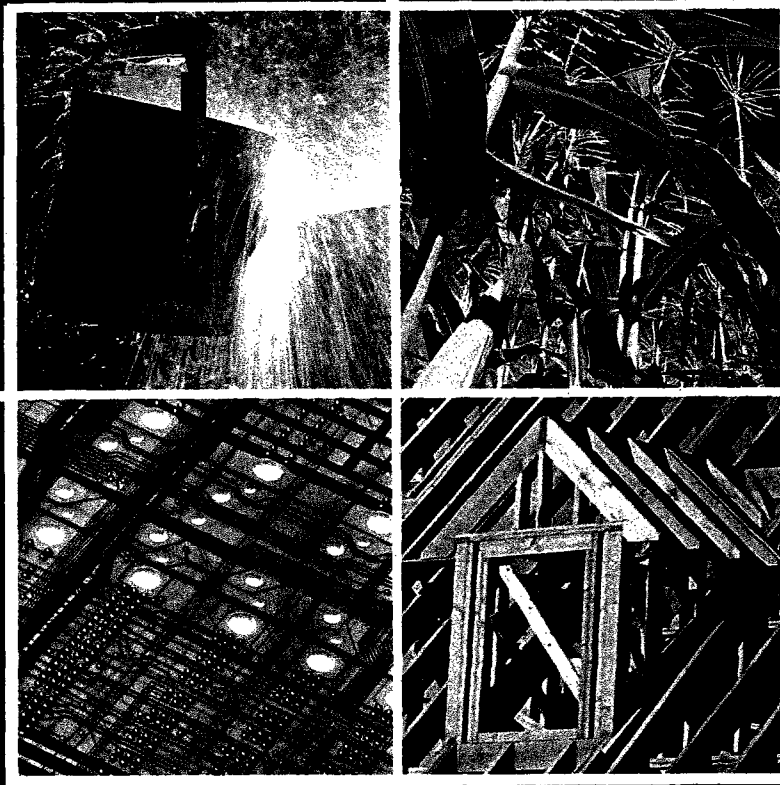


MARCH 2002

SURVEY OF CURRENT BUSINESS



In This Issue . . .

Federal Budget Estimates, Fiscal Year 2003

Operations of U.S. Multinational Companies, 1999

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



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SURVEY OF CURRENT BUSINESS

March 2002 Volume 82 Number 3

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Special in this issue

24 Operations of U.S. Multinational Companies: Preliminary Results From the 1999 Benchmark Survey

During the 1990s, the operations of U.S. multinational companies (MNC's) expanded at roughly the same pace as the U.S. economy and the worldwide economy. About three-fourths of the production by U.S. MNC's took place in the United States, and about one-fourth, abroad. Europe remained the major location for production abroad by U.S. MNC's, but the most rapid growth was in Asia and Pacific and in Latin America. Manufacturing remained the most important industry for U.S. MNC production, but the most rapid growth was in services, utilities, and retail trade. U.S. MNC's continued to play a large, though somewhat diminished, role in U.S. international trade in goods. Almost nine-tenths of the sales by foreign affiliates of U.S. MNC's were to foreign, mainly local, markets rather than to the United States.

Regular features

1 Business Situation: Preliminary Estimates for the Fourth Quarter of 2001

Real GDP increased 1.4 percent in the fourth quarter of 2001, according to the "preliminary" estimate, after decreasing 1.3 percent in the third quarter. The "advance" estimate issued last month had shown a 0.2-percent increase. The upward revision was largely attributable to a downward revision to imports (which are subtracted in calculating GDP) and an upward revision to consumer spending. In addition, government spending, fixed investment, inventory investment, and exports were revised up. The price index for gross domestic purchases increased 0.4 percent in the fourth quarter after decreasing 0.1 percent in the third. The "advance" estimate had also shown a 0.4-percent increase.

14 Federal Budget Estimates, Fiscal Year 2003

Each year, BEA prepares an adjusted presentation of the administration's budget estimates that is consistent with the framework of the NIPA's. For fiscal year 2003, the Federal current deficit on the NIPA basis is estimated at \$78.1 billion, compared with a deficit of \$80.2 billion in the administration's budget. The NIPA estimate of current receipts exceeds the budget estimate of receipts by \$32.0 billion, and the NIPA estimate of current expenditures exceeds the budget estimate of expenditures by \$30.0 billion.

— Continued on the next page —

Reports and statistics

D-1 BEA Current and Historical Data

Inside back cover: Getting BEA's Estimates

Back cover: Schedule of Upcoming News Releases

LOOKING AHEAD

Change in BEA's Web Site Address. BEA's Web site can now be accessed via a new, shortened address, <www.bea.gov>. The new address and the old address, <www.bea.doc.gov>, will both function during an extended transition period. Updates on this conversion will be posted on the Web site.

Business Situation

Preliminary Estimates for the Fourth Quarter of 2001

UNITED States production and sales rebounded in the fourth quarter of 2001, according to the “preliminary” estimates of the national income and product accounts (NIPAs). Real gross domestic product (GDP) increased 1.4 percent (revised) after decreasing 1.3 percent in the third quarter, and final sales of domestic product increased 3.6 percent after decreasing 0.5 percent (table 1 and chart 1).¹

The preliminary estimate of GDP growth is considerably larger than the 0.2-percent increase shown in last month’s “advance” estimate.² Moreover, the preliminary estimate shows an increase in the production

of goods, while the advance estimate had shown a decrease. Despite this difference and the larger-

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

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

2. The source data underlying the revision to GDP and its components are discussed in the section “Revisions.”

Daniel Larkins and Frederick von Batchelder prepared this article.

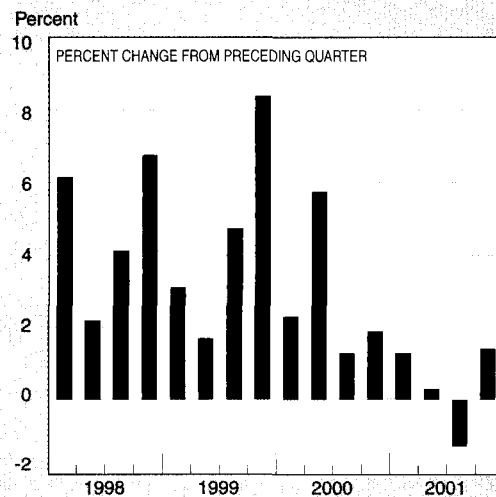
Table 1. Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers
[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter							
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Gross domestic product	9,342.7	30.6	7.2	-31.3	32.3	1.3	0.3	-1.3	1.4
Less: Exports of goods and services	1,018.6	-3.4	-35.8	-56.1	-33.6	-1.2	-11.9	-18.8	-12.2
Plus: Imports of goods and services	1,437.2	-19.9	-33.6	-51.8	-26.0	-5.0	-8.4	-13.0	-6.9
Equals: Gross domestic purchases	9,736.0	16.0	10.0	-25.3	40.9	0.7	0.4	-1.0	1.7
Less: Change in private inventories	-120.0	-69.9	-11.2	-23.6	-58.1	.....	.....	.....	.....
Equals: Final sales to domestic purchasers	9,829.9	76.7	19.9	-6.2	92.4	3.2	0.8	-0.3	3.9
Personal consumption expenditures	6,538.5	47.4	39.9	15.5	94.6	3.0	2.5	1.0	6.0
Durable goods	1,021.3	23.0	15.7	2.1	81.1	10.6	7.0	0.9	39.2
Nondurable goods	1,893.3	11.2	1.4	2.6	11.3	2.4	0.3	0.6	2.4
Services	3,657.1	16.3	24.7	10.6	16.7	1.8	2.8	1.2	1.8
Private fixed investment	1,623.8	8.2	-43.9	-24.8	-47.8	1.9	-9.7	-5.7	-11.0
Nonresidential	1,247.5	-0.6	-53.0	-28.9	-44.5	-0.2	-14.6	-8.5	-13.1
Structures	250.8	8.4	-9.4	-5.5	-26.0	12.3	-12.2	-7.5	-32.6
Equipment and software	1,006.9	-11.6	-44.5	-23.8	-12.5	-4.1	-15.4	-8.8	-4.8
Residential	375.7	7.6	5.4	2.2	-4.8	8.5	5.9	2.4	-5.0
Government consumption expenditures and gross investment	1,663.7	20.6	19.6	1.1	39.6	5.3	5.0	0.3	10.1
Federal	575.1	4.3	2.5	4.9	15.5	3.2	1.8	3.6	11.6
National defense	373.5	6.5	2.1	2.9	8.2	7.5	2.3	3.2	9.4
Nondefense	201.5	-2.2	0.5	2.0	7.2	-4.3	0.9	4.2	15.7
State and local	1,088.0	16.2	16.9	-3.6	24.2	6.4	6.6	-1.3	9.4
Addendum: Final sales of domestic product	9,435.6	91.1	17.0	-12.3	83.1	4.0	0.7	-0.5	3.6

Note. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1996) dollar levels and residuals, which measure the extent of nonadditivity in each table, are shown in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table S.1. (See “Selected NIPA Tables,” which begins on page D-2 in this issue.)

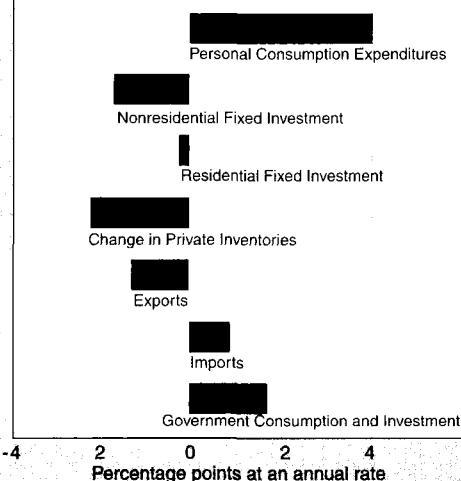
CHART 1

Real Gross Domestic Product



Based on Seasonally Adjusted Annual Rates

CONTRIBUTIONS TO 1.4-PERCENT INCREASE IN REAL GDP IN 2001:IV



U.S. Bureau of Economic Analysis

than-usual revision to GDP growth, both the preliminary estimate and the advance estimate paint pictures of the economy that are similar in many important respects. In both estimates,

- The increase in GDP mainly reflects increases in consumer spending and government spending (table 2).³ Imports, which are subtracted in the calculation of GDP, decreased.
- The increase in GDP was damped by decreases in inventory investment, fixed investment, and exports.
- The upswing in GDP from the third quarter to the fourth mainly reflected accelerations in consumer spending and government spending.
- The strength in consumer spending was concentrated in durable goods, which registered its biggest

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

Table 2. Contributions to Percent Change in Real Gross Domestic Product
[Seasonally adjusted at annual rates]

	2001			
	I	II	III	IV
Percent change at annual rate:				
Gross domestic product.....	1.3	0.3	-1.3	1.4
Percentage points at annual rates:				
Personal consumption expenditures.....	2.05	1.72	0.67	4.06
Durable goods.....	0.83	0.56	0.07	2.83
Nondurable goods.....	0.49	0.06	0.12	0.48
Services.....	0.73	1.10	0.48	0.75
Gross private domestic investment.....	-2.28	-2.16	-1.79	-4.07
Fixed investment.....	0.33	-1.74	-0.97	-1.88
Nonresidential.....	-0.02	-1.99	-1.08	-1.66
Structures.....	0.39	-0.44	-0.26	-1.23
Equipment and software.....	-0.41	-1.55	-0.82	-0.43
Residential.....	0.35	0.25	0.10	-0.23
Change in private inventories.....	-2.61	-0.42	-0.81	-2.19
Net exports of goods and services.....	0.63	-0.12	-0.27	-0.35
Exports.....	-0.13	-1.37	-2.13	-1.27
Goods.....	-0.19	-1.45	-1.55	-0.73
Services.....	0.06	0.08	-0.58	-0.54
Imports.....	0.76	1.25	1.86	0.92
Goods.....	0.87	1.21	1.20	0.38
Services.....	-0.11	0.05	0.66	0.54
Government consumption expenditures and gross investment.....	0.92	0.87	0.05	1.75
Federal.....	0.19	0.11	0.21	0.67
National defense.....	0.28	0.09	0.12	0.35
Nondefense.....	-0.09	0.02	0.09	0.31
State and local.....	0.73	0.76	-0.16	1.08

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

increase since the third quarter of 1986. Motor vehicle purchases surged.

- The strength in government spending reflected an upturn in State and local government spending and an acceleration in Federal Government spending. The upturn in State and local spending partly reflected a rebound after a large sale of existing structures that lowered State and local investment in the third quarter; this rebound did not affect GDP, because it was offset by a corresponding reduction in private nonresidential structures.⁴
- Inventories were liquidated for the fourth consecutive quarter. The pace of liquidation was almost twice as fast as the already rapid pace of the third quarter, and the ratio of real private inventories to final sales fell from 2.22 to 2.16—a record low level and the biggest quarter-to-quarter decrease since 1983.⁵
- The weakness in fixed investment was marked by
 - a third consecutive decrease in nonresidential structures (and the biggest quarterly drop since the second quarter of 1986),
 - a fifth consecutive decrease in nonresidential equipment and software (though the drop in the fourth quarter was smaller than that in the third), and
 - a decrease in residential investment after three quarterly increases.
- Final sales of domestic product and real gross domestic purchases both turned up.⁶
- The price index for gross domestic purchases increased 0.4 percent after decreasing 0.1 percent. The third-quarter dip reflected insurance expendi-

4. In the third quarter, the Port Authority of New York leased properties at the World Trade Center to two private corporations. In the NIPA's, such a transaction is treated as a sale of an existing asset. The transaction resulted in a \$12.8 billion decrease (in current dollars at an annual rate) in State and local government gross investment and an offsetting increase of the same amount in private net purchases of used structures.

5. Other real inventory-sales ratios reached their lowest levels since 1966 (see NIPA table 5.13B).

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

tures resulting from the terrorist attacks of September 11th. In the NIPA's, insurance expenditures are defined as premiums net of benefits; thus, the large benefit payments resulting from the September 11th

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

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter							
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Gross domestic product	9,342.7	30.6	7.2	-31.3	32.3	1.3	0.3	-1.3	1.4
Goods	3,647.1	-24.1	-34.0	-40.8	15.7	-2.6	-3.6	-4.4	1.7
Services	4,900.7	26.2	32.3	21.3	31.0	2.2	2.7	1.8	2.6
Structures	793.5	23.3	4.2	-15.1	-13.2	12.3	2.0	-7.1	-6.4
Addenda:									
Motor vehicle output.....	351.1	-15.0	18.0	6.9	8.1	-16.9	24.7	8.5	9.8
Gross domestic product less motor vehicle output.....	8,992.3	44.2	-9.1	-37.5	24.9	2.0	-0.4	-1.7	1.1
Final sales of computers .....	.....	.....	.....	.....	.....	9.0	-26.5	-10.7	29.6
Gross domestic product less final sales of computers...	.....	.....	.....	.....	.....	1.2	0.6	-1.2	1.2

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

attacks resulted in a reduction in the average net price of insurance.⁷

- Real disposable personal income dropped almost 8 percent after jumping more than 12 percent, and the personal saving rate fell to less than 1 percent from almost 4 percent.⁸ These sharp movements reflected large taxpayer refunds in the third quarter under the Economic Growth and Tax Relief Reconciliation Act of 2001.
- Real final sales of computers increased almost 30 percent in the fourth quarter after decreasing in the second and third quarters, and real motor vehicle output increased for the third consecutive quarter (table 3).

7. See the box "The Terrorist Attacks of September 11th as Reflected in the National Income and Product Accounts," SURVEY OF CURRENT BUSINESS 81 (November 2001): 2-3. Revised estimates were presented in the box "Adjustments for the Terrorist Attacks," SURVEY 81 (December 2001): 2.

8. The personal saving rate is measured as personal saving as a percentage of current-dollar disposable personal income. The fourth-quarter estimate of the national saving rate (which is measured as gross saving as a percentage of gross national product) will be available at the end of March along with the "final" estimate of fourth-quarter GDP.

Personal Consumption Expenditures

Real personal consumption expenditures (PCE) increased 6.0 percent in the fourth quarter, its largest in-

crease in 3½ years (table 4 and chart 2). Durable goods accounted for most of the step-up from the third quarter's 1.0-percent increase, but nondurable goods and services also contributed.

Expenditures for durable goods increased 39.2 percent after increasing 0.9 percent. Motor vehicles and parts surged after a small drop, as consumers responded to favorable financing terms on many makes and models of vehicles. Furniture and household equipment increased more than in the third quarter, and "other" durable goods increased after decreasing.

Expenditures for nondurable goods increased 2.4 percent after increasing 0.6 percent. Food turned up; clothing and shoes and "other" nondurables increased more than in the third quarter. In contrast, energy goods decreased after increasing, partly because of an unusually warm fourth quarter.

Expenditures for services increased 1.8 percent after increasing 1.2 percent. The step-up was mainly accounted for by "other" services and reflected a sharp upturn in expenditures on brokerage and investment counseling and a smaller upturn in net foreign travel.

Several factors frequently considered in the analysis of consumer spending became less favorable in the fourth quarter (chart 3). The unemployment rate jumped to 5.6 percent, the highest quarterly rate in 6 years. Real disposable personal income dropped after being boosted by the large tax refunds sent in the third quarter. The Index of Consumer Sentiment (prepared by the University of Michigan's Survey Center) decreased for the seventh consecutive quarter.

Table 4. Real Personal Consumption Expenditures
[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter							
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Personal consumption expenditures	6,538.5	47.4	39.9	15.5	94.6	3.0	2.5	1.0	6.0
Durable goods.....	1,021.3	23.0	15.7	2.1	81.1	10.6	7.0	0.9	39.2
Motor vehicles and parts.....	419.5	13.1	4.9	-0.4	58.0	16.1	5.6	-0.5	81.3
<i>Of which:</i>									
New autos.....	124.6	4.1	-3.0	-2.5	22.5	16.6	-10.7	-9.2	122.2
New light trucks.....	166.6	7.4	4.2	4.6	38.9	29.5	14.9	15.7	190.1
Furniture and household equipment.....	417.6	7.2	9.5	3.2	13.9	7.7	10.0	3.3	14.4
Other ¹	183.4	2.1	2.0	-0.2	4.1	5.0	4.6	-0.5	9.6
Nondurable goods.....	1,893.3	11.2	1.4	2.6	11.3	2.4	0.3	0.6	2.4
Food.....	887.6	0.9	-1.2	-2.3	3.8	0.4	-0.5	-1.0	1.7
Clothing and shoes.....	349.1	2.8	1.4	0.6	4.4	3.3	1.8	0.7	5.2
Gasoline, fuel oil, and other energy goods.....	151.9	1.7	-2.5	2.5	-0.7	4.7	-6.5	6.9	-1.8
Other ²	507.2	5.9	4.1	1.6	4.2	4.9	3.4	1.3	3.4
Services.....	3,657.1	16.3	24.7	10.6	16.7	1.8	2.8	1.2	1.8
Housing.....	873.2	4.7	3.6	3.5	4.8	2.2	1.7	1.6	2.2
Household operation.....	381.0	-1.1	-5.3	1.0	-7.0	-1.0	-5.3	1.0	-7.0
Electricity and gas.....	129.4	-4.3	-5.1	-1.0	-4.6	-11.2	-13.8	-2.8	-13.1
Other household operation.....	252.6	3.6	0.4	2.0	-2.1	6.0	0.5	3.3	-3.3
Transportation.....	249.7	0.6	-0.2	-2.2	-2.3	1.0	-0.4	-3.5	-3.5
Medical care.....	948.4	6.6	10.5	8.1	8.2	2.9	4.6	3.5	3.6
Recreation.....	232.9	3.7	0.6	-1.6	1.7	6.5	1.0	-2.7	2.9
Other ³	969.9	1.5	14.9	2.0	10.2	0.6	6.5	0.8	4.3

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

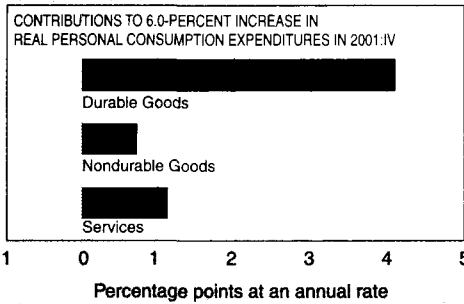
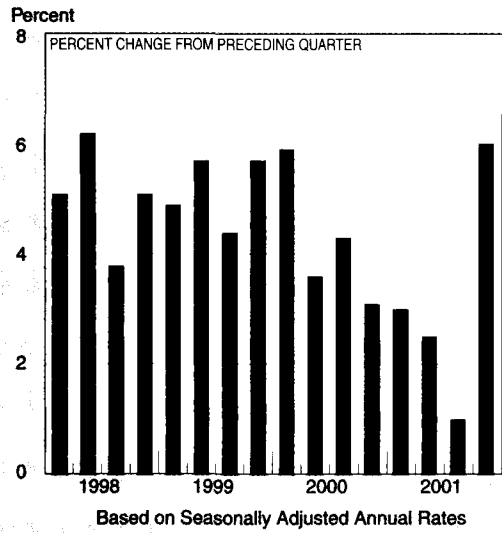
2. Includes tobacco, toilet articles, drug preparations and sundries, stationery and writing supplies, toys, film, flowers, cleaning preparations and paper products, semidurable house furnishings, and magazines and newspapers.

