.6	561.3	573.8
Owner-occupied .....	415.2	438.5	460.8	403.7	414.7	422.2
Tenant-occupied .....	142.4	154.6	163.8	138.9	146.6	151.6
Farm housing .....	4.5	4.5	4.7	4.2	3.9	3.8
<b>Less: Consumption of fixed capital</b> .....	<b>104.0</b>	<b>112.4</b>	<b>106.6</b>			
Capital consumption allowances .....	52.9	60.3				
Less: CCAj .....	-51.1	-52.1				
<b>Equals: Net housing product</b> .....	<b>458.1</b>	<b>485.2</b>	<b>522.7</b>			
<b>Less: Indirect business tax and nontax liability plus business transfer payments</b> .....	<b>114.0</b>	<b>120.6</b>				
<b>Plus: Subsidies less current surplus of government enterprises</b> .....	<b>18.8</b>	<b>20.6</b>				
<b>Equals: Housing national income</b> .....	<b>362.9</b>	<b>385.2</b>				
Compensation of employees .....	7.3	7.7				
Proprietors' income with IVA and CCAj .....	18.3	20.8				
Rental income of persons with CCAj .....	74.7	89.4				
Corporate profits with IVA and CCAj .....	3.5	3.9				
Net interest .....	259.0	263.4				

1. Equals personal consumption expenditures for housing less expenditures for other housing as shown in table B.4.  
 CCAj Capital consumption adjustment  
 IVA Inventory valuation adjustment

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

[Year-end estimates]

	Current-cost valuation (billions of dollars)						Chain-type quantity indexes (1992=100)					
	1990	1991	1992	1993	1994	1995	1990	1991	1992	1993	1994	1995
<b>Fixed private capital</b> .....	<b>12,706.7</b>	<b>12,955.2</b>	<b>13,484.1</b>	<b>14,193.8</b>	<b>14,980.0</b>	<b>15,685.8</b>	<b>97.07</b>	<b>98.49</b>	<b>100.00</b>	<b>101.92</b>	<b>104.17</b>	<b>106.72</b>
<b>Private producers' durable equipment</b> .....	<b>2,501.7</b>	<b>2,570.3</b>	<b>2,642.7</b>	<b>2,756.2</b>	<b>2,921.9</b>	<b>3,111.5</b>	<b>97.16</b>	<b>98.37</b>	<b>100.00</b>	<b>102.74</b>	<b>106.91</b>	<b>111.87</b>
<b>Nonresidential equipment</b> .....	<b>2,452.2</b>	<b>2,519.5</b>	<b>2,590.0</b>	<b>2,700.8</b>	<b>2,863.3</b>	<b>3,050.5</b>	<b>97.22</b>	<b>98.39</b>	<b>100.00</b>	<b>102.72</b>	<b>106.90</b>	<b>111.89</b>
Information processing and related equipment .....	585.8	603.2	629.0	661.8	705.1	757.1	91.24	94.86	100.00	105.92	113.70	124.00
Office, computing, and accounting machinery .....	124.0	119.0	120.7	129.8	141.9	155.8	81.69	87.31	100.00	119.03	143.14	178.09
Computers and peripheral equipment .....	103.3	99.5	101.0	109.1	120.2	132.3	77.72	85.14	100.00	122.46	151.18	192.97
Other office equipment .....	20.7	19.5	19.7	20.7	21.7	23.5	105.29	99.35	100.00	102.69	107.17	115.56
Communication equipment .....	305.6	318.9	330.8	343.9	362.8	388.5	94.58	97.21	100.00	102.20	106.43	112.78
Instruments .....	95.2	101.4	109.9	117.4	124.9	134.3	90.90	95.09	100.00	104.97	110.07	116.01
Photocopy and related equipment .....	61.0	64.0	67.5	70.7	75.4	78.6	94.52	97.52	100.00	103.53	108.14	111.31
<b>Industrial equipment</b> .....	<b>877.1</b>	<b>898.3</b>	<b>916.8</b>	<b>945.1</b>	<b>991.2</b>	<b>1,051.6</b>	<b>98.84</b>	<b>99.38</b>	<b>100.00</b>	<b>101.29</b>	<b>103.46</b>	<b>106.52</b>
Fabricated metal products .....	86.8	87.7	86.7	86.7	89.4	91.9	101.53	100.79	100.00	99.33	99.10	98.69
Engines and turbines .....	48.4	50.8	51.8	53.1	56.9	58.8	95.46	97.84	100.00	101.87	104.69	106.28
Steam engines .....	43.8	46.0	47.1	48.3	51.9	53.5	94.79	97.48	100.00	102.19	105.18	106.74
Internal combustion engines .....	4.6	4.8	4.7	4.8	5.0	5.2	102.28	101.47	100.00	98.75	99.92	101.73
Metalworking machinery .....	164.5	167.1	168.8	174.4	182.8	196.7	101.27	100.38	100.00	100.50	102.49	105.11
Special industry machinery, n.e.c. ....	187.6	193.4	199.4	207.5	220.0	237.7	98.13	99.14	100.00	101.84	105.00	109.98
General industrial, including materials handling, equipment .....	183.6	185.7	189.0	194.7	201.5	211.0	101.24	100.53	100.00	100.69	101.79	103.76
Electrical transmission, distribution, and industrial apparatus .....	206.2	213.6	221.0	228.7	240.6	255.7	95.33	97.85	100.00	102.56	105.70	109.27
<b>Transportation and related equipment</b> .....	<b>473.0</b>	<b>491.2</b>	<b>510.0</b>	<b>542.2</b>	<b>586.1</b>	<b>625.6</b>	<b>98.54</b>	<b>98.93</b>	<b>100.00</b>	<b>102.96</b>	<b>107.89</b>	<b>111.82</b>
Trucks, buses, and truck trailers .....	158.6	160.6	169.1	184.6	208.9	234.8	101.50	98.99	100.00	105.15	115.29	126.56
Autos .....	95.3	102.5	107.6	115.9	131.3	133.1	93.33	97.44	100.00	104.59	115.02	114.77
Aircraft .....	104.7	114.4	121.2	127.1	127.5	133.1	93.97	97.17	100.00	101.99	99.51	100.56
Ships and boats .....	45.6	45.5	45.1	45.6	45.2	44.6	106.61	103.69	100.00	98.26	95.50	91.83
Railroad equipment .....	68.8	68.2	67.1	69.1	73.0	79.9	102.22	101.16	100.00	99.73	101.11	103.37
<b>Other equipment</b> .....	<b>516.3</b>	<b>526.8</b>	<b>534.2</b>	<b>551.7</b>	<b>581.0</b>	<b>616.2</b>	<b>100.43</b>	<b>100.42</b>	<b>100.00</b>	<b>101.22</b>	<b>104.06</b>	<b>107.58</b>
Furniture and fixtures .....	136.9	140.0	146.1	153.7	163.4	176.3	94.78	96.81	100.00	103.10	106.25	110.76
Household furniture .....	8.9	9.0	9.1	9.4	9.8	10.3	100.98	100.22	100.00	100.76	102.41	104.35
Other furniture .....	127.0	131.0	137.0	144.3	153.6	166.0	94.37	96.59	100.00	103.25	106.51	111.19
Tractors .....	52.1	54.1	54.1	55.3	58.1	60.8	103.66	102.77	100.00	100.20	103.05	106.26
Farm tractors .....	40.3	42.3	42.4	43.5	46.1	48.4	102.98	102.43	100.00	100.90	104.99	108.66
Construction tractors .....	11.8	11.8	11.7	11.9	12.0	12.4	106.14	103.99	100.00	97.99	96.18	97.74
Agricultural machinery, except tractors .....	64.5	65.4	64.9	65.6	67.8	69.9	105.72	103.85	100.00	98.37	99.13	99.97
Construction machinery, except tractors .....	69.0	66.7	66.0	66.7	69.5	73.3	103.77	104.46	100.00	99.07	100.23	103.39
Mining and oilfield machinery .....	17.9	16.7	15.3	14.6	14.5	15.0	120.66	110.04	100.00	93.67	91.00	90.62
Service industry machinery .....	59.3	61.0	60.3	61.0	65.4	70.9	102.49	103.27	100.00	99.41	104.39	110.03
Electrical equipment, n.e.c. ....	38.9	41.5	44.6	47.2	48.7	50.1	88.95	94.43	100.00	104.83	107.12	109.03
Household appliances .....	4.5	4.5	4.6	4.6	4.9	5.1	99.71	99.31	100.00	101.75	105.28	108.69
Other .....	34.4	37.0	40.1	42.5	43.9	45.0	87.72	93.87	100.00	105.18	107.33	109.07
Other nonresidential equipment .....	78.7	81.2	83.0	87.5	93.7	99.9	97.92	98.81	100.00	103.30	108.29	112.88
<b>Residential equipment</b> .....	<b>49.5</b>	<b>50.8</b>	<b>52.6</b>	<b>55.4</b>	<b>58.6</b>	<b>61.0</b>	<b>94.13</b>	<b>97.03</b>	<b>100.00</b>	<b>103.36</b>	<b>107.18</b>	<b>111.01</b>
<b>Private structures</b> .....	<b>10,205.0</b>	<b>10,384.9</b>	<b>10,841.4</b>	<b>11,437.6</b>	<b>12,058.1</b>	<b>12,574.3</b>	<b>97.05</b>	<b>98.52</b>	<b>100.00</b>	<b>101.73</b>	<b>103.52</b>	<b>105.50</b>
<b>Nonresidential structures</b> .....	<b>4,107.3</b>	<b>4,177.2</b>	<b>4,302.7</b>	<b>4,504.0</b>	<b>4,704.1</b>	<b>4,902.5</b>	<b>97.44</b>	<b>98.92</b>	<b>100.00</b>	<b>101.10</b>	<b>102.09</b>	<b>103.48</b>
Nonresidential buildings, excluding farm .....	2,517.9	2,593.9	2,686.1	2,814.5	2,971.2	3,109.7	96.31	98.44	100.00	101.51	103.04	105.13
Industrial buildings .....	574.7	589.7	613.0	642.1	677.1	705.1	96.18	98.36	100.00	101.18	102.50	104.31
Office buildings <sup>1</sup> .....	583.9	611.2	625.4	642.6	669.9	702.7	96.48	98.72	100.00	100.74	101.44	102.70
Commercial buildings .....	638.9	653.7	678.7	717.1	762.5	803.4	96.54	98.46	100.00	101.97	104.08	107.21
Mobile structures .....	6.1	6.4	6.6	7.2	7.9	8.3	95.32	98.26	100.00	101.52	103.04	104.91
Other commercial <sup>2</sup> .....	632.8	647.4	672.1	709.9	754.6	795.1	96.56	98.47	100.00	101.97	104.09	107.23
Religious buildings .....	117.8	119.7	123.5	129.2	135.6	140.1	97.85	99.10	100.00	100.99	101.88	102.83
Educational buildings .....	99.2	102.6	108.0	114.7	122.8	129.6	94.20	97.05	100.00	102.57	105.34	108.73
Hospital and institutional buildings .....	238.0	246.2	259.8	278.1	297.4	310.8	93.96	96.87	100.00	103.34	106.12	108.43
Other .....	265.3	270.8	277.6	290.7	305.9	318.1	97.99	99.67	100.00	100.98	101.99	103.75
Hotels and motels .....	131.8	135.6	139.2	145.8	153.1	160.3	97.00	99.51	100.00	101.07	101.83	104.29
Amusement and recreational buildings .....	66.5	67.8	70.2	74.2	79.8	84.2	97.11	98.63	100.00	102.17	105.23	108.65
Other nonfarm buildings <sup>3</sup> .....	67.0	67.4	68.2	70.7	73.1	73.6	100.91	101.07	100.00	99.56	98.99	97.62
Utilities .....	1,016.7	1,032.3	1,062.0	1,114.9	1,151.9	1,201.0	98.81	99.44	100.00	100.59	100.95	101.66
Railroad .....	266.7	266.7	272.4	288.9	291.8	296.5	102.07	100.93	100.00	99.08	98.41	97.70
Telecommunications .....	177.7	181.1	185.3	192.3	197.2	208.1	96.43	98.21	100.00	102.03	104.07	106.48
Electric light and power .....	403.1	410.9	423.8	443.1	456.1	476.8	98.60	99.61	100.00	100.71	100.72	101.19
Gas .....	132.8	136.8	143.1	151.3	164.7	175.4	95.94	97.56	100.00	101.42	102.74	104.85
Petroleum pipelines .....	36.4	36.8	37.5	39.2	42.2	44.2	100.47	100.12	100.00	100.18	100.25	100.73
Farm related buildings and structures .....	183.1	182.0	183.5	188.5	195.0	197.8	102.29	101.36	100.00	99.19	98.48	97.70
Mining exploration, shafts, and wells .....	290.5	263.8	259.0	267.8	261.0	259.6	102.97	101.90	100.00	98.79	96.84	94.48
Petroleum and natural gas .....	261.7	234.7	229.3	236.8	228.5	226.0	103.44	102.17	100.00	98.58	96.25	93.40
Other mining .....	28.8	29.0	29.7	30.9	32.5	33.6	99.27	99.81	100.00	100.48	101.32	102.54
Other nonfarm structures <sup>4</sup> .....	99.1	105.2	112.1	118.3	125.0	134.4	90.38	94.60	100.00	104.60	108.22	111.59
<b>Residential structures</b> .....	<b>6,097.8</b>	<b>6,207.7</b>	<b>6,538.7</b>	<b>6,933.6</b>	<b>7,354.0</b>	<b>7,671.8</b>	<b>96.79</b>	<b>98.25</b>	<b>100.00</b>	<b>102.14</b>	<b>104.47</b>	<b>106.83</b>
Housing units .....	4,984.1	5,057.2	5,327.0	5,673.8	6,021.6	6,255.3	96.92	98.37	100.00	102.00	104.19	106.44
Permanent site .....	4,884.7	4,959.6	5,226.1	5,584.4	5,899.4	6,122.0	96.87	98.36	100.00	102.00	104.17	106.36
1-to-4-unit .....	4,157.9	4,226.4	4,465.3	4,789.1	5,130.2	5,335.5	96.40	98.09	100.00	102.37	105.01	107.45
5-or-more-unit .....	726.8	733.2	760.7	775.3	789.2	786.6	99.65	99.97	100.00	99.78	99.05	99.69
Mobile homes .....	99.3	97.6	100.9	109.4	122.3	133.3	99.29	99.10	100.00	102.02	105.56	110.60
Improvements .....	1,087.4	1,124.7	1,185.1	1,232.1	1,303.7	1,388.0	96.11	97.64	100.00	102.83	105.87	108.89
Other residential <sup>5</sup> .....	26.3	25.9	26.6	27.7	28.6							

## C. Historical Tables

Table C.1 is derived from the "Summary National Income and Product Series" tables that were published in the May 1997 issue of the SURVEY OF CURRENT BUSINESS; tables C.2–C.25 are derived from NIPA tables published in the May 1997 issue. (Changes in prices are calculated from indexes expressed to three decimal places.)

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases  
(Quarterly data are seasonally adjusted at annual rates)

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959: I	2,210.2	2,206.9	2,222.0	7.4	6.5	22.95	22.44	22.95	22.96	1.0	1.0	1.0	1.0
1959: II	2,262.9	2,264.2	2,276.0	2.4	2.6	23.27	22.75	23.27	23.28	1.4	1.4	1.4	1.4
1959: III	2,314.3	2,318.0	2,329.1	2.3	2.4	23.54	23.00	23.54	23.55	1.2	1.1	1.2	1.2
1959: IV	2,454.8	2,445.4	2,471.5	6.1	5.5	23.84	23.28	23.84	23.85	1.3	1.2	1.3	1.3
1960: I	2,559.4	2,552.4	2,577.3	4.3	4.4	24.12	23.58	24.12	24.13	1.2	1.3	1.2	1.2
1960: II	2,708.4	2,705.1	2,727.3	5.8	6.0	24.48	23.94	24.48	24.49	1.5	1.6	1.5	1.5
1960: III	2,891.1	2,860.4	2,901.4	6.4	5.7	24.95	24.39	24.95	24.97	1.9	1.9	2.0	2.0
1960: IV	3,069.2	3,033.5	3,087.8	6.5	6.1	25.66	25.07	25.67	25.68	2.8	2.8	2.8	2.8
1961: I	3,147.2	3,125.1	3,166.4	2.5	3.0	26.48	25.83	26.49	26.50	3.2	3.0	3.2	3.2
1961: II	3,293.9	3,278.0	3,314.5	4.7	4.9	27.64	26.95	27.64	27.66	4.4	4.3	4.4	4.4
1961: III	3,393.6	3,377.2	3,413.3	3.0	3.0	28.94	28.21	28.94	28.96	4.7	4.7	4.7	4.7
1961: IV	3,397.6	3,406.5	3,417.1	.1	.9	30.48	29.73	30.48	30.50	5.3	5.4	5.3	5.3
1962: I	3,510.0	3,499.8	3,532.1	3.3	2.7	32.05	31.32	32.06	32.08	5.2	5.3	5.2	5.2
1962: II	3,702.3	3,689.5	3,726.3	5.5	5.4	33.42	32.71	33.42	33.44	4.2	4.5	4.2	4.2
1962: III	3,916.3	3,883.9	3,950.1	5.8	5.3	35.30	34.64	35.30	35.32	5.6	5.9	5.6	5.6
1962: IV	3,891.2	3,873.4	3,930.2	-6	-3	38.46	38.17	38.47	38.49	8.9	10.2	9.0	8.9
1963: I	3,873.9	3,906.4	3,903.3	-4	.9	42.09	41.72	42.09	42.11	9.4	9.3	9.4	9.4
1963: II	4,082.9	4,061.7	4,118.8	5.4	4.0	44.55	44.15	44.55	44.58	5.8	5.8	5.8	5.9
1963: III	4,273.6	4,240.8	4,314.5	4.7	4.4	47.42	47.18	47.46	47.46	6.5	6.9	6.5	6.5
1963: IV	4,503.0	4,464.4	4,543.7	5.4	5.3	50.88	50.65	50.89	50.92	7.3	7.4	7.3	7.3
1964: I	4,630.6	4,614.4	4,687.4	2.8	3.4	55.22	55.23	55.23	55.26	8.5	9.0	8.5	8.5
1964: II	4,615.0	4,641.9	4,670.8	-3	.6	60.34	61.10	60.33	60.36	9.3	10.7	9.2	9.2
1964: III	4,720.7	4,691.6	4,769.9	2.3	1.1	66.01	66.72	66.01	66.05	9.4	9.2	9.4	9.4
1964: IV	4,620.3	4,651.2	4,662.0	-2.1	-9	70.18	70.64	70.17	70.21	6.3	5.9	6.3	6.3
1965: I	4,803.7	4,821.2	4,844.8	4.0	3.7	73.16	73.31	73.16	73.20	4.3	3.8	4.3	4.3
1965: II	5,140.1	5,061.6	5,178.0	7.0	5.0	75.92	75.90	75.92	75.97	3.8	3.5	3.8	3.8
1965: III	5,323.5	5,296.9	5,346.7	3.6	4.6	78.53	78.34	78.53	78.57	3.4	3.2	3.4	3.4
1965: IV	5,487.7	5,480.9	5,501.2	3.1	3.5	80.58	80.40	80.58	80.62	2.6	2.6	2.6	2.6
1966: I	5,645.5	5,626.0	5,658.2	2.9	2.6	83.06	83.11	83.06	83.09	3.1	3.4	3.1	3.1
1966: II	5,865.2	5,855.1	5,878.5	3.8	4.1	86.10	86.13	86.09	86.12	3.7	3.6	3.7	3.7
1966: III	6,062.0	6,028.7	6,075.7	3.4	3.0	89.72	89.78	89.72	89.75	4.2	4.2	4.2	4.2
1966: IV	6,136.3	6,126.7	6,157.0	1.2	1.6	93.64	93.83	93.60	93.63	4.4	4.5	4.3	4.3
1967: I	6,073.4	6,082.6	6,094.9	-9	-7	97.32	97.30	97.32	97.33	3.9	3.7	4.0	4.0
1967: II	6,244.4	6,237.4	6,255.5	2.7	2.5	100.00	100.00	100.00	100.00	2.8	2.8	2.8	2.7
1967: III	6,365.1	6,365.5	6,396.8	2.3	2.1	102.62	102.46	102.61	102.61	2.6	2.5	2.6	2.6
1967: IV	6,608.4	6,550.7	6,605.6	3.5	2.9	104.96	104.75	104.95	104.94	2.3	2.2	2.3	2.3
1968: I	6,742.2	6,708.9	6,736.4	2.0	2.4	107.57	107.31	107.59	107.58	2.5	2.4	2.5	2.5
1968: II	6,906.8	6,892.1	6,899.7	2.4	2.7	109.88	109.57	109.89	109.87	2.1	2.1	2.0	2.0
1968: III	2,165.0	2,165.5	2,176.2	8.6	9.2	22.86	22.35	22.92	22.93	.8	1.1	.8	.8
1968: IV	2,223.3	2,204.2	2,234.5	11.2	7.3	22.92	22.41	22.91	22.91	1.1	1.1	-3	-3
1969: I	2,221.4	2,232.6	2,233.5	-3	5.3	22.96	22.45	22.94	22.95	.7	.7	.6	.6
1969: II	2,231.0	2,225.3	2,243.9	1.7	-1.3	23.05	22.53	23.03	23.04	1.5	1.5	1.6	1.6
1969: III	2,279.2	2,248.5	2,291.6	8.9	4.2	23.10	22.57	23.13	23.14	.9	.8	1.8	1.9
1969: IV	2,265.5	2,268.4	2,278.2	-2.4	3.6	23.21	22.69	23.22	23.23	2.0	2.1	1.5	1.5
1970: I	2,268.3	2,265.1	2,281.6	.5	-6	23.32	22.80	23.32	23.33	2.0	2.0	1.7	1.7
1970: II	2,236.6	2,274.7	2,252.7	-5.1	1.7	23.44	22.92	23.40	23.41	2.1	2.1	1.4	1.4
1970: III	2,251.7	2,277.7	2,266.8	2.4	.5	23.48	22.96	23.45	23.46	.7	.6	.9	.9
1970: IV	2,292.0	2,301.1	2,306.3	7.4	4.2	23.51	22.97	23.51	23.52	.5	.2	1.0	1.0
1971: I	2,332.6	2,320.4	2,347.1	7.3	3.4	23.55	23.01	23.56	23.57	.7	.7	.8	.8
1971: II	2,381.0	2,372.8	2,395.9	8.6	9.3	23.61	23.06	23.63	23.64	1.1	.9	1.2	1.2
1971: III	2,422.6	2,400.3	2,437.4	7.2	4.7	23.73	23.17	23.75	23.76	2.0	1.9	2.0	2.0
1971: IV	2,448.0	2,440.7	2,464.4	4.3	6.9	23.80	23.24	23.81	23.81	1.1	1.4	1.0	1.0
1972: I	2,471.9	2,462.0	2,488.4	4.0	3.5	23.86	23.31	23.87	23.87	1.1	1.1	1.0	1.0
1972: II	2,476.7	2,478.7	2,495.9	.8	2.7	23.96	23.41	23.94	23.95	1.7	1.8	1.2	1.2
1972: III	2,508.7	2,492.4	2,526.9	5.3	2.2	24.03	23.48	24.00	24.01	1.2	1.3	1.1	1.1
1972: IV	2,538.1	2,533.8	2,555.5	4.8	6.8	24.07	23.53	24.07	24.08	.6	.8	1.1	1.1
1973: I	2,586.3	2,578.0	2,604.0	7.8	7.2	24.11	23.58	24.12	24.13	.7	.9	.8	.8
1973: II	2,604.6	2,605.3	2,622.9	2.9	4.3	24.26	23.72	24.29	24.30	2.4	2.5	3.0	3.0
1973: III	2,666.7	2,663.1	2,686.8	9.9	9.2	24.33	23.80	24.35	24.36	1.2	1.3	.9	.9
1973: IV	2,697.5	2,695.0	2,716.8	4.7	4.9	24.41	23.89	24.41	24.42	1.3	1.5	.9	.9
1974: I	2,729.6	2,727.6	2,749.5	4.8	4.9	24.53	23.99	24.52	24.53	1.9	1.8	1.8	1.8
1974: II	2,739.7	2,734.5	2,758.1	1.5	1.0	24.64	24.09	24.64	24.65	1.8	1.6	2.1	2.1
1974: III	2,808.9	2,777.2	2,830.0	10.5	6.4	24.76	24.19	24.77	24.78	2.0	1.6	2.0	2.0
1974: IV	2,846.3	2,826.7	2,868.2	5.4	7.3	24.88	24.31	24.88	24.89	2.0	2.0	1.9	1.9
1975: I	2,898.8	2,879.8	2,918.9	7.6	7.7	25.01	24.44	25.01	25.02	2.1	2.2	2.1	2.1
1975: II	2,970.5	2,957.8	2,988.6	10.3	11.3	25.16	24.61	25.17	25.18	2.5	2.8	2.6	2.6
1975: III	3,042.4	3,008.8	3,061.1	10.0	7.1	25.30	24.73	25.32	25.34	2.2	1.9	2.5	2.5
1975: IV	3,055.5	3,023.1	3,074.2	1.7	1.9	25.50	24.93	25.53	25.54	3.2	3.2	3.2	3.3
1976: I	3,076.5	3,047.2	3,094.7	2.8	3.2	25.82	25.22	25.79	25.81	5.1	4.8	4.2	4.2
1976: II	3,102.4	3,054.8	3,121.4	3.4	1.0	26.03	25.41	26.02	26.03	3.4	3.1	3.5	3.5
1976: III	3,127.2	3,085.6	3,145.9	3.2	4.1	26.16	25.52	26.14	26.15	2.0	1.6	1.9	2.0
1976: IV	3,129.5	3,119.0	3,147.7	.3	4.4	26.32	25.67	26.31	26.32	2.5	2.5	2.5	2.5
1977: I	3,154.2	3,134.2	3,174.4	3.2	2.0	26.57	25.92	26.60	26.60	3.9	3.9	4.5	4.5
1977: II	3,178.0	3,161.5	3,197.5	3.1	3.5	26.87	26.21	26.90	26.91	4.6	4.5	4.6	4.6