3. Includes personal care, personal business, education and research, religious and welfare activities, and net foreign travel.

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

CHART 2

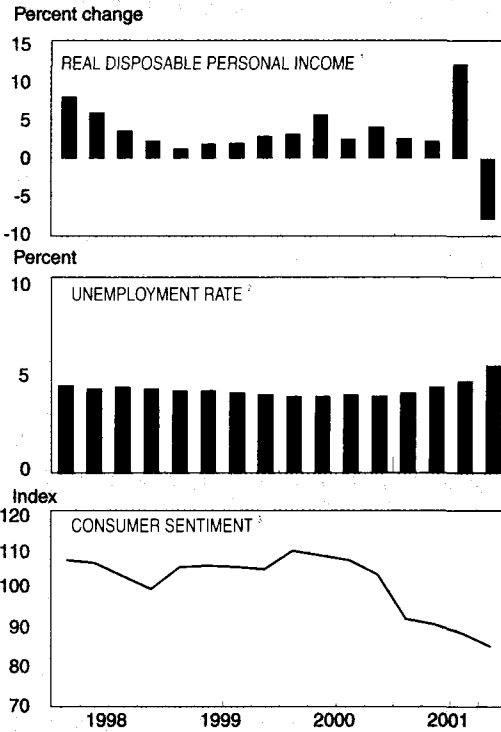
Real Personal Consumption Expenditures



U.S. Bureau of Economic Analysis

CHART 3

Selected Factors Affecting Consumer Spending



1. Based on seasonally adjusted annual rates.
 2. All civilian workers, seasonally adjusted. Data: U.S. Department of Labor, Bureau of Labor Statistics
 3. Data: University of Michigan's Survey Research Center
 U.S. Bureau of Economic Analysis

Private Fixed Investment, next page

Private Fixed Investment

Real private fixed investment decreased 11.0 percent in the fourth quarter, almost twice as much as in the third quarter and a little more than in the second. The three consecutive decreases were the first since 1990–91 (table 5 and chart 4). Nonresidential investment decreased more than in the third quarter but less than in the second, and residential investment turned down.

Nonresidential fixed investment. Real private nonresidential fixed investment decreased 13.1 percent, its fourth consecutive quarterly drop. Spending on structures decreased much more than in the third quarter, while spending on equipment and software decreased less than in the third quarter.

The larger drop in structures mainly reflected a return of “other” structures to a more normal level after a jump in the third quarter that reflected the lease of properties by the Port Authority of New York to private corporations (see footnote 4). Nonresidential buildings decreased about as much as in the third quarter. Public utilities changed little after decreasing, and mining exploration, shafts, and wells decreased after little change.

In equipment and software, computers and peripheral equipment increased after three consecutive quarterly decreases. Transportation equipment also turned up, and industrial equipment decreased less than in the third quarter. In contrast, “other” equipment turned down.

The investment climate has generally been unfavorable in recent quarters. The capacity utilization rate for manufacturing, mining, and utilities has decreased for six consecutive quarters. Growth of real final sales of domestic product has been below par.⁹ Profits of domestic corporations have decreased since the second quarter of 2000.¹⁰ Long-term interest rates have trended down, but only modestly; for example, the yield on high-grade corporate bonds decreased from

9. The growth of real final sales has averaged 2.1 percent over the last six quarters; it averaged 3.5 percent over the first 37 quarters of the most recent expansion.

10. Profits data for the fourth quarter of 2001 are not yet available; they will be included in the “final” NIPA estimate for the fourth quarter, which will be released at the end of March.

Table 5. Real Private Fixed Investment

(Seasonally adjusted at annual rates)

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter							
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Private fixed investment	1,623.8	8.2	-43.9	-24.8	-47.8	1.9	-9.7	-5.7	-11.0
Nonresidential	1,247.5	-0.6	-53.0	-28.9	-44.5	-0.2	-14.6	-8.5	-13.1
Structures	250.8	8.4	-9.4	-5.5	-26.0	12.3	-12.2	-7.5	-32.6
Nonresidential buildings, including farm	170.8	2.9	-10.4	-10.8	-10.0	5.9	-19.0	-20.8	-20.4
Utilities	49.9	2.6	-1.1	-5.1	0	20.6	-7.6	-32.3	0.4
Mining exploration, shafts, and wells	25.0	3.5	2.1	-0.4	-5.0	68.1	33.7	-5.3	-52.1
Other structures	6.2	-0.7	-0.4	11.1	-10.8	-33.1	-21.4	(¹)	(¹)
Equipment and software	1,006.9	-11.6	-44.5	-23.8	-12.5	-4.1	-15.4	-8.8	-4.8
Information processing equipment and software	568.1	-20.9	-32.8	-16.0	-4.0	-12.4	-19.5	-10.5	-2.7
Computers and peripheral equipment ²	285.3	-3.2	-27.1	-21.6	19.6	-3.9	-30.3	-26.8	32.9
Software ³	190.9	-3.1	-1.8	2.0	-2.2	-6.3	-3.7	4.4	-4.6
Other	151.2	-12.4	-14.9	-7.8	-6.9	-23.3	-29.1	-17.5	-16.2
Industrial equipment	146.0	5.1	-9.5	-9.9	-5.3	12.9	-20.5	-22.4	-13.3
Transportation equipment	176.5	1.2	-3.0	-0.4	2.5	2.8	-6.6	-0.9	5.8
Of which: Motor vehicles	133.5	2.0	-1.3	-6.7	-0.3	5.7	-3.6	-17.7	-0.7
Other	137.4	-1.1	-2.2	1.2	-4.9	-3.0	-6.0	3.6	-13.1
Residential	375.7	7.6	5.4	2.2	-4.8	8.5	5.9	2.4	-5.0
Structures	366.0	7.5	5.3	2.3	-4.9	8.7	6.0	2.5	-5.2
Single-family	190.2	6.1	1.7	0.5	-3.1	13.9	3.5	1.2	-6.4
Multifamily	25.1	1.1	0.9	0.5	0.4	20.2	18.2	7.0	8.0
Other structures ⁴	150.6	0.3	2.6	1.3	-2.3	0.6	7.3	3.4	-5.8
Equipment	9.8	0.1	0	0	0.1	0.7	2.8	-2.8	4.4

1. The percent change is not calculated for the third and fourth quarters of 2001, as a result of the leasing of properties described in footnote 4 of the text, the percent change calculation is of little value.

2. Includes new computers and peripheral equipment only.

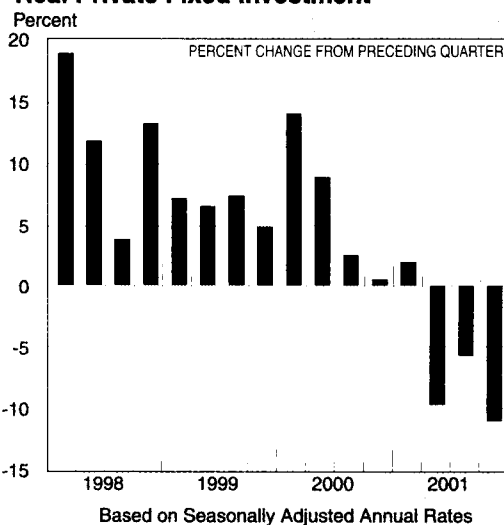
3. Excludes software “embedded,” or bundled, in computers and other equipment.

4. Includes home improvements, new manufactured home sales, brokers’ commissions on home sales, net purchases of used structures, and other residential structures (which consists primarily of dormitories and of fraternity and sorority houses).

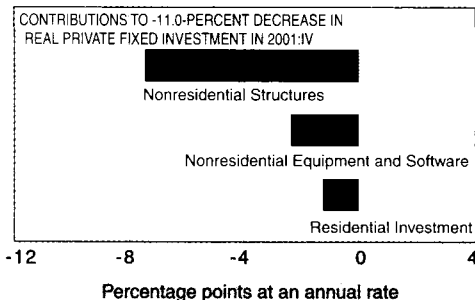
Note: See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA tables 5.5 and 8.9B (motor vehicles). Percent changes in major aggregates are shown in NIPA table S.1.

CHART 4

Real Private Fixed Investment



Based on Seasonally Adjusted Annual Rates

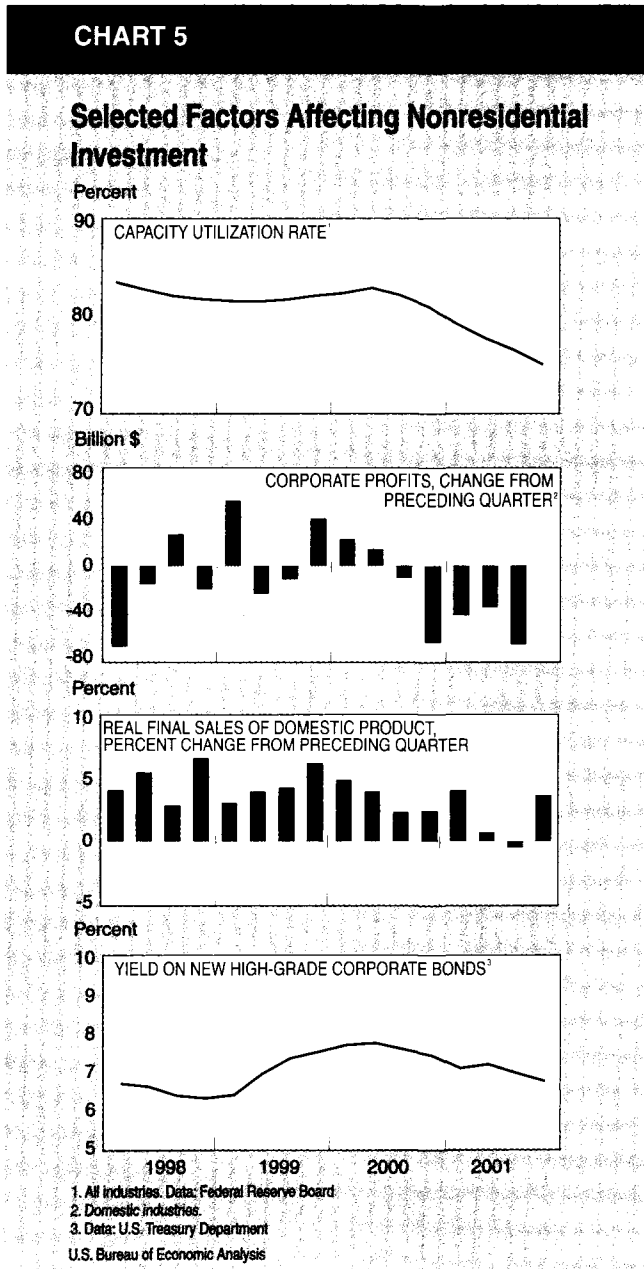


Percentage points at an annual rate

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7.75 percent in June 2000 to 6.80 percent in December 2001 (chart 5).

Residential investment. Real private residential investment decreased 5.0 percent after increasing in the three preceding quarters (table 5 and chart 4). Multi-family structures increased about the same as in the third quarter, but single-family structures and “other” structures turned down. The downturn in “other” structures reflected a bigger decrease in brokers’ commissions on home sales, a downturn in improvements, and a slowdown in manufactured homes.



Inventory Investment, next page

Inventory Investment

Real inventory stocks decreased \$120.0 billion in the fourth quarter, about twice as much as in the third (table 6 and chart 6). The larger fourth-quarter decrease subtracted 2.19 percentage points from GDP growth; in the third quarter, inventory investment had subtracted 0.81 percentage point.

The fourth-quarter decrease in inventory investment was dominated by trade inventories. Retail inventories decreased \$41.2 billion after increasing \$1.2 billion, and wholesale inventories decreased \$32.3 billion after decreasing \$18.9 billion. In contrast, manufacturing inventories decreased less than in the third quarter.

Most of the decrease in retail trade inventories was accounted for by motor vehicle dealers, where inventories plummeted \$31.8 billion after a small increase. Inventories of clothing stores and of general merchandise stores decreased more than in the third quarter.

In wholesale trade, inventories of durable goods decreased somewhat more than in the third quarter. Motor vehicle inventories of merchant wholesalers swung from accumulation to liquidation, and inventories of electrical goods and of computer equipment were reduced more than in the third quarter. Inventories of

nondurable goods turned down, led by farm products and raw materials.

In manufacturing, inventories of both durable-goods manufacturers and nondurable-goods manufacturers decreased less than in the third quarter. In durable-goods inventories, computers were liquidated at a slower rate, and nonmotor vehicle transportation equipment was accumulated at a faster rate; in nondurable-goods inventories, inventories of food and paper turned up.

Farm inventories decreased more than in the third quarter, reflecting a steeper decline in crop inventories. Livestock inventories changed little.

The ratio of real private nonfarm inventories to final sales of goods and structures decreased to 3.57 from 3.66 (see NIPA table 5.13B). A ratio that includes all final sales of domestic businesses decreased to 2.01 from 2.06.¹¹ Both ratios are at their lowest levels in 35 years.

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

Table 6. Real Change in Private Inventories
[Billions of chained (1996) dollars; seasonally adjusted at annual rate]

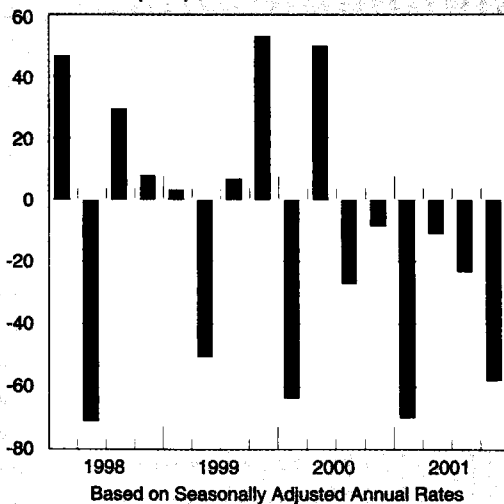
	Level					Change from preceding quarter			
	2000		2001			2001			
	IV	I	II	III	IV	I	II	III	IV
Change in private inventories	42.8	-27.1	-38.3	-61.9	-120.0	-69.9	-11.2	-23.6	-58.1
Farm.....	3.0	0.2	-2.5	-2.9	-5.3	-2.8	-2.7	-0.4	-2.4
Construction, mining, and utilities ...	-6.8	1.9	6.8	2.4	0.5	8.7	4.9	-4.4	-1.9
Manufacturing	12.9	-15.0	-35.6	-47.0	-41.6	-27.9	-20.6	-11.4	5.4
Durable goods industries	17.9	-10.5	-25.3	-39.1	-36.4	-28.4	-14.8	-13.8	2.7
Nondurable goods industries	-4.4	-4.5	-10.2	-8.0	-5.3	-0.1	-5.7	2.2	2.7
Wholesale trade	12.5	-3.0	2.6	-18.9	-32.3	-15.5	5.6	-21.5	-13.4
Durable goods industries	5.5	-3.7	-11.6	-24.0	-28.9	-9.2	-7.9	-12.4	-4.9
Nondurable goods industries	6.8	0.6	12.8	3.8	-4.1	-6.2	12.2	-9.0	-7.9
Retail trade	19.3	-15.3	-13.2	1.2	-41.2	-34.6	2.1	14.4	-42.4
Of which: Motor vehicle dealers ...	8.4	-19.6	-5.6	2.2	-31.8	-28.0	14.0	7.8	-34.0
Other industries ¹	2.8	3.6	1.2	0.5	0.2	0.8	-2.4	-0.7	-0.3
Addenda:									
Motor vehicles	6.4	-22.6	-8.3	3.7	-37.3	-29.0	14.3	12.0	-41.0
Automobiles	2.5	-9.5	-4.2	3.0	-15.3	-12.0	5.3	7.2	-18.3
Trucks	3.6	-12.1	-3.8	0.9	-20.0	-15.7	8.3	4.7	-20.9

1. Includes inventories held by establishments in the following industries: transportation; communication; finance, insurance, and real estate; and services.
Note: See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA tables 5.11B and 8.9B (motor vehicles).

CHART 6

Real Private Inventory Investment: Change from Preceding Quarter

Billions chained (1996) \$



Exports and Imports

Real exports and real imports declined much less than in the third quarter; for each, it was the fifth consecutive quarterly decline (table 7 and charts 7 and 8).

Exports of goods decreased 10.1 percent, about half as much as in the third quarter. Smaller decreases were posted by exports of nonautomotive capital goods and nonautomotive consumer goods. Exports of services

decreased 16.8 percent in the fourth quarter, about the same as in the third; travel and passenger fees were the major contributors in both quarters.

Imports of goods decreased 3.4 percent after de-

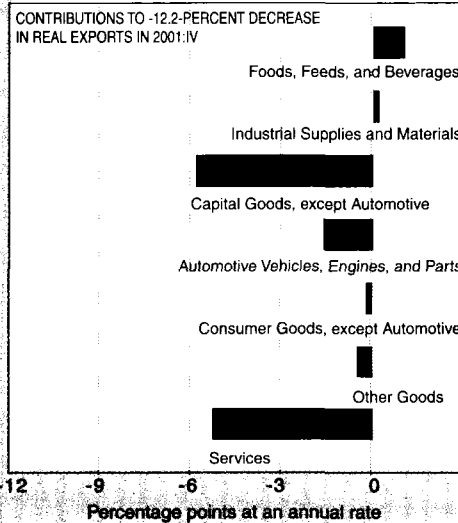
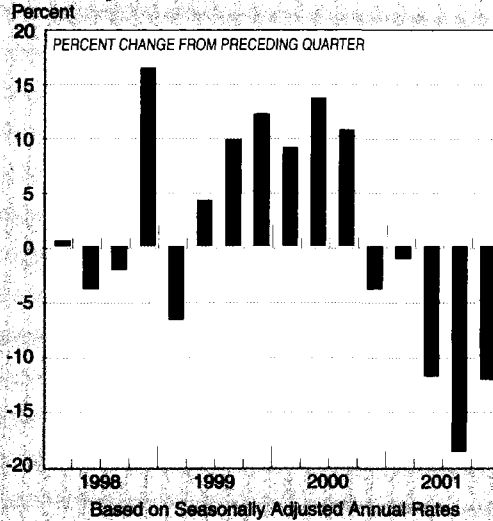
Table 7. Real Exports and Imports of Goods and Services
[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter							
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Exports of goods and services	1,018.6	-3.4	-35.8	-56.1	-33.6	-1.2	-11.9	-18.8	-12.2
Exports of goods ¹	742.8	-5.1	-39.2	-42.3	-20.1	-2.4	-17.3	-19.4	-10.1
Foods, feeds, and beverages	62.7	2.3	-1.0	-1.7	3.3	15.9	-6.0	-10.6	24.0
Industrial supplies and materials	160.6	-3.4	-6.0	-2.5	0.4	-7.8	-13.5	-6.0	0.9
Capital goods, except automotive	321.2	0.9	-37.9	-29.1	-1.7	0.8	-32.4	-28.2	-18.6
Automotive vehicles, engines, and parts	71.1	-5.4	4.2	1.0	-4.1	-25.6	26.4	5.8	-20.3
Consumer goods, except automotive	85.0	3.4	-0.2	-7.7	-0.6	16.1	-0.8	-29.2	-3.0
Other	42.8	-1.9	-0.1	-2.8	-1.4	-14.5	-0.8	-22.1	-12.1
Exports of services ¹	276.6	1.3	1.8	-14.0	-13.0	1.8	2.4	-17.2	-16.8
Imports of goods and services	1,437.2	-19.9	-33.6	-51.8	-26.0	-5.0	-8.4	-13.0	-6.9
Imports of goods ¹	1,245.9	-23.1	-32.7	-33.5	-10.7	-6.7	-9.5	-10.0	-3.4
Foods, feeds, and beverages	52.7	-0.7	0.9	3.2	-1.1	-5.4	6.8	27.8	-7.6
Industrial supplies and materials, except petroleum and products	162.9	-2.2	1.5	0	-3.6	-5.1	3.6	-0.1	-8.3
Petroleum and products	86.2	5.4	0.9	-6.9	0.9	27.1	4.3	-26.7	3.9
Capital goods, except automotive	370.9	-13.5	-56.2	-26.0	-3.5	-11.0	-40.9	-23.6	-3.7
Automotive vehicles, engines, and parts	185.6	-6.1	4.9	0.9	-3.6	-12.1	10.9	2.1	-7.5
Consumer goods, except automotive	292.0	-0.8	-4.7	-6.1	-2.6	-1.1	-6.0	-7.9	-3.5
Other	86.8	-9.0	7.6	-0.9	2.5	-35.5	45.1	-4.2	12.4
Imports of services ¹	192.4	2.7	-1.2	-18.6	-15.2	4.9	-2.0	-29.1	-26.3

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services.
Note: See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA table 4.4. Percent changes in major aggregates are shown in NIPA table S.1.

CHART 7

Real Exports



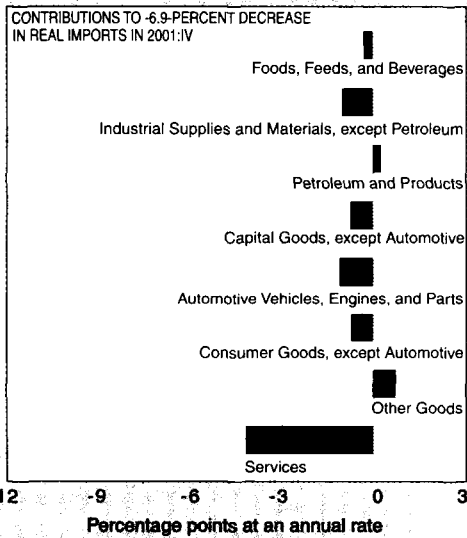
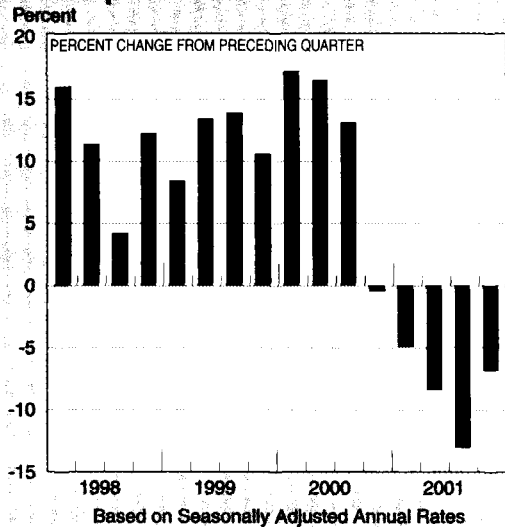
U.S. Bureau of Economic Analysis

creasing 10.0 percent. Nonautomotive capital goods decreased less than in the third quarter, and petroleum products turned up. Imports of services decreased 26.3

percent, a little less than in the third quarter; as with exports of services, travel and passenger fees were the major contributors to the decreases.

CHART 8

Real Imports



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Government Spending

Government spending increased 10.1 percent in the fourth quarter, the biggest increase since the third quarter of 1985. Federal Government spending increased more than in the third quarter, and State and local government spending increased after decreasing (table 8 and chart 9).

Federal defense and nondefense spending increased by similar amounts. In defense spending, consumption expenditures accelerated, mainly reflecting step-ups in research and development and in employee compensation and an upturn in nondurable goods other than petroleum and ammunition. Gross investment increased after little change; most categories contributed to the upturn.

In nondefense spending, consumption expenditures turned up, reflecting an upturn in nondurable goods (mainly purchases by the Commodity Credit Corporation) and a step-up in services. Gross investment

slowed, as a slowdown in equipment and software more than offset a step-up in structures.

State and local government spending rebounded strongly after a slight dip. A jump in gross investment, reflecting the World Trade Center transaction (see footnote 4), was partly offset by a slowdown in consumption expenditures.

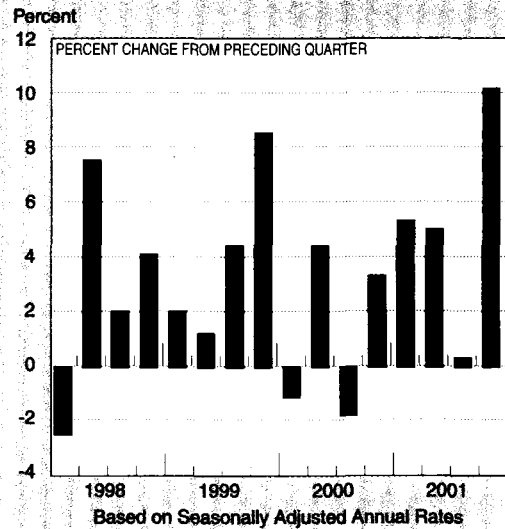
Table 8. Real Government Consumption Expenditures and Gross Investment
[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				Percent change from preceding quarter			
	2001	2001				2001			
	IV	I	II	III	IV	I	II	III	IV
Government consumption expenditures and gross investment¹	1,663.7	20.6	19.6	1.1	39.6	5.3	5.0	0.3	10.1
Federal.....	575.1	4.3	2.5	4.9	15.5	3.2	1.8	3.6	11.6
National defense.....	373.5	6.5	2.1	2.9	8.2	7.5	2.3	3.2	9.4
Consumption expenditures.....	312.4	8.4	0.2	2.9	4.9	11.8	0.2	3.9	6.5
Gross investment.....	61.8	-2.3	2.1	-0.1	3.7	-14.6	16.0	-0.7	28.1
Nondefense.....	201.5	-2.2	0.5	2.0	7.2	-4.3	0.9	4.2	15.7
Consumption expenditures.....	155.3	-2.3	0.5	-0.2	5.5	-5.9	1.4	-0.4	15.4
Gross investment.....	46.9	0.3	-0.1	2.4	1.7	2.1	-0.7	24.1	16.8
State and local.....	1,088.0	16.2	16.9	-3.6	24.2	6.4	6.6	-1.3	9.4
Consumption expenditures.....	863.3	8.6	7.8	9.0	7.4	4.2	3.8	4.3	3.5
Gross investment.....	225.1	7.7	9.4	-13.1	17.2	16.1	18.9	-21.6	37.4

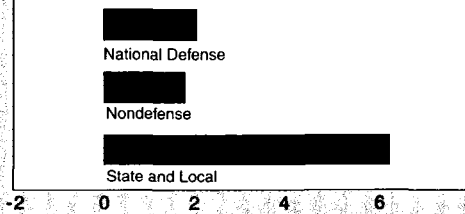
1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.
Note. See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals are shown in NIPA table 3.8. Percent changes in major aggregates are shown in NIPA table S.1.

CHART 9

Real Government Consumption and Investment



CONTRIBUTIONS TO 10.1-PERCENT INCREASE IN REAL GOVERNMENT CONSUMPTION AND INVESTMENT IN 2001:IV



U.S. Bureau of Economic Analysis

Prices, next page

Prices

The price index for gross domestic purchases, which measures the prices of goods and services purchased by U.S. residents, increased 0.4 percent in the fourth quarter after decreasing 0.1 percent in the third. (The advance estimate had also shown a fourth-quarter increase of 0.4 percent.) As already noted, the pattern of price change in the third and fourth quarters was affected by the NIPA treatment of insurance benefit payments associated with the September 11th terrorist attacks. Excluding the insurance-related price effects, the index decreased 0.3 percent in the fourth quarter after increasing 0.6 percent in the third.

Food prices decelerated in the fourth quarter, and energy prices decreased more than in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.9 percent after increasing 0.6 percent (table 9 and chart 10).

Prices of personal consumption expenditures increased 0.7 percent after decreasing 0.2 percent. The upswing partly reflected the NIPA treatment of insur-

ance benefit payments; an acceleration in prices of medical care services also contributed. In contrast, prices of energy goods and services dropped more than in the third quarter, and food prices slowed.

Prices paid by government decreased after no change in the third quarter. The decrease mainly reflected lower energy prices.

Prices of private nonresidential fixed investment decreased 1.6 percent after decreasing 0.5 percent. Prices of transportation equipment decreased after a moderate increase; other categories of equipment posted changes similar to those in the third quarter.

The GDP price index, which measures the prices paid for goods and services produced in the United States, decreased 0.2 percent after increasing 2.3 percent. This index, unlike the price index for gross domestic purchases, excludes the prices of imports and includes the prices of exports. Import prices increased after a substantial decrease. Prices of imported services swung up sharply; the third-quarter decrease had reflected insurance payments from foreign insurers and reinsurers related to the September 11th attacks. Excluding the insurance-related price effects on imports and on PCE (and a small effect on State and local government spending), the GDP price index increased 0.8 percent in the fourth quarter after increasing 1.2 percent in the third.

Table 9. Percent Change in Prices

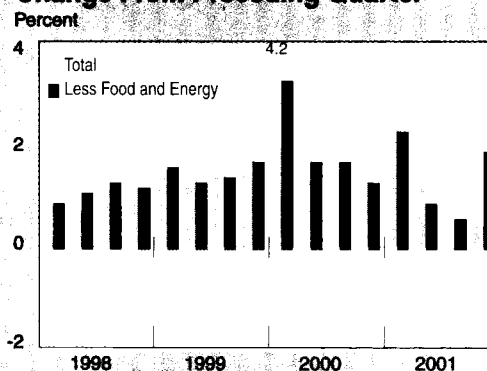
[Annual rates; based on seasonally adjusted index numbers (1996=100)]

	2001			
	I	II	III	IV
Gross domestic product	3.3	2.1	2.3	-0.2
Less: Exports of goods and services.....	-0.1	-1.0	-1.7	-3.1
Plus: Imports of goods and services.....	-3.0	-6.0	-17.1	2.5
Equals: Gross domestic purchases	2.7	1.3	-0.1	0.4
Less: Change in private inventories.....	.....	.....	.....	.....
Equals: Final sales to domestic purchasers	2.6	1.3	-0.1	0.4
Personal consumption expenditures.....	3.2	1.3	-0.2	0.7
Durable goods.....	-0.7	-3.5	-2.8	-1.6
Nondurable goods.....	1.9	2.7	-1.5	-3.2
Services.....	4.7	1.7	0.9	3.2
Private fixed investment.....	-0.4	0.6	0.3	-0.3
Nonresidential.....	-1.9	-0.1	-0.5	-1.6
Structures.....	6.2	4.7	2.7	0.8
Equipment and software.....	-4.6	-1.9	-1.7	-2.4
Residential.....	4.6	2.6	2.5	3.3
Government consumption expenditures and gross investment.....	3.5	1.8	0	-0.4
Federal.....	4.4	1.2	0.2	-0.5
National defense.....	3.6	1.0	0.3	-0.9
Nondefense.....	5.8	1.7	0	0
State and local.....	3.0	2.1	-0.1	-0.3
Addenda:				
Gross domestic purchases:				
Food.....	4.1	2.6	3.7	2.5
Energy.....	9.3	6.1	-21.0	-33.1
Less food and energy.....	2.3	0.9	0.6	1.9
Personal consumption expenditures:				
Food.....	4.0	2.6	3.8	2.4
Energy goods and services ¹	11.7	9.2	-20.6	-31.9
Less food and energy.....	2.6	0.7	0.5	2.6

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.
Note. Percent changes in major aggregates are shown in NIPA table 8.1. Index numbers are shown in tables 7.1, 7.2, and 7.4.

CHART 10

Gross Domestic Purchases Prices: Change From Preceding Quarter



Note—Percent change at annual rate from preceding quarter, based on seasonally adjusted index numbers (1996=100).
U.S. Bureau of Economic Analysis

Revisions

The preliminary estimate of a 1.4-percent increase in real GDP in the fourth quarter is considerably larger than the advance estimate's 0.2-percent increase (table 10). In the past 20 years, the average revision, without regard to sign, from the advance estimate to the preliminary estimate has been 0.5 percentage point.

A substantial downward revision to imports of goods contributed 0.49 percentage point to the upward revision to GDP, and a substantial upward revision to consumer spending contributed 0.43 percentage point. The revision to imports mainly reflected the incorpo-

ration of newly available Census Bureau data on trade in goods for December; the revision mainly affected imports of nonautomotive consumer goods, nonautomotive capital goods, and autos. The revision to consumer spending reflected revised Census Bureau data on retail sales for December; it was most pronounced in nondurable goods, especially food.

Upward revisions to government spending, fixed investment, inventory investment, and exports also contributed to the upward revision to GDP.

Table 10. Revisions to Change in Real Gross Domestic Product and Prices, Fourth Quarter 2001
[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Preliminary estimate minus advance estimate	
	Advance estimate	Preliminary estimate	Percentage points	Billions of chained (1996) dollars
Gross domestic product.....	0.2	1.4	1.2	27.1
<i>Less:</i> Exports.....	-12.4	-12.2	0.2	0.6
Goods.....	-11.6	-10.1	1.5	3.2
Services.....	-14.1	-16.8	-2.7	-2.3
<i>Plus:</i> Imports.....	-3.4	-6.9	-3.5	-13.4
Goods.....	1.0	-3.4	-4.4	-13.8
Services.....	-26.7	-26.3	0.4	0.3
Equals: Gross domestic purchases.....	1.0	1.7	0.7	15.7
<i>Less:</i> Change in private inventories.....	.....	.....	.....	0.6
Equals: Final sales to domestic purchasers.....	3.2	3.9	0.7	14.6
Personal consumption expenditures.....	5.4	6.0	0.6	10.1
Durable goods.....	38.4	39.2	0.8	1.5
Nondurable goods.....	0.9	2.4	1.5	7.0
Services.....	1.6	1.8	0.2	1.9
Fixed investment.....	-11.1	-11.0	0.1	0.9
Nonresidential.....	-12.8	-13.1	-0.3	-0.9
Structures.....	-31.0	-32.6	-1.6	-1.5
Equipment and software.....	-5.2	-4.8	0.4	1.0
Residential.....	-6.4	-5.0	1.4	1.5
Government consumption expenditures and gross investment.....	9.2	10.1	0.9	3.5
Federal.....	9.5	11.6	2.1	2.6
National defense.....	9.3	9.4	0.1	0
Nondefense.....	9.9	15.7	5.8	2.6
State and local.....	9.0	9.4	0.4	1.0
Addenda:				
Final sales of domestic product.....	2.5	3.6	1.1	26.0
Gross domestic purchases price index.....	0.4	0.4	0	.....
GDP price index.....	-0.3	-0.2	0.1	.....

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

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

Nonresidential fixed investment: Construction put-in-place for October and November (revised) and December, manufacturers' shipments of machinery and equipment for November and December (revised), and manufacturers' shipments of complete civilian aircraft for November (revised) and December.

Residential fixed investment: Construction put-in-place for October and November (revised) and December.

Change in private inventories: Manufacturing and trade inventories for November (revised) and December.

Exports and imports of goods and services: Exports and imports of goods for November (revised) and December.

Government consumption expenditures and gross investment: Monthly Treasury Statement detailed data for December, General Services Administration data for computer contract awards for the fourth quarter, and State and local government construction put-in-place for October and November (revised) and December.

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

GDP prices: Detailed merchandise export and import price indexes for October through December (revised), unit-value index for petroleum imports for November (revised) and December, and housing prices for the fourth quarter.

Federal Budget Estimates, Fiscal Year 2003

By Claire G. Pitzer and Shelly Smith

THE *Federal Budget of the United States Government, Fiscal Year 2003* calls for priority spending on the war on terrorism overseas and at home and a bipartisan economic security plan to promote growth and assist unemployed workers. The fiscal year 2003 budget shows a \$80.2 billion deficit, a \$26.0 billion decrease from the projected \$106.2 billion deficit in fiscal year 2002.¹ Fiscal year 2001 ended with a surplus of \$127.1 billion. These Federal budget estimates are derived from all Federal transactions, that is, from all unified budget receipts and all unified budget outlays.²

Each year, the Bureau of Economic Analysis prepares an adjusted presentation of the budget's receipts and outlays that puts them on a basis consistent with the framework of the national income and product accounts (NIPA's). The NIPA framework, which differs in concept and timing from the budget, is designed to show the composition of production and the distribution of the incomes earned in production (see the box "Relation Between Budget and NIPA Estimates" on page 17). The NIPA framework provides a means of gauging the effects of the Federal budget on aggregate measures of U.S. economic activity, such as gross domestic product (GDP), that are part of the NIPA's. On the NIPA basis, the current deficit in fiscal year 2003 is \$78.1 billion, a \$34.3 billion decrease from the projected \$112.4 billion deficit in fiscal year 2002.

The administration's fiscal year 2003 budget estimates of receipts and outlays reflect the economic assumptions used in making the budget projections, the projected impact of proposed legislation and program

changes, and the laws already enacted.³ This article summarizes those economic assumptions and proposed legislation and program changes, and it presents the budget estimates for receipts and outlays.⁴ It then presents the budget receipts and outlays in the framework of NIPA current receipts and expenditures.

Economic assumptions

In the budget, the administration presents the economic assumptions on a calendar year basis that were used in making the budget projections. The following are the principal assumptions:⁵

- After growing 1.0 percent in 2001 (as projected before end-of-year data were available), the economy will grow 0.7 percent in 2002 and 3.8 percent in 2003.
- The unemployment rate will rise from a projected 4.8 percent in 2001 to 5.9 percent in 2002 and then decline to 5.5 percent in 2003.
- Inflation, as measured by the chain-weighted GDP price index, will slow slightly from a projected 2.3 percent in 2001 to 2.0 percent in 2002 and to 1.8 percent in 2003.
- Long-term interest rates will remain steady, while short-term interest rates will dip in 2002 and turn back up in 2003.

Proposed legislation and program changes

Receipts. The fiscal year 2003 budget presents proposed legislation that would decrease receipts by \$64.5 billion in 2002 and \$73.0 billion in 2003 (table 1).

Most of the decrease in receipts is accounted for by

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2003* (Washington, DC: U.S. Government Printing Office, 2002); <www.whitehouse.gov/omb/budget/index.html>.

2. Other presentations of the Federal budget distinguish between off-budget and on-budget transactions or between the trust funds surplus and the Federal funds deficit. Off-budget receipts and outlays, which consist of the social security trust funds and the Postal Service fund, show surpluses of \$155.5 billion in 2002 and \$178.6 billion in 2003; on-budget receipts and expenditures, which include all transactions except the social security trust funds and the Postal Service Fund, show deficits of \$261.7 billion in 2002 and \$258.8 billion in 2003. In the trust funds/Federal funds breakdown, the proposed surplus generated from all trust funds—such as social security, Medicare, and unemployment compensation—would amount to \$212.6 billion in 2002 and \$257.3 billion in 2003; Federal funds, which includes all transactions not classified in trust funds, would show deficits of \$318.8 billion in 2002 and \$337.5 billion in 2003. There are no equivalent measures of these presentations in the NIPA's.

3. The estimates of the administration's proposed legislation and program changes are the differences between the "current-services" estimates, which are included in the budget, and the actual budget. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted; an exception is that excise taxes dedicated to trust funds are assumed to be extended for all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline from which administration or congressional proposals can be analyzed.

4. The article on the Federal budget estimates is published after the release of the Federal budget. It provides updated fourth-quarter 2001 estimates that incorporate information that became available since the release of the budget as well as more detailed estimates of receipts and expenditures than are shown in the NIPA estimates published in *Analytical Perspectives: Budget of the United States Government, Fiscal Year 2003*: 367–71.