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

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1968: I	3,236.2	3,225.3	3,256.2	7.5	8.3	27.19	26.52	27.21	27.22	4.8	4.9	4.7	4.8
II	3,292.1	3,258.0	3,312.5	7.1	4.1	27.50	26.80	27.49	27.50	4.5	4.2	4.1	4.1
III	3,316.1	3,303.9	3,337.3	3.0	5.8	27.75	27.06	27.75	27.76	3.7	4.0	3.8	3.8
IV	3,331.2	3,325.1	3,352.2	1.8	2.6	28.12	27.43	28.12	28.13	5.5	5.5	5.5	5.5
1969: I	3,381.9	3,357.5	3,402.8	6.2	4.0	28.38	27.66	28.39	28.40	3.7	3.5	3.8	3.9
II	3,390.2	3,373.0	3,410.3	1.0	1.9	28.74	28.02	28.73	28.75	5.2	5.3	5.0	5.0
III	3,409.7	3,389.6	3,428.5	2.3	2.0	29.14	28.40	29.14	29.15	5.7	5.6	5.8	5.8
IV	3,392.6	3,388.9	3,411.4	-2.0	-1	29.51	28.77	29.51	29.52	5.2	5.2	5.1	5.1
1970: I	3,386.5	3,397.6	3,406.0	-7	1.0	29.92	29.18	29.94	29.95	5.7	5.9	6.0	6.0
II	3,391.6	3,391.9	3,411.9	.6	-7	30.36	29.59	30.36	30.36	6.0	5.8	5.7	5.7
III	3,423.0	3,421.9	3,442.9	3.7	3.6	30.60	29.87	30.61	30.63	5.2	5.8	3.4	3.4
IV	3,389.4	3,414.8	3,407.4	-3.9	-8	31.02	30.29	31.02	31.03	3.6	3.7	5.4	5.4
1971: I	3,481.4	3,458.9	3,503.3	11.3	5.3	31.50	30.75	31.50	31.52	6.3	6.2	6.4	6.4
II	3,500.9	3,481.2	3,524.3	2.3	2.6	31.93	31.18	31.93	31.94	5.7	5.7	5.5	5.5
III	3,523.8	3,509.4	3,544.7	2.6	3.3	32.25	31.52	32.27	32.29	4.1	4.5	4.4	4.4
IV	3,533.8	3,549.5	3,556.0	1.1	4.7	32.53	31.81	32.54	32.55	3.5	3.7	3.3	3.3
1972: I	3,604.7	3,606.0	3,627.9	8.3	6.8	33.01	32.28	33.02	33.03	6.0	6.0	6.0	6.1
II	3,687.9	3,665.7	3,710.7	9.6	6.5	33.23	32.53	33.20	33.22	2.6	3.1	2.2	2.2
III	3,726.2	3,700.0	3,751.2	4.2	3.8	33.50	32.82	33.49	33.51	3.3	3.6	3.5	3.5
IV	3,790.4	3,784.3	3,815.3	7.1	9.4	33.93	33.23	33.95	33.97	5.2	5.1	5.6	5.6
1973: I	3,892.2	3,867.0	3,921.5	11.2	9.0	34.38	33.69	34.36	34.38	5.5	5.6	5.0	5.0
II	3,919.0	3,884.5	3,950.4	2.8	1.8	34.96	34.33	34.94	34.96	6.9	7.8	6.9	6.9
III	3,907.1	3,890.9	3,944.1	-1.2	.7	35.63	34.95	35.61	35.63	7.8	7.5	7.9	7.9
IV	3,947.1	3,893.1	3,984.4	4.2	.2	36.24	35.60	36.29	36.31	7.0	7.6	7.8	7.8
1974: I	3,908.1	3,889.1	3,952.4	-3.9	-4	36.98	36.55	37.01	37.03	8.4	11.1	8.2	8.2
II	3,922.6	3,899.7	3,964.3	1.5	1.1	37.79	37.59	37.79	37.81	9.0	11.9	8.7	8.7
III	3,880.0	3,882.5	3,917.6	-4.3	-1.8	38.93	38.71	38.96	38.98	12.7	12.5	12.9	12.9
IV	3,854.1	3,822.2	3,886.1	-2.6	-6.1	40.14	39.84	40.13	40.15	13.0	12.2	12.6	12.5
1975: I	3,800.9	3,848.3	3,827.3	-5.4	2.8	41.04	40.69	41.05	41.07	9.2	8.8	9.5	9.5
II	3,835.2	3,887.9	3,861.8	3.7	4.2	41.67	41.34	41.66	41.68	6.3	6.5	6.1	6.1
III	3,907.0	3,922.7	3,936.1	7.7	3.6	42.44	42.05	42.41	42.44	7.6	7.0	7.4	7.4
IV	3,952.5	3,966.7	3,987.9	4.7	4.6	43.21	42.79	43.19	43.22	7.4	7.2	7.6	7.6
1976: I	4,044.6	4,027.0	4,078.8	9.7	6.2	43.68	43.26	43.69	43.72	4.4	4.5	4.7	4.7
II	4,072.2	4,039.1	4,107.9	2.8	1.2	44.17	43.76	44.15	44.18	4.6	4.7	4.2	4.2
III	4,088.5	4,061.7	4,124.8	1.6	2.3	44.78	44.42	44.77	44.80	5.7	6.1	5.7	5.7
IV	4,126.4	4,119.0	4,163.7	3.8	5.8	45.56	45.16	45.57	45.60	7.2	6.9	7.3	7.3
1977: I	4,176.3	4,161.4	4,219.4	4.9	4.2	46.31	45.99	46.32	46.34	6.7	7.6	6.8	6.7
II	4,260.1	4,228.4	4,302.2	8.3	6.6	47.08	46.81	47.07	47.10	6.8	7.3	6.6	6.7
III	4,329.5	4,270.0	4,371.2	6.7	4.0	47.74	47.55	47.66	47.69	5.7	6.4	5.1	5.1
IV	4,328.3	4,303.3	4,365.0	-1	3.2	48.55	48.36	48.63	48.66	7.0	7.1	8.4	8.4
1978: I	4,345.5	4,306.0	4,388.6	1.6	.3	49.39	49.19	49.42	49.45	7.1	7.0	6.7	6.7
II	4,510.7	4,474.6	4,546.1	16.1	16.6	50.43	50.22	50.41	50.44	8.6	8.6	8.2	8.2
III	4,552.1	4,511.6	4,591.1	3.7	3.4	51.32	51.11	51.27	51.30	7.3	7.3	7.0	7.1
IV	4,603.7	4,565.4	4,649.0	4.6	4.9	52.37	52.08	52.35	52.39	8.4	7.9	8.7	8.7
1979: I	4,605.7	4,579.0	4,652.6	.2	1.2	53.46	53.21	53.51	53.54	8.6	9.0	9.1	9.1
II	4,615.6	4,577.0	4,668.7	.9	-2	54.70	54.52	54.65	54.68	9.6	10.2	8.8	8.8
III	4,644.9	4,639.2	4,708.8	2.6	5.5	55.82	55.89	55.82	55.85	8.5	10.4	8.9	8.9
IV	4,656.2	4,662.5	4,719.5	1.0	2.0	56.92	57.25	56.92	56.95	8.1	10.2	8.1	8.1
1980: I	4,679.0	4,675.3	4,743.0	2.0	1.1	58.25	58.89	58.18	58.22	9.7	12.0	9.2	9.2
II	4,566.6	4,579.0	4,625.6	-9.3	-8.0	59.59	60.41	59.55	59.58	9.6	10.7	9.7	9.7
III	4,562.3	4,637.1	4,617.8	-4	5.2	60.93	61.77	61.01	61.05	9.3	9.3	10.2	10.2
IV	4,651.9	4,676.1	4,696.6	8.1	3.4	62.57	63.33	62.59	62.64	11.2	10.5	10.8	10.8
1981: I	4,739.2	4,692.9	4,787.7	7.7	1.4	64.19	64.96	64.15	64.20	10.7	10.7	10.3	10.4
II	4,696.8	4,699.0	4,742.6	-3.5	.5	65.35	66.15	65.37	65.42	7.4	7.5	7.8	7.8
III	4,753.0	4,702.5	4,801.4	4.9	.3	66.65	67.27	66.65	66.69	8.2	7.0	8.0	8.0
IV	4,693.8	4,672.0	4,747.9	-4.9	-2.6	67.85	68.48	67.87	67.91	7.4	7.3	7.5	7.5
1982: I	4,615.9	4,655.4	4,658.5	-6.5	-1.4	68.85	69.42	68.96	68.91	6.0	5.6	6.0	6.0
II	4,634.9	4,651.2	4,682.9	1.7	-4	69.71	70.17	69.72	69.77	5.1	4.4	5.1	5.1
III	4,612.1	4,616.9	4,651.1	-2.0	-2.9	70.69	71.10	70.66	70.70	5.7	5.4	5.5	5.5
IV	4,618.3	4,681.3	4,655.6	.5	5.7	71.46	71.85	71.44	71.47	4.5	4.3	4.4	4.4
1983: I	4,663.0	4,719.4	4,700.1	3.9	3.3	72.12	72.33	72.08	72.12	3.7	2.7	3.7	3.7
II	4,783.6	4,785.3	4,804.4	8.9	5.7	72.84	73.03	72.83	72.87	4.1	3.9	4.2	4.2
III	4,849.0	4,860.7	4,891.3	7.4	6.4	73.50	73.65	73.48	73.52	3.7	3.4	3.7	3.7
IV	4,939.2	4,919.5	4,983.5	7.7	4.9	74.19	74.24	74.19	74.24	3.8	3.2	3.9	3.9
1984: I	5,053.6	4,961.0	5,092.6	9.6	3.4	75.00	75.04	75.02	75.06	4.4	4.4	4.5	4.5
II	5,132.9	5,050.0	5,172.4	6.4	7.4	75.82	75.65	75.58	75.63	3.3	3.3	3.1	3.1
III	5,170.3	5,085.6	5,209.5	3.0	2.9	76.25	76.19	76.25	76.29	3.4	2.9	3.5	3.5
IV	5,203.7	5,149.9	5,237.5	2.6	5.2	76.82	76.71	76.81	76.85	3.0	2.7	3.0	2.9
1985: I	5,257.3	5,231.7	5,280.3	4.2	6.5	77.64	77.38	77.63	77.67	4.3	3.6	4.4	4.3
II	5,283.7	5,261.0	5,310.8	2.0	2.3	78.25	78.02	78.25	78.29	3.2	3.3	3.3	3.2
III	5,359.6	5,336.9	5,378.4	5.9	5.9	78.80	78.58	78.76	78.80	2.8	2.9	2.6	2.6
IV	5,393.6	5,358.0	5,417.5	2.6	1.6	79.44	79.37	79.45	79.49	3.3	3.3	3.5	3.5
1986: I	5,460.8	5,410.5	5,481.1	5.1	4.0	79.81	79.77	79.81	79.85	1.9	2.0	1.8	1.8
II	5,466.9	5,448.4	5,480.1	.4	2.8	80.26	79.97	80.22	80.26	2.2	1.0	2.1	2.1
III	5,496.3	5,518.2	5,510.4	2.2	5.2	80.81	80.60	80.84	80.88	2.8	3.2	3.1	3.1
IV	5,526.8	5,546.6	5,533.1	2.1	2.1	81.44	81.25	81.45	81.49	3.2	3.3	3.1	3.0
1987: I	5,561.8	5,535.8	5,568.7	2.6	-8	82.11	82.07	82.09	82.12	3.3	4.1	3.2	3.2
II	5,618.0	5,608.4	5,628.7	4.1	5.4	82.68	82.74	82.68	82.71	2.8	3.3	2.9	2.9
III	5,667.4	5,671.5	5,676.0	3.6	4.6	83.35	83.44	83.33	83.36	3.3	3.4	3.2	3.2
IV	5,750.6	5,688.3	5,759.6	6.0	1.2	84.08	84.19	84.09	84.12	3.6	3.6	3.7	3.7
1988: I	5,785.3	5,774.2	5,802.3	2.4	6.2	84.69	84.81	84.67	84.69	2.9	3.0	2.7	2.8
II	5,844.0	5,840.1	5,857.5	4.1	4.6	85.56	85.68	85.56	85.59	4.2	4.3	4.3	4.3
III	5,878.7	5,869.2	5,889.4	2.4	2.0	86.87	86.58	86.66	86.69	5.3	4.3	5.2	5.2
IV	5,952.8	5,937.0	5,964.9	5.1	4.7	87.46	87.44	87.44	87.47	3.7	4.0	3.7	3.7

**Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases—Continued**  
 (Quarterly data are seasonally adjusted at annual rates)

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1989: I	6,011.0	5,970.0	6,023.1	4.0	2.2	88.44	88.47	88.45	88.48	4.5	4.8	4.7	4.7
II	6,055.6	6,010.9	6,065.5	3.0	2.8	89.40	89.52	89.39	89.42	4.4	4.8	4.3	4.3
III	6,088.0	6,063.1	6,101.8	2.2	3.5	90.13	90.14	90.13	90.16	3.3	2.8	3.3	3.3
IV	6,093.5	6,070.8	6,112.3	.4	.5	90.91	90.98	90.88	90.91	3.5	3.8	3.4	3.4
1990: I	6,152.6	6,144.6	6,172.8	3.9	5.0	92.01	92.17	92.00	92.04	4.9	5.4	5.0	5.1
II	6,171.6	6,127.5	6,188.0	1.2	-1.1	93.20	93.14	93.18	93.21	5.2	4.2	5.2	5.2
III	6,142.1	6,126.6	6,155.7	-1.9	-1	94.19	94.32	94.14	94.17	4.3	5.2	4.2	4.2
IV	6,079.0	6,108.1	6,111.3	-4.0	-1.2	95.14	95.68	95.11	95.13	4.1	5.9	4.2	4.2
1991: I	6,047.5	6,065.4	6,074.3	-2.1	-2.8	96.26	96.42	96.27	96.29	4.8	3.1	5.0	4.9
II	6,074.7	6,095.9	6,086.4	1.8	2.0	97.02	96.95	97.00	97.01	3.2	2.2	3.1	3.1
III	6,090.1	6,085.4	6,099.2	1.0	-7	97.70	97.58	97.70	97.71	2.8	2.6	2.9	2.9
IV	6,105.3	6,083.8	6,119.5	1.0	-1	98.30	98.27	98.31	98.32	2.5	2.9	2.5	2.5
1992: I	6,175.7	6,175.8	6,192.0	4.7	6.2	99.14	99.04	99.13	99.13	3.4	3.2	3.4	3.4
II	6,214.2	6,203.8	6,225.2	2.5	1.8	99.81	99.76	99.79	99.79	2.8	2.9	2.7	2.7
III	6,260.7	6,249.5	6,270.3	3.0	3.0	100.17	100.28	100.17	100.17	1.4	2.1	1.5	1.5
IV	6,327.1	6,320.7	6,334.6	4.3	4.6	100.88	100.92	100.88	100.88	2.8	2.6	2.9	2.9
1993: I	6,326.2	6,307.1	6,342.3	-1	-9	101.83	101.70	101.84	101.83	3.8	3.1	3.8	3.8
II	6,356.3	6,334.5	6,366.7	1.9	1.7	102.39	102.29	102.36	102.35	2.2	2.4	2.1	2.1
III	6,393.2	6,371.3	6,406.0	2.3	2.3	102.83	102.63	102.83	102.83	1.8	1.3	1.9	1.9
IV	6,468.7	6,449.2	6,472.2	4.8	5.0	103.42	103.20	103.40	103.39	2.3	2.2	2.2	2.2
1994: I	6,508.5	6,467.7	6,514.0	2.5	1.2	104.15	103.80	104.11	104.10	2.9	2.4	2.8	2.8
II	6,587.4	6,514.9	6,586.1	4.9	3.0	104.63	104.38	104.60	104.59	1.9	2.3	1.9	1.9
III	6,644.8	6,582.1	6,640.0	3.5	4.2	105.25	105.15	105.24	105.23	2.4	3.0	2.5	2.5
IV	6,692.9	6,638.1	6,682.5	2.9	3.5	105.80	105.67	105.83	105.82	2.1	2.0	2.3	2.3
1995: I	6,700.2	6,647.4	6,698.2	.4	.6	106.68	106.41	106.71	106.70	3.3	2.8	3.4	3.4
II	6,712.7	6,682.4	6,711.0	.7	2.1	107.31	107.15	107.33	107.32	2.4	2.8	2.4	2.4
III	6,775.8	6,741.4	6,761.3	3.8	3.6	107.86	107.59	107.88	107.87	2.1	1.6	2.1	2.1
IV	6,780.2	6,764.2	6,775.0	.3	1.4	108.42	108.10	108.41	108.40	2.1	1.9	2.0	2.0
1996: I	6,813.8	6,815.2	6,814.4	2.0	3.0	109.03	108.71	109.00	108.98	2.3	2.3	2.2	2.2
II	6,892.1	6,884.7	6,886.1	4.7	4.1	109.62	109.27	109.47	109.46	2.2	2.1	1.8	1.8
III	6,928.1	6,892.7	6,913.3	2.1	.5	110.17	109.80	109.93	109.92	2.0	1.9	1.7	1.7
IV	6,993.3	6,975.9	6,985.0	3.8	4.9	110.69	110.50	110.34	110.32	1.9	2.6	1.5	1.5
1997: I	7,094.4	7,045.8	7,070.4	5.9	4.1	111.43	111.09	110.95	110.93	2.7	2.2	2.2	2.2

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

Table with 25 columns (Terminal year, Initial year) and 25 rows (1970-1996). Contains annual percent change data for Real GDP.

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

Table with 25 columns (Terminal year, Initial year) and 25 rows (1970-1996). Contains chain-type price index data for GDP.

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

Table with 25 columns (Terminal year, Initial year) and 25 rows (1970-1996). Contains annual percent change data for Real GDP Purchases.

NOTE.—In these triangles, the growth rate from one year to any other year can be found at the intersection of the column for the earlier year and the row for the later year; thus, growth rates from one year to the next are shown on the main diagonal. For example, from 1985 to 1995, real gross domestic product grew at an average annual rate of 2.4 percent; from 1984 to 1985, it grew 3.6 percent.

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

Terminal year	Initial year																									
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
1996	5.1	5.1	5.2	5.1	4.9	4.7	4.6	4.5	4.4	4.1	3.7	3.4	3.2	3.1	3.1	3.1	3.1	3.1	3.1	2.9	2.6	2.4	2.3	2.3	2.3	2.1
1995	5.3	5.3	5.3	5.3	5.0	4.8	4.8	4.7	4.5	4.2	3.8	3.5	3.3	3.2	3.2	3.2	3.3	3.2	3.2	3.0	2.7	2.5	2.4	2.4	2.4	
1994	5.4	5.4	5.4	5.4	5.2	5.0	4.9	4.8	4.6	4.4	3.9	3.5	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.1	2.8	2.5	2.3	2.2	2.4	
1993	5.5	5.5	5.6	5.6	5.3	5.1	5.1	5.0	4.8	4.5	4.1	3.6	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.4	3.0	2.6	2.5			
1992	5.7	5.7	5.7	5.7	5.5	5.3	5.2	5.1	5.0	4.7	4.2	3.7	3.5	3.5	3.5	3.5	3.5	3.7	3.8	3.8	3.7	3.2	2.8			
1991	5.8	5.8	5.9	5.9	5.7	5.4	5.4	5.3	5.2	4.8	4.3	3.8	3.6	3.6	3.6	3.7	3.9	4.0	4.1	4.1	3.7					
1990	5.9	5.9	6.0	6.0	5.8	5.6	5.5	5.4	5.3	4.9	4.4	3.9	3.6	3.6	3.6	3.7	3.9	4.1	4.1	4.5						
1989	6.0	6.0	6.1	6.1	5.9	5.6	5.6	5.5	5.3	5.0	4.4	3.8	3.5	3.4	3.4	3.5	3.7	3.9	4.2							
1988	6.1	6.1	6.2	6.3	6.0	5.7	5.7	5.6	5.5	5.1	4.4	3.7	3.4	3.3	3.2	3.2	3.5	3.5	3.6							
1987	6.2	6.3	6.4	6.5	6.2	5.9	5.9	5.8	5.7	5.2	4.5	3.7	3.3	3.2	3.1	3.0	3.4									
1986	6.4	6.5	6.6	6.7	6.4	6.1	6.2	6.1	5.9	5.5	4.7	3.8	3.3	3.1	2.9	2.6										
1985	6.7	6.8	6.9	7.0	6.8	6.5	6.6	6.5	6.4	6.0	5.1	4.1	3.5	3.4	3.2											
1984	6.9	7.0	7.3	7.4	7.1	6.9	7.0	7.0	7.0	6.6	5.6	4.4	3.7	3.5												
1983	7.2	7.3	7.6	7.8	7.5	7.3	7.5	7.6	7.7	7.3	6.3	4.8	3.8													
1982	7.5	7.7	8.0	8.2	8.0	7.8	8.1	8.4	8.7	8.6	7.5	5.9														
1981	7.6	7.9	8.2	8.5	8.3	8.1	8.6	9.0	9.6	9.9	9.2															
1980	7.5	7.7	8.1	8.4	8.2	7.9	8.5	9.0	9.8	10.7																
1979	7.1	7.3	7.8	8.1	7.7	7.3	7.7	8.2	9.0																	
1978	6.9	7.1	7.6	7.9	7.3	6.7	7.1	7.4																		
1977	6.8	7.1	7.6	8.0	7.3	6.3	6.9																			
1976	6.8	7.1	7.8	8.4	7.5	5.8																				
1975	7.0	7.4	8.4	9.7	9.3																					
1974	6.4	6.8	8.0	10.2																						
1973	5.2	5.2	5.9																							
1972	4.9	4.5																								
1971	5.3																									

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

Terminal year	Initial year																									
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
1996	2.7	2.7	2.6	2.5	2.7	2.7	2.7	2.6	2.4	2.4	2.5	2.6	2.8	2.8	2.6	2.4	2.3	2.3	2.1	1.9	2.0	2.5	2.5	2.7	2.6	2.7
1995	2.7	2.7	2.6	2.5	2.7	2.7	2.7	2.6	2.4	2.4	2.5	2.6	2.9	2.8	2.6	2.4	2.3	2.2	2.0	1.8	1.8	2.5	2.5	2.7	2.4	
1994	2.8	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.5	2.6	2.9	2.8	2.6	2.4	2.3	2.2	1.9	1.7	1.7	2.5	2.5	2.9		
1993	2.8	2.8	2.6	2.5	2.6	2.7	2.7	2.6	2.4	2.3	2.5	2.6	2.9	2.8	2.6	2.3	2.2	2.1	1.7	1.4	1.3	2.3	2.3	2.1		
1992	2.8	2.8	2.7	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.5	2.6	3.0	2.9	2.9	2.4	2.2	2.1	1.6	1.1	1.1	2.5	2.5			
1991	2.8	2.8	2.7	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.5	2.6	3.0	2.9	2.7	2.3	2.1	2.0	1.3	1.1	1.1	2.5	2.5			
1990	3.0	3.0	2.9	2.7	2.9	3.0	3.0	2.9	2.7	2.6	2.8	3.0	3.5	3.5	3.2	3.0	2.8	2.9	2.3	2.3	3.0					
1989	3.1	3.1	2.9	2.8	3.0	3.1	3.1	3.0	2.8	2.7	2.9	3.2	3.8	3.8	3.6	3.3	3.2	3.5	3.0							
1988	3.1	3.1	2.9	2.8	3.0	3.2	3.1	3.0	2.7	2.7	2.9	3.2	3.9	4.0	3.7	3.4	3.4	4.1								
1987	3.0	3.0	2.9	2.7	2.9	3.1	3.0	2.9	2.6	2.5	2.8	3.1	3.9	4.0	3.6	3.1	3.4									
1986	3.0	3.0	2.9	2.7	2.9	3.1	3.0	2.9	2.6	2.5	2.9	3.2	4.2	4.4	4.1	3.5	2.6									
1985	3.0	3.0	2.8	2.6	2.9	3.1	3.0	2.8	2.5	2.3	2.7	3.1	4.4	4.8	4.6											
1984	2.9	2.9	2.7	2.4	2.7	2.9	2.8	2.6	2.1	1.9	2.2	2.6	4.3	5.0												
1983	2.7	2.7	2.5	2.2	2.5	2.7	2.5	2.2	1.5	1.1	1.3	1.4	3.7													
1982	2.6	2.6	2.3	2.0	2.3	2.5	2.3	1.9	1.0	1.1	1.3	1.4														
1981	3.0	3.0	2.7	2.4	2.8	3.1	2.9	2.6	1.7	1.1		1.1														
1980	3.1	3.2	2.9	2.6	3.1	3.5	3.4	3.1	2.0	1.6																
1979	3.4	3.5	3.2	2.9	3.6	4.3	4.3	4.3	3.4																	
1978	3.4	3.5	3.2	2.8	3.6	4.6	4.8	5.3																		
1977	3.2	3.3	2.8	2.2	3.1	4.2	4.4																			
1976	3.0	3.0	2.4	1.5	2.4	4.0																				
1975	2.8	2.8	1.9	1.3	.9	4.0																				
1974	3.3	3.4	2.5	2.5																						
1973	4.5	5.3	5.3																							
1972	4.1	5.4																								
1971	2.7																									

**Table C.7.—Chain-Type Price Index for Final Sales of Domestic Product**  
[Average annual percent change]

Terminal year	Initial year																									
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
1996	5.1	5.1	5.1	5.1	4.9	4.7	4.6	4.5	4.4	4.1	3.8	3.5	3.3	3.2	3.1	3.1	3.2	3.1	2.9	2.7	2.5	2.4	2.3	2.3	2.3	2.1
1995	5.2	5.2	5.2	5.2	5.0	4.8	4.8	4.7	4.5	4.3	4.0	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.1	2.8	2.5	2.5	2.4	2.4	2.4	
1994	5.3	5.3	5.4	5.3	5.2	5.0	4.9	4.8	4.7	4.4	4.1	3.7	3.4	3.4	3.3	3.3	3.4	3.4	3.2	2.9	2.6	2.5	2.5	2.5	2.5	
1993	5.4	5.5	5.5	5.5	5.3	5.1	5.1	5.0	4.8	4.5	4.2	3.8	3.5	3.4	3.4	3.4	3.5	3.6	3.6	3.4	3.1	2.7	2.6	2.6	2.6	
1992	5.6	5.6	5.7	5.7	5.5	5.2	5.2	5.1	5.0	4.7	4.3	3.9	3.6	3.6	3.5	3.5	3.7	3.8	3.8	3.7	3.4	3.4	3.4	3.4	3.4	
1991	5.7	5.7	5.8	5.8	5.6	5.4	5.4	5.3	5.1	4.9	4.5	4.0	3.7	3.7	3.6	3.7	3.9	4.1	4.2	4.2	3.9	3.9				
1990	5.8	5.8	5.9	5.9	5.7	5.5	5.5	5.4	5.2	4.9	4.5	4.0	3.7	3.6	3.6	3.6	3.8	4.1	4.3	4.4						
1989	5.9	5.9	6.0	6.0	5.8	5.6	5.6	5.5	5.3	5.0	4.5	3.9	3.6	3.5	3.4	3.4	3.7	4.0	4.2	4.2						
1988	6.0	6.0	6.1	6.2	6.0	5.7	5.7	5.6	5.4	5.1	4.6	3.9	3.5	3.3	3.2	3.1	3.4	4.2								
1987	6.1	6.2	6.3	6.3	6.1	5.9	5.9	5.8	5.6	5.3	4.7	3.9	3.5	3.3	3.1	2.9	3.1	3.7								
1986	6.3	6.4	6																							











Table C.20.—Real Imports of Goods and Services
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1971-1996). Values represent average annual percent change in real imports.

Table C.21.—Real Government Consumption Expenditures and Gross Investment
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1971-1996). Values represent average annual percent change in government consumption and investment.

Table C.22.—Real Government Consumption Expenditures and Gross Investment, Federal
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 24 columns for initial years (1970-1995) and 24 rows for terminal years (1971-1996). Values represent average annual percent change in federal government consumption and investment.

Table C.23.—Real Government Consumption Expenditures and Gross Investment, State and Local
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 25 columns (Terminal year 1970-1995) and 27 rows (Initial year 1970-1996) showing percentage changes for various years.

Table C.24.—Real Disposable Personal Income
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 25 columns (Terminal year 1970-1995) and 27 rows (Initial year 1970-1996) showing percentage changes for various years.

Table C.25.—Real Disposable Personal Income Per Capita
[Average annual percent change, based on chained (1992) dollar estimates]

Table with 25 columns (Terminal year 1970-1995) and 27 rows (Initial year 1970-1996) showing percentage changes for various years.

**D. Domestic Perspectives**

These tables present data collected from other government agencies and private organizations, as noted. Quarterly data are shown in the middle month of the quarter.

**Table D.1.—Domestic Perspectives**

	1995	1996	1996									1997				
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
<b>Consumer and producer prices (seasonally adjusted) <sup>1</sup></b>																
<b>Consumer price index for all urban consumers, 1982=100:</b>																
All items .....	152.4	156.9	156.1	156.5	156.7	157.1	157.4	157.9	158.3	158.8	159.2	159.4	159.8	159.9	160.0	160.1
Less food and energy .....	161.2	165.6	164.9	165.3	165.6	166.0	166.2	166.7	167.0	167.4	167.7	167.9	168.3	168.7	169.2	169.5
Services .....	168.7	174.1	172.9	173.5	173.9	174.5	174.9	175.4	175.8	176.3	176.8	177.2	177.6	178.0	178.5	178.8
<b>Producer price index, 1982=100:</b>																
Finished goods .....	127.9	131.3	130.6	130.8	131.2	131.2	131.6	132.0	132.5	132.7	133.4	133.0	132.5	132.4	131.6	131.2
Less food and energy .....	140.0	142.0	141.6	141.9	142.1	142.1	142.2	142.4	142.3	142.3	142.5	142.5	142.2	142.7	142.5	142.1
Finished consumer goods .....	125.6	129.5	128.7	128.9	129.4	129.4	129.9	130.3	131.0	131.3	132.1	131.6	131.1	130.8	129.9	129.4
Capital equipment .....	136.7	138.3	138.1	138.1	138.3	138.3	138.5	138.7	138.5	138.5	138.5	138.6	138.5	138.9	138.3	138.0
Intermediate materials .....	124.9	125.7	125.6	126.1	125.7	125.5	125.7	126.2	126.0	125.8	126.4	126.6	126.6	125.9	125.5	125.3
Crude materials .....	102.7	113.5	114.2	115.4	112.6	115.1	115.8	112.8	112.0	115.0	122.1	126.7	118.2	110.0	109.0	110.4
<b>Money, interest rates, and stock prices</b>																
<b>Money stock (seasonally adjusted): <sup>2</sup></b>																
<b>Percent change:</b>																
M1 .....			-0.24	-0.57	-0.14	-0.60	-0.81	-0.60	-1.19	-0.02	0.09	-0.12	0.07	-0.50	-0.94	-0.23
M2 .....			.29	.03	.44	.22	.34	.33	.33	.56	.62	.43	.42	.42	.49	.02
<b>Ratio:</b>																
Gross domestic product to M1 .....	5.877	6.852		6.745			6.920			7.142			7.298			
Personal income to M2 .....	1.711	1.721	1.710	1.719	1.726	1.723	1.728	1.731	1.727	1.726	1.730	1.728	1.733	1.736	1.731	1.736
<b>Interest rates (percent, not seasonally adjusted): <sup>2</sup></b>																
Federal funds rate .....	5.83	5.30	5.22	5.56	5.27	5.40	5.22	5.30	5.24	5.31	5.29	5.25	5.19	5.39	5.51	5.50
Discount rate on new 91-day Treasury bills .....	5.51	5.02	4.99	5.02	5.11	5.19	5.09	5.15	5.01	5.03	4.87	5.05	5.00	5.14	5.17	5.13
Yield on new high-grade corporate bonds .....	7.72	7.62	7.81	7.87	8.00	7.97	7.68	7.84	7.69	7.43	7.45	7.63	7.54	7.85	8.04	7.90
10-Year U.S. Treasury bonds .....	6.57	6.44	6.51	6.74	6.91	6.87	6.64	6.83	6.53	6.20	6.30	6.58	6.42	6.69	6.89	6.71
Yield on municipal bonds, 20-bond average .....	5.95	5.76	5.94	5.98	6.02	5.92	5.76	5.87	5.72	5.59	5.64	5.72	5.63	5.76	5.88	5.70
Mortgage commitment rate .....	7.95	7.80	7.93	8.07	8.32	8.25	8.00	8.23	7.92	7.62	7.80	7.82	7.65	7.90	8.14	7.94
Average prime rate charged by banks .....	8.83	8.27	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.30	8.50	8.50
<b>Index of stock prices (not seasonally adjusted): <sup>3</sup></b>																
500 common stocks, 1941-43=10 .....	541.64	670.83	647.17	661.23	668.50	644.07	662.68	674.88	701.46	735.67	743.25	766.22	798.39	792.16	763.93	833.09
<b>Labor markets (thousands, seasonally adjusted, unless otherwise noted) <sup>1</sup></b>																
Civilian labor force .....	132,304	133,943	133,427	133,759	133,709	134,165	133,898	134,291	134,636	134,831	135,022	135,848	135,634	136,319	136,098	136,173
<b>Labor force participation rates (percent):</b>																
Males 20 and over .....	76.7	76.8	76.7	76.8	76.9	77.0	76.8	76.7	76.8	76.9	76.8	77.1	76.9	77.1	77.1	76.9
Females 20 and over .....	59.4	59.9	59.7	59.7	59.7	59.9	59.9	60.0	60.1	60.2	60.3	60.4	60.2	60.6	60.4	60.5
16-19 years of age .....	53.5	52.3	52.6	53.1	51.8	52.2	50.7	52.2	52.4	52.0	52.3	51.9	52.8	52.9	52.1	52.2
Civilian employment .....	124,900	126,708	126,125	126,428	126,590	126,889	126,988	127,248	127,617	127,644	127,855	128,580	128,430	129,175	129,384	129,639
<b>Ratio, civilian employment to working-age population (percent)</b>																
Persons engaged in nonagricultural activities .....	62.9	63.2	63.0	63.1	63.2	63.2	63.2	63.3	63.4	63.4	63.4	63.6	63.5	63.8	63.8	63.9
Employees on nonagricultural payrolls .....	121,460	123,264	122,713	122,954	123,182	123,419	123,570	123,768	124,167	124,290	124,429	125,112	125,138	125,789	125,887	126,209
<b>Nonfarm business sector, 1992=100:</b>																
Output per hour of all persons .....	100.8	101.5		101.6			101.5			101.8			102.5			
Unit labor costs .....	106.7	109.8		109.4			110.4			111.0			111.7			
Hourly compensation .....	107.6	111.5		111.1			112.0			113.1			114.5			

See footnotes at end of table.

Table D.1.—Domestic Perspectives—Continued

	1995	1996	1996									1997				
			Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Construction (seasonally adjusted at annual rates) <sup>4</sup>																
Total new private construction put in place (billions of dollars) .....	410.2	427.4	424.2	418.1	423.1	419.3	426.7	428.4	437.0	446.1	445.4	446.6	455.6	453.7	450.2	.....
Residential .....	236.6	246.5	248.0	247.5	246.9	244.9	246.0	246.4	246.9	249.2	250.3	250.1	255.4	257.8	258.2	.....
Nonresidential .....	133.9	140.7	135.5	130.9	137.7	136.2	140.7	142.2	150.2	154.4	149.8	154.3	157.2	154.9	150.9	.....
Housing starts (thousands of units):																
Total .....	1,354	1,477	1,522	1,476	1,488	1,492	1,515	1,470	1,407	1,486	1,353	1,375	1,554	1,479	1,468	1397
1-unit structures .....	1,076	1,161	1,215	1,142	1,214	1,164	1,222	1,148	1,104	1,133	1,024	1,125	1,237	1,142	1,116	1088
New 1-family houses sold (thousands of units) .....	667	757	741	732	732	782	814	768	706	788	794	822	820	836	772	.....
Manufacturing and trade, inventories and sales (millions of dollars, seasonally adjusted) <sup>4</sup>																
Sales:																
Total manufacturing and trade .....	8,185,445	8,586,876	711,826	717,345	712,919	721,396	718,782	724,103	727,725	730,646	728,760	737,464	747,790	745,460	747,510	.....
Manufacturing .....	3,588,367	3,733,710	309,477	313,247	310,052	313,851	313,854	315,971	316,461	319,296	316,306	319,725	322,967	322,923	326,883	.....
Merchant wholesalers .....	2,270,542	2,413,337	199,853	200,038	200,078	204,254	201,892	203,419	204,987	205,561	205,560	207,506	211,801	210,195	210,187	.....
Retail trade .....	2,326,536	2,439,829	202,496	204,060	202,789	203,291	203,036	204,713	206,277	205,789	206,894	210,233	213,022	212,342	210,440	.....
Inventories:																
Total manufacturing and trade .....	985,905	1,004,425	993,660	992,113	992,218	996,796	999,357	1,000,431	1,004,990	1,004,540	1,004,425	1,007,618	1,011,899	1,013,376	1,016,522	.....
Manufacturing .....	429,089	434,434	431,352	430,298	429,802	430,543	431,647	432,674	434,038	435,200	434,434	435,743	437,873	438,560	441,124	.....
Merchant wholesalers .....	253,066	255,808	257,612	256,601	256,739	256,467	256,598	254,788	255,671	255,850	255,808	257,895	258,088	259,389	257,639	.....
Retail trade .....	303,750	314,183	304,696	305,214	305,677	309,786	311,112	312,969	315,281	313,490	314,183	313,980	315,938	315,427	317,759	.....
Industrial production indexes and capacity utilization rates (seasonally adjusted) <sup>2</sup>																
Industrial production indexes, 1992=100:																
Total .....	112.1	115.2	114.3	114.8	115.5	115.5	115.8	116.0	116.2	117.2	117.7	117.8	118.4	118.8	119.2	119.7
By industry:																
Durable manufactures .....	119.7	125.7	124.6	125.3	126.3	126.9	127.5	127.2	127.1	128.4	128.8	129.5	130.8	131.7	132.4	133.4
Nondurable manufactures .....	106.2	106.3	105.2	105.5	105.9	106.4	106.2	106.9	107.4	107.9	108.8	108.5	108.6	108.7	108.5	108.8
By market category:																
Consumer goods .....	108.9	110.4	109.8	110.0	110.8	110.7	110.1	110.5	110.8	112.3	112.7	111.7	111.6	112.2	111.7	111.6
Capacity utilization rates (percent):																
Total industry .....	83.8	83.1	83.1	83.2	83.5	83.2	83.2	83.1	83.0	83.4	83.5	83.3	83.5	83.6	83.6	83.7
Manufacturing .....	83.1	82.1	82.0	82.0	82.3	82.4	82.3	82.1	82.0	82.4	82.5	82.4	82.6	82.7	82.6	82.7
Credit market borrowing (billions of dollars, seasonally adjusted at annual rates) <sup>2</sup>																
All sectors, by instrument:																
Total .....	1,236.3	1,350.3	.....	1,440.8	.....	.....	1,315.9	.....	.....	1,378.2	.....	.....	1,124.7	.....	.....	.....
Open market paper .....	74.3	102.6	.....	126.3	.....	.....	107.6	.....	.....	136.8	.....	.....	203.4	.....	.....	.....
U.S. government securities .....	348.5	376.1	.....	358.4	.....	.....	401.7	.....	.....	366.5	.....	.....	206.2	.....	.....	.....
Municipal securities .....	-44.2	1.5	.....	37.7	.....	.....	-76.2	.....	.....	63.5	.....	.....	26.8	.....	.....	.....
Corporate and foreign bonds .....	307.2	273.6	.....	287.4	.....	.....	248.2	.....	.....	302.4	.....	.....	142.4	.....	.....	.....
Bank loans, n.e.c. .....	113.5	93.8	.....	113.6	.....	.....	143.1	.....	.....	43.8	.....	.....	135.4	.....	.....	.....
Other loans and advances .....	61.6	66.7	.....	76.1	.....	.....	116.5	.....	.....	45.8	.....	.....	17.9	.....	.....	.....
Mortgages .....	233.8	342.8	.....	350.1	.....	.....	280.9	.....	.....	354.5	.....	.....	312.4	.....	.....	.....
Consumer credit .....	141.6	93.2	.....	91.2	.....	.....	94.2	.....	.....	65.0	.....	.....	80.2	.....	.....	.....

## Sources:

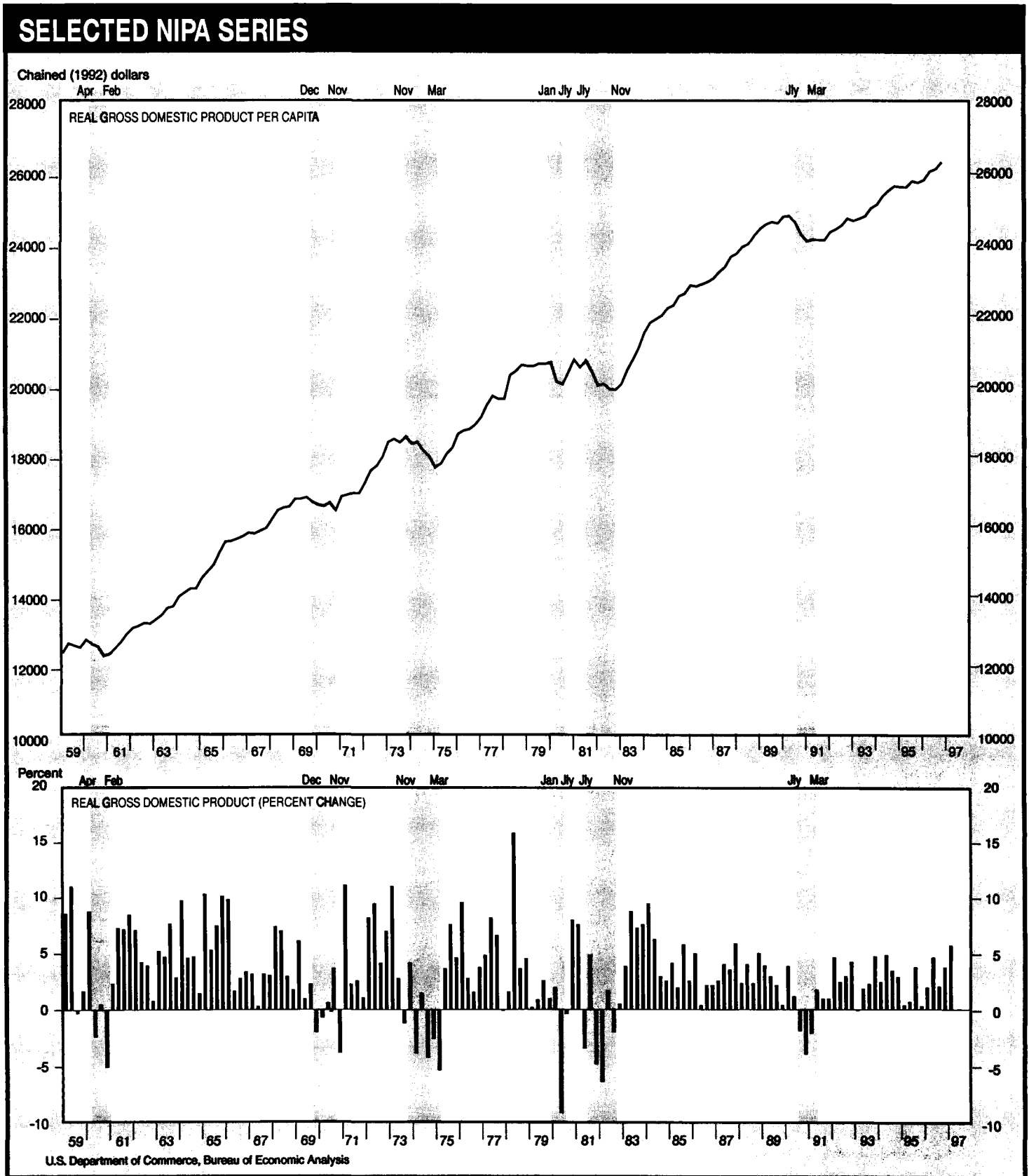
1. Bureau of Labor Statistics.  
2. Federal Reserve Board.

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

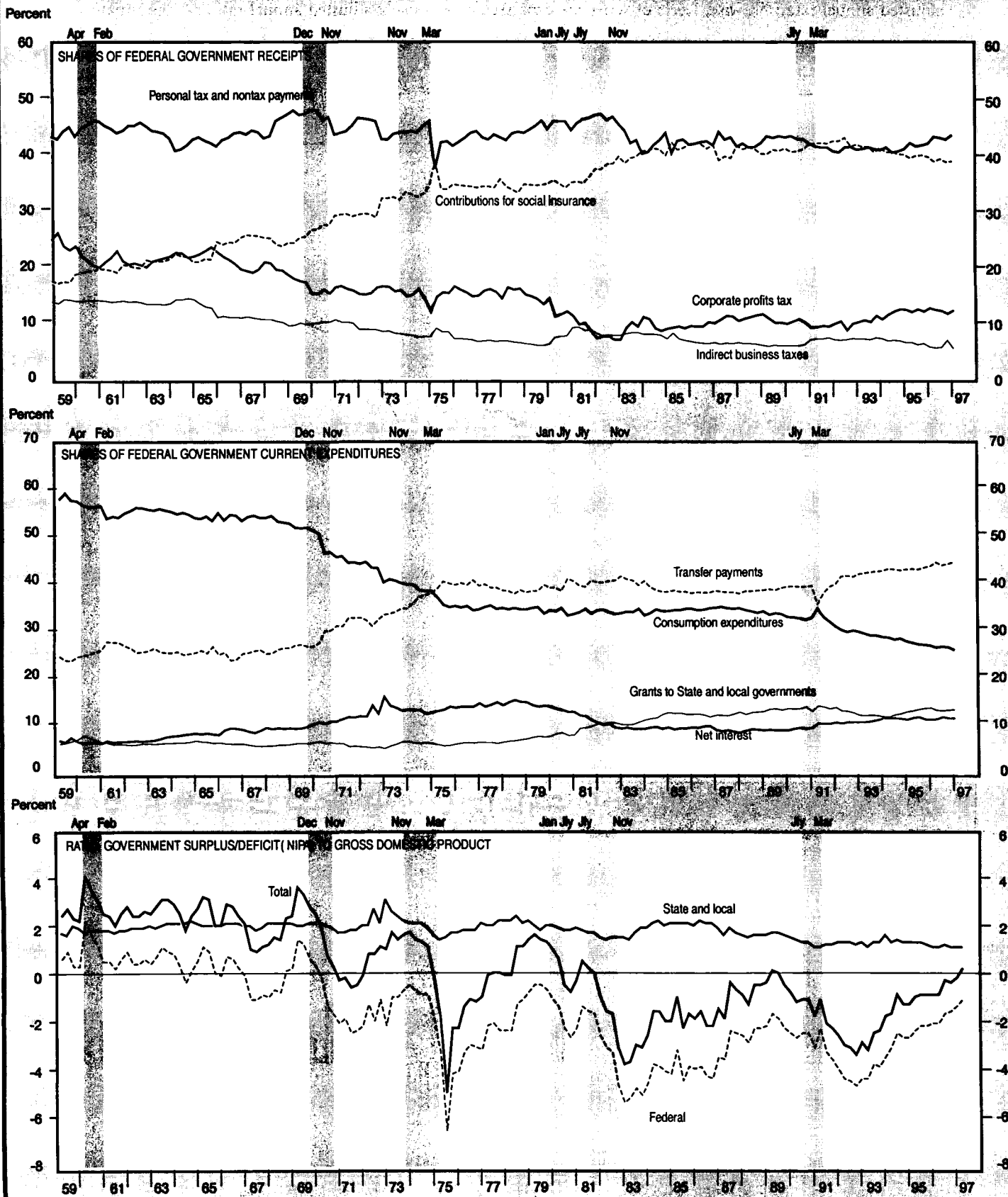


### E. Charts

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

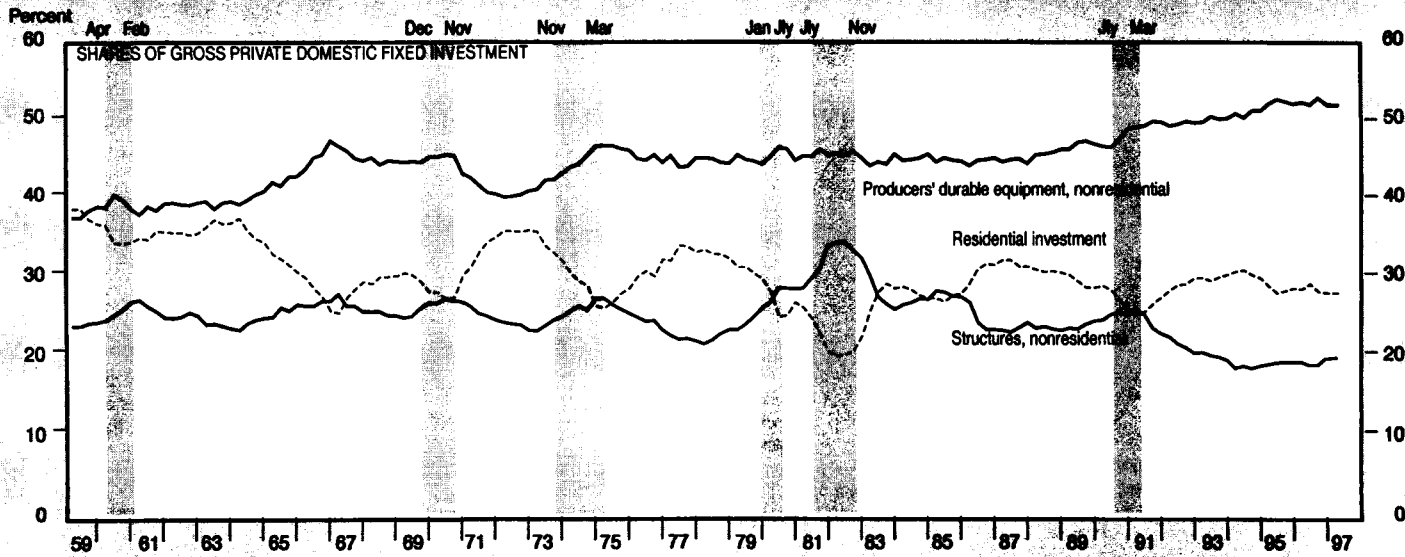
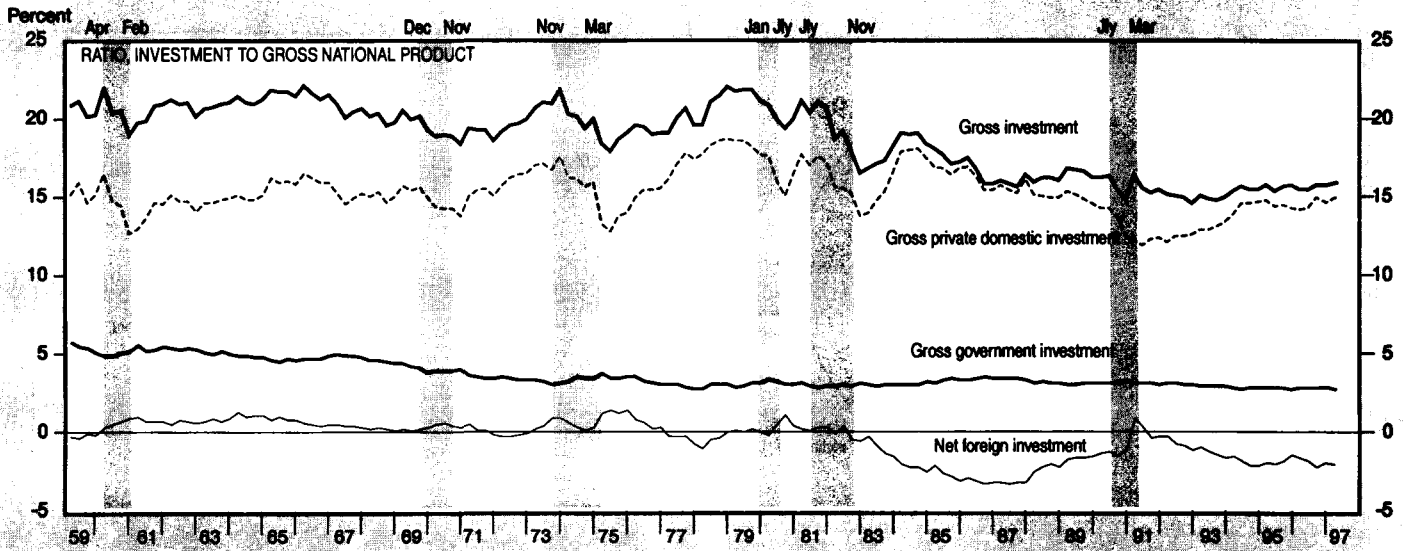
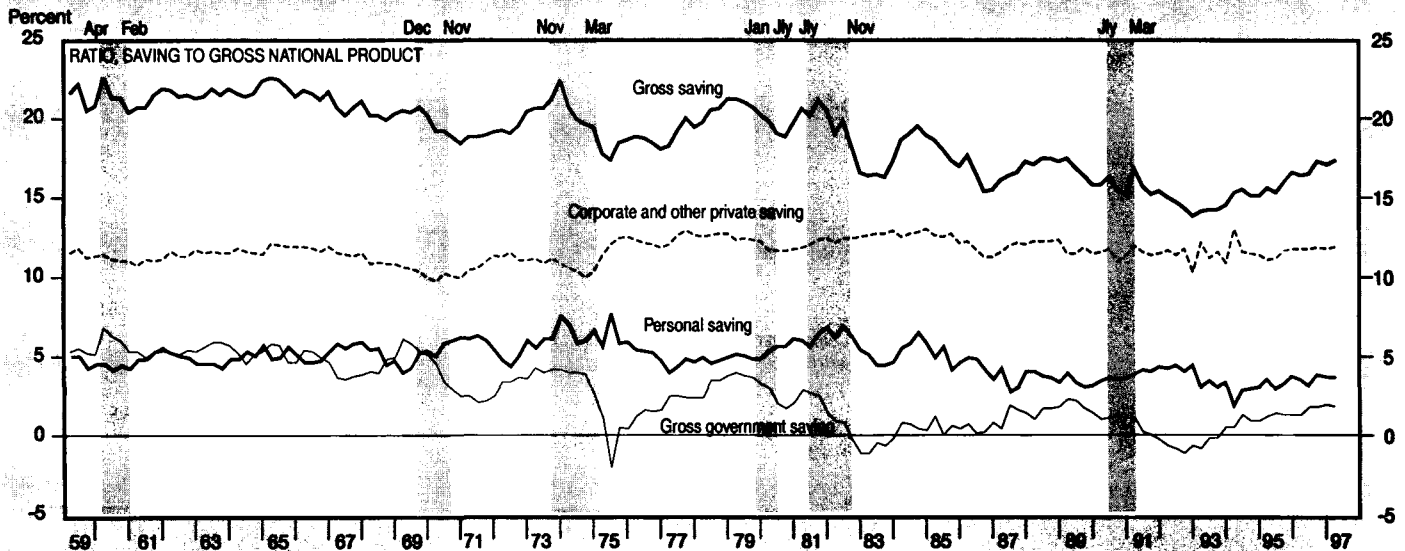