5. See "Economic Assumptions," *Analytical Perspectives*, 19–30.

the proposed economic security plan, which would decrease receipts by \$62.0 billion in 2002 and \$65.0 billion in 2003. The budget endorses an economic security plan that would include an economic stimulus package and a worker assistance package for those who have lost jobs during the recent economic downturn, but it does not provide details on its exact composition.⁶

The fiscal year 2003 budget proposes tax incentives that would reduce receipts by \$1.3 billion in 2002 and \$4.9 billion in 2003. Incentives for charitable giving would decrease receipts by \$0.8 billion in 2002 and \$2.0 billion in 2003; the largest measure, which would allow tax deductions for charitable contributions to nonitemizers, would lower receipts by \$0.6 billion in

2002 and \$1.4 billion in 2003. A proposal to reform the administrative financing of unemployment insurance and transfer funding control to the States in 2005 would lower receipts by \$1.0 billion in 2003. Measures that would provide a refundable tax credit for the purchase of health insurance, a deduction for long-term care insurance premiums in the calculation of adjusted gross income, and an additional personal exemption to home caretakers of family members would decrease receipts by \$0.9 billion in 2003. Proposals to increase energy production and promote energy conservation would lower receipts by \$0.3 billion in 2002 and \$0.7 billion in 2003. These proposals would extend and modify the tax credit for producing energy from certain sources, provide new tax credits for other sources of energy production and conservation, and repeal the limit on deductible contributions to nuclear decommissioning funds.

The fiscal year 2003 budget proposes to extend for 2 years several provisions that expired in 2001; these proposals would lower receipts by \$1.4 billion in 2002 and \$2.5 billion in 2003. The budget also proposes to permanently extend the repeal of the estate and generation-skipping transfer taxes (currently due to expire in 2010) and to modify the gift tax. Taking into account taxpayers' expected behavioral response, this proposal is estimated to increase receipts by \$0.2 billion in 2002, when the capital gains effect is expected to predominate, and to decrease receipts by \$0.6 billion in 2003, when the gift-tax effect is expected to predominate.

Outlays. The fiscal year 2003 budget includes proposed program changes that would increase total outlays by \$32.4 billion in 2002 and \$48.3 billion in 2003. The economic security plan would increase outlays by \$27.0 billion in 2002 and \$8.0 billion in 2003. Again, the budget does not provide details (see footnote 6).

The largest increase in program changes in fiscal year 2003 is \$25.1 billion for national defense. Most of the increase is accounted for by increased outlays for military personnel, operating forces, and emergency response—including protection of military personnel and facilities, enhanced intelligence capabilities, and daily combat air patrols over the United States.

Program changes for agriculture would raise outlays by \$4.0 billion in 2002 and \$6.5 billion in 2003 because

Table 1. Relation of Current-Services Estimates to the Budget
[Billions of dollars]

	Fiscal year	
	2002	2003
Receipts		
Current-services estimates ¹	2,010.6	2,121.1
<i>Plus:</i> Proposed legislation	-64.5	-73.0
Economic security plan	-62.0	-65.0
Tax incentives	-1.3	-4.9
Provide incentives for charitable giving	-0.8	-2.0
Reform unemployment insurance	0.0	-1.0
Invest in health care	0.0	-0.9
Increase energy production and promote energy conservation	-0.3	-0.7
Other incentives	-0.1	-0.3
Expiring provisions	-1.3	-3.1
Extend provisions that expired in 2001 for 2 years	-1.4	-2.5
Extend permanently the repeal of estate and generation-skipping taxes and modification of gift taxes	0.2	-0.6
<i>Equals:</i> The budget	1,946.1	2,048.1
Outlays		
Current-services estimates ¹	2,019.9	2,079.9
<i>Plus:</i> Program changes	32.4	48.3
National defense	0.0	25.1
Allowances ²	27.0	6.5
<i>Of which:</i> Economic security plan	27.0	8.0
Agriculture	4.0	6.5
Net interest	1.2	5.5
Undistributed offsetting receipts ³	0.0	4.0
Medicare	0.0	1.5
Health	0.0	1.1
Veterans benefits and services	0.0	0.8
General government	0.0	-0.4
Commerce and housing credit	0.0	-0.5
Natural resources and environment	0.2	-0.5
Transportation	0.0	-0.8
Other	0.0	-0.5
<i>Equals:</i> The budget	2,052.3	2,128.2
Current-services surplus or deficit (-)	-9.3	41.2
Proposed changes, receipts less outlays	-97.0	-121.4
Administration budget surplus or deficit (-)	-106.2	-80.2

1. The current-services estimates, which are based on the economic assumptions underlying the budget, are designed to show what Federal receipts and outlays would be if no changes are made to the laws that have already been enacted, with the exception that excise taxes dedicated to trust funds are assumed to be extended in all years, including the years after the law is to expire. In concept, these estimates are neither recommended amounts nor forecasts; they form a baseline from which administration or congressional proposals can be analyzed.

2. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

3. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2003.*

6. In order to translate the budget into specific NIPA current receipt and expenditure categories, BEA used details of the Economic Security and Worker Assistance Act (ESWAA), as passed by the U.S. House of Representatives in December 2001. While the budget did not specifically endorse the ESWAA, the overall magnitude of the economic security plan's impact on receipts and on outlays, as presented in the budget, is consistent with the impact of the ESWAA. See "Estimated Budget Effects of the Revenue Provisions of the Economic Security and Worker Assistance Act of 2001" (U.S. Congress, Joint Committee on Taxation, December 19, 2001), doc. no. JCX-92-02 at <www.house.gov/jct/pubs01.html>.

of increased outlays for agricultural subsidies through the Commodity Credit Corporation. Outlays for net interest would increase \$1.2 billion in 2002 and \$5.5 billion in 2003; the increase reflects a higher level of public debt. "Undistributed offsetting receipts" would decrease by \$4.0 billion in 2003 because of a proposal to postpone the reallocation and auction of certain parts of the radio spectrum until 2004. An increase of \$1.5 billion in Medicare in 2003 is accounted for by the extension of prescription drug coverage to low-income Medicare recipients in a program to be administered by States through Medicaid.

The largest decrease in outlays from program changes is a \$0.8 decrease in transportation. A large increase for air transport security is more than offset by a large decrease in outlays for highways.

Homeland Security. The fiscal year 2003 budget calls for increased funding for homeland security to secure the United States from future terrorist attacks, but it does not separately identify outlays for homeland security. Therefore, an analysis of the impact of homeland security on budget functions is not included here. The spending would be spread over a number of budget functions, including national defense, health, transportation, and administration of justice. In some instances, homeland security spending is included in the current-services estimates because of the supplemental fiscal year 2001 and fiscal year 2002 spending authorized after the attacks of September 11th, 2001. In other instances, homeland security spending represents program changes.

The budget estimates

In the administration budget, receipts in fiscal year 2003 are projected to increase \$101.9 billion, to \$2,048.1 billion (table 2). Receipts in 2002 are estimated at \$1,946.1 billion, down \$44.9 billion from 2001. More than half of the upturn in 2003 is accounted for by an upturn in individual income taxes, which would increase \$57.1 billion after decreasing \$45.1 billion in 2002, due to higher incomes resulting from the assumed acceleration in economic growth. The upturn in receipts also reflects the impact of the economic security plan, which would reduce receipts by \$62.0 billion in 2002 but only by an additional \$3.0 billion in 2003.

Among other sources of receipts, social insurance taxes and contributions would accelerate in 2003, increasing \$41.2 billion after increasing \$14.1 billion in 2002; these estimates are based on the administration's economic assumptions. Corporation income taxes would increase \$4.0 billion in 2003; they increased \$50.4 billion in 2002 following a drop in 2001, reflecting mainly a shift in the timing of collections. Miscella-

neous receipts would increase \$3.8 billion in 2003 after decreasing \$1.4 billion in 2002; these changes are based on projected deposits of earnings by the Federal Reserve System.

Total budget outlays in fiscal year 2003 are projected to increase \$75.9 billion, to \$2,128.2 billion (table 3). Outlays in 2002 are estimated at \$2,052.3 billion, up \$188.4 billion from 2001. The projected increase in 2003 is more than accounted for by increases in five areas:

- **Health.** An increase of \$36.7 billion is almost entirely accounted for by a \$35.6 billion increase in current-services outlays—mainly reflecting projected increases in Medicaid and projected accrual costs of retired employees' health benefits. In addition, outlays will increase because of increased

Table 2. Budget Receipts by Source
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2000	2001	2002	2003	2001	2002	2003
Budget receipts	2,025.2	1,991.0	1,946.1	2,048.1	-34.2	-44.9	101.9
Individual income taxes	1,004.5	994.3	949.2	1,006.4	-10.1	-45.1	57.1
Social insurance taxes and contributions.....	652.9	694.0	708.0	749.2	41.1	14.1	41.2
Corporation income taxes.....	207.3	151.1	201.4	205.5	-56.2	50.4	4.0
Excise taxes	68.9	66.1	66.9	69.0	-2.8	0.8	2.2
Miscellaneous receipts	42.8	37.8	36.4	40.2	-5.0	-1.4	3.8
Estate and gift taxes.....	29.0	28.4	27.5	23.0	-0.6	-0.9	-4.5
Customs duties.....	19.9	19.4	18.7	19.8	-0.5	-0.7	1.1
Economic security plan.....			-62.0	-65.0		-62.0	-3.0

Source: *Budget of the United States Government, Fiscal Year 2003.*

Table 3. Budget Outlays by Function
[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2000	2001	2002	2003	2001	2002	2003
Budget outlays	1,788.8	1,863.9	2,052.3	2,128.2	75.1	188.4	75.9
Social security	409.4	433.1	459.7	475.9	23.7	26.5	16.3
National defense	294.5	308.5	348.0	379.0	14.0	39.5	31.0
Income security	253.5	269.8	310.7	319.7	16.2	41.0	8.9
Medicare	197.1	217.5	226.4	234.4	20.4	8.9	8.0
Health	154.5	172.6	195.2	231.9	18.1	22.6	36.7
Net interest	223.0	206.2	178.4	180.7	-16.8	-27.8	2.3
Education, training, employment, and social services.....	53.8	57.3	71.7	79.0	3.5	14.4	7.3
Transportation.....	46.9	55.2	62.1	59.4	8.4	6.9	-2.7
Veterans benefits and services.....	47.1	45.8	51.5	56.6	-1.3	5.7	5.1
Administration of justice.....	28.0	30.4	34.4	40.6	2.4	4.0	6.2
Natural resources and environment.....	25.0	26.3	30.2	30.6	1.3	3.9	0.4
Agriculture	36.6	26.6	28.8	24.2	-10.1	2.3	-4.6
International affairs.....	17.2	16.6	23.5	22.5	-0.6	6.9	-1.1
General science, space, and technology	18.6	19.9	21.8	22.2	1.3	1.9	0.4
General government.....	13.3	15.2	18.3	17.6	1.9	3.1	-0.6
Community and regional development.....	10.6	12.0	15.4	17.4	1.3	3.4	2.0
Allowances ¹			27.0	6.4		27.0	-20.6
Of which: Economic security plan			27.0	8.0		27.0	-19.0
Commerce and housing credit.....	3.2	6.0	3.8	3.7	2.8	-2.3	-0.1
Energy.....	-1.1	0.1	0.6	0.6	1.1	0.5	0.0
Undistributed offsetting receipts ²	-42.6	-55.2	-55.2	-74.1	-12.6	0.1	-18.9

1. Allowances are included in budget totals to cover certain budgetary transactions that are expected to increase or decrease outlays, receipts, or budget authority but are not reflected in the program details. Allowances include funding for emergencies, such as natural disasters, and for unforeseen defense and nondefense costs.

2. Undistributed offsetting receipts are collections that are governmental in nature and that are not credited to expenditure accounts. Undistributed offsetting receipts fall into two categories: Receipts from performing business-like activities, such as proceeds from selling Federal assets or leases; and shifts from one account to another, such as agency payments to retirement funds.

Source: *Budget of the United States Government, Fiscal Year 2003.*

Relation Between Budget and NIPA Estimates

The Bureau of Economic Analysis (BEA) prepares estimates of the Federal sector in the framework of the national income and product accounts (NIPAs). Unlike the budget, which is a financial plan of the government on a cash basis, the NIPAs facilitate macroeconomic analyses of the impact of changes in Federal current receipts, current expenditures, and gross investment on gross domestic product and its components.¹

One major conceptual difference between the budget and the NIPAs is in the treatment of government investment in fixed assets; in the NIPAs, government consumption expenditures excludes investment in fixed assets but includes a depreciation charge on past investment as consumption of fixed capital. Certain transactions that mainly represent transfers of existing assets are included in the budget but are classified in the NIPAs as capital transfers and are excluded from government current receipts and expenditures. These transactions include certain investment grants-in-aid to State and local governments, investment subsidies to businesses, and estate and gift taxes. In the NIPAs, government employee retirement plans are treated similarly to private pension plans and thus are classified in the NIPA personal sector. For example, employee contributions to these plans are included in budget receipts but are not included in NIPA current receipts. Likewise, Federal employee retirement benefits are included in budget outlays but are not included in NIPA current expenditures. Net purchases of nonproduced assets, such as land and the radio spectrum, are excluded from the NIPAs because they do not affect current production. Similarly, certain financial transactions are excluded from the NIPAs. The NIPAs also exclude transactions with residents of Puerto Rico and the U.S. Territories, whose product and income are by definition not included in the NIPAs, and transactions of the Federal Communication Commission Universal Service Fund, which pass through a nonprofit

institution regulated by the Federal Communication Commission. Differences between the budget and the NIPAs are detailed in tables 5 and 6.

NIPA current receipts differ from budget receipts because of differences in coverage, in netting and grossing (which provide additional information on items recorded on a net basis in the budget), and in timing. For most years, the differences between NIPA current receipts and budget receipts primarily reflect capital transfers received, supplementary medical insurance premiums, and personal and business nontaxes. (Personal and business nontaxes, which are included in "other" netting and grossing differences in table 5, are classified as receipts in the NIPAs and netted against outlays in the budget.)

Similarly, NIPA current expenditures differ from budget outlays because of differences in coverage, in netting and grossing, and in timing. For most years, the differences between NIPA current expenditures and budget outlays primarily reflect capital transfers paid, Federal employee retirement plan transactions, and personal and business nontaxes.

In the NIPA framework, budget outlays for national defense and nondefense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for four principal reasons. First, the NIPA measure includes general government consumption of fixed capital. Second, in defense outlays, the cost of the military retirement program is measured as the cash payment from the military personnel appropriation account to the military retirement trust fund. In the NIPAs, payments are added to amortize the unfunded liability for military and civilian retirement benefits; these payments are recorded in the budget as intergovernmental transactions. Payments to amortize unfunded liabilities arise, in part, from new or liberalized retirement benefits, from increases in pay, and in the case of the military, from the initial unfunded liability prior to the establishment of the military retirement fund in fiscal year 1985. Third, NIPA expenditures are recorded on a delivery basis, and budget outlays are recorded on a cash basis. Thus, in the NIPAs, all work-in-progress except ships and structures are included in the change-in-private-inventories component of gross domestic product. Fourth, some defense outlays, primarily disbursements for foreign military sales, are treated as exports in the NIPAs. The production of military equipment is initially recorded in change in private inventories, and when the equipment is delivered, a decrease in private inventories is recorded. For sales of equipment to foreign governments, the decrease is offset by an increase in exports; for sales to the U.S. Government, the decrease is offset by an increase in government consumption expenditures and gross investment.

1. These adjustments are shown in NIPA table 3.18B, "Relation of Federal Government Current Receipts and Expenditures in the NIPAs to the Budget," SURVEY OF CURRENT BUSINESS 81 (October 2001): 13. A summary of these adjustments is also published in "National Income and Product Accounts, Budget of the United States Government, Analytical Perspectives, Fiscal Year 2003": 367-371.

For a detailed discussion of NIPA adjustments, see Government Transactions, Methodology Paper No. 5 (November 1988), which is available on BEA's Web site, <www.bea.gov>, under "Methodologies." For changes since the publication of this paper, see Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 79 (August 1999): 11-14; Robert P. Parker, "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," SURVEY 75 (September 1995): 33-41; and Robert P. Parker, "A Preview of the Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 71 (September 1991): 24-25.

spending on health research and the refundable health insurance tax credit for the unemployed.

- **National defense.** An increase of \$31.0 billion is accounted for by a \$5.9 billion increase in current-services outlays—based on projected increases in operations and maintenance, research and development, and military personnel—and by a \$25.1 billion increase in program changes.
- **Social security.** An increase of \$16.3 billion is mainly accounted for by an increase in current-services outlays for old-age and survivors insurance benefits. This increase reflects cost-of-living adjustments and assumptions about inflation and the number of beneficiaries in these programs.
- **Income security.** An increase of \$8.9 billion is accounted for by an increase in current-services outlays, mainly by increases in Federal civilian and military retirement programs and food stamps.
- **Medicare.** An increase of \$8.0 billion is accounted for by an increase in current-services outlays, based on expected increases in health services.

These increases are partly offset by decreases of \$20.6 billion in allowances and \$18.9 billion in “undistributed offsetting receipts.” The decrease in allowances is mainly accounted for by the economic security plan. The increase in “undistributed offsetting receipts” mainly reflects a current-services accounting change; starting in 2003, agencies are required to pay the full Government share of the accruing cost of retirement, including retirement health benefits, of all current employees.

Comparison of the budget and NIPA estimates

BEA makes adjustments to the budget estimates in order to provide estimates of Federal current receipts and expenditures that are consistent over time with NIPA concepts and methodology. The budget includes a proposed economic security plan that would result in re-

Table 4. Estimated Impact of the Economic Security Plan on the NIPA's
[Billions of dollars]

	Fiscal year	
	2002	2003
Current receipts	-62.0	-65.0
Personal tax and nontax receipts	-14.0	-21.9
Corporate profits tax accruals	-48.1	-43.2
Contributions for social insurance	0.1	0.1
Current expenditures	27.0	8.0
Transfer payments to persons	23.0	4.0
Earned income and other tax credits	1.4	1.3
Unemployment benefits	7.8	2.8
Other	13.7	0.0
Grants-in-aid to State and local governments	3.9	4.0
General public service	1.3	2.0
Welfare and social services	2.6	2.1

Sources: “Estimated Budget Effects of the Revenue Provisions of the Economic Security and Worker Assistance Act of 2001” (U.S. Congress, Joint Committee on Taxation, December 19, 2001), doc. no. JCX-92-02 at <www.house.gov/jct/pubs01.html> and Bureau of Economic Analysis.

duced receipts and higher outlays, but additional details are not provided. BEA's estimates of the impact of the economic security plan on the NIPA's are based on the ESWAA (see footnote 6) and are summarized in table 4.

For fiscal year 2003, NIPA current receipts would exceed budget receipts by \$32.0 billion: “Other” netting and grossing differences would add \$35.7 billion; supplementary medical insurance premiums would add \$27.3 billion; and capital transfers received, which include estate and gift taxes, would subtract \$22.8 billion (table 5).

For fiscal year 2003, NIPA current expenditures would exceed budget outlays by \$30.0 billion: “Other” netting and grossing differences would add \$35.7 billion, Federal employee retirement plan transactions would add \$41.7 billion, and capital transfers paid would subtract \$41.7 billion (table 6). Largely because of the treatment of military and civilian retirement funds, the NIPA estimate of national defense consumption expenditures would exceed the budget estimate of national defense outlays by \$28.4 billion (table 7).

For fiscal year 2003, the budget deficit would exceed the NIPA current deficit by \$2.1 billion (table 8). The difference reflects the combined effects of the coverage and timing adjustments. The coverage adjustments lower both NIPA current receipts and NIPA current

Table 5. Relation of Federal Government Current Receipts in the NIPA's to the Budget
[Billions of dollars]

	Fiscal year		
	2001	2002	2003
Budget receipts	1,991.0	1,946.1	2,048.1
<i>Less:</i> Coverage differences	42.1	41.6	38.0
Geographic ¹	3.8	4.0	4.3
Contributions received by Federal employee retirement plans ²	4.7	4.6	4.6
Capital transfers received ³	28.2	27.3	22.8
Financial transactions	0.0	0.0	0.0
Other ⁴	5.3	5.6	6.3
<i>Netting and grossing differences</i>	<i>-53.3</i>	<i>-53.4</i>	<i>-56.3</i>
Supplementary medical insurance premiums	-23.7	-25.6	-27.3
Taxes received from the rest of the world ⁵	6.7	6.7	6.7
Other ⁶	-36.3	-34.4	-35.7
<i>Plus:</i> Timing differences	<i>26.9</i>	<i>3.3</i>	<i>13.8</i>
Corporate profits taxes	17.4	-10.8	4.7
Federal and State unemployment insurance taxes	-0.0	1.4	0.4
Withheld personal income tax and social security contributions	9.1	9.9	8.8
Excise taxes	0.7	0.1	-0.2
Other	-0.3	2.6	0.1
Equals: Federal Government current receipts, NIPA's	2,029.1	1,961.2	2,080.1

1. Consists largely of contributions for social insurance by residents of U.S. territories and Puerto Rico.

2. These transactions are included in the NIPA personal sector.

3. Consists of estate and gift taxes.

4. Consists largely of Treasury receipts from sales of foreign currencies to Government agencies.

5. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPA's.

6. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPA's. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPA's.

Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

expenditures, and the timing adjustments raise NIPA current receipts and lower NIPA current expenditures.⁷

Fiscal year 2003 NIPA estimates

In the NIPA framework, the current deficit would decrease \$34.3 billion in fiscal year 2003, following a shift in fiscal position in fiscal year 2002 (chart 1, page 20). The smaller deficit in fiscal year 2003 results from an upturn in current receipts that is accounted for by upturns in personal tax and nontax receipts and in corporate profits tax accruals. Current expenditures decelerate in fiscal year 2003, as decelerations in trans-

7. Netting and grossing differences have equal effect on current receipts and expenditures, so they have no impact on the deficit.

Table 6. Relation of Federal Government Current Expenditures in the NIPA's to the Budget
[Billions of dollars]

	Fiscal year		
	2001	2002	2003
Budget outlays	1,863.9	2,052.3	2,128.2
<i>Less:</i> Coverage differences.....	-2.8	27.0	24.7
Geographic ¹	12.3	13.2	13.8
Federal employee retirement plan transactions ²	-32.0	-32.1	-41.7
Interest received.....	-49.1	-49.9	-52.0
Contributions received (employer).....	-66.2	-69.5	-80.5
Benefits paid.....	83.2	87.1	90.7
Administrative expenses.....	0.1	0.1	0.1
Financing disbursements from credit programs ³	-23.3	-16.7	-12.3
Other differences in funds covered ⁴	4.7	5.1	6.0
Net investment ⁵	-1.3	0.1	2.5
Capital transfers paid ⁶	39.9	41.9	41.7
Financial transactions.....	-2.4	15.8	14.9
Loan disbursements less loan repayments and sales.....	9.5	26.5	15.6
Deposit insurance.....	-0.8	1.1	3.4
Net purchases of foreign currency.....	0.0	0.0	0.0
Other.....	-11.1	-11.8	-4.1
Net purchases of nonproduced assets.....	-0.8	-0.3	-0.2
Outer Continental Shelf.....	0.0	0.0	0.0
Land and other ⁷	-0.8	-0.3	-0.2
Other ⁸	-0.0	-0.0	-0.0
Netting and grossing differences.....	-53.3	-53.4	-56.3
Supplementary medical insurance premiums.....	-23.7	-25.6	-27.3
Taxes received from the rest of the world ⁹	6.7	6.7	6.7
Other ¹⁰	-36.3	-34.4	-35.7
<i>Plus:</i> Timing differences.....	3.8	-5.2	-1.6
Purchases (increase in payables net of advances).....	-3.3	-3.7	-2.0
Interest.....	-0.0	0.0	0.0
Transfer payments.....	4.0	0.9	0.3
Subsidies less current surplus of government enterprises.....	3.1	-2.4	0.1
Equals: Federal Government current expenditures, NIPA's	1,923.8	2,073.5	2,158.2

1. Consists largely of transfer payments, subsidies, and grants-in-aid to residents of U.S. territories and Puerto Rico.
 2. These transactions are included in the NIPA personal sector.
 3. Consists of transactions (not included in the budget totals) that record all cash flows arising from post-1991 direct loan obligations and loan guarantee commitments. Many of these flows are for new loans or loan repayments; consequently, related entries are included in "Loan disbursements less loan repayments and sales."
 4. Consists largely of agencies or accounts, such as the Postal Service and the Federal Financing Bank, that in some time periods were not included in the budget.
 5. Net investment is gross investment less consumption of fixed capital for government enterprises and general government.
 6. Consists of investment grants to State and local governments and maritime construction subsidies. Does not include the forgiveness of debts owed by foreign governments to the U.S. Government; this forgiveness is classified as a capital transfer paid by the United States and is excluded from both budget outlays and NIPA current expenditures.
 7. Consists of net sales of land other than the Outer Continental Shelf and, beginning with 1995, the auction of the radio spectrum.
 8. Consists largely of net expenditures of foreign currencies.
 9. Taxes received from the rest of the world are included in receipts in the budget and netted against expenditures (transfer payments) in the NIPAs.
 10. Includes proprietary receipts that are netted against outlays in the budget and classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but are added to both receipts and expenditures in the NIPAs.
 Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

fer payments and nondefense consumption expenditures more than offset an acceleration in defense consumption expenditures.

In the NIPA framework, Federal current receipts would increase \$119.0 billion in fiscal year 2003 after decreasing an estimated \$67.9 billion in fiscal year

Table 7. Relation of National Defense Consumption Expenditures and Gross Investment in the NIPA's to National Defense Outlays in the Budget
[Billions of dollars]

	Fiscal year		
	2001	2002	2003
National defense outlays in the budget	308.5	348.0	379.0
Department of Defense, military.....	294.0	330.6	361.0
Military personnel.....	74.0	81.2	92.8
Operation and maintenance.....	114.0	133.6	143.5
Procurement.....	55.1	59.6	62.3
Aircraft.....	18.0	19.5	20.0
Missiles.....	4.2	3.8	4.2
Ships.....	7.1	7.7	8.3
Weapons.....	3.1	3.5	3.8
Ammunition.....	1.2	1.2	1.1
Other.....	21.5	23.9	24.8
Research, development, test, and evaluation.....	40.5	45.1	50.8
Other.....	10.5	11.2	11.6
Atomic energy and other defense-related activities.....	14.5	17.4	18.0
<i>Plus:</i> Consumption of general government fixed capital.....	63.9	64.7	66.0
Additional payments to military and civilian retirement funds.....	22.5	22.9	26.8
Timing difference.....	3.3	3.7	2.0
Military assistance programs.....	0.3	0.2	0.2
<i>Less:</i> Grants-in-aid to State and local governments and net interest paid.....	2.9	2.9	3.1
Other differences.....	3.0	8.7	2.7
Equals: National defense consumption expenditures and gross investment, NIPA's	392.7	427.9	468.1
<i>Less:</i> National defense gross investment ¹	56.2	57.6	60.7
Equals: National defense consumption expenditures, NIPA's	336.5	370.2	407.4

1. Gross investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.
 Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

Table 8. Relation of Administration Budget and NIPA Estimates of Federal Government Current Receipts and Expenditures
[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2002	2003
		2001	2002			2003
Administration budget:					
Receipts.....	1,991.0	1,946.1	2,048.1	-44.9	101.9
Outlays.....	1,863.9	2,052.3	2,128.2	188.4	75.9
Surplus or deficit (-).....	127.1	-106.2	-80.2	-233.3	26.0
NIPA's:					
Current Receipts.....	2,029.1	1,961.2	2,080.1	-67.9	119.0
Current Expenditures.....	1,923.8	2,073.5	2,158.2	149.7	84.7
Surplus or deficit (-) ¹	105.3	-112.4	-78.1	-217.6	34.3
	Differences				
Administration budget less NIPA's:					
Receipts / Current Receipts.....	-38.1	-15.1	-32.0	23.0	-16.9
Outlays / Current Expenditures.....	-59.9	-21.2	-30.0	38.7	-8.8
Surplus or deficit (-).....	21.8	6.2	-2.1	-15.6	-8.3

1. The NIPA current surplus or deficit reflects the treatment of government investment that was introduced in January 1996. Current expenditures include (1) consumption of fixed capital for general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government and by government enterprises is not classified as a current expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.
 Sources: *Budget of the United States Government, Fiscal Year 2003* and the Bureau of Economic Analysis.

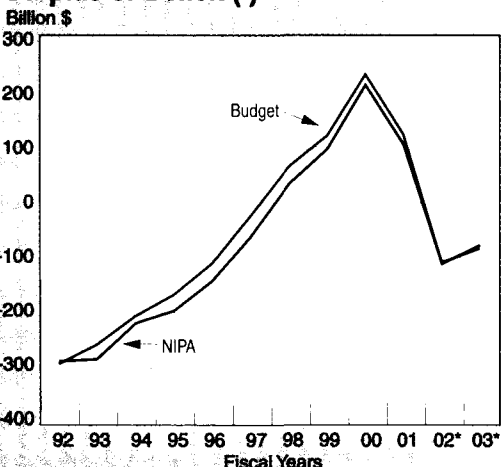
2002 (chart 2). The upturn results from a turnaround in the tax base that would increase receipts \$128.8 billion (table 9). (The tax base is estimated using administration economic assumptions and does not include the impact of any proposed legislation.) Within current receipts, personal tax and nontax receipts would increase \$48.3 billion after decreasing \$65.9 billion; fiscal 2002 receipts would fall as a result of provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001. Corporate profits tax accruals would in-

crease \$26.1 billion after decreasing \$23.1 billion; the drop in fiscal year 2002 reflects BEA's estimated impact of the economic security plan. Contributions for social insurance would increase \$40.4 billion after increasing \$25.3 billion, reflecting an acceleration in wages and salaries. Indirect business tax and nontax accruals would increase \$4.2 billion after decreasing \$4.3 billion; in fiscal year 2002, rents and royalties from the Outer Continental Shelf turned down sharply.

In the NIPA framework, Federal current expenditures would increase \$84.7 billion in fiscal year 2003 after increasing an estimated \$149.7 billion in fiscal year

CHART 1

Federal Fiscal Position, Surplus or Deficit (-)



*Estimates by Office of Management and Budget and BEA U.S. Bureau of Economic Analysis

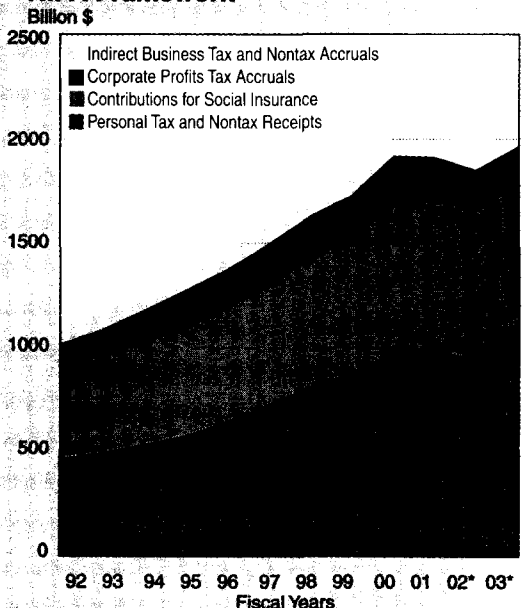
Table 9. Sources of Change in Federal Government Current Receipts, NIPA Framework
[Billions of dollars]

	Change from preceding fiscal year		
	2001	2002	2003
Total receipts	-2.8	-67.9	119.0
Due to tax bases.....	-2.7	-10.4	128.8
Due to proposed legislation.....	0.0	-57.5	-9.8
Personal tax and nontax receipts	15.0	-65.9	48.3
Due to tax bases.....	15.0	-54.4	59.9
Due to proposed legislation.....	0.0	-11.5	-11.7
Corporate profits tax accruals	-45.6	-23.1	26.1
Due to tax bases.....	-45.6	22.9	24.2
Due to proposed legislation.....	0.0	-45.9	1.9
Indirect business tax and nontax accruals	1.9	-4.3	4.2
Due to tax bases.....	1.9	-4.1	4.3
Due to proposed legislation.....	0.0	-0.1	-0.1
Contributions for social insurance	25.9	25.3	40.4
Due to tax bases.....	25.9	25.3	40.4
Due to proposed legislation.....	0.0	0.0	0.0

Sources: Budget of the United States Government, Fiscal Year 2003 and the Bureau of Economic Analysis.

CHART 2

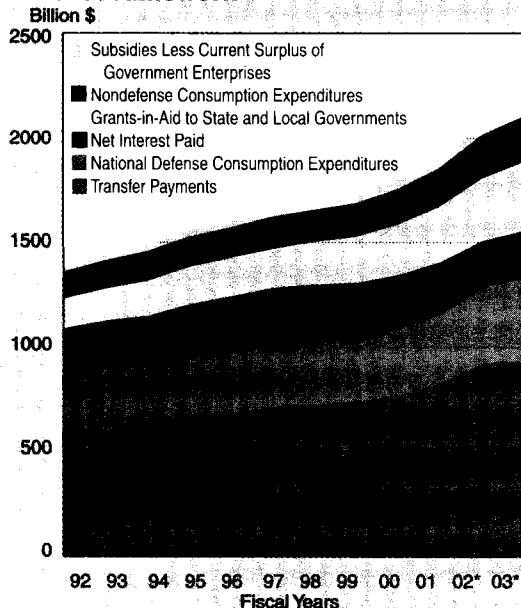
Federal Government Current Receipts, NIPA Framework



*Estimates by BEA U.S. Bureau of Economic Analysis

CHART 3

Federal Government Current Expenditures, NIPA Framework



*Estimates by BEA U.S. Bureau of Economic Analysis

2002 (chart 3). The deceleration is attributable to slow-downs in transfer payments and nondefense consumption expenditures. Transfer payments would increase \$7.4 billion after increasing \$98.4 billion; the slow-down is attributable to decelerations in unemployment benefits and "other" transfer payments (table 10). Nondefense consumption expenditures would increase \$10.4 billion after increasing \$23.9 billion. Grants-in-aid to State and local governments would increase \$31.3 billion after increasing \$33.3 billion. In contrast, net interest would turn up, increasing \$4.6 billion after decreasing \$28.8 billion. Defense consumption expenditures would accelerate, increasing \$37.1 billion after increasing \$33.7 billion. Subsidies less current surplus of government enterprises would decrease \$6.1 billion after decreasing \$10.7 billion; agriculture and housing subsidies account for the slower decrease.

Quarterly pattern. Seasonally adjusted quarterly estimates of NIPA current receipts and current expenditures consistent with the budget estimates of receipts and outlays for the fiscal year are shown in table 11. The NIPA estimates of current receipts reflect the quarterly pattern that results from the enacted and proposed legislation, from the administration's pro-

jected quarterly pattern of wages, and from the methodology used by BEA to derive quarterly estimates of declarations and settlements (estimated income tax payments and final settlements) less refunds.⁸ The NIPA estimates of current expenditures reflect the quarterly pattern that results from the enacted and proposed legislation that would adjust pay for Federal Government employees and provide cost-of-living increases in social security and other programs. The quarterly estimates do not control to the fiscal year estimates but instead are estimated changes based on the published level of the preliminary estimate for the fourth quarter of 2001. Because of the limited information available to estimate the quarterly patterns, they should be viewed as rough approximations. These approximations will be superceded by BEA's current quarterly estimates, which are based on up-to-date source data and are published in NIPA table 3.2.

In the NIPA framework, the fiscal position of the Federal Government shifts from a current surplus to a current deficit in the first quarter of 2002. The current deficit increases in the second and third quarters and decreases in the fourth quarter. The current deficit continues to decrease in the first and second quarters of 2003; in the third quarter, the fiscal position shifts to a current surplus.

The shift in the Federal Government's fiscal position from a current surplus to a current deficit in the first quarter of 2002 is due to a decrease in current receipts. Personal tax and nontax receipts and corporate profit tax accruals both decrease sharply. The increases in the current deficit in the second and third quarters of 2002 are attributable to current expenditures: In the second quarter, the increase in current expenditures primarily reflects increases in consumption expenditures and in grants-in-aid to State and local governments; in the third quarter, the increase primarily reflects increases in transfer payments and in grants-in-aid to State and local governments. The decrease in the current deficit in the fourth quarter of 2002 is attributable to an increase in current receipts, which partly reflects an increase in corporate profit tax accruals. The decrease in the current deficit in the first quarter of 2003 also reflects an increase in current receipts, as contributions for social insurance and personal tax and nontax receipts both increase. The decrease in the current deficit in the second quarter of 2003 and the shift to a current surplus in the third quarter of 2003 are attributable to increases in current receipts, primarily in personal tax and nontax receipts.

Table 11 follows.

Table 10. Sources of Change in Federal Government Current Expenditures, NIPA Framework
[Billions of dollars]

	Change from preceding fiscal year		
	2001	2002	2003
Total current expenditures	105.2	149.7	84.7
Consumption expenditures	30.1	57.6	47.5
National defense	15.1	33.7	37.1
Pay raise and locality pay ¹	0.0	6.9	6.8
Other	15.1	26.9	30.4
Nondefense	14.9	23.9	10.4
Pay raise and locality pay ¹	0.0	2.4	2.4
Other	14.9	21.4	7.9
Transfer payments	57.6	98.4	7.4
Social security	23.5	25.0	16.2
Medicare	21.6	10.2	8.3
Supplemental security income	0.4	1.8	1.7
Earned income and other tax credits	0.2	10.0	3.0
Veterans benefits	1.3	2.8	0.3
Unemployment benefits	7.2	24.3	-8.8
To the rest of the world (net)	-3.2	3.8	-1.8
Food stamps	0.4	3.4	1.4
Other	6.3	17.2	-12.7
Grants-in-aid to State and local governments	26.0	33.3	31.3
General public service	-0.0	1.0	0.4
Public order and safety	1.9	-0.5	1.3
Housing and community services	1.1	0.9	1.1
Health	15.1	17.6	17.7
Medicaid	11.5	15.3	14.0
Other health	3.7	2.3	3.7
Education	1.0	5.2	5.0
Welfare and social services	5.1	8.4	-0.2
Other	1.8	0.7	6.0
Net interest paid	-12.5	-28.8	4.6
Subsidies less current surplus of government enterprises	4.1	-10.7	-6.1
Agriculture subsidies	-2.4	-10.3	-3.5
Housing subsidies	1.1	-7.6	-3.5
Other subsidies	0.2	1.4	0.5
Less: Current surplus of government enterprises:			
Postal Service surplus	-3.8	0.4	0.1
Other surplus of government enterprises	-1.3	0.0	0.0

1. Consists of pay raises and locality pay beginning in January 2002.
Source: Bureau of Economic Analysis.

8. For details on the methodology, see Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," *SURVEY OF CURRENT BUSINESS* 78 (August 1998): 29-31.