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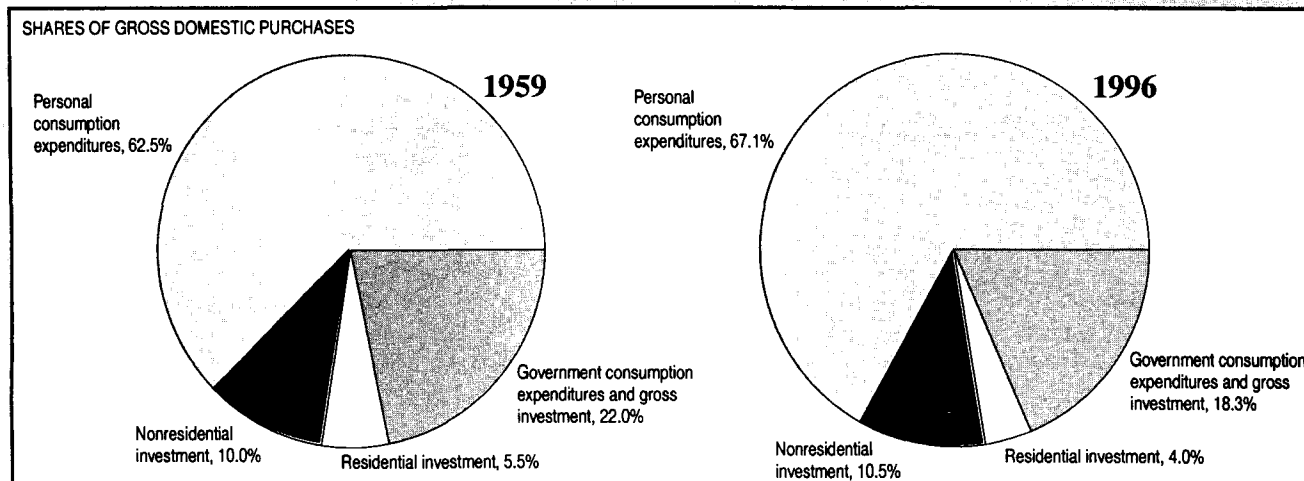
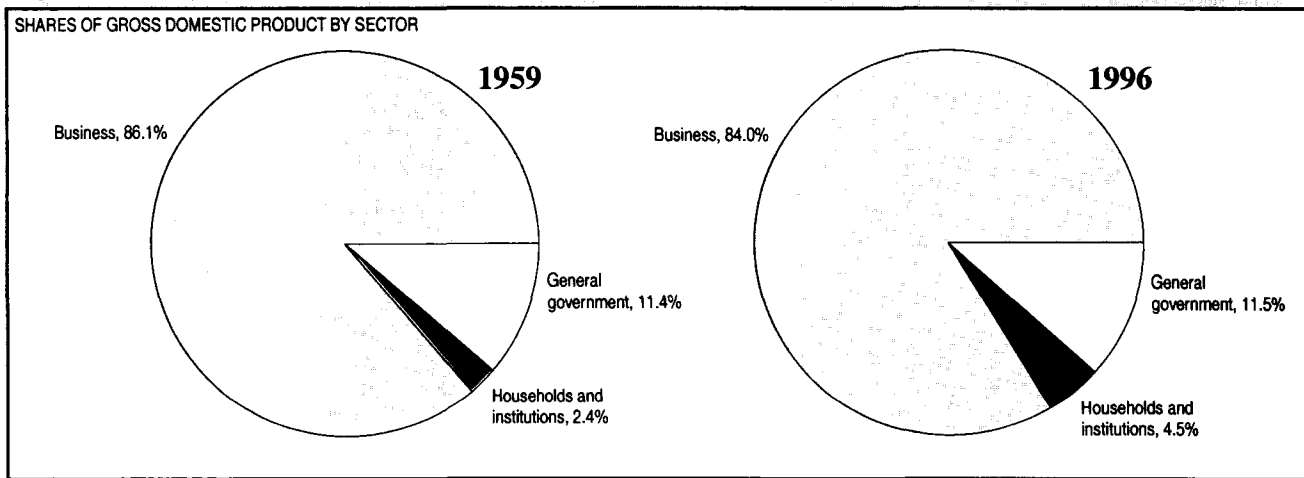
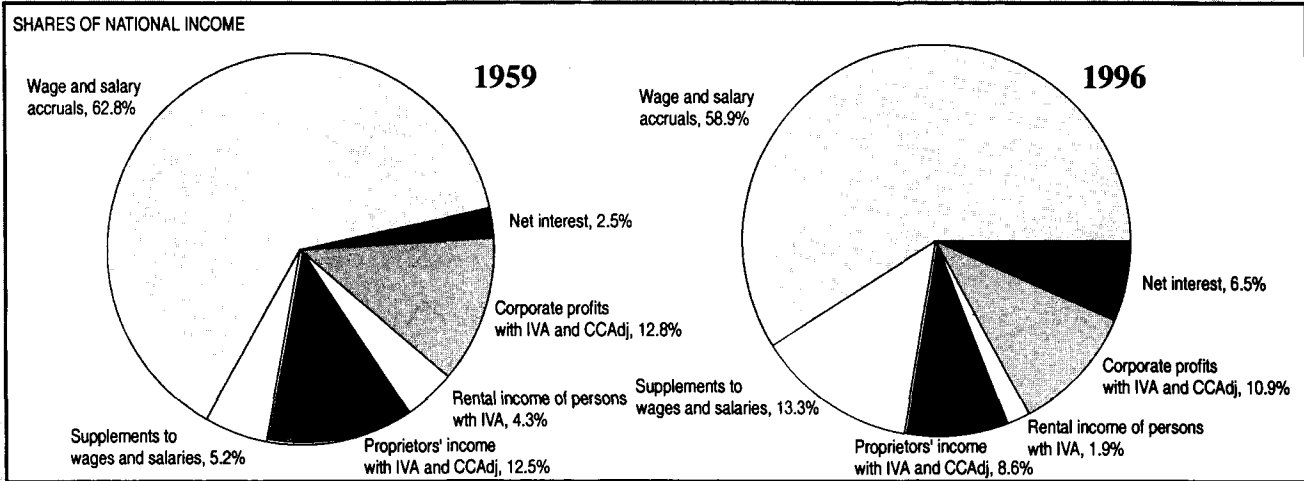


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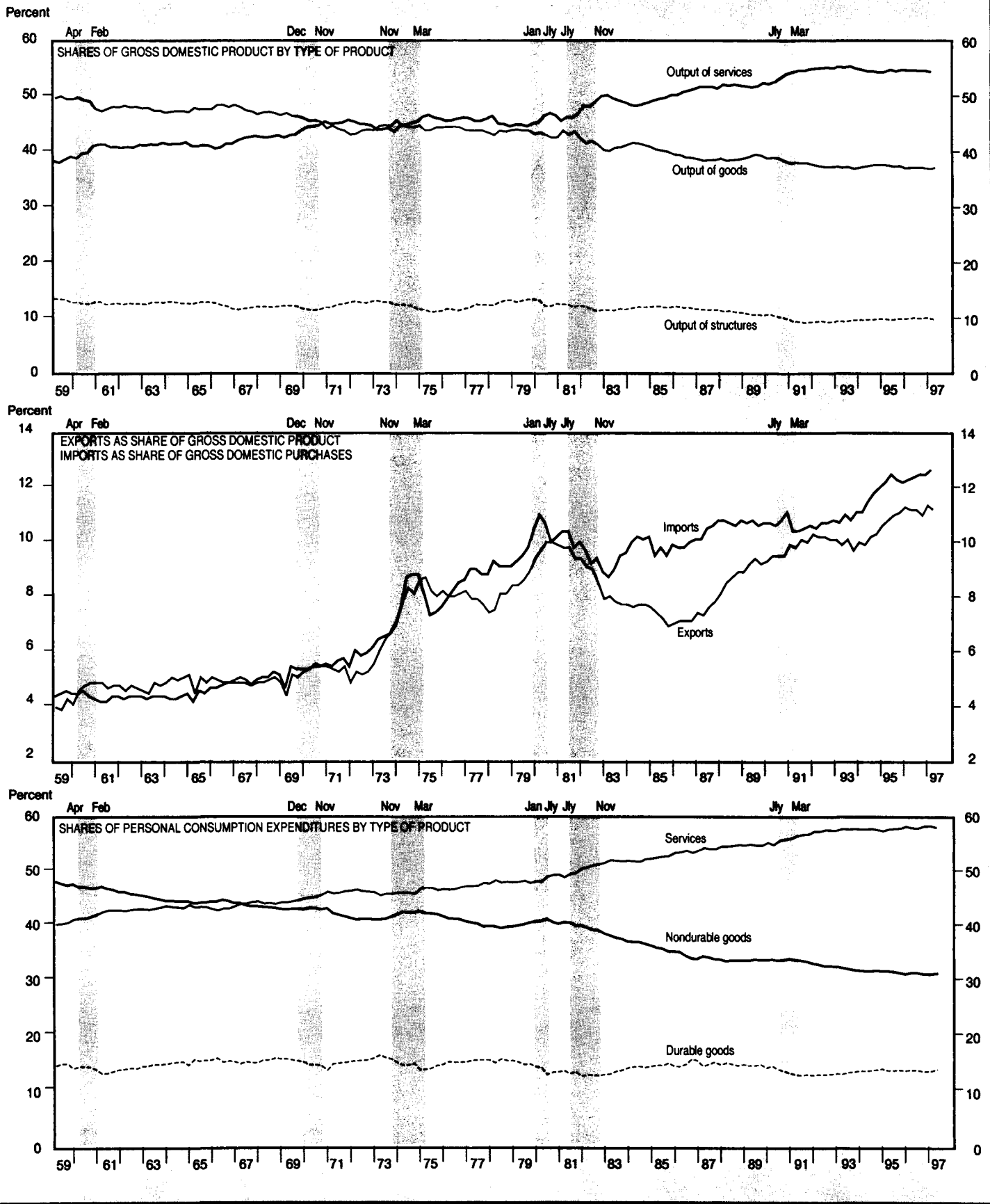
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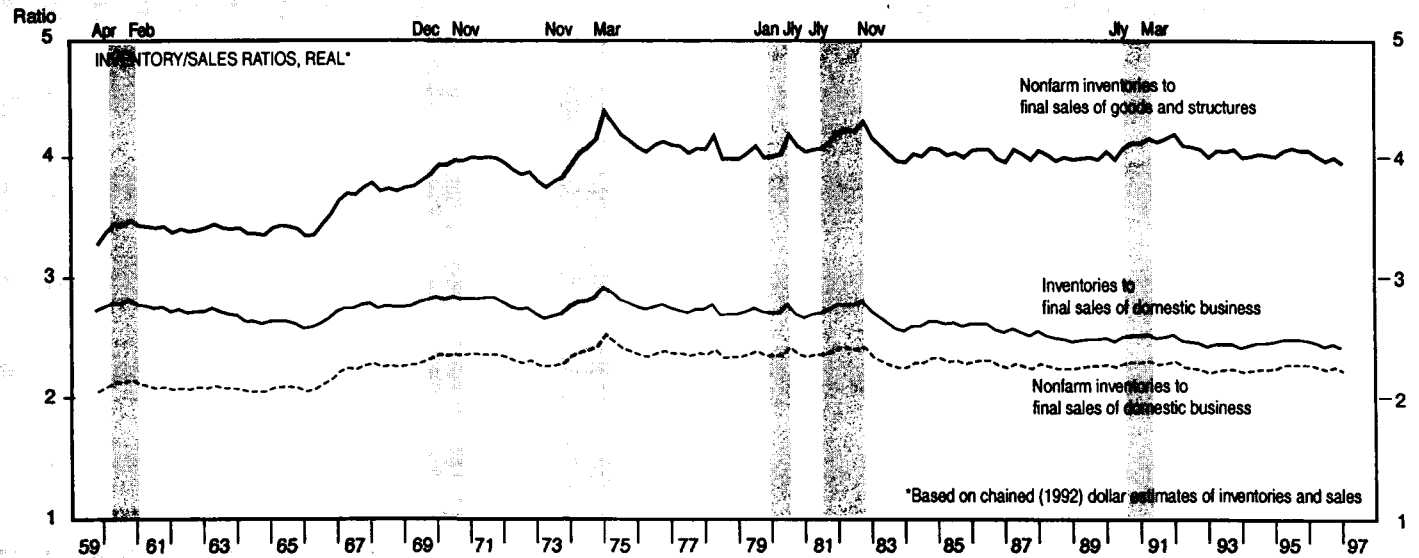
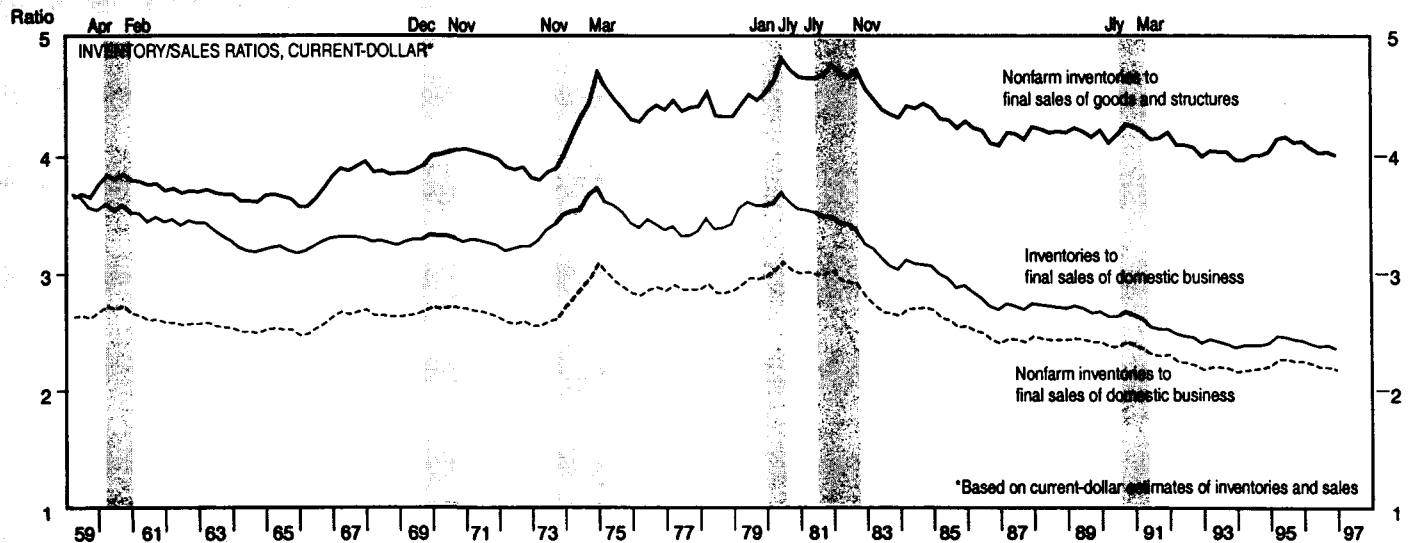
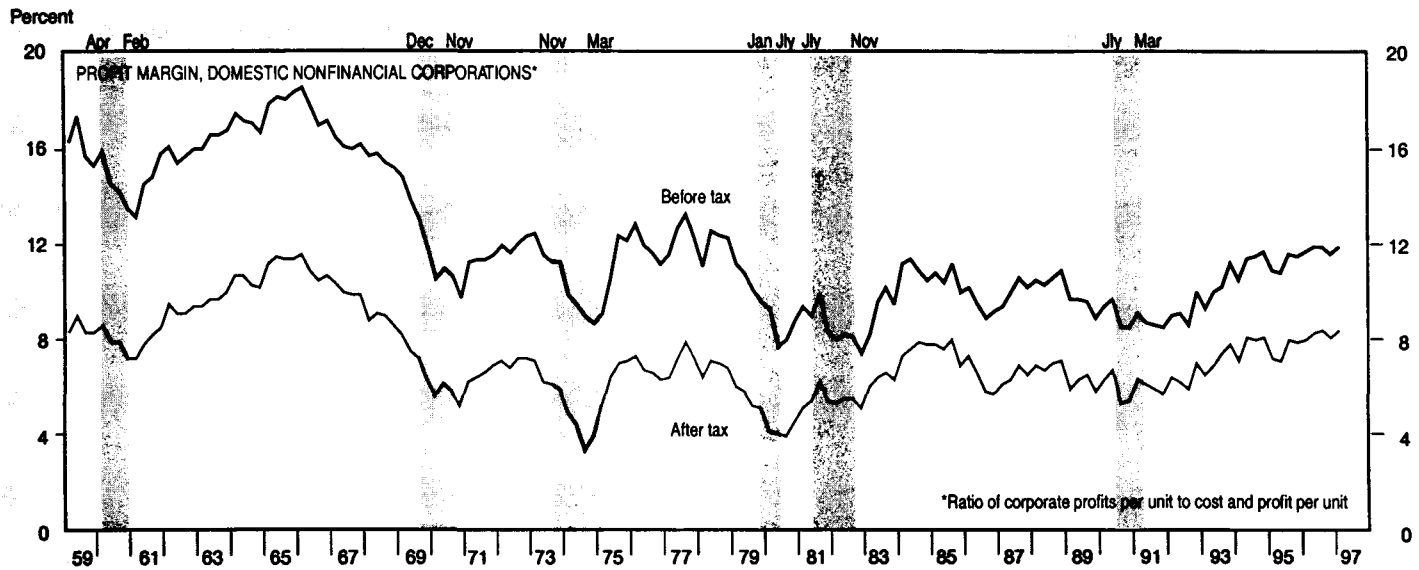
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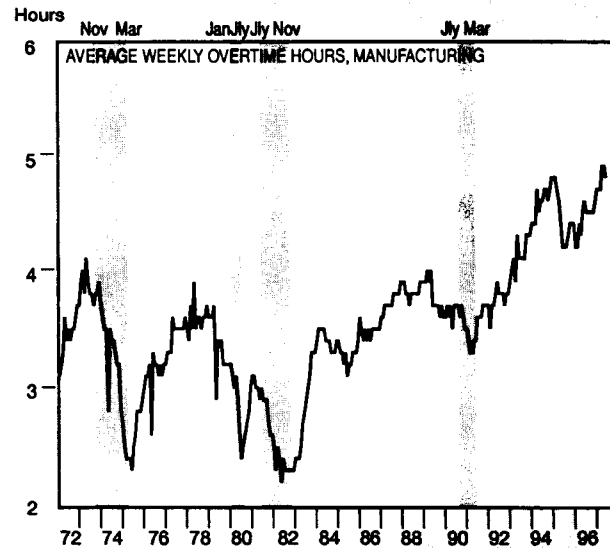
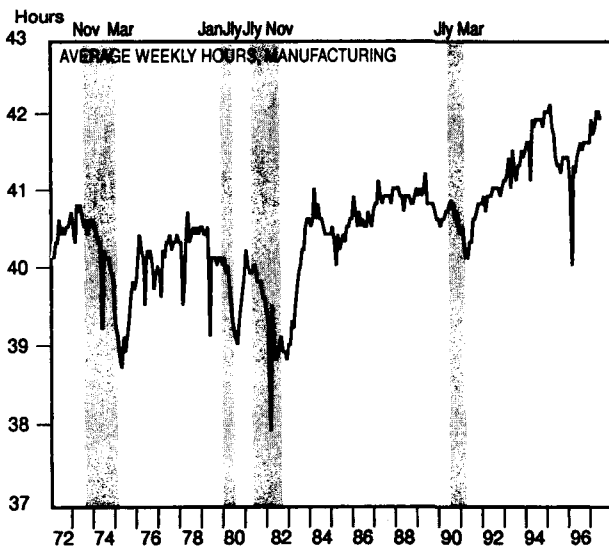
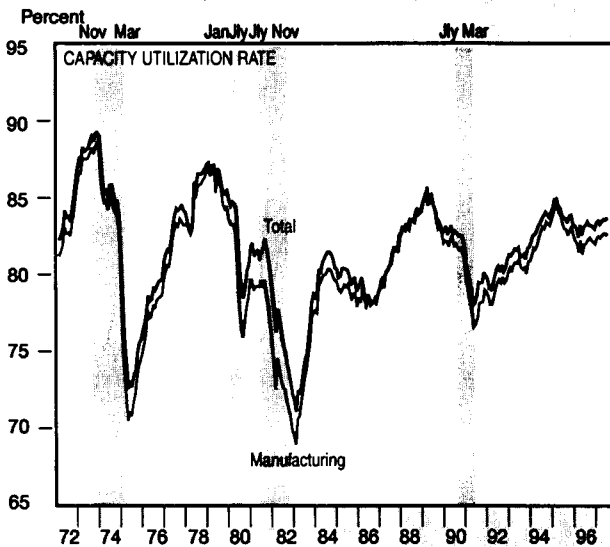
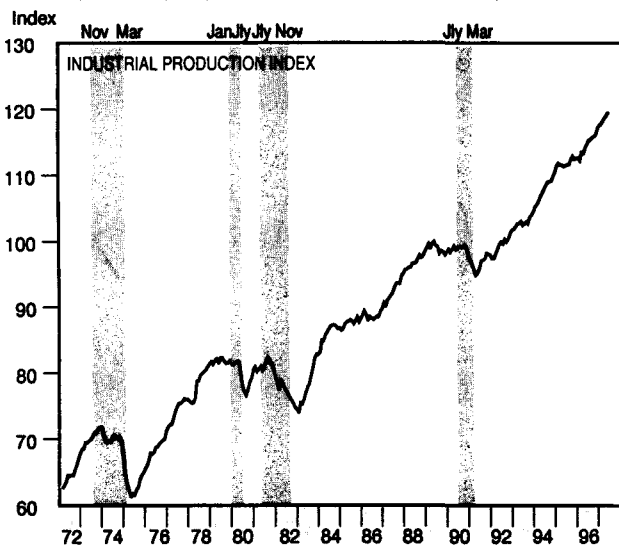
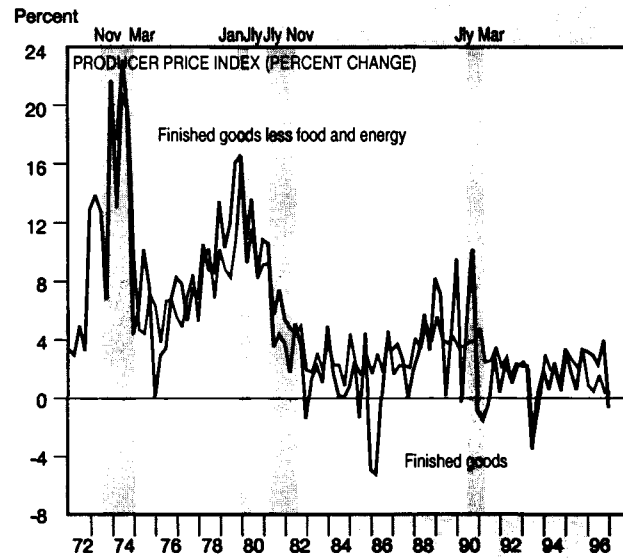
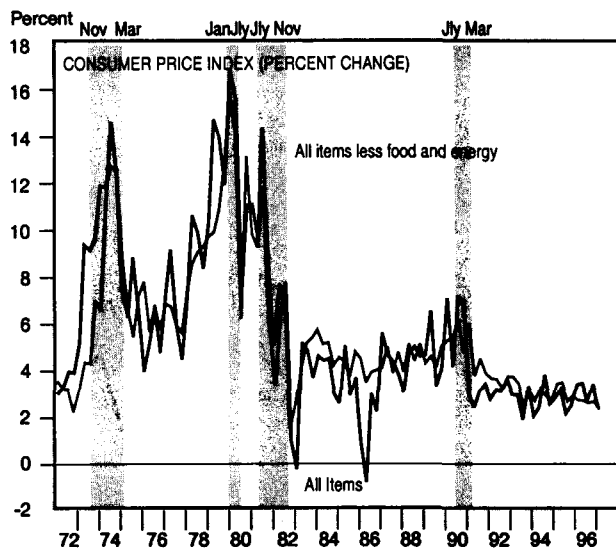


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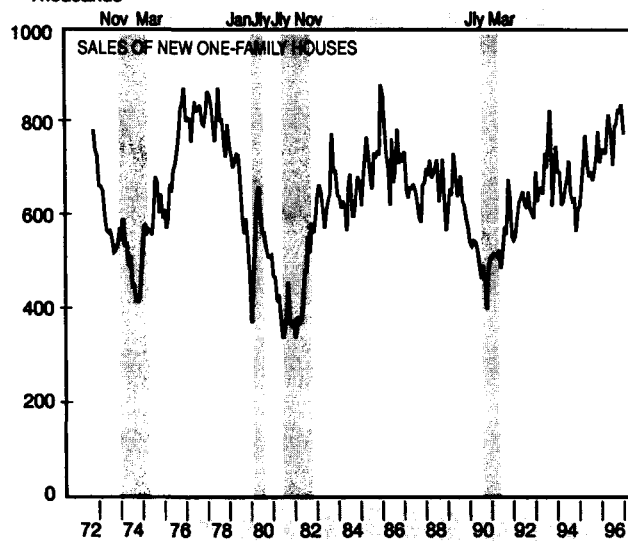
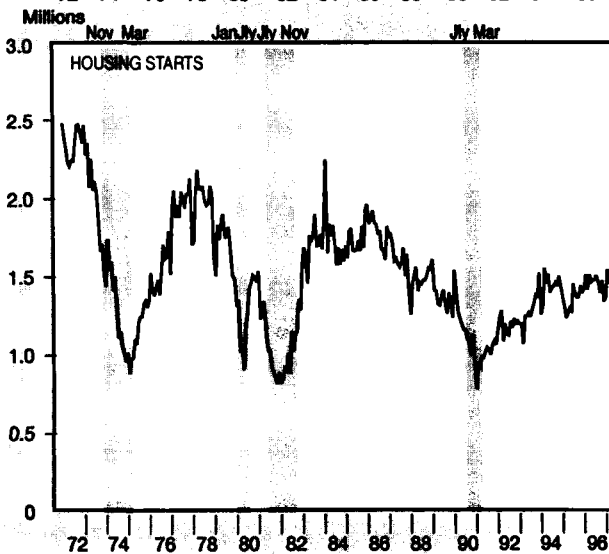
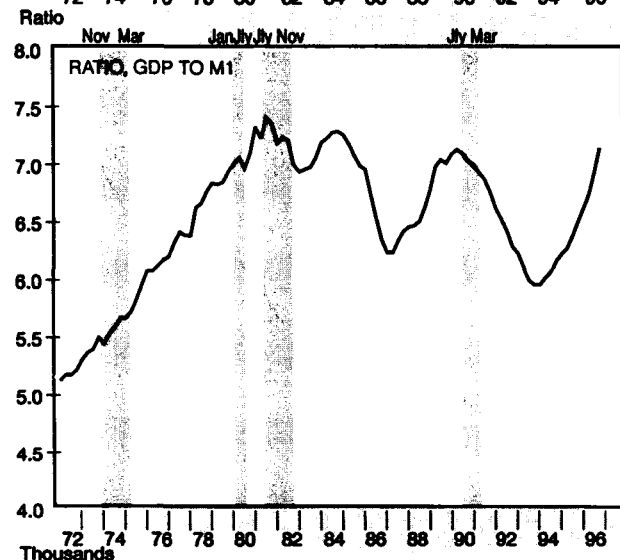
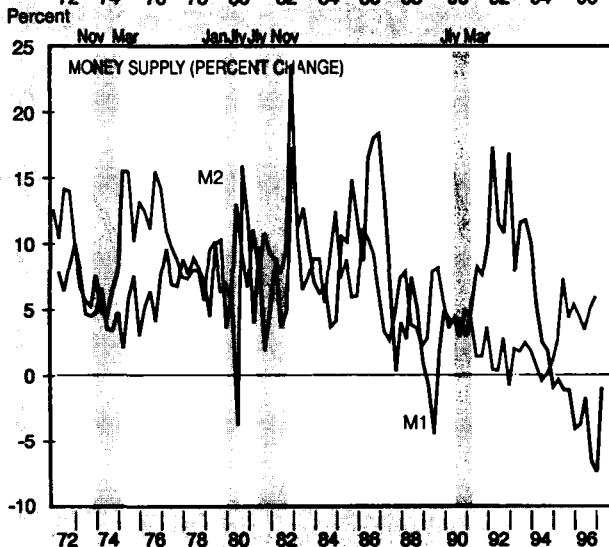
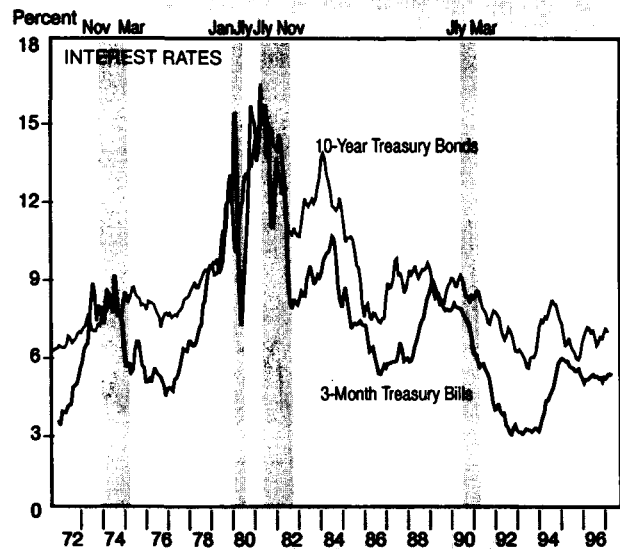
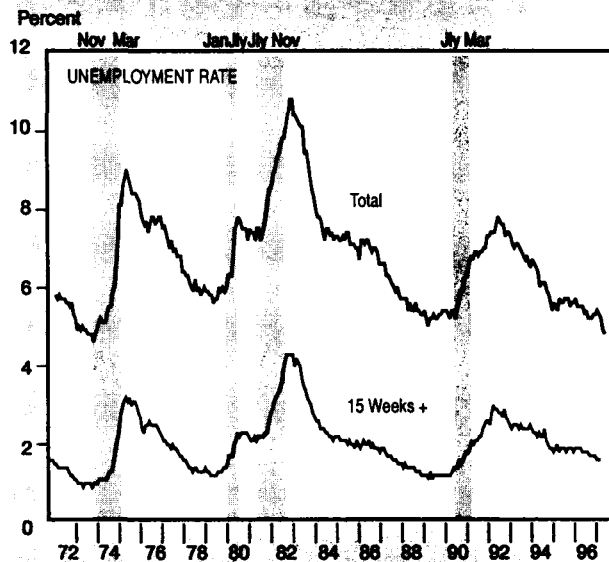
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# OTHER INDICATORS OF THE DOMESTIC ECONOMY



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# OTHER INDICATORS OF THE DOMESTIC ECONOMY



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## International Data

### F. Transactions Tables

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*To accommodate the presentation of the annual revision of the international transactions accounts, tables F.1–F.4 and the charts in section I are not shown this month. A description of the annual revision appears in “U.S. International Transactions, Revised Estimates for 1974–96” in this issue. The data usually shown in tables F.2–F.4 are presented in greater detail in tables 1, 3, and 10 at the end of “U.S. International Transactions, First Quarter 1997” in this issue.*

## G. Investment Tables

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

[Millions of dollars]

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

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

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

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

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

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

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

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

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

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

Table G.2.—U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 1993–95

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
<b>All countries, all industries</b> .....	<b>564,283</b>	<b>621,044</b>	<b>711,621</b>	<b>77,247</b>	<b>53,078</b>	<b>93,406</b>	<b>59,381</b>	<b>65,994</b>	<b>85,538</b>
<b>By country</b>									
Canada .....	69,922	74,987	81,387	3,584	6,287	7,767	3,959	5,550	8,386
Europe .....	285,735	310,031	363,527	45,914	20,050	52,828	26,660	29,220	40,910
France .....	24,312	27,860	32,645	-495	2,770	5,954	1,319	1,639	2,910
Germany .....	36,811	39,622	43,001	4,263	1,846	2,481	3,064	3,679	4,833
Netherlands .....	20,911	25,127	37,421	1,398	3,212	7,134	2,389	2,410	6,075
United Kingdom .....	109,208	111,255	119,938	25,355	1,920	11,624	9,680	8,761	10,585
Latin America and Other Western Hemisphere .....	100,482	112,226	122,765	16,895	14,797	14,614	14,275	15,562	14,840
Africa .....	5,469	5,530	6,516	837	173	970	1,226	1,413	1,866
Middle East .....	6,571	6,794	7,982	775	598	1,164	875	967	1,436
Asia and Pacific .....	92,671	108,075	125,968	8,895	11,143	16,001	12,117	13,120	17,886
Australia .....	19,047	19,900	24,713	1,981	721	5,711	2,271	2,384	2,759
Japan .....	31,095	36,677	39,198	1,625	2,522	1,583	1,801	2,843	4,504
International .....	3,433	3,401	3,476	348	30	62	269	163	214
<b>By industry</b>									
Petroleum .....	64,175	66,272	69,653	5,539	2,090	2,667	8,582	7,544	9,338
Manufacturing .....	192,244	217,416	257,569	18,522	25,533	43,520	21,699	27,868	35,775
Food and kindred products .....	25,858	28,931	31,079	6,088	3,661	2,487	4,110	4,256	4,547
Chemicals and allied products .....	45,623	50,385	68,082	4,247	5,681	18,215	6,103	7,343	9,426
Primary and fabricated metals .....	9,937	10,811	13,026	752	743	2,314	632	1,004	1,447
Industrial machinery and equipment .....	26,927	29,000	33,551	755	1,970	6,537	1,227	2,427	4,337
Electronic and other electric equipment .....	16,842	20,414	25,579	1,052	3,615	5,050	1,808	3,104	4,009
Transportation equipment .....	22,957	29,159	32,353	1,734	5,365	3,373	3,123	3,847	4,052
Other manufacturing .....	44,100	48,716	53,920	3,894	4,498	5,544	4,696	5,887	7,958
Wholesale trade .....	57,534	67,272	71,354	5,700	8,969	8,339	6,700	8,184	9,752
Banking .....	27,074	29,224	30,441	1,673	1,277	587	3,725	3,252	2,742
Finance (except banking), insurance, and real estate .....	174,684	186,558	212,089	41,358	6,712	18,815	15,643	15,073	21,839
Services .....	19,489	22,352	27,826	1,959	2,952	6,832	1,809	1,677	3,091
Other industries .....	29,083	31,950	42,668	2,497	5,545	12,646	1,223	2,397	3,001

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

The data in this table are from tables 17 and 18 in "U.S. Direct Investment Abroad: Detail

for Historical-Cost Position and Related Capital and Income Flows, 1995" in the September 1996 SURVEY OF CURRENT BUSINESS.

Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates of U.S. Companies, by Country and by Industry of Affiliate, 1994

	Number of affiliates	Millions of dollars			Number of employees (thousands)
		Total assets	Sales	Net income	
<b>All countries, all industries .....</b>	<b>21,300</b>	<b>2,359,964</b>	<b>1,754,852</b>	<b>94,031</b>	<b>6,957.7</b>
<b>By country</b>					
Canada .....	2,064	218,783	210,892	7,341	886.7
Europe .....	10,468	1,288,830	897,439	45,769	2,844.3
France .....	1,227	100,722	106,478	1,997	390.5
Germany .....	1,361	179,272	196,851	4,248	581.7
Italy .....	756	47,454	58,648	1,904	177.9
Netherlands .....	1,008	121,297	89,034	8,046	148.9
Switzerland .....	519	102,896	52,039	6,764	50.7
United Kingdom .....	2,430	542,862	226,857	11,761	869.6
Latin America and Other Western Hemisphere .....	3,252	271,881	182,453	19,484	1,492.2
Africa .....	495	19,830	17,450	1,451	115.0
Middle East .....	343	28,602	18,000	2,058	83.7
Asia and Pacific .....	4,574	517,250	421,230	17,460	1,511.1
Australia .....	838	67,537	59,789	2,516	251.0
Japan .....	986	260,817	196,724	3,045	419.6
International .....	104	14,788	7,389	467	24.7
<b>By industry</b>					
Petroleum .....	1,507	252,462	293,661	9,752	228.1
Manufacturing .....	8,105	681,082	845,487	40,835	4,116.2
Food and kindred products .....	800	92,563	104,910	6,614	559.6
Chemicals and allied products .....	1,935	146,983	151,358	11,465	578.5
Primary and fabricated metals .....	724	31,600	29,769	1,147	189.7
Industrial machinery and equipment .....	1,033	98,935	128,553	3,998	488.6
Electronic and other electric equipment .....	846	53,079	73,379	4,027	605.5
Transportation equipment .....	453	118,889	207,917	5,936	738.7
Other manufacturing .....	2,314	139,031	149,601	7,647	955.5
Wholesale trade .....	5,035	184,956	314,186	12,080	556.5
Finance (except depository institutions), insurance, and real estate .....	2,688	979,910	91,303	25,194	172.8
Services .....	2,504	100,164	82,041	1,728	746.7
Other industries .....	1,461	161,391	128,173	4,443	1,137.4

NOTE.—The data in this table are from tables I.I.A.1 and I.I.A.2 in U.S. Direct Investment Abroad: 1994 Benchmark Survey, Preliminary Results.

**Table G.4.—Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of Affiliate, 1993–95**

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
<b>All countries, all industries</b> .....	<b>466,666</b>	<b>502,410</b>	<b>560,088</b>	<b>43,534</b>	<b>49,903</b>	<b>60,848</b>	<b>5,893</b>	<b>21,171</b>	<b>31,815</b>
<b>By country</b>									
Canada .....	40,487	42,133	46,005	3,799	4,031	4,489	856	2,705	3,513
Europe .....	287,940	309,415	360,762	34,996	30,153	51,793	8,150	16,487	23,626
France .....	30,672	34,139	38,240	6,778	3,987	3,719	-142	-52	1,713
Germany .....	35,086	40,297	47,907	7,698	6,551	8,117	8	2,006	1,657
Netherlands .....	71,860	68,212	67,654	2,967	-2,272	-184	1,944	4,214	5,262
United Kingdom .....	103,270	111,058	132,273	13,232	11,123	22,081	5,593	7,491	12,029
Latin America and Other Western Hemisphere .....	19,716	25,042	22,716	3,225	4,472	-2,189	1	979	885
Africa .....	1,003	925	936	89	26	11	-58	-31	73
Middle East .....	5,220	5,565	5,053	410	276	-335	35	-71	94
Asia and Pacific .....	112,299	119,331	124,615	1,014	10,945	7,079	-3,092	1,102	3,623
Australia .....	7,040	7,928	7,788	214	1,090	473	-534	-168	159
Japan .....	100,272	104,529	108,582	1,058	7,654	5,252	-2,276	973	3,231
<b>By industry</b>									
Petroleum .....	32,057	33,103	35,636	-1,630	2,016	3,660	1,382	1,830	2,768
Manufacturing .....	164,995	185,293	210,312	13,311	22,725	26,246	3,841	10,604	16,447
Food and kindred products .....	23,105	20,869	26,054	68	-1,636	5,002	867	1,680	1,690
Chemicals and allied products .....	56,021	66,948	76,523	4,395	12,347	12,346	4,349	5,109	6,884
Primary and fabricated metals .....	12,422	14,351	15,255	946	1,833	608	-209	-193	1,368
Machinery .....	29,585	32,535	36,619	1,951	3,829	4,406	-1,757	728	2,252
Other manufacturing .....	43,861	50,590	55,861	5,951	6,352	3,883	592	3,281	4,254
Wholesale trade .....	60,817	67,271	71,652	3,333	6,807	5,011	550	2,739	4,025
Retail trade .....	12,720	13,429	13,434	1,428	1,939	866	39	504	557
Banking .....	33,464	35,624	41,843	3,290	4,026	5,844	389	2,672	4,453
Finance, except banking .....	35,303	38,762	47,941	20,048	2,736	10,135	235	1,559	1,047
Insurance .....	40,601	40,401	47,283	1,254	2,716	4,057	1,405	2,260	1,879
Real estate .....	29,099	28,452	26,518	-255	426	-1,199	-1,661	-1,243	-1,296
Services .....	35,886	36,251	37,930	-471	1,013	2,132	-587	-571	282
Other industries .....	21,725	23,825	27,539	3,226	5,500	4,096	301	818	1,653

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

The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United

States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1995" in the September 1996 SURVEY OF CURRENT BUSINESS.

Table G.5.—Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies, by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1994

	Number of affiliates	Millions of dollars				Thousands of employees	Millions of dollars	
		Total assets	Sales	Net income	Gross product		U.S. merchandise exports shipped by affiliates	U.S. merchandise imports shipped to affiliates
<b>All countries, all industries</b> .....	<b>12,523</b>	<b>2,208,329</b>	<b>1,447,628</b>	<b>13,377</b>	<b>320,060</b>	<b>4,866.6</b>	<b>113,774</b>	<b>219,172</b>
<b>By country</b>								
Canada .....	1,304	262,334	145,221	3,214	43,256	682.4	7,368	12,636
Europe .....	5,381	1,166,048	769,034	7,742	191,972	2,989.4	48,846	77,816
France .....	661	210,783	111,139	-254	22,674	369.2	11,989	11,685
Germany .....	1,281	163,003	152,588	970	36,961	584.1	9,613	23,511
Netherlands .....	384	137,922	89,007	1,217	24,684	323.4	4,892	8,552
United Kingdom .....	1,240	362,587	243,692	4,997	68,693	1,013.9	9,353	13,160
Latin America and Other Western Hemisphere .....	1,076	49,324	44,819	970	11,635	138.0	5,202	8,542
Africa .....	68	( <sup>D</sup> )	6,557	124	1,515	16.1	602	985
Middle East .....	381	26,484	19,925	106	5,549	65.7	678	3,734
Asia and Pacific .....	4,229	608,807	445,586	-1,347	61,156	934.9	50,447	114,940
Australia .....	172	37,417	20,355	21	4,795	70.5	522	972
Japan .....	3,281	536,061	388,713	-768	50,992	756.5	45,103	101,425
United States .....	84	( <sup>D</sup> )	16,486	2,569	4,976	40.0	630	519
<b>By industry</b>								
Petroleum .....	244	99,416	109,210	390	28,146	110.2	3,973	16,815
Manufacturing .....	2,928	546,422	518,517	7,640	157,815	2,251.6	48,365	66,981
Food and kindred products .....	269	52,028	49,227	136	12,599	195.5	2,584	3,369
Chemicals and allied products .....	327	190,512	144,256	5,513	48,858	508.5	14,198	13,870
Primary and fabricated metals .....	404	57,286	64,255	584	17,054	264.0	4,023	7,597
Machinery .....	754	91,532	114,080	-490	31,465	517.4	16,130	25,563
Other manufacturing .....	1,174	155,064	146,699	1,897	47,839	766.3	11,430	16,581
Wholesale trade .....	2,247	219,325	452,615	3,785	40,672	485.6	57,108	131,290
Retail trade .....	352	46,588	94,183	1,164	23,396	764.6	1,468	3,154
Finance, except depository institutions .....	872	523,641	33,527	689	2,027	46.7	12	6
Insurance .....	172	443,147	78,250	3,007	8,795	151.6	0	0
Real estate .....	3,457	104,823	14,968	-2,555	5,732	30.4	13	2
Services .....	1,258	121,337	61,741	-844	24,892	595.5	698	387
Other industries .....	993	103,630	84,618	101	28,583	430.3	2,136	537

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

NOTE.—The data in this table are from tables A1 and A2 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1994 Estimates*.

## H. International Perspectives

Table H.1.—International Perspectives

	1995	1996	1996										1997			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Exchange rates (not seasonally adjusted)																
Canada (Can./US\$) .....	1.3725	1.3638	1.3656	1.3592	1.3693	1.3658	1.3697	1.3722	1.3694	1.3508	1.3381	1.3622	1.3494	1.3556	1.3725	1.3942
France (FFr/US\$) .....	4.9864	5.1158	5.0583	5.1049	5.1855	5.1787	5.0881	5.0636	5.1307	5.1652	5.1156	5.2427	5.4145	5.6536	5.7154	5.7672
Germany (DM/US\$) .....	1.4321	1.5049	1.4776	1.5048	1.5324	1.5282	1.5025	1.4826	1.5080	1.5277	1.5118	1.5525	1.6047	1.6747	1.6946	1.7119
Italy (L/US\$) .....	16.2945	15.4276	5.6243	15.6560	15.5671	15.4230	15.2682	15.1662	15.2048	15.2382	15.1366	15.2844	15.6791	16.5500	16.9121	16.9452
Japan (¥/US\$) .....	.9396	1.0878	1.0594	1.0720	1.0634	1.0896	1.0919	1.0787	1.0993	1.1241	1.1230	1.1398	1.1791	1.2296	1.2277	1.2564
Mexico (Peso/US\$) .....	6.4467	7.6004	7.5472	7.4694	7.4368	7.5648	7.6179	7.5143	7.5441	7.7345	7.9119	7.8769	7.8289	7.8023	7.9562	7.9059
United Kingdom (US\$/£) .....	1.5785	1.5607	1.5271	1.5160	1.5152	1.5416	1.5530	1.5499	1.5593	1.5863	1.6623	1.6639	1.6585	1.6285	1.6096	1.6293
Addendum: Exchange value of the U.S. dollar <sup>1</sup> ...	84.25	87.34	86.57	87.46	88.28	88.16	87.25	86.54	87.46	87.99	86.98	88.71	91.01	94.52	95.60	96.39
Unemployment rates (percent, seasonally adjusted)																
Canada .....	9.6	9.7	9.4	9.5	9.4	10.0	9.9	9.5	10.0	10.0	10.0	9.7	9.7	9.7	9.3	9.6
France .....	11.6	12.4	12.3	12.3	12.4	12.4	12.4	12.5	12.6	12.6	12.7	12.7	12.7	12.8	12.8	12.8
Germany .....	9.4	10.4	10.3	10.2	10.2	10.3	10.3	10.4	10.5	10.6	10.8	10.9	11.3	11.3	11.2	11.2
Italy .....	12.0	12.1	.....	.....	12.2	.....	.....	12.1	.....	.....	12.0	.....	.....	12.2	.....	.....
Japan .....	3.1	3.4	3.2	3.4	3.5	3.5	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.2	3.3
Mexico .....	6.3	5.5	5.9	5.7	5.4	5.6	5.4	5.0	5.2	5.2	5.2	5.0	4.6	4.1	4.2	4.2
United Kingdom .....	8.2	7.5	7.8	7.8	7.7	7.7	7.6	7.5	7.4	7.2	6.9	6.7	6.5	6.2	6.1	5.9
Addendum: United States .....	5.6	5.4	5.5	5.5	5.5	5.3	5.4	5.2	5.2	5.2	5.3	5.3	5.4	5.3	5.2	4.9
Consumer prices (seasonally adjusted, 1990=100)																
Canada .....	111.8	113.5	112.9	113.3	113.6	113.5	113.5	113.6	113.8	114.0	114.5	114.5	114.8	114.9	115.2	115.2
France .....	111.6	113.8	113.8	114.0	114.2	114.1	113.9	113.6	114.0	114.3	114.2	114.4	114.7	114.9	115.0	115.0
Germany (1991=100) .....	114.8	116.5	116.2	116.3	116.5	116.6	117.0	116.9	116.8	116.8	116.7	117.0	117.6	118.1	117.9	117.9
Italy .....	127.7	132.7	131.8	132.4	132.9	133.2	132.9	133.0	133.2	133.4	133.9	133.9	134.3	134.6	134.8	.....
Japan .....	107.0	107.1	106.9	107.1	107.2	107.1	107.4	107.1	107.1	107.2	107.3	107.5	107.5	107.5	107.4	109.1
Mexico .....	224.5	301.7	282.8	290.8	296.1	300.9	305.2	309.3	314.2	318.2	323.0	333.3	341.9	347.6	352.0	355.8
United Kingdom .....	118.2	121.1	120.1	121.0	121.2	121.3	120.8	121.4	121.9	121.9	122.0	122.4	122.4	122.9	123.2	123.9
Addendum: United States .....	116.6	120.0	119.1	119.5	119.8	119.9	120.2	120.5	120.8	121.2	121.5	121.8	122.0	122.3	122.4	122.5
Real gross domestic product (percent change from preceding quarter, seasonally adjusted at annual rates)																
Canada .....	2.3	1.5	.....	.....	1.4	.....	.....	3.3	.....	.....	2.9	.....	.....	3.4	.....	.....
France .....	2.1	1.5	.....	.....	-9	.....	.....	3.1	.....	.....	.7	.....	.....	.....	.....	.....
Germany .....	2.0	1.4	.....	.....	6.1	.....	.....	3.0	.....	.....	.3	.....	.....	.....	.....	.....
Italy .....	3.0	.6	.....	.....	-1.4	.....	.....	2.3	.....	.....	-1.1	.....	.....	.....	.....	.....
Japan .....	1.4	3.6	.....	.....	-1.1	.....	.....	1.3	.....	.....	3.9	.....	.....	.....	.....	.....
Mexico .....	-6.2	5.1	.....	.....	3.6	.....	.....	7.4	.....	.....	6.0	.....	.....	3.3	.....	.....
United Kingdom .....	2.5	2.1	.....	.....	1.8	.....	.....	1.8	.....	.....	4.7	.....	.....	3.8	.....	.....
Addendum: United States .....	2.0	2.4	.....	.....	4.7	.....	.....	2.1	.....	.....	3.8	.....	.....	5.9	.....	.....

See footnotes at end of table.

Table H.1.—International Perspectives—Continued

	1995	1996	1996										1997			
			Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Short-term, 3-month, interest rates (percent, not seasonally adjusted)																
Canada .....	7.07	4.43	5.18	5.03	4.78	4.83	4.69	4.24	4.06	3.49	3.00	3.08	3.11	3.10	3.20	3.41
France .....	6.58	3.94	4.27	4.00	3.90	3.97	3.84	3.96	3.75	3.51	3.47	3.44	3.35	3.33	3.36	3.40
Germany .....	4.53	3.31	3.36	3.33	3.29	3.39	3.38	3.29	3.12	3.12	3.19	3.23	3.14	3.19	3.26	3.23
Italy .....	10.46	8.82	9.85	9.62	8.92	8.77	8.75	8.81	8.44	8.02	7.41	7.25	7.23	7.36	7.43	7.13
Japan .....	1.23	.59	.65	.62	.64	.57	.68	.64	.54	.52	.52	.52	.53	.55	.56	.56
Mexico .....	48.24	32.91	43.05	37.15	31.07	29.64	31.66	29.16	27.79	27.68	28.94	26.51	24.60	21.96	22.32	22.37
United Kingdom .....	6.68	6.02	6.04	6.00	6.01	5.84	5.73	5.75	5.76	5.94	6.29	6.34	6.32	6.19	6.20	6.37
Addendum:																
United States .....	5.51	5.02	4.96	4.99	5.02	5.11	5.19	5.09	5.15	5.01	5.03	4.87	5.05	5.00	5.14	5.17
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																
Canada .....	8.36	7.54	7.93	8.03	7.99	8.04	7.92	7.57	7.64	7.00	6.48	6.81	6.99	6.74	6.92	7.09
France .....	7.66	6.51	6.92	6.76	6.71	6.84	6.59	6.62	6.20	6.11	5.79	5.82	5.69	5.39	5.80	5.93
Germany .....	6.80	6.10	6.30	6.20	6.30	6.40	6.40	6.20	6.10	5.90	5.80	5.70	5.70	5.40	5.60	5.70
Italy .....	11.79	8.85	10.09	9.82	9.12	8.94	8.82	8.92	8.62	7.78	7.15	6.95	6.76	6.93	7.55	7.37
Japan .....	3.21	2.98	3.11	3.38	3.16	3.17	3.32	2.96	2.81	2.51	2.44	2.57	2.38	2.40	2.27	2.36
Mexico .....																
United Kingdom .....	8.25	8.10	8.33	8.30	8.34	8.35	8.25	8.16	8.16	7.87	7.80	7.70	7.74	7.38	7.62	7.76
Addendum:																
United States .....	6.57	6.44	6.27	6.51	6.74	6.91	6.87	6.64	6.83	6.53	6.20	6.30	6.58	6.42	6.69	6.89
Share price indices (not seasonally adjusted, 1990=100)																
Canada .....	130.0	154.0	145.0	150.0	153.0	147.0	144.0	150.0	155.0	164.0	176.0	173.0	179.0	180.0	171.0	175.0
France .....	103.0	118.0	113.0	119.0	120.0	120.0	116.0	114.0	116.0	121.0	125.0	128.0	135.0	145.0	148.0	145.0
Germany .....	102.4	115.6	112.2	113.3	112.9	115.0	114.0	115.0	116.7	120.3	121.9	124.9	130.0	138.9	145.8	145.7
Italy .....	95.0	96.0	91.0	95.0	102.0	102.0	97.0	93.0	92.0	96.0	99.0	100.0	114.0	119.0	114.0	.....
Japan .....	63.0	74.0	72.0	77.0	77.0	78.0	75.0	73.0	72.0	73.0	72.0	69.0	63.0	64.0	63.0	63.0
Mexico .....	389.3	554.8	538.9	559.0	562.2	563.2	527.4	579.8	567.6	563.6	577.3	589.5	639.7	673.7	657.4	658.9
United Kingdom .....	147.0	167.0	163.0	169.0	168.0	167.0	163.0	167.0	170.0	173.0	170.0	171.0	176.0	179.0	182.0	179.0
Addendum:																
United States .....	159.0	195.0	189.0	189.0	193.0	195.0	188.0	193.0	197.0	204.0	212.0	213.0	220.0	228.0	227.0	219.0

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

NOTE.—All exchange rate are from the Board of Governors of the Federal Reserve System. U.S. interest rates, unemployment rate, and GDP growth rate are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. All other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1990 to facilitate comparison) are © OECD, June 1997, *OECD Main Economic Indicators* and are reproduced with permission of the OECD.



# Regional Data

## J. State and Regional Tables

The annual estimates of State personal income in this section are from the 1996 comprehensive revision of the annual estimates for 1969-95; updated annual estimates are shown for 1996. The quarterly estimates of State personal income are from the 1996 comprehensive revision of the quarterly estimates for 1990 through the fourth quarter of 1995; updated quarterly estimates are shown for 1996. In fall 1997, the revised quarterly State estimates for 1969-89 will be released, and the quarterly estimates for 1990-96 will be revised again and released.

The annual estimates of gross state product are from the 1997 comprehensive revision of the estimates for 1977-94.