Table 11. Federal Government Current Receipts and Expenditures, NIPA Framework—Continued

[Billions of dollars; calendar year and quarters at seasonally adjusted annual rates]

Line	Fiscal year estimates ¹			Calendar year ²		Quarter ²										
				Pub- lished	Esti- mated	Published				Estimated				2003		
						2001				2002				2003		
						2001	2002	2003	2001	2002	I	II	III	IV	I	II	III	IV	I	II	III
64	268.8	302.1	333.4	274.2	313.2	264.0	281.2	266.4	285.0	295.1	307.2	321.2	329.1	331.4	334.0	339.1
65	3.9	4.9	5.3	2.8	5.5	2.8	3.1	2.3	3.1	4.7	5.5	6.2	5.7	5.7	5.1	4.8
66	2.9	3.3	5.0	3.2	3.8	3.3	3.3	3.2	3.1	3.6	3.4	3.2	4.8	5.2	5.1	4.8
67	3.7	3.2	4.5	3.1	3.2	2.9	2.8	2.8	3.7	3.1	2.9	3.0	3.9	4.1	4.7	5.5
68	9.9	11.7	11.4	9.6	11.9	8.9	9.3	9.5	10.8	11.0	12.0	12.9	11.8	11.2	11.2	11.6
69	4.6	5.7	5.4	4.8	5.7	4.2	4.7	4.5	5.8	5.3	5.7	6.0	5.8	5.2	5.3	5.6
70	0.9	1.1	1.1	0.9	1.2	0.9	0.9	0.8	0.8	1.0	1.3	1.4	1.2	1.1	1.0	0.9
71	1.0	1.2	1.3	0.9	1.2	0.9	0.9	0.9	1.0	1.1	1.2	1.2	1.2	1.3	1.3	1.4
72	2.4	2.7	2.6	2.3	2.8	2.2	2.0	2.5	2.3	2.7	2.8	3.1	2.7	2.6	2.5	2.4
73	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
74	0.8	1.0	1.0	0.9	1.0	0.8	0.8	0.9	0.9	0.9	1.0	1.2	0.9	1.0	1.1	1.2
75	12.9	13.8	14.8	12.6	14.0	11.9	12.3	12.2	13.9	13.3	13.7	14.1	14.7	14.6	14.9	15.0
76	146.4	164.0	181.6	153.4	166.5	145.2	156.6	148.7	163.0	162.3	163.3	167.2	173.3	178.3	183.6	191.3
77	129.1	144.5	158.5	134.7	146.1	128.9	134.8	131.1	143.8	142.8	144.0	147.2	150.2	155.8	160.6	167.3
78	17.2	19.5	23.1	18.7	20.5	16.3	21.8	17.6	19.2	19.5	19.3	19.9	23.1	22.5	23.0	24.0
79	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.3	0.4	0.5	0.5	0.3	0.4	0.5	0.5
80	23.3	28.4	33.5	22.5	31.7	22.7	25.8	20.0	21.5	25.7	31.2	35.5	34.2	33.5	33.1	32.9
81	65.6	72.4	76.8	66.7	76.1	66.0	67.7	67.3	65.6	70.8	74.6	78.6	80.3	78.4	75.7	72.7
82	57.2	62.6	65.4	57.3	65.8	56.9	58.3	57.4	56.4	60.7	64.6	68.7	69.0	67.2	64.4	60.9
83	8.4	9.8	11.4	9.4	10.3	9.1	9.4	9.8	9.2	10.1	10.0	9.9	11.3	11.3	11.3	11.8
84	250.5	221.7	226.3	236.9	210.5	253.5	242.5	232.5	219.1	213.0	209.5	208.7	210.7	214.6	217.7	220.8
85	56.5	45.7	39.6	52.5	42.9	45.4	47.6	69.5	47.4	48.3	45.6	40.2	37.6	38.6	40.4	42.4
86	48.4	38.1	34.7	44.7	35.6	39.9	40.0	60.7	38.1	39.5	36.5	33.9	32.3	33.0	34.7	36.5
87	21.2	13.5	10.0	17.5	11.9	18.4	18.1	18.5	15.1	16.1	12.8	10.1	8.5	9.4	11.2	13.2
88	21.1	22.5	23.0	20.9	21.9	20.4	20.7	21.1	21.3	21.6	21.8	22.0	22.2	22.3	22.2	22.1
89	6.2	2.1	1.6	6.2	1.8	1.0	1.1	21.1	1.7	1.9	1.9	1.8	1.5	1.4	1.2	1.1
90	-8.1	-7.6	-4.9	-7.9	-7.4	-5.6	-7.7	-8.8	-9.3	-8.7	-9.1	-6.4	-5.3	-5.6	-5.8	-6.0
91	-10.7	-10.7	-8.1	-12.0	-11.8	-9.9	-11.9	-12.8	-13.3	-13.0	-13.5	-10.8	-9.9	-10.0	-10.3	-10.5
92	2.8	2.8	3.5	3.2	3.4	3.1	3.1	3.2	3.2	3.2	3.3	3.4	3.5	3.7	3.8	3.9
93	2.0	1.8	1.4	2.8	2.6	2.7	2.8	2.8	2.8	2.7	2.6	2.5	2.4	2.3	2.2	2.2
94	-2.2	-1.6	-1.7	-1.8	-1.4	-1.4	-1.7	-2.0	-2.0	-1.6	-1.4	-1.4	-1.3	-1.5	-1.5	-1.5
95	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
96	105.3	-112.4	-78.1	123.0	-97.5	205.3	186.7	-13.6	113.4	-93.9	-102.8	-114.6	-78.6	-49.0	-15.1	25.7
97	100.8	106.0	113.4	101.6	107.0	97.8	99.9	102.0	106.8	103.9	105.7	108.1	110.2	113.2	113.8	117.1
98	56.2	57.6	60.7	56.8	57.6	54.6	56.7	56.5	59.6	55.9	56.9	58.2	59.2	60.8	60.2	62.7
99	44.6	48.3	52.7	44.8	49.4	43.2	43.2	45.5	47.2	48.0	48.8	49.9	51.0	52.4	53.7	54.4
100	621.0	683.7	738.7	615.7	677.5	605.3	609.9	615.7	631.9	656.9	674.6	685.4	693.0	714.1	723.8	733.7
101	392.7	427.9	468.1	399.1	438.0	392.9	396.1	399.6	407.8	423.8	436.0	442.8	449.3	465.9	472.7	479.5
102	228.2	255.8	270.6	216.6	239.5	212.4	213.8	216.1	224.1	233.1	238.5	242.6	243.7	248.2	251.1	254.3
103	-11.7	-14.6	-18.9	-12.8	-17.7	-8.9	-12.7	-14.8	-14.9	-16.3	-16.6	-18.2	-19.5	-21.0	-20.5	-20.3
104	28.2	27.3	22.8	28.0	24.2	30.1	28.7	26.5	26.5	26.0	25.1	23.9	21.8	21.1	21.1	21.7
105	28.2	27.3	22.8	28.0	24.2	30.1	28.7	26.5	26.5	26.0	25.1	23.9	21.8	21.1	21.1	21.7
106	39.9	41.9	41.7	40.7	41.8	38.9	41.3	41.3	41.4	42.3	41.7	42.1	41.3	42.1	41.6	42.1
107	39.9	41.9	41.7	40.7	41.8	38.9	41.3	41.3	41.4	42.3	41.7	42.1	41.3	42.1	41.6	42.1
108	36.3	38.4	38.0	37.4	38.3	35.5	38.0	37.5	38.4	39.0	38.1	38.3	38.0	38.5	37.7	38.0
109	27.5	29.3	28.4	28.2	29.1	27.6	28.4	28.1	28.8	29.6	29.5	29.5	27.9	28.6	28.5	28.5
110	8.8	9.1	9.7	9.1	9.2	7.9	9.6	9.3	9.5	9.4	8.6	8.8	10.1	9.9	9.1	9.4
111	3.5	3.4	3.7	3.4	3.5	3.4	3.3	3.9	3.1	3.3	3.6	3.8	3.3	3.6	3.9	4.1

1. Fiscal year estimates are the sum of quarterly values not seasonally adjusted and are consistent with the budget proposals.

2. Published estimates, both calendar year and quarters, appear in the NIPA tables 3.2 and 3.7 elsewhere in this issue. BEA's estimate of corporate profits tax accruals for the fourth quarter of 2001 will not be available until the release of the final estimate of gross domestic product on March 28, 2002. The value shown is derived from the budget.

3. Most transportation grants-in-aid to State and local governments are classified as capital transfers paid

(see addenda); however, water and railroad transportation grants are still classified as current-account transactions.

4. See footnote 1 in table 8.

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

Sources: *Budget of the United States Government, Fiscal year 2003* and the Bureau of Economic Analysis. FICA Federal insurance contributions act NIPA National income and product accounts SECA Self-employment contributions act

Operations of U.S. Multinational Companies

Preliminary Results From the 1999 Benchmark Survey

By Raymond J. Mataloni, Jr., and Daniel R. Yorgason

PRELIMINARY results from BEA's 1999 benchmark survey of U.S. direct investment abroad (USDIA) indicate the operations of U.S. multinational companies (MNC's) expanded at a rate during the 1990s that was roughly consistent with the pace of overall economic expansion in the United States and abroad.¹ The gross product of U.S. MNC's—of U.S. parents and of their majority-owned foreign affiliates (MOFA's)—grew at an average annual rate of 5.7 percent in 1989–99, compared with a 4.3-percent growth rate in 1982–89 (table 1).²

Despite the stronger growth in the 1990s, the U.S. MNC share of worldwide economic activity changed little from 1989 to 1999. In both years, production by U.S. MNC's accounted for about the same shares of U.S. gross domestic product (GDP) and the GDP of most foreign host countries, and the trade in goods associated with U.S. MNC's accounted for nearly the same share of total U.S. trade in goods. In addition, the geographic distribution of MNC activities changed relatively little. Production, sales, and research and development by U.S. MNC's remained concentrated in the United States and in other high-income countries.

Although the patterns of MNC operations were stable overall, some aspects of the operations changed during the 1990s. For example, worldwide MNC employment grew at an average annual rate of almost 2 percent, compared with almost no growth in 1982–89. In addition, the geographic allocation of MNC production abroad shifted somewhat toward several low-to-middle-income countries in Asia and Pacific and in Latin America that had strong economic growth or that liberalized their policies toward direct investment and trade.

The following are additional highlights of the survey

1. A MNC comprises a U.S. parent company and its foreign affiliates. The examination of foreign operations of U.S. MNC's in this article generally focuses on data for majority-owned foreign affiliates (MOFA's) rather than for all foreign affiliates because MOFA's are usually under U.S. managerial control and because some of the data items necessary for this analysis are collected only for MOFA's. In addition, most foreign affiliates are majority owned. For example, in 1999, MOFA's accounted for 84 percent of the employment by all nonbank foreign affiliates.

2. Most of the historical references in this article are to the results of BEA's most recent benchmark surveys of U.S. direct investment abroad, which covered 1994, 1989, and 1982. Most of the references are to changes since 1989, because changes in MNC operations tend to occur gradually over extended periods.

results for 1999:

- Worldwide production, capital, and labor of U.S. MNC's remained concentrated in the United States: U.S. parents accounted for about three-fourths, and MOFA's for about one-fourth, of their combined gross product of \$2,369.7 billion, capital expenditures of \$471.2 billion, and employment of 28.9 million (chart 1). These shares were essentially unchanged from 1989.
- Europe remained the most important location for production by MOFA's. The gross product of European MOFA's, at \$321.6 billion, accounted for more than half of the worldwide production by MOFA's. Within Europe, MOFA gross product was largest in the United Kingdom. Since 1989, MOFA gross product has grown rapidly in Asia and Pacific and in Latin America; the share of worldwide MOFA gross product accounted for by Asia and Pacific rose from 15 percent to 18 percent, and that of Latin America, from 9 percent to 11 percent.
- Manufacturing remained the most important industry group for production by U.S. MNC's. The gross product of U.S. MNC's in manufacturing, at \$1,165.7 billion, accounted for nearly half of MNC production in all industries (chart 1). (In the United States, manufacturing accounted for a much smaller share, 18 percent, of the total GDP of private industries in 1999.) Within manufacturing, MNC gross product was largest in transportation equipment manufacturing. Since 1989, however, MNC gross product has grown most rapidly in nonmanufacturing industries.
- Sales by U.S. parents were \$5,709.5 billion. Of this total, 91 percent were local sales (sales to customers in the United States), the same share as in 1989. Sales by MOFA's were \$2,195.3 billion. Of this total, 66 percent were local sales (sales to customers in the same country as the seller), down from 68 percent in 1989. The remaining 34 percent of sales by MOFA's in 1999 were accounted for by sales to customers in other foreign countries (23 percent) and sales to customers in the United States (11 percent).
- U.S. exports of goods that involved U.S. parents or their foreign affiliates were \$440.9 billion, and their share of total U.S. exports of goods was 63 percent, down from 65 percent in 1989. U.S. imports of

goods that involved U.S. parents or their foreign affiliates were \$377.1 billion, and their share of total U.S. imports of goods was 37 percent, down from 42 percent in 1989.

Table 1. Gross Product, Employment, and Capital Expenditures of Nonbank U.S. MNC's, U.S. Parents, and Foreign Affiliates, 1982-99

	MNC's worldwide		Parents	Affiliates		
	Parents and all affiliates	Parents and MOFA's		Total	MOFA's	Other
Gross product						
Millions of dollars:						
1982	n.a.	1,019,734	796,017	n.a.	223,717	n.a.
1983	n.a.	n.a.	n.a.	n.a.	216,683	n.a.
1984	n.a.	n.a.	n.a.	n.a.	220,331	n.a.
1985	n.a.	n.a.	n.a.	n.a.	220,074	n.a.
1986	n.a.	n.a.	n.a.	n.a.	231,644	n.a.
1987	n.a.	n.a.	n.a.	n.a.	269,734	n.a.
1988	n.a.	n.a.	n.a.	n.a.	297,556	n.a.
1989	n.a.	1,364,878	1,044,884	n.a.	319,994	n.a.
1990	n.a.	n.a.	n.a.	n.a.	356,033	n.a.
1991	n.a.	n.a.	n.a.	n.a.	355,963	n.a.
1992	n.a.	n.a.	n.a.	n.a.	361,524	n.a.
1993	n.a.	n.a.	n.a.	n.a.	359,179	n.a.
1994	n.a.	1,717,488	1,313,792	n.a.	403,696	n.a.
1995	n.a.	1,831,046	1,365,470	n.a.	465,576	n.a.
1996	n.a.	1,978,948	1,480,638	n.a.	498,310	n.a.
1997	n.a.	2,094,318	1,573,451	n.a.	520,867	n.a.
1998	n.a.	2,100,773	1,594,504	n.a.	506,269	n.a.
1999 ¹	n.a.	2,369,688	1,808,530	n.a.	561,158	n.a.
Percent change at annual rates:						
1982-89	n.a.	4.3	4.0	n.a.	5.3	n.a.
1989-94	n.a.	4.7	4.7	n.a.	4.8	n.a.
1982-99	n.a.	5.1	4.9	n.a.	5.6	n.a.
1989-99	n.a.	5.7	5.6	n.a.	5.8	n.a.
1994-99	n.a.	6.6	6.6	n.a.	6.8	n.a.
Number of employees						
Thousands:						
1982	25,345	23,727	18,705	6,640	5,022	1,618
1983	24,783	23,253	18,400	6,383	4,854	1,530
1984	24,548	22,973	18,131	6,418	4,842	1,576
1985	24,532	22,923	18,113	6,419	4,810	1,609
1986	24,082	22,543	17,832	6,250	4,711	1,539
1987	24,255	22,650	17,986	6,270	4,664	1,605
1988	24,141	22,498	17,738	6,404	4,761	1,643
1989	25,388	23,879	18,765	6,622	5,114	1,508
1990	25,264	23,786	18,430	6,834	5,356	1,478
1991	24,837	23,345	17,959	6,878	5,387	1,492
1992	24,190	22,812	17,530	6,660	5,282	1,378
1993	24,222	22,760	17,537	6,685	5,223	1,461
1994	25,670	24,273	18,565	7,105	5,707	1,398
1995	25,921	24,500	18,576	7,345	5,924	1,421
1996	26,334	24,867	18,790	7,544	6,077	1,467
1997	27,851	26,358	19,878	7,973	6,480	1,493
1998	29,004	26,593	19,820	8,184	6,773	1,411
1999 ¹	30,287	28,851	21,380	8,907	7,471	1,436
Percent change at annual rates:						
1982-89	0.0	0.1	0.0	0.0	0.3	-1.0
1989-94	0.2	0.3	-0.2	1.4	2.2	-1.5
1982-99	1.1	1.2	0.8	1.7	2.4	-0.7
1989-99	1.8	1.9	1.3	3.0	3.9	-0.5
1994-99	3.4	3.5	2.9	4.6	5.5	0.5
Capital expenditures						
Millions of dollars:						
1982	248,262	233,078	188,266	59,996	44,812	15,184
1983	n.a.	197,534	160,656	n.a.	36,878	n.a.
1984	n.a.	203,791	168,692	n.a.	35,099	n.a.
1985	n.a.	221,509	185,027	n.a.	36,482	n.a.
1986	n.a.	203,809	169,131	n.a.	34,678	n.a.
1987	n.a.	199,171	162,139	n.a.	37,032	n.a.
1988	n.a.	223,814	177,203	n.a.	46,611	n.a.
1989	276,790	260,488	201,808	74,982	58,680	16,302
1990	n.a.	274,614	213,079	n.a.	61,535	n.a.
1991	n.a.	269,221	206,290	n.a.	62,931	n.a.
1992	n.a.	272,049	208,834	n.a.	63,215	n.a.
1993	n.a.	271,661	207,437	n.a.	64,224	n.a.
1994	328,240	303,364	231,917	96,323	71,447	24,876
1995	n.a.	323,616	248,017	n.a.	75,599	n.a.
1996	n.a.	340,510	260,048	n.a.	80,462	n.a.
1997	n.a.	398,037	309,247	n.a.	88,790	n.a.
1998	n.a.	411,155	317,184	n.a.	93,971	n.a.
1999 ¹	502,380	471,225	357,819	144,561	113,406	31,155
Percent change at annual rates:						
1982-89	1.6	1.6	1.0	3.2	3.9	1.0
1989-94	3.5	3.1	2.8	5.1	4.0	8.8
1982-99	4.2	4.2	3.8	5.3	5.6	4.3
1989-99	6.1	6.1	5.9	6.8	6.8	6.7
1994-99	8.9	9.2	9.1	8.5	9.7	4.6

1. Break-in-series. See the section "improvements in coverage" in the appendix.

² Preliminary.

³ Revised.

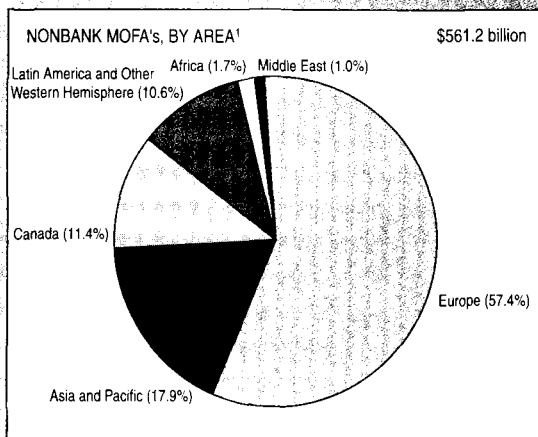
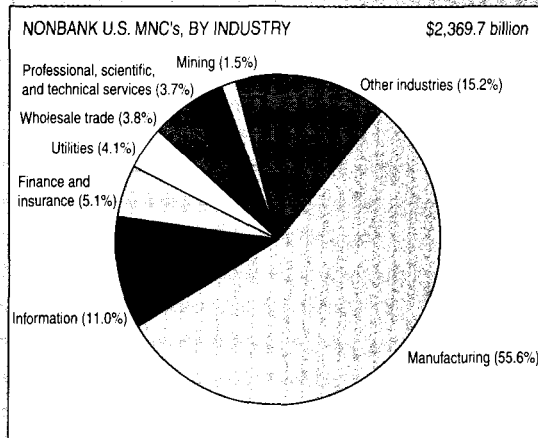
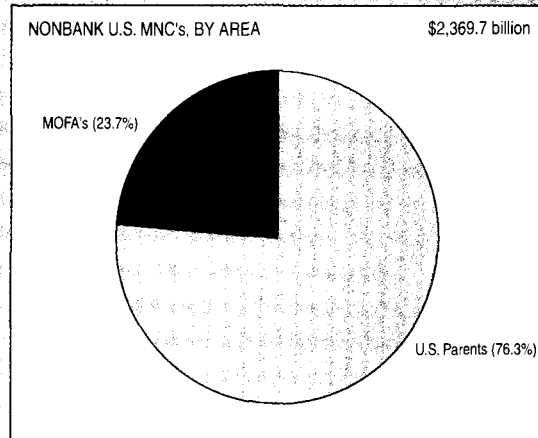
n.a. Not available.

MNC Multinational company

MOFA Majority-owned foreign affiliate.

CHART 1

Area and Industry Distribution of Nonbank U.S. MNC Gross Product, 1999



MNC Multinational company
MOFA Majority-owned foreign affiliate

1. Excludes data for foreign affiliates classified in "international," which are affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or offshore oil and gas drilling. Together, these affiliates accounted for less than 0.5 percent of production abroad by U.S. MNC's in 1999.

- Expenditures for research and development performed by U.S. MNC's were \$141.9 billion; U.S. parents accounted for 87 percent, and MOFA's for 13 percent, of the worldwide MNC total; in 1989, the U.S. parents' share of the worldwide MNC total was 83 percent. U.S. parents accounted for 68 percent of total U.S. R&D expenditures in 1999; in both 1982 and 1989, they accounted for at least two-thirds of the U.S. total.

Benchmark surveys of U.S. direct investment abroad are BEA's most comprehensive surveys of this type of investment: They are conducted once every 5

years and provide a virtually complete enumeration (in terms of value) of the direct investment universe. They collect more data items than those collected in the annual surveys that are conducted in nonbenchmark years (for further information on the coverage of the benchmark survey, see the appendix).

Benchmark surveys also provide an appropriate opportunity to implement changes that affect comparisons of data over time: For example, in the 1999 benchmark survey, a new industry classification system was used to classify the data on U.S. MNC's. The new system was adapted from the North American In-

Key Terms

The following key terms are used to describe U.S. multinational companies (MNC's) and their operations. For a comprehensive discussion of the terms and the concepts used, see Raymond J. Mataloni, Jr., "A Guide to BEA Statistics on U.S. Multinational Companies," *SURVEY OF CURRENT BUSINESS* 75 (March 1995): 38-55.¹

U.S. MNC's

U.S. multinational company (MNC). The U.S. parent and its foreign affiliates. (In this article, an MNC is usually defined as the U.S. parent and its majority-owned foreign affiliates.)