Table J.1.—Personal Income and Nonfarm Personal Income for States and Regions

State and region	Personal income						Percent change <sup>2</sup>		Nonfarm personal income <sup>1</sup>						Percent change <sup>2</sup>	
	Millions of dollars						1996:II- 1996:III	1996:III- 1996:IV	Millions of dollars						1996:II- 1996:III	1996:III- 1996:IV
	1994	1995	1996						1994	1995	1996					
		I	II	III	IV			I	II	III	IV					
<b>United States</b> .....	<b>5,739,851</b>	<b>6,097,977</b>	<b>6,285,745</b>	<b>6,387,707</b>	<b>6,476,055</b>	<b>6,563,007</b>	<b>1.4</b>	<b>1.3</b>	<b>5,695,861</b>	<b>6,064,095</b>	<b>6,247,637</b>	<b>6,344,025</b>	<b>6,426,997</b>	<b>6,514,431</b>	<b>1.3</b>	<b>1.4</b>
<b>New England</b> .....	<b>342,546</b>	<b>364,595</b>	<b>373,777</b>	<b>380,545</b>	<b>384,866</b>	<b>389,978</b>	<b>1.1</b>	<b>1.3</b>	<b>341,910</b>	<b>363,938</b>	<b>373,315</b>	<b>380,016</b>	<b>384,243</b>	<b>389,374</b>	<b>1.1</b>	<b>1.3</b>
Connecticut .....	96,434	104,056	106,863	109,180	109,179	110,451	.9	1.2	96,269	103,862	106,715	108,010	108,992	110,258	.9	1.2
Maine .....	23,703	24,957	25,414	25,745	26,054	26,361	1.2	1.2	23,591	24,846	25,403	25,721	26,017	26,322	1.2	1.2
Massachusetts .....	159,142	170,185	174,544	178,579	180,800	183,498	1.2	1.5	159,988	170,031	174,413	178,435	180,638	183,339	1.2	1.5
New Hampshire .....	27,390	29,381	30,102	30,590	31,152	31,470	1.8	1.0	27,338	29,331	30,065	30,550	31,109	31,427	1.8	1.0
Rhode Island .....	22,145	23,601	24,070	24,500	24,596	24,521	.4	1.3	22,111	23,560	24,042	24,472	24,561	24,888	.4	1.3
Vermont .....	11,793	12,415	12,785	12,948	13,085	13,277	1.1	1.5	11,613	12,308	12,677	12,827	12,936	13,140	.8	1.6
<b>Mideast</b> .....	<b>1,133,015</b>	<b>1,193,674</b>	<b>1,226,324</b>	<b>1,240,000</b>	<b>1,251,204</b>	<b>1,266,093</b>	<b>.9</b>	<b>1.2</b>	<b>1,131,035</b>	<b>1,191,927</b>	<b>1,224,215</b>	<b>1,237,742</b>	<b>1,248,572</b>	<b>1,263,442</b>	<b>.9</b>	<b>1.2</b>
Delaware .....	17,579	18,843	19,434	19,778	20,270	20,604	2.5	1.7	17,436	18,716	19,284	19,592	20,045	20,344	2.3	1.5
District of Columbia .....	18,068	18,541	18,897	18,697	19,047	19,261	1.9	1.1	18,068	18,541	18,897	18,697	19,047	19,261	1.9	1.1
Maryland .....	126,837	132,784	135,858	137,496	138,744	140,110	.9	1.0	126,350	132,556	135,556	137,150	138,322	139,692	.9	1.0
New Jersey .....	224,474	237,155	243,611	247,626	249,211	251,758	.6	1.0	224,206	236,871	243,364	247,362	248,902	251,437	.6	1.0
New York .....	476,826	501,965	517,208	520,151	524,829	531,422	.9	1.3	476,098	501,465	516,536	519,486	524,056	530,678	.9	1.3
Pennsylvania .....	269,632	284,386	291,316	296,250	299,105	302,938	1.0	1.3	268,877	283,778	290,578	295,455	298,200	302,031	.9	1.3
<b>Great Lakes</b> .....	<b>958,103</b>	<b>1,016,245</b>	<b>1,042,720</b>	<b>1,060,744</b>	<b>1,075,938</b>	<b>1,089,481</b>	<b>1.4</b>	<b>1.3</b>	<b>953,687</b>	<b>1,014,483</b>	<b>1,038,785</b>	<b>1,056,543</b>	<b>1,070,803</b>	<b>1,084,319</b>	<b>1.3</b>	<b>1.3</b>
Illinois .....	281,732	298,413	308,999	312,665	317,319	321,381	1.5	1.3	279,957	298,300	307,173	310,823	314,972	318,905	1.3	1.2
Indiana .....	117,815	124,384	127,604	130,313	132,163	134,171	1.4	1.5	117,181	124,297	126,815	129,421	131,112	133,198	1.3	1.6
Michigan .....	214,473	228,369	231,931	237,644	239,832	242,721	.9	1.2	214,092	227,829	231,679	237,325	239,434	242,328	.9	1.2
Ohio .....	236,614	251,037	256,835	261,084	265,432	268,536	1.7	1.2	235,597	250,313	256,188	260,400	264,621	267,752	1.6	1.2
Wisconsin .....	107,469	114,042	117,351	119,036	121,192	122,672	1.8	1.2	106,860	113,744	116,930	118,575	120,664	122,136	1.8	1.2
<b>Plains</b> .....	<b>382,751</b>	<b>403,508</b>	<b>422,221</b>	<b>429,806</b>	<b>437,407</b>	<b>443,113</b>	<b>1.7</b>	<b>1.4</b>	<b>373,220</b>	<b>398,882</b>	<b>413,110</b>	<b>419,104</b>	<b>424,722</b>	<b>430,833</b>	<b>1.3</b>	<b>1.4</b>
Iowa .....	57,073	59,453	62,822	63,794	65,009	65,717	1.9	1.1	54,479	58,233	60,292	60,833	61,579	62,294	1.2	1.2
Kansas .....	53,255	56,028	58,441	59,229	60,312	61,552	1.8	2.1	51,903	55,341	57,275	57,966	58,788	59,979	1.4	2.0
Minnesota .....	104,783	110,494	115,807	118,399	120,590	121,783	1.9	1.0	103,500	109,853	114,434	116,651	118,655	120,027	1.7	1.2
Missouri .....	108,952	116,154	120,171	121,793	123,162	124,962	1.1	1.5	108,245	116,070	119,606	121,205	122,522	124,326	1.1	1.5
Nebraska .....	33,366	35,161	37,009	37,765	38,328	39,200	1.5	2.3	31,578	33,902	35,182	35,573	35,953	36,428	1.1	1.3
North Dakota .....	11,620	11,945	12,833	13,231	13,620	13,826	2.9	0	10,902	11,717	12,059	12,362	12,531	12,691	1.4	1.3
South Dakota .....	13,702	14,272	15,139	15,294	16,026	16,273	2.8	1.5	12,614	13,766	14,261	14,523	14,693	14,888	1.2	1.3
<b>Southeast</b> .....	<b>1,249,083</b>	<b>1,333,148</b>	<b>1,374,196</b>	<b>1,398,103</b>	<b>1,419,364</b>	<b>1,438,428</b>	<b>1.5</b>	<b>1.3</b>	<b>1,235,974</b>	<b>1,321,257</b>	<b>1,363,640</b>	<b>1,385,046</b>	<b>1,404,769</b>	<b>1,424,267</b>	<b>1.4</b>	<b>1.4</b>
Alabama .....	77,018	81,578	83,676	85,120	86,549	87,448	1.7	1.0	75,846	80,733	82,787	84,071	85,328	86,221	1.5	1.0
Arkansas .....	42,142	44,958	45,953	47,432	48,001	48,640	1.2	1.3	40,807	43,642	44,732	45,611	46,166	46,741	1.2	1.2
Florida .....	304,114	326,668	340,359	344,070	349,275	354,663	1.5	1.3	302,489	324,770	338,793	342,214	347,286	352,652	1.5	1.5
Georgia .....	145,420	156,555	161,617	165,914	169,095	171,307	1.9	1.3	143,416	154,619	160,100	164,099	166,994	169,151	1.8	1.3
Kentucky .....	68,620	72,762	74,515	76,083	77,304	77,941	1.6	.8	67,535	71,948	73,857	75,310	76,240	77,151	1.2	1.2
Louisiana .....	78,050	82,422	84,315	85,936	86,850	87,883	1.1	1.2	77,550	81,917	83,785	85,239	86,064	87,265	1.0	1.4
Mississippi .....	42,458	44,998	46,295	47,255	47,975	48,283	1.5	.6	41,752	44,476	45,635	46,430	47,029	47,476	1.3	.9
North Carolina .....	141,017	151,841	156,849	160,392	162,177	165,299	1.1	1.9	138,029	148,958	154,360	157,317	158,757	161,877	.9	2.0
South Carolina .....	65,735	69,786	71,280	72,527	73,778	74,584	1.9	1.0	64,614	68,766	70,952	72,156	73,475	74,180	1.8	1.0
Tennessee .....	103,398	110,579	112,893	114,900	116,962	118,357	1.8	1.2	102,835	110,258	112,638	114,636	116,699	118,108	1.8	1.2
Virginia .....	150,305	158,669	163,409	165,073	167,368	169,890	1.4	1.4	149,741	158,195	162,955	164,559	166,806	169,116	1.4	1.4
West Virginia .....	30,806	32,333	33,035	33,401	33,929	34,334	1.6	1.2	30,754	32,324	33,046	33,404	33,924	34,330	1.6	1.2
<b>Southwest</b> .....	<b>536,163</b>	<b>575,072</b>	<b>596,411</b>	<b>605,377</b>	<b>615,948</b>	<b>624,863</b>	<b>1.7</b>	<b>1.4</b>	<b>531,888</b>	<b>571,617</b>	<b>593,611</b>	<b>602,440</b>	<b>612,816</b>	<b>621,912</b>	<b>1.7</b>	<b>1.5</b>
Arizona .....	79,010	86,420	90,897	92,142	93,710	95,021	1.7	1.4	78,658	85,769	90,325	91,502	92,980	94,388	1.6	1.5
New Mexico .....	28,338	30,685	31,716	31,910	32,342	32,672	1.4	1.0	28,030	30,396	31,447	31,609	32,010	32,350	1.3	1.1
Oklahoma .....	58,254	60,901	62,497	63,479	64,347	65,164	1.4	1.3	57,387	60,528	62,262	63,258	64,068	64,917	1.3	1.3
Texas .....	370,561	397,067	411,302	417,846	425,549	432,006	1.8	1.5	367,792	394,925	409,577	416,071	423,758	430,257	1.8	1.5
<b>Rocky Mountain</b> .....	<b>161,175</b>	<b>173,325</b>	<b>179,418</b>	<b>182,925</b>	<b>186,448</b>	<b>188,899</b>	<b>1.9</b>	<b>1.3</b>	<b>159,278</b>	<b>171,618</b>	<b>178,001</b>	<b>181,314</b>	<b>184,770</b>	<b>187,216</b>	<b>1.9</b>	<b>1.3</b>
Colorado .....	83,009	89,771	93,303	95,074	96,970	98,208	2.0	1.3	82,537	89,340	93,018	94,769	96,631	97,866	2.0	1.3
Idaho .....	20,559	21,993	22,676	23,199	23,403	23,669	.9	1.1	19,968	21,315	21,939	22,329	22,502	22,801	.8	1.3
Montana .....	15,158	16,052	16,383	16,572	16,873	17,170	1.8	1.8	14,771	15,720	16,185	16,363	16,672	16,941	1.9	1.6
Utah .....	32,940	35,577	37,055	37,928	38,879	39,420	2.5	1.4	32,701	35,397	36,902	37,767	38,704	39,250	2.5	1.4
Wyoming .....	9,509	9,932	10,003	10,153	10,323	10,432	1.7	1.1	9,401	9,846	9,957	10,086	10,262	10,359	1.7	.9
<b>Far West</b> .....	<b>977,014</b>	<b>1,038,409</b>	<b>1,070,678</b>	<b>1,090,208</b>	<b>1,105,239</b>	<b>1,122,153</b>	<b>1.4</b>	<b>1.5</b>	<b>968,890</b>	<b>1,030,373</b>						

Table J.2.—Percent of Personal Income for Selected Components for States and Regions

State and region	Personal income			Percent of personal income								
	Millions of dollars			Net earnings by place of residence <sup>1</sup>			Dividends, interest, and rent			Transfer payments		
	1969	1980	1996	1969	1980	1996	1969	1980	1996	1969	1980	1996
<b>United States</b> .....	<b>772,027</b>	<b>2,279,172</b>	<b>6,428,129</b>	<b>76.6</b>	<b>69.7</b>	<b>66.2</b>	<b>14.3</b>	<b>16.1</b>	<b>17.0</b>	<b>9.1</b>	<b>14.1</b>	<b>16.8</b>
<b>New England</b> .....	<b>49,634</b>	<b>131,783</b>	<b>382,291</b>	<b>74.1</b>	<b>68.9</b>	<b>66.3</b>	<b>16.7</b>	<b>17.0</b>	<b>18.0</b>	<b>9.2</b>	<b>14.2</b>	<b>15.7</b>
Connecticut .....	14,543	38,108	108,668	75.3	70.6	67.4	17.5	18.6	18.7	7.1	10.9	13.9
Maine .....	3,115	9,313	25,893	74.3	66.6	62.3	14.3	15.2	17.4	11.4	18.2	20.3
Massachusetts .....	24,183	61,704	179,355	72.9	68.3	66.8	17.1	16.4	17.5	10.0	15.3	15.7
New Hampshire .....	2,728	9,108	30,829	76.2	71.2	67.6	15.3	16.4	18.6	8.5	12.4	13.8
Rhode Island .....	3,587	9,150	24,523	74.5	66.0	61.1	14.7	16.4	17.9	10.8	17.6	21.0
Vermont .....	1,477	4,399	13,023	74.5	67.3	64.9	15.0	17.2	18.7	10.5	15.5	16.3
<b>Mideast</b> .....	<b>182,246</b>	<b>458,491</b>	<b>1,245,905</b>	<b>75.2</b>	<b>68.4</b>	<b>64.4</b>	<b>15.3</b>	<b>16.3</b>	<b>17.7</b>	<b>9.5</b>	<b>15.3</b>	<b>17.9</b>
Delaware .....	2,396	6,316	20,021	76.3	72.6	67.7	17.4	15.0	18.3	6.3	12.5	14.0
District of Columbia .....	3,465	7,962	18,975	74.2	63.7	62.4	13.7	13.9	16.0	12.1	22.4	21.6
Maryland .....	16,176	46,024	138,052	80.0	72.1	68.0	12.5	14.9	17.0	7.5	13.0	15.0
New Jersey .....	32,157	86,327	248,052	77.5	70.6	66.5	15.0	16.9	19.2	7.6	12.5	14.2
New York .....	83,309	193,271	523,403	72.6	66.4	63.0	17.0	17.4	17.3	10.4	16.2	19.7
Pennsylvania .....	44,744	118,592	297,402	76.8	68.5	63.2	13.4	14.9	17.7	9.8	16.6	19.1
<b>Great Lakes</b> .....	<b>160,459</b>	<b>425,095</b>	<b>1,067,221</b>	<b>78.8</b>	<b>70.7</b>	<b>67.5</b>	<b>13.4</b>	<b>15.4</b>	<b>16.7</b>	<b>7.8</b>	<b>14.0</b>	<b>15.8</b>
Illinois .....	48,244	125,702	315,091	78.0	70.5	67.5	14.6	16.8	17.8	7.5	12.7	14.6
Indiana .....	19,011	51,115	131,063	80.9	71.8	69.8	11.8	15.3	15.3	7.3	12.9	14.9
Michigan .....	35,797	95,087	238,032	79.6	70.6	67.6	12.7	14.0	16.8	7.7	15.4	15.6
Ohio .....	41,240	106,648	262,972	78.9	70.8	66.0	13.2	14.8	15.9	7.9	14.4	18.1
Wisconsin .....	16,166	46,543	120,063	76.8	70.1	67.9	14.2	15.6	16.6	9.0	14.3	15.4
<b>Plains</b> .....	<b>57,810</b>	<b>163,442</b>	<b>433,047</b>	<b>76.3</b>	<b>68.2</b>	<b>66.7</b>	<b>14.5</b>	<b>18.2</b>	<b>17.6</b>	<b>9.2</b>	<b>13.6</b>	<b>15.7</b>
Iowa .....	10,196	27,716	64,336	75.8	66.7	66.4	15.4	20.0	18.0	8.8	13.3	15.5
Kansas .....	7,912	23,412	59,883	76.6	68.8	66.9	14.0	18.1	17.8	9.4	13.1	15.3
Minnesota .....	14,100	41,457	119,145	77.1	71.1	69.7	14.1	16.1	16.2	8.9	12.8	14.1
Missouri .....	16,476	45,987	122,522	76.5	67.5	64.3	14.1	17.8	18.4	9.4	14.7	17.3
Nebraska .....	5,278	14,308	38,075	75.2	67.2	67.2	16.0	19.8	18.5	8.7	13.0	14.4
North Dakota .....	1,872	5,123	13,328	75.1	61.9	64.2	14.8	23.0	17.7	10.1	15.1	18.1
South Dakota .....	1,976	5,438	15,758	76.0	64.3	64.9	13.8	20.4	17.3	10.2	15.3	17.8
<b>Southeast</b> .....	<b>133,361</b>	<b>452,556</b>	<b>1,407,522</b>	<b>77.7</b>	<b>68.9</b>	<b>64.6</b>	<b>12.6</b>	<b>15.6</b>	<b>17.1</b>	<b>9.7</b>	<b>15.5</b>	<b>18.3</b>
Alabama .....	9,413	30,128	85,698	79.4	70.7	66.3	10.0	12.2	13.5	10.6	17.1	20.2
Arkansas .....	5,011	17,077	47,506	75.5	65.9	65.3	11.8	15.2	13.7	12.7	18.9	21.0
Florida .....	24,271	97,357	347,092	68.6	59.7	55.9	20.7	24.0	25.2	10.7	16.4	18.9
Georgia .....	14,406	46,061	166,984	80.5	72.9	70.8	11.0	13.2	14.4	8.5	14.0	14.8
Kentucky .....	9,399	29,609	76,461	78.6	70.1	65.4	10.7	13.5	14.8	10.7	16.4	19.8
Louisiana .....	10,467	37,030	86,246	78.0	73.2	63.9	11.8	13.5	14.4	10.1	13.3	21.7
Mississippi .....	5,281	17,472	47,452	79.2	69.5	65.2	9.5	12.2	12.2	11.3	18.3	22.7
North Carolina .....	15,213	47,583	161,179	81.7	73.0	69.1	10.3	12.9	14.1	8.0	14.1	16.1
South Carolina .....	7,194	23,901	73,067	81.9	72.8	67.1	9.5	11.8	14.0	8.6	15.4	18.9
Tennessee .....	11,501	37,389	115,778	80.0	71.6	68.7	10.6	13.1	12.9	9.3	15.3	18.4
Virginia .....	16,346	53,244	166,385	80.1	71.6	68.1	11.8	14.7	17.6	8.1	13.7	14.3
West Virginia .....	4,859	15,705	33,675	76.2	68.2	58.4	10.7	12.4	15.0	13.1	19.5	26.5
<b>Southwest</b> .....	<b>54,417</b>	<b>207,312</b>	<b>610,650</b>	<b>77.4</b>	<b>72.9</b>	<b>68.8</b>	<b>13.7</b>	<b>15.3</b>	<b>14.8</b>	<b>9.0</b>	<b>11.9</b>	<b>16.4</b>
Arizona .....	6,016	25,519	92,942	74.1	67.8	65.3	16.3	18.0	17.2	9.6	14.2	17.5
New Mexico .....	2,937	10,773	32,160	77.0	70.4	64.7	12.5	14.6	15.3	10.5	15.1	19.9
Oklahoma .....	8,064	28,742	63,872	75.1	70.7	64.2	13.3	15.4	15.4	11.7	14.0	20.4
Texas .....	37,380	142,278	421,676	78.4	74.4	70.7	13.4	14.8	14.1	8.2	10.8	15.2
<b>Rocky Mountain</b> .....	<b>16,915</b>	<b>63,456</b>	<b>184,423</b>	<b>76.3</b>	<b>72.3</b>	<b>68.8</b>	<b>14.5</b>	<b>16.0</b>	<b>16.3</b>	<b>9.2</b>	<b>11.7</b>	<b>14.8</b>
Colorado .....	8,031	31,163	95,889	75.1	72.7	69.4	15.8	16.4	16.8	9.0	10.8	13.7
Idaho .....	2,282	8,129	23,237	78.2	70.4	68.3	12.5	16.3	15.9	9.3	13.3	15.8
Montana .....	2,242	6,962	16,749	74.8	65.9	59.4	14.9	19.3	19.9	10.4	14.8	20.7
Utah .....	3,192	11,785	38,321	79.1	74.5	73.4	12.0	13.1	12.5	8.9	12.4	14.1
Wyoming .....	1,168	5,417	10,228	76.0	76.0	63.2	15.7	15.5	20.6	8.3	8.5	16.1
<b>Far West</b> .....	<b>117,184</b>	<b>377,038</b>	<b>1,097,070</b>	<b>75.3</b>	<b>70.2</b>	<b>66.7</b>	<b>15.0</b>	<b>16.7</b>	<b>17.3</b>	<b>9.7</b>	<b>13.1</b>	<b>16.0</b>
Alaska .....	1,374	5,611	14,907	86.9	82.9	70.3	8.2	8.6	11.8	4.9	8.4	17.9
California .....	89,097	280,601	801,532	74.7	69.8	66.4	15.3	17.1	17.6	10.0	13.1	15.9
Hawaii .....	3,330	10,514	29,782	78.9	72.9	66.7	14.6	14.7	16.2	6.5	12.4	17.1
Nevada .....	2,150	9,376	40,802	79.4	73.1	70.2	13.4	15.4	15.7	7.1	11.5	14.1
Oregon .....	7,568	26,251	72,623	75.4	68.5	65.4	14.9	17.4	17.8	9.7	14.1	16.8
Washington .....	13,665	44,686	137,425	76.6	70.6	67.2	14.1	15.8	16.6	9.3	13.6	16.2

1. Net earnings by place of residence is earnings by place of work—the sum of wage and salary disbursements, other labor income, and proprietors' income—less personal contributions for social insurance plus the adjustment for residence.

Source: The CD-ROM, "State Personal Income, 1969-95," October 1996 and table 5 in "Per-

sonal Income and Per Capita Personal Income by State and Region" in the May 1997 issue of the SURVEY OF CURRENT BUSINESS.

Table J.3.—Per Capita Personal Income and Per Capita Disposable Personal Income for States and Regions, 1994-96

State and region	Per capita personal income <sup>1</sup>				Per capita disposable personal income <sup>1</sup>			
	Dollars			Rank in U.S.	Dollars			Rank in U.S.
	1994	1995	1996	1996	1994	1995	1996	1996
<b>United States</b> .....	<b>22,045</b>	<b>23,196</b>	<b>24,231</b>	.....	<b>19,239</b>	<b>20,178</b>	<b>20,979</b>	.....
<b>New England</b> .....	<b>25,823</b>	<b>27,403</b>	<b>28,633</b>	.....	<b>22,079</b>	<b>23,345</b>	<b>24,263</b>	.....
Connecticut .....	30,074	31,814	33,189	1	25,313	26,718	27,706	1
Maine .....	19,146	20,150	20,826	37	16,884	17,733	18,219	38
Massachusetts .....	26,339	28,032	29,439	3	22,351	23,660	24,720	3
New Hampshire .....	24,125	25,587	26,520	8	21,450	22,626	23,329	6
Rhode Island .....	22,231	23,798	24,765	17	19,492	20,874	21,659	13
Vermont .....	20,206	21,231	22,124	30	17,770	18,685	19,381	31
<b>Mideast</b> .....	<b>25,497</b>	<b>26,818</b>	<b>27,955</b>	.....	<b>21,931</b>	<b>23,008</b>	<b>23,882</b>	.....
Delaware .....	24,836	26,279	27,622	5	21,481	22,605	23,654	5
District of Columbia .....	31,808	33,435	34,932	.....	27,141	28,406	29,567	.....
Maryland .....	25,329	26,352	27,221	6	21,757	22,526	23,158	7
New Jersey .....	28,393	29,833	31,053	2	24,401	25,674	26,570	2
New York .....	26,193	27,595	28,782	4	22,342	23,451	24,380	4
Pennsylvania .....	22,361	23,580	24,668	18	19,545	20,560	21,410	16
<b>Great Lakes</b> .....	<b>22,203</b>	<b>23,426</b>	<b>24,470</b>	.....	<b>19,241</b>	<b>20,251</b>	<b>21,052</b>	.....
Illinois .....	24,010	25,310	26,598	7	20,742	21,775	22,778	8
Indiana .....	20,489	21,457	22,440	29	17,821	18,719	19,433	30
Michigan .....	22,609	23,943	24,810	16	19,621	20,712	21,376	17
Ohio .....	21,323	22,547	23,537	21	18,555	19,581	20,340	21
Wisconsin .....	21,137	22,265	23,269	23	18,174	19,076	19,858	25
<b>Plains</b> .....	<b>21,008</b>	<b>21,989</b>	<b>23,448</b>	.....	<b>18,325</b>	<b>19,100</b>	<b>20,298</b>	.....
Iowa .....	20,150	20,911	22,560	28	17,675	18,293	19,723	26
Kansas .....	20,884	21,855	23,281	22	18,281	19,051	20,225	22
Minnesota .....	22,917	23,944	25,580	9	19,536	20,337	21,597	14
Missouri .....	20,654	21,836	22,864	25	18,150	19,090	19,906	24
Nebraska .....	20,526	21,450	23,047	24	18,090	18,832	20,180	23
North Dakota .....	18,166	18,621	20,710	38	16,142	16,452	18,351	36
South Dakota .....	18,921	19,564	21,516	34	17,103	17,597	19,381	32
<b>Southeast</b> .....	<b>19,898</b>	<b>20,971</b>	<b>21,880</b>	.....	<b>17,614</b>	<b>18,498</b>	<b>19,218</b>	.....
Alabama .....	18,271	19,212	20,055	39	16,316	17,089	17,785	40
Arkansas .....	17,167	18,093	18,928	47	15,359	16,086	16,783	44
Florida .....	21,777	23,030	24,104	20	19,295	20,351	21,185	20
Georgia .....	20,589	21,718	22,709	26	18,019	18,931	19,664	27
Kentucky .....	17,936	18,866	19,687	42	15,792	16,535	17,192	42
Louisiana .....	18,090	19,000	19,824	40	16,355	17,105	17,786	39
Mississippi .....	15,913	16,690	17,471	50	14,544	15,224	15,911	50
North Carolina .....	19,322	21,082	22,010	32	17,417	18,362	19,110	34
South Carolina .....	18,044	19,031	19,755	41	16,068	16,879	17,467	41
Tennessee .....	19,980	21,076	21,764	33	17,979	18,895	19,441	29
Virginia .....	22,948	23,985	24,925	14	19,882	20,712	21,434	15
West Virginia .....	16,906	17,714	18,444	49	15,183	15,877	16,494	48
<b>Southwest</b> .....	<b>19,541</b>	<b>20,486</b>	<b>21,373</b>	.....	<b>17,448</b>	<b>18,240</b>	<b>18,936</b>	.....
Arizona .....	19,310	20,074	20,989	36	16,981	17,606	18,308	37
New Mexico .....	17,079	18,158	18,770	48	15,235	16,184	16,674	46
Oklahoma .....	17,904	18,596	19,350	44	15,865	16,403	16,980	43
Texas .....	20,102	21,119	22,045	31	18,031	18,889	19,621	28
<b>Rocky Mountain</b> .....	<b>20,044</b>	<b>21,082</b>	<b>22,025</b>	.....	<b>17,324</b>	<b>18,115</b>	<b>18,830</b>	.....
Colorado .....	22,663	23,954	25,084	13	19,433	20,450	21,265	19
Idaho .....	18,091	18,860	19,539	43	15,679	16,168	16,722	45
Montana .....	17,698	18,443	19,047	46	15,553	16,202	16,656	47
Utah .....	17,250	18,167	19,156	45	14,976	15,626	16,436	49
Wyoming .....	19,986	20,727	21,245	35	17,630	18,234	18,614	35
<b>Far West</b> .....	<b>22,697</b>	<b>23,884</b>	<b>24,928</b>	.....	<b>19,838</b>	<b>20,794</b>	<b>21,566</b>	.....
Alaska .....	23,496	24,045	24,558	19	20,506	20,925	21,277	18
California .....	22,828	24,091	25,144	12	19,973	20,986	21,760	11
Hawaii .....	24,137	24,749	25,159	11	20,907	21,543	21,776	10
Nevada .....	23,300	24,336	25,451	10	20,253	21,019	21,805	9
Oregon .....	20,340	21,554	22,668	27	17,311	18,342	19,169	33
Washington .....	22,726	23,701	24,836	15	20,088	20,858	21,740	12

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

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

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

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

Table J.4.—Gross State Product for States and Regions by Industry, 1994

[Millions of dollars]

State and region	Rank of total gross state product	Total gross state product	Farms	Agricultural services, forestry, and fishing	Mining	Construction	Manufacturing			Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Federal civilian government	Federal military government	State and local government
							Total	Durable goods	Nondurable goods								
<b>United States</b>		<b>6,835,641</b>	<b>82,197</b>	<b>35,651</b>	<b>90,058</b>	<b>269,232</b>	<b>1,197,098</b>	<b>673,139</b>	<b>523,959</b>	<b>606,354</b>	<b>461,863</b>	<b>609,908</b>	<b>1,273,678</b>	<b>1,342,720</b>	<b>182,651</b>	<b>79,948</b>	<b>604,284</b>
<b>New England</b>		<b>389,259</b>	<b>1,182</b>	<b>1,915</b>	<b>237</b>	<b>13,158</b>	<b>66,134</b>	<b>43,392</b>	<b>22,743</b>	<b>27,786</b>	<b>25,962</b>	<b>33,195</b>	<b>92,056</b>	<b>88,578</b>	<b>6,712</b>	<b>2,084</b>	<b>30,258</b>
Connecticut	21	110,449	280	504	38	3,646	19,612	12,231	6,381	7,744	7,328	8,813	30,138	22,939	1,510	579	8,319
Maine	42	26,069	221	267	12	1,142	4,639	2,200	2,439	1,864	1,510	3,159	4,742	4,816	827	342	2,528
Massachusetts	10	186,199	296	777	113	5,943	30,387	20,245	10,142	12,883	13,237	14,784	42,919	47,245	3,134	678	13,804
New Hampshire	40	29,393	94	138	29	1,031	6,053	4,336	1,718	2,327	1,742	2,913	6,502	5,723	448	67	2,326
Rhode Island	44	23,667	56	147	14	822	4,148	2,776	1,372	1,739	1,274	2,204	5,456	5,151	477	354	2,026
Vermont	50	13,282	234	82	31	574	2,296	1,605	691	1,229	872	1,323	2,299	2,704	317	65	1,256
<b>Mideast</b>		<b>1,327,798</b>	<b>4,504</b>	<b>4,012</b>	<b>2,355</b>	<b>46,826</b>	<b>183,235</b>	<b>85,106</b>	<b>98,129</b>	<b>114,721</b>	<b>86,894</b>	<b>100,291</b>	<b>321,733</b>	<b>294,563</b>	<b>46,598</b>	<b>7,278</b>	<b>115,987</b>
Delaware	41	26,697	221	75	4	889	5,397	1,486	3,911	1,354	1,046	1,513	10,414	3,419	358	273	1,733
District of Columbia		48,028	0	13	7	428	1,267	153	1,114	2,596	577	1,367	6,888	15,636	16,102	1,166	1,981
Maryland	16	132,703	601	610	111	6,536	11,442	5,676	5,766	11,144	8,199	11,787	29,253	29,531	9,956	2,117	11,416
New Jersey	8	254,945	479	864	152	9,261	36,841	12,144	24,698	25,750	23,374	19,096	57,125	54,124	4,186	832	22,862
New York	2	570,994	1,399	1,221	428	16,661	70,346	35,556	34,790	46,805	35,883	40,005	164,081	123,468	8,443	1,904	54,850
Pennsylvania	6	294,431	1,805	1,229	1,653	11,852	57,941	30,091	27,850	27,272	18,014	26,523	53,972	62,385	7,553	1,087	23,145
<b>Great Lakes</b>		<b>1,111,598</b>	<b>11,285</b>	<b>4,418</b>	<b>4,459</b>	<b>45,155</b>	<b>284,542</b>	<b>188,314</b>	<b>96,229</b>	<b>90,978</b>	<b>77,674</b>	<b>97,284</b>	<b>179,209</b>	<b>198,663</b>	<b>19,212</b>	<b>4,025</b>	<b>94,713</b>
Illinois	4	332,853	3,515	1,321	1,273	14,086	62,441	35,277	27,164	31,940	26,639	27,549	63,253	66,853	6,357	1,686	25,938
Indiana	15	138,190	1,839	531	753	6,493	41,843	29,115	12,728	11,407	8,382	12,734	18,448	21,325	2,725	479	11,229
Michigan	9	240,990	1,486	887	938	8,584	71,415	54,414	17,001	16,156	16,373	19,958	36,385	42,288	2,814	527	22,580
Ohio	7	274,844	2,121	1,039	1,238	10,583	73,887	48,605	25,292	22,592	18,534	25,922	41,404	47,899	5,225	1,032	23,366
Wisconsin	19	125,321	2,302	640	258	5,409	34,956	20,903	14,053	8,882	7,745	11,120	19,719	20,298	2,091	300	11,600
<b>Plains</b>		<b>455,013</b>	<b>17,428</b>	<b>2,562</b>	<b>2,466</b>	<b>19,202</b>	<b>88,359</b>	<b>49,443</b>	<b>38,916</b>	<b>43,306</b>	<b>34,207</b>	<b>41,979</b>	<b>69,161</b>	<b>79,879</b>	<b>10,786</b>	<b>4,102</b>	<b>41,575</b>
Iowa	29	68,298	4,238	553	156	2,700	16,699	9,775	6,924	5,988	4,718	5,966	9,632	10,090	1,263	191	6,706
Kansas	31	61,758	2,529	348	815	2,402	10,727	5,638	5,090	5,444	4,545	5,956	7,831	10,003	1,584	1,347	6,227
Minnesota	20	124,641	2,822	534	507	5,318	24,950	14,510	10,440	9,564	10,061	11,134	21,869	23,892	2,361	306	11,334
Missouri	17	128,216	1,751	563	356	5,823	27,017	14,477	12,540	13,476	9,406	12,493	18,734	24,172	3,549	892	9,985
Nebraska	36	41,357	3,160	308	98	1,714	6,031	3,088	2,944	4,559	3,147	3,488	5,937	6,724	1,104	587	4,500
North Dakota	49	13,494	1,286	84	349	588	979	534	445	1,496	1,255	1,291	1,673	2,302	358	494	1,341
South Dakota	46	17,250	1,642	173	185	657	1,956	1,422	534	1,378	1,076	1,652	3,487	2,706	567	288	1,483
<b>Southeast</b>		<b>1,478,627</b>	<b>20,175</b>	<b>7,841</b>	<b>21,509</b>	<b>60,747</b>	<b>282,972</b>	<b>126,435</b>	<b>156,537</b>	<b>143,740</b>	<b>97,808</b>	<b>144,130</b>	<b>226,278</b>	<b>263,453</b>	<b>45,781</b>	<b>31,101</b>	<b>133,092</b>
Alabama	25	88,661	1,512	460	1,184	3,496	19,398	9,593	9,805	8,821	5,515	8,926	10,880	14,045	4,173	1,411	8,861
Arkansas	33	50,575	2,035	315	382	1,846	12,878	6,757	5,820	6,196	3,077	5,193	6,637	7,272	1,179	411	4,455
Florida	5	317,829	3,399	2,735	711	14,592	26,612	15,079	11,533	29,914	22,644	35,783	68,123	72,639	6,669	5,733	29,435
Georgia	11	183,042	2,491	768	752	6,707	32,876	13,383	19,192	21,865	16,355	16,714	28,563	31,390	5,667	3,519	15,085
Kentucky	26	86,485	1,867	442	2,841	3,429	23,221	12,545	10,675	8,305	4,770	7,651	9,514	12,471	2,883	1,803	7,387
Louisiana	22	101,101	882	369	9,995	4,476	17,417	4,311	13,107	11,059	5,784	8,717	13,260	16,738	1,841	1,320	9,241
Mississippi	32	50,587	1,256	287	356	229	1,855	11,854	4,839	6,228	2,840	5,008	5,680	7,597	1,522	1,064	5,039
North Carolina	12	181,621	3,420	786	229	7,078	53,829	19,739	33,890	14,315	11,692	16,338	23,465	26,345	3,148	4,892	16,194
South Carolina	27	79,925	724	363	158	4,877	30,611	16,049	14,562	10,646	9,232	13,981	18,217	23,663	4,450	694	10,403
Tennessee	18	126,539	1,242	476	347	3,473	21,787	8,403	13,384	6,399	6,984	9,232	13,981	18,217	23,663	4,450	10,403
Virginia	13	177,708	1,147	737	1,074	7,443	27,435	11,047	16,389	15,425	9,684	14,820	30,823	33,594	11,646	9,009	14,860
West Virginia	39	34,654	200	101	3,380	1,675	5,854	2,514	3,341	4,567	1,836	3,057	3,838	5,477	939	142	3,587
<b>Southwest</b>		<b>677,888</b>	<b>8,347</b>	<b>3,541</b>	<b>39,652</b>	<b>28,989</b>	<b>105,712</b>	<b>61,747</b>	<b>43,964</b>	<b>72,514</b>	<b>46,743</b>	<b>62,877</b>	<b>98,977</b>	<b>120,958</b>	<b>17,331</b>	<b>9,967</b>	<b>62,281</b>
Arizona	24	94,093	810	673	1,114	5,116	13,973	11,155	2,817	8,345	5,677	10,034	17,115	18,155	2,538	1,200	9,343
New Mexico	37	37,832	564	178	2,702	1,781	5,117	4,422	895	3,672	1,645	3,551	5,130	6,595	1,791	834	4,272
Oklahoma	30	66,189	1,591	311	3,281	2,069	11,060	6,815	4,445	7,281	4,051	6,663	8,203	10,788	2,500	1,476	6,915
Texas	3	479,774	5,381	2,379	32,555	20,024	75,562	39,555	36,007	53,216	35,369	42,630	68,829	85,419	10,502	6,456	41,750
<b>Rocky Mountain</b>		<b>198,132</b>	<b>3,989</b>	<b>1,120</b>	<b>8,816</b>	<b>10,271</b>	<b>24,790</b>	<b>15,011</b>	<b>9,779</b>	<b>22,017</b>	<b>11,869</b>	<b>19,563</b>	<b>29,743</b>	<b>37,142</b>	<b>7,215</b>	<b>3,034</b>	<b>18,564</b>
Colorado	23	99,767	1,180	506	1,660	5,234	12,299	7,197	5,102	11,014	6,341	10,039	16,825	20,626	3,424	1,885	8,736
Idaho	43	24,185	1,260	276	169	1,536	4,612	3,030	1,583	2,181	1,456	2,502	3,092	3,771	760	268	2,301
Montana	47	16,862	835	135	837	758	1,317	763	555	2,152	1,049	1,714	2,261	3,061	742	266	1,734
Utah	35	41,657	418	123	1,484	2,151	5,991	3,806	2,096	4,008	2,532	4,268	5,905	8,221	1,901	412	4,346
Wyoming	48	15,660	297	79	4,866	591	670	215	455	2,662	492	1,040	1,661	1,464	388	202	1,447
<b>Far West</b>		<b>1,197,326</b>	<b>15,306</b>	<b>10,241</b>	<b>10,583</b>	<b>46,084</b>	<b>161,354</b>	<b>103,692</b>	<b>57,662</b>	<b>91,293</b>	<b>80,707</b>	<b>110,589</b>	<b>256,519</b>	<b>259,485</b>	<b>29,015</b>	<b>18,357</b>	<b>107,814</b>
Alaska	45	22,720	18	356	4,238	1,038	1,149	317	833	3,835	672	1,539	2,480	2,853	1,113	1,094	2,535
California	1	875,697	11,171	7,189	4,459	29,222	121,842	76,608	45,234	63,122	59,860	79,662	199,078	193,314	18,900	11,187	76,891
Hawaii	38	36,718	282	198	26	2,151	1,1										

K. Local Area Table

Annual estimates of local area personal income are shown for 1992-94; in August 1997, a comprehensive revision of the local area estimates for 1969-94 and new estimates for 1995 will be released.

Table K.1.—Total Personal Income and Per Capita Personal Income by Metropolitan Area, 1992-94

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

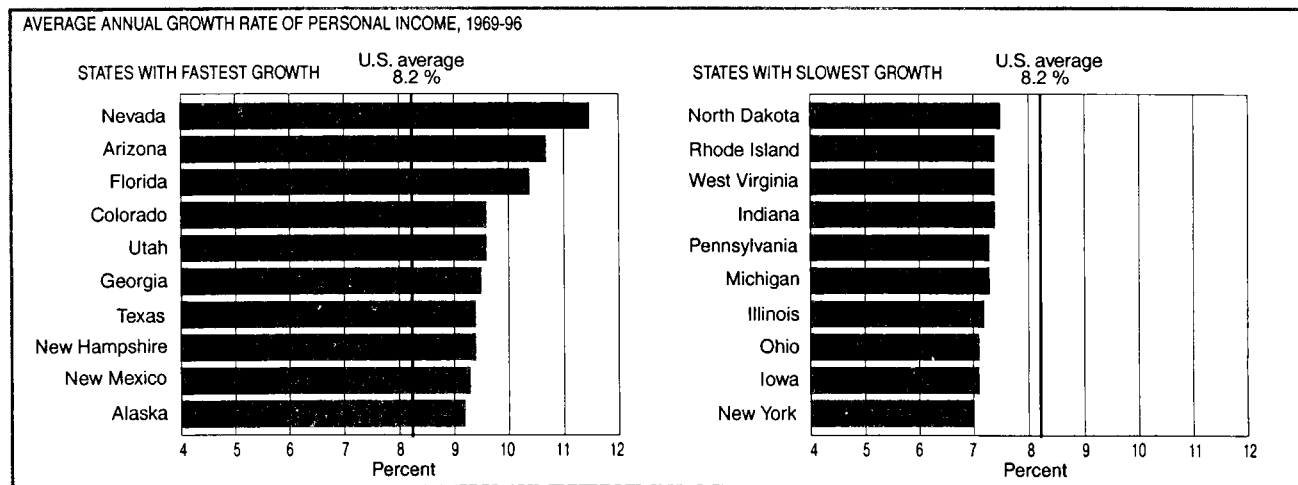
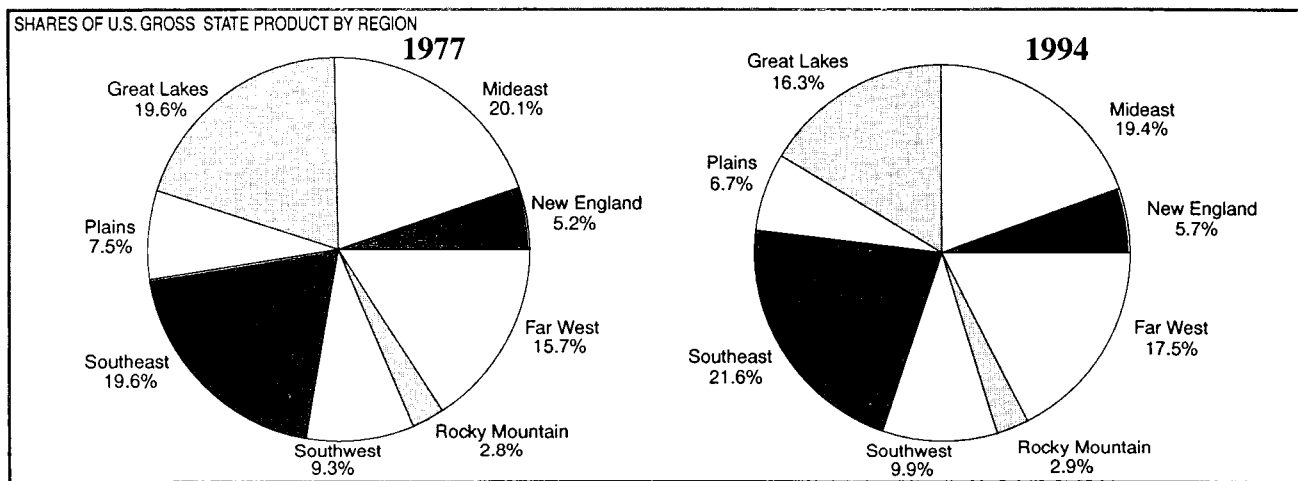
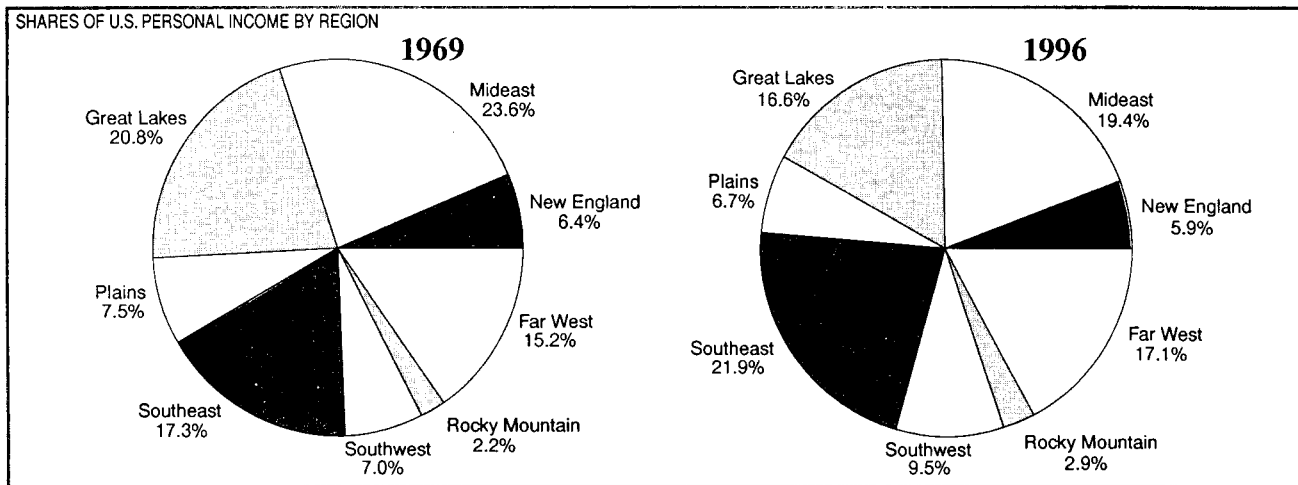
See footnotes at end of table.

Table K.1.—Total Personal Income and Per Capita Personal Income by Metropolitan Area, 1992–94—Continued

Area name	Total personal income				Per capita personal income <sup>3</sup>				Area name	Total personal income				Per capita personal income <sup>3</sup>			
	Millions of dollars			Percent change <sup>2</sup>	Dollars			Rank in U.S.		Millions of dollars			Percent change <sup>2</sup>	Dollars			Rank in U.S.
	1992	1993	1994		1992	1993	1994			1994	1992	1993		1994	1993-94	1992	
Jersey City, NJ*	11,717	11,920	12,255	2.8	21,179	21,563	22,186	75	Raleigh-Durham-Chapel Hill, NC	19,344	20,778	22,190	6.8	21,235	22,149	22,992	55
Johnson City-Kingsport-Bristol, TN-VA	7,176	7,450	7,778	4.4	16,150	16,618	17,260	270	Rapid City, SD	1,506	1,574	1,657	5.3	17,758	18,236	19,138	187
Johnstown, PA	3,908	3,997	4,187	4.7	16,218	16,618	17,462	264	Reading, PA	7,130	7,437	7,810	5.0	20,788	21,521	22,465	69
Joplin, MO	2,216	2,350	2,525	7.4	16,098	16,821	17,813	245	Redding, CA	2,725	2,825	2,932	3.8	17,295	17,789	18,323	227
Kalamazoo-Battle Creek, MI	8,229	8,640	9,165	6.1	18,858	19,629	20,705	128	Reno, NV	6,873	7,033	7,656	8.9	25,635	25,610	27,059	15
Kankakee, IL*	1,884	1,807	1,918	6.2	16,999	17,997	18,939	199	Richland-Kennewick-Pasco, WA	3,065	3,356	3,578	6.6	19,075	20,188	20,798	125
Kansas City, MO-KS	33,733	35,103	37,296	6.2	20,897	21,524	22,641	61	Richmond-Petersburg, VA	20,071	21,175	22,329	5.5	22,442	23,374	24,358	37
Kenosha, WI*	2,421	2,557	2,699	5.6	18,067	18,782	19,587	165	Riverside-San Bernardino, CA*	48,296	49,552	51,565	4.1	17,110	17,281	17,741	250
Killeen-Temple, TX	3,757	4,137	4,467	8.0	14,725	15,364	15,554	299	Roanoke, VA	4,648	4,914	5,122	4.2	20,517	21,572	22,407	71
Knoxville, TN	11,155	11,835	12,600	6.5	18,287	19,079	19,966	150	Rochester, MN	2,423	2,498	2,610	4.5	21,949	22,199	23,112	51
Kokomo, IN	1,883	2,021	2,166	7.2	19,141	20,391	21,804	87	Rochester, NY	22,893	23,784	24,640	3.6	21,152	21,834	22,593	63
La Crosse, WI-MN	2,156	2,276	2,412	6.0	18,227	19,088	20,081	143	Rockford, IL	6,435	6,716	7,225	7.1	18,954	19,563	20,837	124
Lafayette, LA	5,223	5,516	5,982	8.4	14,802	15,426	16,554	289	Rocky Mount, NC	2,219	2,361	2,505	6.1	16,238	17,068	17,933	240
Lafayette, IN	2,803	2,959	3,165	7.0	17,003	17,876	18,984	194	Sacramento, CA*	29,323	30,075	31,504	4.7	20,708	21,022	21,855	82
Lake Charles, LA	2,735	2,874	3,108	8.1	16,092	16,711	17,929	241	Saginaw-Bay City-Midland, MI	7,507	7,836	8,411	7.3	18,600	19,440	20,908	118
Lakeland-Winter Haven, FL	6,821	7,114	7,661	7.7	16,280	16,822	17,834	244	St. Cloud, MN	2,409	2,523	2,689	6.6	17,110	18,240	17,139	276
Lancaster, PA	8,710	9,241	9,656	4.5	20,062	21,070	21,811	86	St. Joseph, MO	1,645	1,677	1,785	6.4	18,755	17,061	18,216	232
Lansing-East Lansing, MI	8,148	8,377	9,048	8.0	18,695	19,216	20,745	127	St. Louis, MO-IL	54,898	56,775	60,066	5.8	21,819	22,457	23,885	44
Laredo, TX	1,551	1,685	1,841	9.2	10,461	10,774	11,289	312	Salem, OR*	4,900	5,209	5,576	7.0	16,738	17,373	18,234	230
Las Cruces, NM	1,915	2,013	2,130	5.8	13,099	13,258	13,698	308	Salt Lake City-Ogden, UT	7,799	7,923	7,954	2	21,145	21,631	22,547	66
Las Vegas, NV-AZ	19,651	21,546	24,043	11.6	20,332	21,325	22,339	72	Salt Lake City-Ogden, UT	19,034	20,400	21,944	7.6	16,885	17,670	18,623	211
Lawrence, KS	1,321	1,392	1,478	6.1	15,658	16,112	16,785	284	San Angelo, TX	1,861	1,756	1,843	4.9	16,708	17,529	18,201	233
Lawton, OK	1,725	1,741	1,774	1.9	14,332	14,740	15,085	303	San Antonio, TX	23,642	25,038	26,542	6.0	17,169	17,794	18,466	223
Lexington-Auburn, ME (NECMA)	1,823	1,885	1,975	4.8	17,533	18,145	19,012	191	San Diego, CA	53,829	55,046	56,923	3.4	20,689	21,075	21,627	92
Lexington, KY	7,917	8,263	8,688	5.1	18,877	19,402	20,165	137	San Francisco, CA*	52,262	54,057	56,424	4.4	32,136	33,007	34,281	1
Lima, OH	2,726	2,764	2,939	6.3	17,492	17,725	18,858	207	San Jose, CA*	40,896	42,300	43,992	4.0	26,772	27,402	28,250	12
Lincoln, NE	4,288	4,491	4,779	6.4	19,486	20,083	21,169	111	San Jose, CA*	40,896	42,300	43,992	4.0	26,772	27,402	28,250	12
Little Rock-North Little Rock, AR	9,703	10,164	10,743	5.7	18,470	19,071	19,996	148	San Luis Obispo-Atascadero-Paso Robles, CA	4,032	4,141	4,286	3.5	18,265	18,649	19,159	185
Longview-Marshall, TX	3,368	3,488	3,694	5.9	17,051	17,470	18,346	226	Santa Barbara-Santa Maria-Lompoc, CA	8,916	9,050	9,316	2.9	23,679	23,943	24,485	34
Los Angeles-Long Beach, CA*	195,661	196,416	197,289	4	21,577	21,504	21,562	94	Santa Cruz-Watsonville, CA*	5,340	5,521	5,717	3.5	23,074	23,653	24,329	38
Louisville, KY-IN	19,597	20,481	21,658	5.7	20,288	21,028	22,081	76	Santa Fe, NM	2,642	2,866	3,081	7.5	21,434	22,574	23,561	47
Lubbock, TX	3,823	4,075	4,295	5.4	17,026	17,908	18,633	210	Santa Rosa, CA*	9,229	9,572	9,979	4.3	22,926	23,559	24,328	39
Lynchburg, VA	3,427	3,629	3,819	5.2	17,196	18,082	18,825	206	Sarasota-Bradenton, FL	12,497	13,161	14,026	6.6	24,797	25,781	27,081	14
Macon, GA	5,188	5,410	5,718	5.7	17,388	17,854	18,599	213	Savannah, GA	4,868	5,088	5,398	6.1	18,235	18,730	19,581	166
Madison, WI	8,441	8,968	9,537	6.3	22,200	23,207	24,437	36	Scranton-Wilkes-Barre-Hazleton, PA	11,638	11,988	12,485	4.1	18,188	18,758	19,600	164
Mansfield, OH	2,818	2,976	3,141	5.5	16,097	16,933	17,891	242	Seattle-Bellevue-Everett, WA*	54,674	56,511	59,060	4.5	25,725	26,180	27,097	13
McAllen-Edinburg-Mission, TX	4,140	4,441	4,770	7.4	9,828	10,030	10,346	313	Sharon, PA	2,017	2,026	2,144	5.8	16,527	16,575	17,458	262
Medford-Ashland, OR	2,678	2,848	3,067	7.7	17,347	18,002	18,920	207	Sheboygan, WI	2,021	2,143	2,282	6.5	19,207	20,205	21,325	105
Melbourne-Titusville-Palm Bay, FL	7,958	8,306	8,678	4.5	18,716	19,059	19,567	167	Sherman-Denison, TX	1,681	1,705	1,798	5.5	17,416	17,741	18,484	224
Memphis, TN-AR-MS	20,168	21,243	22,774	7.2	19,550	20,382	21,564	93	Shreveport-Bossier City, LA	6,343	6,722	7,124	6.0	16,940	17,943	18,929	202
Merced, CA	2,831	2,906	2,974	2.3	14,961	15,092	15,110	302	Sioux Falls, IA-NE	2,164	2,229	2,404	7.8	18,477	18,810	20,198	134
Miami, FL	33,601	35,553	40,530	5.1	16,751	19,247	20,014	146	Sioux Falls, SD	2,987	3,172	3,484	9.8	20,477	21,354	22,991	56
Middlesex-Somerset-Hunterdon, NJ*	29,400	30,658	32,008	4.4	28,152	29,010	29,948	8	South Bend, IN	4,631	4,919	5,258	6.9	18,483	19,405	20,584	130
Milwaukee-Waukesha, WI*	31,690	33,108	34,858	5.3	21,880	22,769	23,948	43	Spokane, WA	6,937	7,329	7,746	5.7	18,156	18,750	19,565	168
Minneapolis-St. Paul, MN-WI	60,964	63,873	67,831	6.2	23,296	24,061	25,231	27	Springfield, IL	3,992	4,140	4,393	6.1	20,685	21,285	22,432	70
Mobile, AL	7,844	8,312	8,783	5.7	15,886	16,463	17,150	275	Springfield, MO	4,820	5,081	5,441	7.1	17,451	18,000	18,826	205
Modesto, CA	6,634	6,869	7,055	2.7	16,787	17,068	17,344	269	Springfield, MA (NECMA)	11,405	11,725	12,448	4.5	19,056	19,820	20,562	131
Monmouth-Ocean, NJ*	25,309	26,472	27,464	3.7	25,063	25,886	26,534	18	Slate College, IA	2,127	2,211	2,292	3.7	16,704	17,193	17,654	254
Monroe, LA	2,171	2,274	2,419	6.4	14,959	15,586	16,515	291	Steubenville-Weirton, OH-WV	2,284	2,347	2,474	5.8	16,189	16,874	17,636	253
Montgomery, AL	5,541	5,750	6,117	6.4	18,318	18,707	19,606	193	Stockett-Lodi, IA	6,837	7,036	7,376	3.8	17,137	17,689	18,094	236
Muncie, IN	2,094	2,175	2,300	5.7	17,510	18,214	19,285	177	Sumter, SC	1,378	1,455	1,540	5.8	13,280	13,721	14,429	306
Myrtle Beach, SC	2,430	2,517	2,722	8.2	16,028	16,947	17,807	246	Syracuse, NY	14,177	14,650	15,156	3.5	18,844	19,407	20,101	142
Naples, FL	4,720	5,119	5,453	6.5	28,568	29,926	30,906	5	Tacoma, WA	11,491	12,047	12,684	5.3	18,549	19,066	19,870	154
Nashville, TN	21,176	22,692	24,643	8.6	20,723	21,725	23,038	53	Tallahassee, FL	4,198	4,499	4,809	6.9	17,151	18,024	18,980	195
Nassau-Suffolk, NY*	73,472	76,602	79,569	3.9	27,921	28,980	30,006	7	Tampa-St. Petersburg-Clearwater, FL	40,584	43,231	46,059	6.5	19,127	20,232	21,358	103
New Haven-Bridgeport-Stamford-Danbury-Waterbury, CT*	48,985	50,431	52,232	3.6	30,054	30,971	32,118	3	Terre Haute, IN	2,431	2,532	2,645	4.5	16,320	16,876	17,676	252
New London-Norwich, CT (NECMA)	5,528	5,710	6,009	5.2	22,302	22,947	24,076	41	Texarkana, TX-Texasarkana, AR	1,893	1,944	2,032	4.5	15,657	15,955	16,568	288
New Orleans, LA	23,379	24,490	25,960	6.0	18,000	18,760	19,833	156	Toledo, OH	11,761	12,233	13,036	6.6	19,145	19,937	21,233	108
New York, NY*	232,218	238,919	247,284	3.5	27,174	27,886	28,800	10	Topeka, KS	3,229	3,362	3,537	5.2	19,774	20,472	21,422	99
Newark, NJ*	53,431	55,325	57,339	3.6	27,817	28,687	29,652	9	Trenton, NJ*	9,273	9,579	9,941	3.8	28,335	29,154	30,176	6
Newburgh, NY-PA*	6,709	6,930	7,174	3.5	19,277	19,656	20,152	139	Tucson, AZ	11,581	12,380	13,588	9.8	16,746	17,439	18,575	214
Norfolk-Virginia Beach-Newport News, VA-NC	26,940	27,908	29,065	4.1	18,010	18,435	19,007	193	Tulsa, OK	13,833	14,293	14,897	4.2	18,938	19,359	20,047	144
Oakland, CA*	53,828	55,799	57,899	3.8	26,057	25,727	26,530	243	Tuscaloosa, AL	2,463	2,594	2,759	6.3	16,031	16,726	17,561	261
Ocala, FL	3,245	3,415	3,655	7.0	15,633	16,096	16,828	287									