U.S. parent. A person, resident in the United States, who owns or controls 10 percent or more of the voting securities, or the equivalent, of a foreign business enterprise. "Person" is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether organized or not under the laws of any State), or any government entity. If incorporated, the U.S. parent is the fully consolidated U.S. enterprise consisting of (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation whose voting securities are more than 50 percent owned by the U.S. corporation above it. A U.S. parent comprises the domestic operations of a U.S. MNC, covering operations in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and all other U.S. areas.

U.S. direct investment abroad (USDIA). The ownership or control, directly or indirectly, by one U.S. person of 10 percent or more of the voting securities of an incorporated foreign business enterprise or the equivalent interest in an unincorporated business enterprise.

Foreign affiliate. A foreign business enterprise in which there is U.S. direct investment, that is, in which a U.S. person owns or controls (directly or indirectly) 10 percent or more of the voting securities or the equivalent. Foreign affiliates comprise the foreign operations of a U.S. MNC over which the parent is presumed to have a degree of managerial influence.

Majority-owned foreign affiliate (MOFA). A foreign affiliate in which the combined ownership of all U.S. parents exceeds 50 percent. In 1999, MOFA's accounted for 84 percent of the employment of all foreign affiliates of U.S. MNC's, up from 77 percent in 1989.

Measures of Operations

Gross product. The portion of the goods and services sold or added to inventory or fixed investment by a firm that reflects the production of the firm itself. Gross product, often referred to as "value added," can be measured as gross output (sales or receipts and other operating income plus inventory change) minus intermediate inputs (purchased goods and services). Alternatively, it can be measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production. The gross product estimates presented here were prepared by summing cost and profit data collected in the annual and benchmark surveys of USDIA. For the derivation of the current-dollar estimates of gross product, see Raymond J. Mataloni, Jr., and Lee Goldberg, "Gross Product of U.S. Multinational Companies, 1977-91," *SURVEY* 74 (February 1994): 57.²

Capital expenditures. Expenditures made to acquire, add to, or improve property, plant, and equipment (PP&E). PP&E includes land, timber, mineral and like-rights owned; structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and tangible and intangible exploration and development costs. Changes in PP&E due to changes in entity—such as mergers, acquisitions, and divestitures—or to changes in accounting methods are excluded. Capital expenditures are measured on a gross basis; sales and other dispositions of fixed assets are not netted against them.

Employment. The number of full-time and part-time employees on the payroll at yearend. If the employment of a parent or an affiliate was unusually high or low because of temporary factors (such as a strike) or large seasonal variations, the number that reflected normal operations or an average for the year was requested.

1. The guide is available on BEA's Web site <www.bea.gov> under "International," "Articles," "Guides."

2. The article is available on BEA's Web site <www.bea.gov> under "Publications," "SURVEY OF CURRENT BUSINESS," "February 1994."

dustry Classification System (NAICS); however, it is less detailed than NAICS to take into account the difference in the level of reporting units.³

In this article, some of the 1999 estimates are presented on both the new NAICS industry classification basis and the SIC basis; the data for earlier years are presented on an SIC basis, the only basis on which these data are available. In a related change, petroleum is no longer shown as a separate major industry in the tables that use the NAICS-based classification; instead, the various petroleum-related activities are distributed

among the major NAICS industry groups to which they belong.

The first section of this article focuses primarily on the geographic and industry distributions of MNC production. It also briefly discusses changes in MNC production from 1998 to 1999 and the extent to which the changes reflect improvements in coverage in the benchmark survey.

The second section examines selected aspects of MNC operations using some data that are collected only in benchmark surveys. It focuses on the destination of sales by U.S. MNC's, on U.S.-MNC-related trade in goods, and on the research and development spending of U.S. MNC's.

3. BEA's direct investment surveys collect data at the enterprise level while the NAICS classifies the establishments within an enterprise. See the box "New Industry Classifications" on page 31.

Acknowledgments

The 1999 benchmark survey was conducted under the direction of Patricia C. Walker. James Y. Shin supervised the editing and processing of the reports. The following staff contributed to the processing and editing of the survey, or to related computer programming: Joan O. Adams, Damon Battaglia, Christina D. Briseno, Howard S. Chenkin, Margo R. Collier, Richard T. Edwards, David N. Hale, Carole J. Henry, Jeanne Hicks, Earl F. Holmes, Barbara C. Huang, Barbara K. Hubbard, Kristina A. Kaminski, Neeta B. Kapoor, Christine J. Lee, Sherry Lee, Stephanie A. Lewis, Marcia S. Miller, Juanita L. Mortimer, Monique M. Pickett, Pearl Rivers, Ronald L. Ross, Nancy F. Steffen, Rubena I. Thomas, and Diann L. Vann.

Geographic Distribution of MNC Production

This section examines the geographic distribution of production by U.S. MNC's in 1999 and the changes in the distribution since 1989. As in past benchmark survey years, most of the production by U.S. MNC's in 1999 was in the United States, and the production abroad by U.S. MNC's was centered in other high-income countries, particularly Canada and in Europe. However, since 1989, production has grown most rapidly in several low-to-middle-income countries in Asia and Pacific and in Latin America (such as China, Malaysia, Taiwan, and Mexico), where a relatively large share of production was for export.

Data on U.S. Direct Investment Abroad

BEA collects two broad sets of data on U.S. direct investment abroad (USDIA): (1) Financial and operating data of U.S. multinational companies, and (2) international transactions and direct investment position data. This article presents the first set of data; the international transactions and direct investment position data are generally published in the July and September issues of the SURVEY OF CURRENT BUSINESS.

Financial and operating data. The financial and operating data provide a picture of the overall activities of foreign affiliates and U.S. parent companies using a variety of indicators of their financial structure and operations. The data on foreign affiliates cover the entire operations of the affiliate, irrespective of the percentage of U.S. ownership. These data cover items that are needed in analyzing the characteristics, performance, and economic impact of multinational companies, such as sales, gross product (value added), employment and compensation of employees, capital expenditures, exports and imports, and research and development expenditures. Tabulations are also available for affiliates that are majority-owned by their U.S. parent(s).

International transactions and direct investment position data. The international transactions data cover a foreign affiliate's transactions with its U.S. parent(s), so these data focus on the U.S. parent's share, or interest, in its affiliate rather than on the affiliate's size or level of operations. These data are essential to the compilation of the U.S. international transactions accounts (ITA's), the international investment position, and the national income and product accounts. The major data items include capital flows (recorded in the ITA's financial account), which measure the funds that U.S. parents provide to their foreign affiliates, and income (recorded in the ITA's current account), which measures the return on those funds. The data also cover royalties and license fees and other service charges that parents receive from or pay to their affiliates. All of these items measure flow data for a particular time period, such as for a quarter or a year.

Direct investment position data are stock data and are cumulative; they measure the total outstanding level of U.S. direct investment abroad at yearend. Estimates are provided both at historical cost and in terms of current-period prices. The historical-cost estimates are published by country and by industry.

MNC's consider a wide variety of factors when allocating their worldwide production. The concentration of MNC production in high-income countries suggests that the size and affluence of markets and the productivity of labor and capital are particularly important. However, the rapid growth of MNC production in several low-to-middle-income countries suggests that other factors—such as wage rates, host-country policies, economic growth, and trade agreements—are also important.

Domestic production

U.S. parents accounted for about three-fourths, and MOFA's for about one-fourth, of MNC gross product, employment, and capital expenditures in 1999, about the same shares as in 1989. The tendency of U.S. MNC's to keep a large share of their global operations at home reflects the attractiveness of domestic investment relative to foreign investment. In 1999, the United States had the largest economy in the world, and it had one of the world's highest levels of per capita income.⁴ It also had one of the highest levels of labor productivity.⁵

Foreign production

In 1999, six host countries accounted for more than half of the worldwide gross product of MOFA's: the United Kingdom (18 percent), Canada (11 percent), Germany (11 percent), France (7 percent), Japan (6 percent), and Italy (4 percent) (table 2). These countries are also the foreign partners of the United States in the Group of Seven industrial democracies, which comprises the world's seven largest economies. In 1989, the group's share of MOFA gross product was also more than 50 percent. Thus, production by MOFA's has tended to be centered in the host economies that most resemble the United States in size and level of development. This tendency suggests that access to markets in which to *sell* goods and services is generally a more significant factor for direct investors than access to low-cost labor and other resources with which to *produce* goods and services.

Since 1989, the concentration of production by MOFA's increased in Asia and Pacific, Latin America and Other Western Hemisphere, and Europe, and it decreased in Canada and the Middle East. This trend was most pronounced in 1989–94, but it generally con-

4. The United States' global rankings by total GDP and per capital gross national product (at purchasing power parity) are from the World Bank's *World Development Report*.

5. See the following study of manufacturing industries in Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States in 1980, 1985, and 1990: Peter Hooper, "Comparing Manufacturing Output Levels Among the Major Industrial Countries," in *Industry Productivity: International Comparison and Measurement Issues* (Paris: Organisation for Economic Co-Operation and Development, 1996).

tinued in 1994–99.

In Asia and Pacific, the increases in the share of production by MOFA's were widespread among the major East Asian economies. In China, Malaysia, and Singapore, the increases largely reflected growth in the production of information technology goods and other electronic goods for export. In the Republic of Korea, the Philippines, and China, the increases partly reflected the liberalization of policies toward foreign direct investment.

In Latin America and Other Western Hemisphere, the largest increases in the shares of production by MOFA's were in Mexico and Argentina. The increase in Mexico resulted from increases in production by MOFA's in many industries and reflected improved business conditions and the effects of the North American Free Trade Agreement (NAFTA). The increase in Argentina also reflected production increases by MOFA's in many industries.

In Europe, the largest increases in shares were in the United Kingdom (mainly reflecting increased production by MOFA's in service industries) and in Ireland (mainly reflecting an increase in pharmaceutical manufacturing).

In Canada, the decrease in share was mainly attributable to finance and to "other industries" (mainly retail trade and utilities). Although MOFA production in these industries grew, it did not grow as fast in Canada as in some other countries. In retail trade, the faster growth in other countries reflected the movement toward American-style large-scale discount stores—a

Table 2. Gross Product of Majority-Owned Nonbank Foreign Affiliates, by Major Area of Affiliate, 1989, 1994, and 1999

	Millions of dollars			Share of the all-areas total		
	1989	1994	1999	1989	1994	1999
All areas	319,994	403,696	561,158	100.0	100.0	100.0
Canada	52,114	47,919	63,803	16.3	11.9	11.4
Europe	179,758	236,950	321,581	56.2	58.7	57.3
<i>Of which:</i>						
France.....	22,625	31,846	36,942	7.1	7.9	6.6
Germany.....	35,683	55,208	61,862	11.2	13.7	11.0
Ireland.....	4,473	6,325	15,677	1.4	1.6	2.8
Italy.....	16,487	18,652	23,060	5.2	4.6	4.1
Netherlands.....	13,214	14,579	17,897	4.1	3.6	3.2
United Kingdom.....	52,703	62,774	100,997	16.5	15.5	18.0
Latin America and Other Western Hemisphere	29,601	41,667	59,361	9.3	10.3	10.6
<i>Of which:</i>						
Argentina.....	1,577	4,245	7,192	0.5	1.1	1.3
Brazil.....	16,618	16,826	16,095	5.2	4.2	2.9
Mexico.....	4,883	9,849	17,146	1.5	2.4	3.1
Africa	5,299	5,411	9,365	1.7	1.3	1.7
Middle East	4,891	3,071	5,427	1.5	0.8	1.0
Asia and Pacific	46,875	67,286	100,212	14.6	16.7	17.9
<i>Of which:</i>						
Australia.....	13,902	15,035	19,305	4.3	3.7	3.4
China.....	8	678	3,933	(*)	0.2	0.7
Japan.....	14,940	21,752	30,761	4.7	5.4	5.5
Korea, Republic of.....	726	1,452	3,308	0.2	0.4	0.6
Malaysia.....	1,749	3,579	4,869	0.5	0.9	0.9
Philippines.....	1,006	1,803	2,732	0.3	0.4	0.5
Singapore.....	2,353	5,750	8,963	0.7	1.4	1.6
Taiwan.....	1,938	2,810	6,218	0.6	0.7	1.1
International ¹	1,457	1,392	1,410	0.5	0.3	0.3

* Less than 0.05 percent.

1. Consists of affiliates that have operations spanning more than one country and that are engaged in petroleum shipping, other water transportation, or offshore oil and gas drilling.

type of marketing that had been longstanding in Canada. In utilities, conversely, the faster growth in other countries reflected the responses to privatization and deregulation—changes that occurred later in Canada.

In the Middle East, the decrease in share was mainly attributable to the exit of MOFA's in the petroleum industry that partly reflected decisions by foreign host governments to play a larger role in the development of their countries' oil resources.

Real gross product in manufacturing. In addition to the current-dollar estimates of MOFA gross product, BEA prepares estimates of the real gross product of MOFA's in manufacturing (excluding petroleum). These estimates provide more meaningful comparisons of MOFA gross product across countries and over time than do the current-dollar estimates. Comparisons across countries are enhanced because the estimates in real terms are based on purchasing-power parity (PPP) exchange rates rather than on market exchange rates.⁶ Comparisons over time are enhanced because the estimates are chained (1996) dollars and account for compositional and weight changes.⁷ The estimates are restricted to manufacturing because the source data necessary for the adjustments are currently unavailable for other industries.

The real gross product of MOFA's in manufacturing was \$264.7 billion in 1999 (table 3). The 19 member countries of the Organisation for Economic Co-Operation and Development (OECD) for which separate estimates are available accounted for 74.9 percent of the total real gross product of MOFA's in manufacturing in 1999. Among the OECD countries, the shares were largest for Germany (14.4 percent), Canada (13.8 percent), and the United Kingdom (12.3 percent).

In 1989–99, the real gross product of manufacturing MOFA's in the 19 OECD countries grew at an average annual rate of 3.9 percent, compared with a 2.4-percent increase in total host-country industrial production during the period (chart 2).

The average annual growth in “all other countries” was even more rapid—7.0 percent. As a result, their share of the all-countries total rose from 18.5 percent in 1989 to 25.1 percent in 1999.

6. To translate gross product estimates denominated in foreign currencies into U.S. dollars for international comparisons, PPP exchange rates should be used, because they approximate the number of foreign currency units required in a foreign country to buy goods and services (whether or not they are traded internationally) that are equivalent to those that can be bought in the United States with 1 U.S. dollar. For details, see the appendix to Raymond J. Mataloni, Jr., “Real Gross Product of U.S. Companies' Majority-Owned Foreign Affiliates in Manufacturing,” *SURVEY OF CURRENT BUSINESS* 77 (April 1997): 16–17.

7. For a summary of the methodology used to derive the real gross product estimates, see Mataloni, “Real Gross Product,” 12–17. Footnote 14 to the article specifies the Fisher quantity index used in the methodology. The estimates presented here differ from the earlier estimates because they have been rebased to a more current year (1996).

Table 3. Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing, by Country, 1989, 1994, 1996, and 1999

	Billions of chained (1996) dollars				Share of all-countries total			
	1989	1994	1996	1999	1989	1994	1996	1999
All countries	181.4	193.7	223.1	264.7	100.0	100.0	100.0	100.0
19 OECD countries	148.6	148.3	162.6	198.1	81.9	76.6	72.9	74.9
Australia	7.7	6.1	6.4	8.9	4.2	3.1	2.9	3.3
Austria	0.6	1.0	1.1	1.6	0.4	0.5	0.5	0.6
Belgium	5.6	6.4	6.2	7.6	3.1	3.3	2.8	2.9
Canada	31.8	29.1	27.7	36.5	17.5	15.0	12.4	13.8
Denmark	0.3	0.4	0.5	0.7	0.2	0.2	0.2	0.3
Finland	0.1	0.3	0.6	0.6	0.0	0.1	0.3	0.2
France	11.5	14.0	16.2	17.8	6.3	7.2	7.3	6.7
Germany ¹	26.9	30.2	30.1	38.2	14.8	15.6	13.5	14.4
Greece	0.3	0.4	0.4	0.5	0.2	0.2	0.2	0.2
Ireland	3.8	4.6	6.2	14.1	2.1	2.4	2.8	5.3
Italy	8.1	8.7	8.4	9.3	4.5	4.5	3.7	3.5
Japan	6.5	7.0	9.2	8.0	3.6	3.6	4.1	3.0
Luxembourg	0.5	0.6	0.5	0.7	0.3	0.3	0.2	0.3
Netherlands	8.0	6.7	7.3	9.7	4.4	3.4	3.3	3.7
New Zealand	0.4	0.4	1.4	1.0	0.2	0.2	0.6	0.4
Norway	0.1	0.3	0.3	0.4	0.1	0.1	0.1	0.2
Spain	6.2	5.9	5.7	8.9	3.4	3.1	2.6	3.4
Sweden	0.9	0.7	1.6	2.5	0.5	0.4	0.7	1.0
United Kingdom	30.9	26.9	32.7	32.7	17.0	13.9	14.7	12.3
All other countries	33.6	45.5	60.5	66.3	18.5	23.5	27.1	25.1
Residual	-2.1	-1.4	0.0	-1.3				

1. On October 3, 1990, the former German Democratic Republic (GDR) became part of the Federal Republic of Germany (FRG). Accordingly, the 1989 data shown in this table pertain to the FRG before unification and the post-1990 data pertain to the FRG after unification. This change does not affect the comparability of the 1989 data with the data for other years because there were no affiliates in the GDR in 1989.

NOTE. Chained (1996) dollar series were derived by extrapolating the base-year (1996) current-dollar value of the corresponding series by a Fisher quantity index. Because the formula for the Fisher 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 total line and the sum of the most detailed lines. The current-dollar series were derived using purchasing power parity exchange rates.

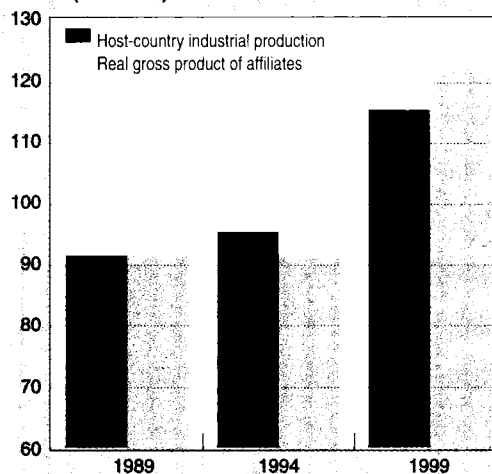
For details on the methodology used to derive the chained-dollar estimate, see “Real Gross Product of the U.S. Companies' Majority-Owned Foreign Affiliates in Manufacturing,” *SURVEY OF CURRENT BUSINESS* 77 (April 1997): 8–17.

OECD Organisation for Economic Co-Operation and Development.

CHART 2

Real Gross Product of Majority-Owned Foreign Affiliates in Manufacturing and Industrial Production in 19 OECD Countries, 1989, 1994, and 1999

Index (1996=100)



OECD Organisation for Economic Co-Operation and Development

Notes—The 19 OECD countries covered in this chart are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Spain, Sweden, and the United Kingdom.

The composite index of host-country industrial production was derived by weighting each country's index by the country's share in the cumulative dollar value of real gross product of majority-owned foreign affiliates in manufacturing in 1982–99.

U.S. Bureau of Economic Analysis

Industry Distribution of MNC Production

This section examines the industry distribution of production by U.S. MNC's in 1999 and the changes in the distribution since 1989. In 1999, the production by U.S. MNC's was mostly in manufacturing, particularly in motor vehicles, petroleum and coal products, chemicals (especially pharmaceuticals), and computers and electronic products. However, since 1989, production has grown most rapidly in nonmanufacturing industries, particularly in computer and data processing services (especially software design), electric utilities, and retail trade.

MNC production tended to be largest in 1999 and to have grown most rapidly since 1989 in the types of businesses that were dominated by a small number of very large producers. This tendency is consistent with the view that the firms that become successful multinationals are usually those possessing proprietary assets that allow them to overcome the added costs and risks of operating abroad.⁸ These proprietary assets, in turn, act as a barrier to entry and thereby limit the number of competing firms.