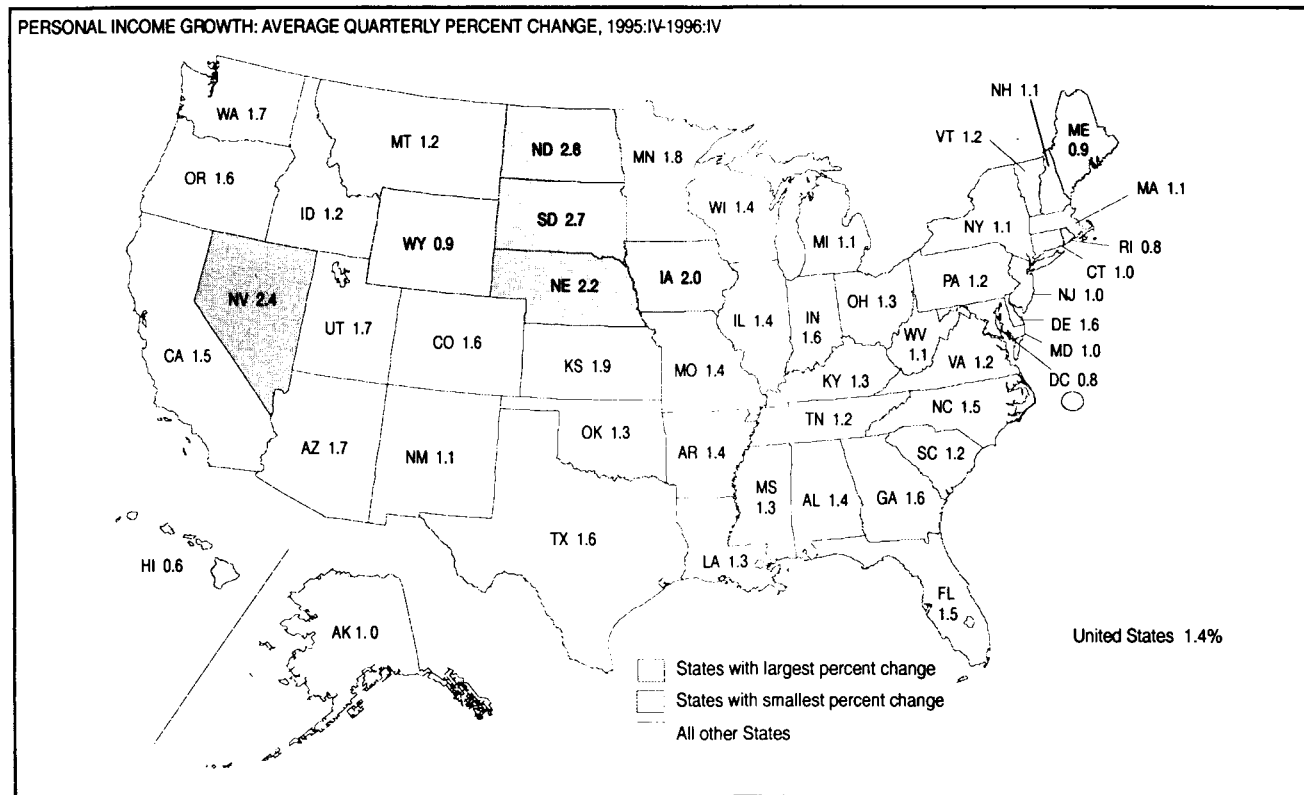
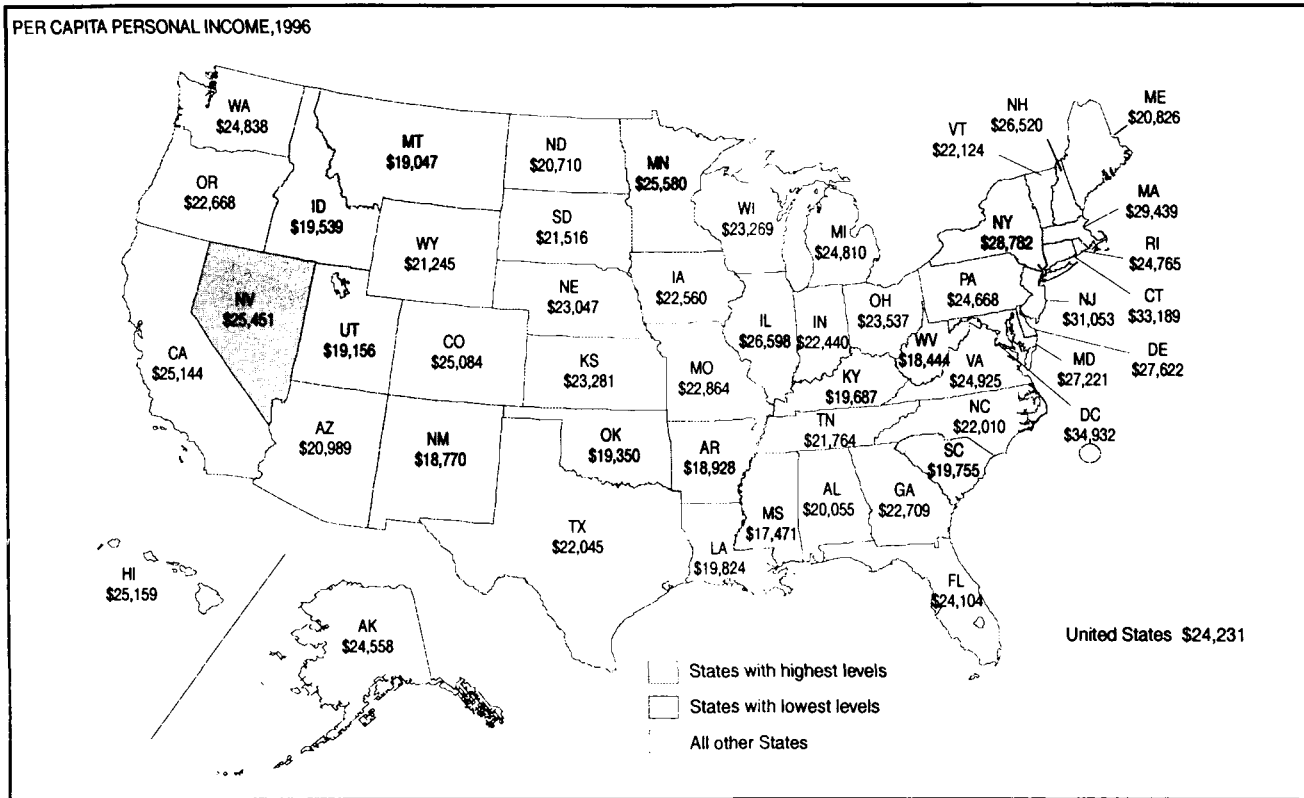
L. Charts

**SELECTED REGIONAL ESTIMATES**



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

# SELECTED REGIONAL ESTIMATES



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



## Appendix A

### Additional Information About BEA's NIPA Estimates

#### Statistical Conventions

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

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

In the most recent period, a variant of the formula is used because only 1 year's information is available for computing the index number weights. Accordingly, BEA uses a single year's weights and, as a consequence, the product of the percentage changes in the price and quantity indexes does not equal the current-dollar change during this period. For this reason, another measure, known as the "implicit price deflator," is presented in the NIPA tables. The implicit price deflator is calculated as the ratio of current-dollar value to the corresponding chained-dollar value multiplied by 100.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated "chained (1992) dollar estimates." These estimates are computed by multiplying the 1992 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in 1992 and if real output for this component increased by 10 percent in 1993, then the "chained (1992) dollar"

value of this component in 1993 would be \$110 ( $\$100 \times 1.10$ ). Note that percentage changes in the chained (1992) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1992) dollar estimates for detailed GDP components *do not add* to the chained-dollar value of GDP or to any intermediate aggregates. A "residual" line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. In cases where the residual is large, the table of contributions of the major components to the change in real GDP provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

For quarters and months, the estimates are presented at annual rates, which show the value that would be registered if the rate of activity measured for a quarter or a month were maintained for a full year. Annual rates are used so that time periods of different lengths—for example, quarters and years—may be compared easily. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or 12 (for monthly data).

Percent changes in the estimates are also expressed at annual rates. Calculating these changes requires a variant of the compound interest formula:

$$r = \left[ \left( \frac{X_t}{X_o} \right)^{m/n} - 1 \right] \times 100,$$

- where  $r$  is the percent change at an annual rate;
- $X_t$  is the level of activity in the later period;
- $X_o$  is the level of activity in the earlier period;
- $m$  is the yearly periodicity of the data (for example, 1 for annual data, 4 for quarterly, or 12 for monthly); and
- $n$  is the number of periods between the earlier and later periods (that is,  $t - o$ ).

Quarterly and monthly NIPA estimates are seasonally adjusted, if necessary. Seasonal adjustment removes from the time series the average impact of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.

## Reconciliation Tables

**Table 1.—Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings**  
[Percent change from preceding period]

	Seasonally adjusted at annual rates							
	1994	1995	1996	1996				1997
				I	II	III	IV	
<b>BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing)</b> .....	2.1	3.1	3.7	3.4	3.7	3.4	3.7	5.0
<i>Less:</i> Contribution of supplements to wages and salaries per hour .....	.1	0	-.3	-.3	-.4	-.2	-.4	-.6
<i>Plus:</i> Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions .....	0	-.3	-.1	.3	-.2	-.2	.1	.1
<i>Less:</i> Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed .....	-.2	0	.1	.1	.1	.3	-.2	.3
<b>Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector</b> .....	2.1	2.8	3.8	3.9	3.9	3.1	4.3	5.3
<i>Less:</i> Contribution of wages and salaries per hour of nonproduction workers in manufacturing .....	0	.1	-.1	-.1	-.1	-.3	-.1	-.3
<i>Less:</i> Other differences <sup>1</sup> .....	-.5	-.1	.6	1.3	0	-.2	.5	1.5
<b>Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls</b> .....	2.6	2.9	3.3	2.7	4.0	3.7	3.9	4.2
<b>Addendum:</b> BLS estimates of compensation per hour in the nonfarm business sector <sup>2</sup> .....	2.0	3.2	3.6	3.4	3.7	3.5	3.7	5.2

1. Includes BEA use of non-BLS data and differences in detailed weighting. Annual estimates also include differences in BEA and BLS benchmark procedures; quarterly estimates also include differences in seasonal adjustment procedures.

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

NOTE: This table incorporates BLS revisions to reflect the benchmarking of employment levels and the updating of seasonal adjustment factors.

BLS Bureau of Labor Statistics

**Table 2.—Relation of Net Exports of Goods and Services and Net Receipts of Factor Income in the National Income and Product Accounts (NIPA's) to Balance on Goods, Services, and Income in the Balance of Payments Accounts (BPA's)**

[Billions of dollars]

	Line	1995	1996	Seasonally adjusted at annual rates					
				1995	1996				1997
					IV	I	II	III	
<b>Exports of goods, services, and income, BPA's</b> .....	1	991.5	1,055.2	1,025.5	1,025.5	1,049.3	1,047.9	1,098.2	1,117.9
<i>Less:</i> Gold, BPA's .....	2	5.1	6.9	3.7	6.3	12.5	5.2	3.7	6.7
Statistical differences <sup>1</sup> .....	3	22.0	18.4	24.8	13.3	15.1	24.8	20.3	20.3
Other items .....	4	.9	1.1	.8	.8	1.0	1.5	1.1	1.0
<i>Plus:</i> Adjustment for grossing of parent/affiliate interest payments .....	5	8.0	8.7	9.3	10.1	7.3	8.4	8.9	8.3
Adjustment for U.S. territories and Puerto Rico .....	6	30.2	31.4	30.7	30.3	31.3	31.1	32.8	33.2
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans .....	7	14.0	14.8	14.2	14.4	14.6	15.0	15.2	15.4
<b>Equals: Exports of goods and services and receipts of factor income, NIPA's</b> .....	8	1,015.6	1,083.6	1,050.3	1,059.9	1,073.9	1,070.7	1,129.8	1,146.8
<b>Imports of goods, services, and income, BPA's</b> .....	9	1,086.5	1,163.4	1,093.3	1,115.4	1,156.9	1,183.5	1,198.0	1,246.9
<i>Less:</i> Gold, BPA's .....	10	5.3	7.7	3.4	6.8	14.6	6.2	3.4	8.7
Statistical differences <sup>1</sup> .....	11	4.0	5.6	7.3	4.5	1.4	9.7	6.9	6.9
Other items .....	12	0	0	0	0	0	0	0	0
<i>Plus:</i> Gold, NIPA's .....	13	-3.7	-3.6	-4.0	-3.4	-3.5	-3.8	-3.8	-3.1
Adjustment for grossing of parent/affiliate interest payments .....	14	8.0	8.7	9.3	10.1	7.3	8.4	8.9	8.3
Adjustment for U.S. territories and Puerto Rico .....	15	21.8	21.3	21.9	21.1	21.4	21.2	21.6	22.4
Imputed interest paid to rest of world .....	16	14.0	14.8	14.2	14.4	14.6	15.0	15.2	15.4
<b>Equals: Imports of goods and services and payments of factor income, NIPA's.</b> .....	17	1,117.3	1,191.2	1,123.9	1,146.5	1,180.6	1,208.4	1,229.5	1,274.3
<b>Balance on goods, services, and income, BPA's (1-9)</b> .....	18	-95.0	-108.2	-67.8	-89.9	-107.6	-135.6	-99.8	-129.0
<i>Less:</i> Gold (2-10+13) .....	19	-3.9	-4.4	-3.7	-3.9	-5.6	-4.8	-3.5	-5.1
Statistical differences (3-11) <sup>1</sup> .....	20	18.0	12.8	17.5	8.8	13.7	15.1	13.4	13.4
Other items (4-12) .....	21	.9	1.1	.8	.8	1.0	1.5	1.1	1.0
<i>Plus:</i> Adjustment for U.S. territories and Puerto Rico (6-15) .....	22	8.4	10.1	8.8	9.2	9.9	9.9	11.2	10.8
<b>Equals: Net exports of goods and services and net receipts of factor income, NIPA's (8-17).</b> .....	23	-101.7	-107.6	-73.6	-86.6	-106.7	-137.7	-99.7	-127.5

1. Consists of statistical revisions in the BPA's that have not yet been incorporated in the NIPA's.

## Appendix B

### Suggested Reading

#### Mid-Decade Strategic Plan

BEA has published the following articles in the SURVEY OF CURRENT BUSINESS on the development and implementation of its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts.

"Mid-Decade Strategic Review of BEA's Economic Accounts: Maintaining and Improving Their Performance" (February 1995)\*

"Mid-Decade Strategic Review of BEA's Economic Accounts: An Update" (April 1995)\*

"BEA's Mid-Decade Strategic Plan: A Progress Report" (June 1996)\*

*Mid-Decade Strategic Review of BEA's Economic Accounts: Background Papers* (1995) presents seven background papers that evaluate the state of the U.S. economic accounts and that identify the problems and the prospects for improving the accounts.

#### Methodology

BEA has published a wealth of information about the methodology used to prepare its national, regional, and international estimates.

##### National

##### *National income and product accounts (NIPA's)*

*NIPA Methodology Papers*: This series documents the conceptual framework of the NIPA's and the methodology used to prepare the estimates.

*An Introduction to National Economic Accounting* (NIPA Methodology Paper No. 1, 1985) [Also appeared in the March 1985 issue of the SURVEY]

*Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends* (NIPA Methodology Paper No. 2, 1985)

*Foreign Transactions* (NIPA Methodology Paper No. 3, 1987)

*GNP: An Overview of Source Data and Estimating Methods* (NIPA Methodology Paper No. 4, 1987) [Also appeared in the July 1987 issue of the SURVEY]

*Government Transactions* (NIPA Methodology Paper No. 5, 1988)

*Personal Consumption Expenditures* (NIPA Methodology Paper No. 6, 1990)

The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the NIPA's; these improvements are described in the SURVEY articles that cover these revisions.

"Annual Revision of the U.S. National Income and Product Accounts": This series of SURVEY articles, the latest of which was published in the August 1996 issue,\* describes the annual NIPA revisions and the improvements in methodology.

The most recent comprehensive revision of the NIPA's is described in the following series of SURVEY articles.

"Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA's New Featured Measures of Output and Prices" (July 1995)\*

"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" (September 1995)\*

"Preview of the Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables" (October 1995)\*

"Improved Estimates of the National Income and Product Accounts for 1959-95: Results of the Comprehensive Revision" (January/February 1996)\*

"Completion of the Comprehensive Revision of the National Income and Product Accounts, 1929-96" (May 1997)\*

"Updated Summary Methodologies" (August 1996 SURVEY)\* identifies the principal source data and estimating methods that are used to prepare the estimates of gross domestic product (GDP).

#### Availability

For the availability of some of these publications, see the inside back cover of this issue. See also the *User's Guide to BEA Information*: To request a copy, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington DC 20230, call 202-606-9900, or visit BEA's Internet site at <http://www.bea.doc.gov>.

\* Items with an asterisk can be found on BEA's Internet site at <http://www.bea.doc.gov>.

Information on the sources and methods used to prepare the national estimates of personal income, which provide the basis for the State estimates of personal income, can be found in *State Personal Income, 1929–93* (1995).\*

“Gross Domestic Product as a Measure of U.S. Production” (August 1991 SURVEY) briefly explains the difference between GDP and gross national product.

The conceptual basis for the chain-type measures of real output and prices used in the NIPA’s is described in the following SURVEY articles.

“Alternative Measures of Change in Real Output and Prices” (April 1992)\*

“Economic Theory and BEA’s Alternative Quantity and Price Indexes” (April 1992)\*

“Alternative Measures of Change in Real Output and Prices, Quarterly Estimates for 1959–92” (March 1993)\*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA’s New Featured Measures of Output and Prices” (July 1995)\*

“BEA’s Chain Indexes, Time Series, and Measures of Long-Term Economic Growth” (May 1997)\*

“Reliability and Accuracy of the Quarterly Estimates of GDP” (October 1993 SURVEY)\* evaluates GDP estimates by examining the record of revisions in the quarterly estimates.

“A Look at How BEA Presents the NIPA’s” (May 1996 SURVEY)\* explains how to locate the NIPA estimates and some of the conventions used in their presentation.

#### *Wealth and related estimates*

“Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95” (May 1997 SURVEY)\* describes the most recent revision of the estimates of fixed reproducible tangible wealth.

#### *Gross product by industry*

“Improved Estimates of Gross Product by Industry, 1959–94” (August 1996 SURVEY)\* describes the most recent comprehensive revision of the estimates of gross product by industry.

#### *Input-output accounts*

*Benchmark Input-Output Accounts of the United States, 1987* (1994)\* describes the concepts and methods used in the generation of the benchmark input-output tables for 1987.

### *International*

#### *Balance of payments accounts (BPA’s)*

*The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures* (1990) describes the methodologies used in preparing the estimates in the BPA’s and of the international investment position of the United States. These methodologies are subject to periodic improvements that are typically introduced as part of the annual revisions of the BPA’s.

“U.S. International Transactions, Revised Estimates”: This series of SURVEY articles, the latest of which was published in the July 1996 issue,\* describes the annual BPA revisions and the improvements in methodology.

#### *Direct investment*

The coverage, concepts, definitions, and classifications used in the benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States are presented in the publications of the final results of the following benchmark surveys.

*U.S. Direct Investment Abroad: 1989 Benchmark Survey, Final Results* (1992)\*

*Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results* (1995)\*

The types of data on direct investment that are collected and published by BEA and the clarifications of the differences between the data sets are presented in the following SURVEY articles.

“A Guide to BEA Statistics on U.S. Multinational Companies” (March 1995)\*

“A Guide to BEA Statistics on Foreign Direct Investment in the United States” (February 1990)\*


### *Regional*

#### *Personal income*

*State Personal Income, 1929–93* (1995)\* includes a description of the methodology used to prepare the estimates of State personal income. [Also available on the State Personal Income 1969–95 CD-ROM]

*Local Area Personal Income, 1969–92* (1994)\* includes a description of the methodology used to prepare the estimates of local area personal income. [Also available on the Regional Economic Information System CD-ROM]

#### *Gross state product*

“Comprehensive Revision of Gross State Product by Industry, 1977–94” (June 1997 SURVEY)\* summarizes the sources and methods for BEA’s estimates of gross state product. 

# REGIONAL MULTIPLIERS:

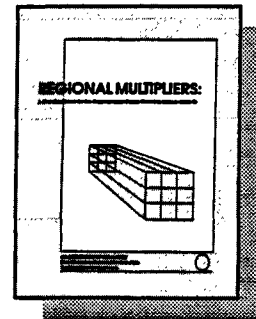
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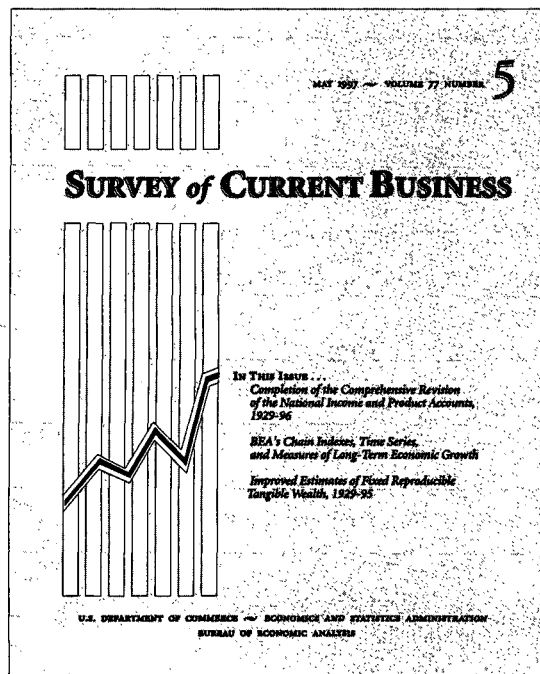
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