Industry distribution in 1999

By NAICS-based industry, MNC's in manufacturing accounted for more than half of the gross product of all nonbank U.S. MNC's (table 4). Outside of manufacturing, MNC gross product was the largest in information, finance (except depository institutions) and insurance, utilities, and the retail trade sector in "other industries." The MNC's in these four NAICS sectors accounted for about a fourth of the gross product of all nonbank MNC's.

The NAICS sector "information" does not have an approximate counterpart in the SIC. The addition of this sector highlights the growing importance of businesses in the "information economy": It consists of industries that produce information and cultural products, disseminate information or products, and process data. In 1999, more than half of the gross product of MNC's in this sector was accounted for by MNC's in broadcasting and telecommunications. Most of the remaining gross product was accounted for by MNC's in publishing and in information services and data processing services.

8. The proprietary assets may reduce the multinational firms' costs or allow them to charge higher prices for their products. Some examples of the sources of these proprietary assets are advertising, capital-cost advantages, scale economies, and research and development. For further discussion, see Richard E. Caves, *Multinational Enterprise and Economic Analysis*, second ed. (New York: Cambridge University Press, 1996), chapter 4.

Changes in industry distribution since 1989

The movement to a NAICS-based industry classification limits the comparability of the industry-level estimates of U.S. MNC operations for 1999 with the estimates for earlier years. For this reason, the changes in industry distribution are analyzed in terms of the SIC-based classification used for prior years.⁹

9. For details about the comparability of the estimates on the NAICS basis and those on the SIC basis, see the box "New Industry Classifications."

Table 4. Gross Product of Nonbank U.S. Multinational Companies by NAICS-Based Industry of U.S. Parent, 1999

	Billions of dollars			Share of all-industries total		
	MNC's world-wide	U.S. parents	MOFA's	MNC's world-wide	U.S. parents	MOFA's
All industries	2,369.7	1,808.5	561.2	100.0	100.0	100.0
Mining	36.2	17.8	18.4	1.5	1.0	3.3
Utilities	98.3	90.6	7.6	4.1	5.0	1.4
Manufacturing	1,316.6	910.4	406.2	55.6	50.3	72.4
Food	63.8	47.2	16.7	2.7	2.6	3.0
Beverages and tobacco products	68.0	40.3	27.8	2.9	2.2	5.0
Textiles, apparel, and leather products	19.6	17.1	2.5	0.8	0.9	0.4
Wood products	3.5	3.1	0.4	0.1	0.2	0.1
Paper	56.5	46.0	10.4	2.4	2.5	1.9
Printing and related support activities	10.6	9.7	0.9	0.4	0.5	0.2
Petroleum and coal products	171.5	81.6	89.8	7.2	4.5	16.0
Chemicals	199.7	128.5	71.2	8.4	7.1	12.7
Pharmaceuticals and medicines	84.3	51.7	32.6	3.6	2.9	5.8
Other	115.4	76.8	38.6	4.9	4.2	6.9
Plastics and rubber products	26.8	19.8	7.0	1.1	1.1	1.3
Nonmetallic mineral products	15.1	12.2	3.0	0.6	0.7	0.5
Primary and fabricated metals	55.1	43.8	11.3	2.3	2.4	2.0
Machinery	69.5	50.6	18.9	2.9	2.8	3.4
Computers and electronic products	181.9	118.8	63.1	7.7	6.6	11.2
Computers and peripheral equipment	81.1	43.1	38.0	3.4	2.4	6.8
Communications equipment	35.5	28.4	7.1	1.5	1.6	1.3
Semiconductors and other electronic components	45.5	31.6	13.9	1.9	1.7	2.5
Other	19.7	15.7	4.1	0.8	0.9	0.7
Electrical equipment, appliances, and components	37.7	28.7	9.0	1.6	1.6	1.6
Transportation equipment	301.4	234.5	66.9	12.7	13.0	11.9
Motor vehicles, bodies and trailers, and parts	179.6	129.9	49.6	7.6	7.2	8.8
Other	121.9	104.6	17.3	5.1	5.8	3.1
Other	35.7	28.4	7.3	1.5	1.6	1.3
Wholesale trade	89.9	68.9	21.0	3.8	3.8	3.7
Information	260.7	240.8	20.0	11.0	13.3	3.6
Publishing industries	39.8	34.3	5.5	1.7	1.9	1.0
Motion picture and sound recording industries	8.5	7.4	1.2	0.4	0.4	0.2
Broadcasting and telecommunications	187.1	180.1	6.9	7.9	10.0	1.2
Information services and data processing services	25.3	18.9	6.4	1.1	1.0	1.1
Finance (except depository institutions) and insurance	120.6	97.3	23.3	5.1	5.4	4.1
Professional, scientific, and technical services	87.8	69.3	18.5	3.7	3.8	3.3
Architectural, engineering, and related services	7.8	6.0	1.8	0.3	0.3	0.3
Computer systems design and related services	31.3	23.1	8.2	1.3	1.3	1.5
Management, scientific, and technical consulting	16.5	14.0	2.5	0.7	0.8	0.4
Advertising and related services	11.4	7.4	4.0	0.5	0.4	0.7
Other	20.8	18.8	2.0	0.9	1.0	0.4
Other industries	359.7	313.6	46.1	15.2	17.3	8.2
Agriculture, forestry, fishing, and hunting	1.6	1.2	0.4	0.1	0.1	0.1
Construction	17.2	13.6	3.6	0.7	0.8	0.6
Retail trade	130.7	117.7	13.0	5.5	6.5	2.3
Transportation and warehousing	94.1	88.0	6.1	4.0	4.9	1.1
Real estate and rental and leasing	13.8	12.1	1.6	0.6	0.7	0.3
Management of nonbank companies and enterprises	1.6	-0.6	2.2	0.1	0.0	0.4
Administration, support, and waste management	36.6	26.4	10.1	1.5	1.5	1.8
Health care and social assistance	19.5	19.3	0.1	0.8	1.1	0.0
Accommodation and food services	36.3	29.6	6.8	1.5	1.6	1.2
Miscellaneous services	8.3	6.2	2.1	0.4	0.3	0.4

MNC Multinational company.
MOFA Majority-owned foreign affiliate.

On the basis of the SIC classification of parents, the gross product of U.S. MNC's was relatively less concentrated in manufacturing and petroleum and more concentrated in services and "other industries" in 1999

New Industry Classifications

This article introduces two changes in industry classification for the financial and operating data on U.S. multinational companies. First, the 1999 data are presented in most of the tables on the basis of new classifications derived from the 1997 North American Industry Classification System (NAICS). Second, petroleum is no longer shown as a separate major industry in the tables; instead, the various petroleum-related activities are distributed among the major NAICS industry groups or sectors to which they belong.

The 1997 NAICS is the current industry classification system of the United States, Canada, and Mexico.¹ For the United States, it supplants the 1987 Standard Industrial Classification (SIC) system.² In the NAICS, classification is based on a production-oriented economic concept in which economic units with similar production processes are classified in the same industry. In the SIC, classification is based on the production process for some industries and on the type of product for others. In addition, the NAICS better reflects new and emerging industries, industries involved in the production of advanced technologies, and the growth and diversification of service industries.

The 1997 NAICS classifications had to be adapted for use in BEA's surveys of direct investment because these surveys collect data at the enterprise level, while the NAICS classifies establishments within an enterprise. The major adaptation is the use of industry classifications that are less detailed than those in NAICS. Because many direct investment enterprises are active in several industries, it is not meaningful to classify all their data in a single industry if that industry is defined too narrowly. Accordingly, the new NAICS-based International Survey Industry (ISI) classifications are limited to 197 industries, compared with 1,170 industries in NAICS. For the most part, the ISI classifications are equivalent to NAICS four-digit industries (at its most detailed level, NAICS classifies industries at the six-digit level).

The 1999 benchmark survey data are the first data on U.S. direct investment abroad to be classified by industry using the new NAICS-based ISI classifications. Other data on direct investment abroad (including the financial and operating data for earlier years presented in this article) are classified by industry using the previous ISI classifications that were based on the 1987 SIC.

1. Office of Management and Budget, *North American Industry Classification System: United States, 1997* (Washington, DC, 1998). Information on NAICS is available at <www.census.gov/epcd/www/naics.html>.

2. See Office of Management of Budget, *Standard Industrial Classification Manual, 1987* (Washington, DC: U.S. Government Printing Office, 1987).

Many of the NAICS industries correspond to SIC industries, so many of the NAICS-based ISI industries correspond to SIC-based ISI industries. However, many of the NAICS-based ISI industries have been rearranged among the higher level groups. In addition, several new higher level groups have been introduced. At the highest level of aggregation, the 20 industry groups—termed "sectors"—in the NAICS replace the 10 industry divisions in the SIC. Several of the NAICS (and NAICS-based ISI) sectors do not correspond directly to these SIC (and SIC-based ISI) industry divisions. For example, the new "information" sector consists of industry groups from several SIC industry divisions.³

The second major change in industry presentation is that the various petroleum-related activities are no longer grouped in the major industry group "petroleum." Instead, they are now spread among the NAICS-based ISI sectors; for example, oil and gas extraction is included in mining, petroleum refining is in manufacturing, and gasoline stations are in retail trade. In the SIC-based estimates, petroleum was shown as a separate major industry group because petroleum-related activities accounted for a major portion of all direct investment activity; however, the relative importance of these activities has declined significantly in recent years, reducing the need for a separate group. Accordingly, the industry presentation of the direct investment data has been changed so it now conforms with that used for most other data on the U.S. economy.

To facilitate the assessment of the impact of these two changes and to provide a bridge between the data classified on the new basis and the data classified on the old basis, the data for 1999 are presented on both bases. The data on the new basis are shown in tables 4, 6, 7, 11, 17, 19B, 20.2, 23.2, and 24.2, and the data on the old basis are shown in tables 5 and 19A.

The changes in the industry classifications for the financial and operating data will be carried over to other series on direct investment abroad in the coming years.

3. Specifically, the NAICS information sector includes publishing, which is included in the SIC manufacturing division; "motion picture and sound recording industries" and "information and data processing services," which are included in the SIC services division; and broadcasting and communications, which are included in the SIC transportation, communication, and electric, gas, and sanitary services division.

For additional information on the differences between the NAICS and the SIC classifications, see NAICS: *United States, 1997* and U.S. Bureau of the Census, *1997 Economic Census: Bridge Between NAICS and SIC* (Washington, DC: U.S. Government Printing Office, 2000), or <www.census.gov/epcd/ec97brdg>. For a description of the new NAICS-based ISI classifications, see Bureau of Economic Analysis, *Guide to Industry and Foreign Trade Classifications for International Surveys* at <www.bea.gov/bea/surveys.htm>. A concordance between the new NAICS-based ISI codes and the old SIC-based ISI codes is available at the same Web address.

than in 1989 (table 5).¹⁰ The share of U.S. MNC gross product accounted for by MNC's in manufacturing fell from 58 percent in 1989 to 49 percent in 1999. The share accounted for by MNC's in petroleum fell from 12 percent to 9 percent. In contrast, the share accounted for by MNC's in services rose from 5 percent to 9 percent, and the share accounted for by MNC's in other industries rose from 18 percent to 24 percent.

The declining share in manufacturing was widespread across manufacturing industries and partly reflected the general decline in the share of manufacturing in the U.S. economy and in many foreign economies.

The rising shares in services and in "other industries" partly reflected the rising importance of services-producing industries in the U.S. economy and in many foreign economies and partly reflected industry-specific factors. In services, the rise in share was most pronounced in computer and data processing services. In "other industries," the rise in share was most pronounced in "electric, gas, and sanitary services" and in retail trade. Some U.S. companies in these industries have expanded abroad at an especially rapid pace, partly because changes in foreign economies have afforded them new business opportunities. U.S. companies in "electric, gas, and sanitary services"

10. The data for U.S. MNC's and U.S. parents are classified by the industry of the U.S. parent. The data for foreign affiliates are generally classified by the industry of the foreign affiliate, but some data for affiliates are available by industry of the U.S. parent.

Table 5. Gross Product of Nonbank U.S. Multinational Companies by Major SIC-Based Industry of U.S. Parent, 1989, 1994, and 1999

	Billions of dollars			Share of all-industries total (percent)		
	MNC's world-wide	U.S. parents	MOFA's	MNC's world-wide	U.S. parents	MOFA's
All industries						
1989	1,364.9	1,044.9	320.0	100.0	100.0	100.0
1994	1,717.5	1,313.8	403.7	100.0	100.0	100.0
1999	2,369.7	1,808.5	561.2	100.0	100.0	100.0
Petroleum						
1989	165.7	93.1	72.6	12.1	8.9	22.7
1994	193.5	106.9	86.6	11.3	8.1	21.5
1999	219.1	108.4	110.7	9.2	6.0	19.7
Manufacturing						
1989	793.8	586.6	207.2	58.2	56.1	64.8
1994	949.5	697.7	251.8	55.3	53.1	62.4
1999	1,165.7	847.6	318.2	49.2	46.9	56.7
Wholesale trade						
1989	28.8	22.6	6.2	2.1	2.2	1.9
1994	37.5	30.5	7.0	2.2	2.3	1.7
1999	77.2	58.4	18.8	3.3	3.2	3.4
FIRE						
1989	62.7	50.5	12.2	4.6	4.8	3.8
1994	77.0	57.7	19.3	4.5	4.4	4.8
1999	126.1	100.3	25.6	5.3	5.5	4.6
Services						
1989	67.0	57.1	9.9	4.9	5.5	3.1
1994	105.8	89.8	16.0	6.2	6.8	4.0
1999	220.8	178.0	42.8	9.3	9.8	7.6
Other industries						
1989	246.9	235.0	12.0	18.1	22.5	3.8
1994	354.3	331.3	23.0	20.6	25.2	5.7
1999	560.7	515.8	44.8	23.7	28.5	8.0

FIRE Finance (except depository institutions), insurance, and real estate.
MNC Multinational company.
MOFA Majority-owned foreign affiliate.

formed new foreign affiliates in response to the privatization of formerly Government-owned utilities in some host countries; those in retail trade benefited from the growing popularity of American-style large-scale discount retail stores; and those in computer and data processing services benefited from the growing use of the Internet.

Industry distributions of parents and affiliates

The industry distributions of the gross product of U.S. parents and MOFA's are similar to one another, because parents and their MOFA's tend to be in the same industries (table 6). For example, in 1999, 96 percent of the gross product of MOFA's of manufacturing parents was classified in manufacturing. However, the industries of affiliates of parents in mining and wholesale trade often differ from those of their parents. Only 21 percent of the gross product of MOFA's of mining parents was accounted for by affiliates in mining, reflecting the tendency for parents in crude oil and gas extraction (part of mining) to have foreign affiliates engaged in downstream activities, such as refining (in manufacturing) and marketing (in wholesale trade). Only 13 percent of the gross product of MOFA's of parents in wholesale trade was accounted for by affiliates in wholesale trade, reflecting the tendency for parents in wholesale trade that have ancillary domestic manufacturing operations to have affiliates classified in manufacturing.

MNC Production as a Share of World GDP

Estimates of MNC gross product can be combined with data from U.S. and foreign national accounts to compute the U.S. MNC share of total production in a country or a region. In 1999, the gross product of U.S. MNC's accounted for an estimated 6.1 percent of the world's gross domestic product (GDP), down slightly from 1989.¹¹ The decline in the MNC share partly reflected rapid growth of some large economies, such as China, in which MOFA's had a small share in both 1989 and 1999. In contrast, production by U.S. MNC's accounted for a stable share of the U.S. economy and for a stable or growing share of most host-country economies. The most notable increases in the U.S. MNC shares were in the major economies of Eastern Europe, where U.S. MNC's had virtually no presence in 1989 but where they accounted for as much as 4 percent of GDP in 1999.

11. The data on world GDP are from the World Bank's *World Development Report*. However, the share of world GDP should be interpreted cautiously because of the inherent imprecision of the world GDP estimate and because of valuation differences between this estimate and that of U.S. MNC gross product.

Parent share of U.S. GDP and employment

In 1999, the gross product of U.S. parents represented 26 percent of the contribution of all private U.S. businesses to U.S. GDP, essentially unchanged from 1989. The parent share of the U.S. economy measured by employment, however, was uneven across industries.¹² Among the NAICS sectors, the parent share of U.S. private employment was largest in information (53 percent), followed by utilities (46 percent) and manufacturing (45 percent) (table 7). The parent share was lowest in wholesale trade (13 percent) and "other industries" (12 percent). Within "other industries," accommodation and food services is one industry that accounted for a much larger share of total U.S. employment (9 percent) than it did of U.S. parent employment (5 percent).

MOFA share of host-country GDP

In 1999, as in 1994 and 1989, the gross product of MOFA's typically accounted for 1 to 5 percent of the total GDP of major host countries (table 8, page 34).¹³

12. Employment data are the best available indicator of the parent shares of the U.S. economy in specific industries because these data, unlike the data on gross product, can be disaggregated by industry of sales, a basis that approximates the disaggregation of the data for all U.S. businesses by industry of establishment. For details, see the box "Using Employment Data to Estimate Parent Shares of the U.S. Economy" on page 34.

13. The host countries shown in table 8 are the countries shown in BEA's current standard country presentation for data on U.S. direct investment abroad (for example, table 21), except for the exclusion of Barbados, Bermuda, the Dominican Republic, Luxembourg, Panama, Taiwan, and the U.K. Caribbean Islands.

Of the countries shown in table 8, the MOFA share in 1999 was highest in Ireland (16.8 percent), Singapore (10.7 percent), Canada (10.0 percent), Nigeria (8.1 percent), Honduras (7.4 percent), the United Kingdom

Table 7. Employment by Nonbank U.S. Parent Companies by NAICS-Based Industry of Sales, 1999

	Thousands of employees	Percentage of total U.S. employment in nonbank private industries ¹
All nonbank private industries	21,380.1	19.3
Mining, excluding oil and gas extraction	120.0	32.7
Utilities	309.1	46.3
Manufacturing ²	7,544.6	45.0
Wholesale trade	795.9	13.3
Information	1,220.3	53.2
Finance (except depository institutions) and insurance	1,287.8	32.1
Professional, scientific, and technical services ³	965.0	15.4
Other industries	8,516.4	11.5
Unspecified ⁴	121.0	.....

1. The data on U.S. employment in private industries that were used in calculating these percentages are classified by industry of establishment. For "all industries," they are from table 6.4C of the "National Income and Product Accounts (NIPA) Tables." For industries at the sectoral level or below, the data are from the Census Bureau's *County Business Patterns*. For "all industries," the total for U.S. employment in nonbank private industries is equal to employment in private industries less the employment of depository institutions and private households.

2. Includes oil and gas extraction. See the note below.

3. The data on U.S. employment used to calculate the percentages shown on this line cover taxable establishments only. For this industry, a breakdown between employment in taxable and tax-exempt establishments is included in data from the Census Bureau's 1997 Economic Census but not in the data from *County Business Patterns*. Employment in taxable establishments in 1999 was estimated by applying the ratio of employment in taxable establishments to total employment in the industry from the 1997 Economic Census data to the 1999 employment data from *County Business Patterns*.

4. This line includes all employment that parents did not specify in terms of industry of sales when they filled out their survey form. Parents had to specify only their 10 largest sales categories.

NOTE: A significant portion of U.S.-parent employment in petroleum and coal products is accounted for by integrated petroleum companies that have, in addition to their manufacturing employees, substantial numbers of employees in petroleum extraction; because these employees cannot be identified separately, they are included in petroleum and coal products manufacturing. For consistency, employees of parents classified in the "oil and gas extraction without refining" industry and employees of all U.S. businesses in oil and gas extraction are also included in petroleum and coal products manufacturing rather than in mining.

Table 6. Distribution of Gross Product of Majority-Owned Nonbank Foreign Affiliates, NAICS-Based Industry of U.S. Parent by NAICS-Based Industry of Affiliate, 1999

[Percent of total gross product of majority-owned foreign affiliates]

Industry of U.S. parent	Industry of foreign affiliate															
	All industries	Mining	Utilities	Total	Manufacturing						Wholesale trade	Information	Finance (except depository institutions) and insurance	Professional, scientific, and technical services	Other industries	
					Food	Chemicals	Primary and fabricated metals	Machinery	Computer and electronic products	Electrical equipment, appliances, and components						Transportation equipment
All industries	100	3	1	72	3	13	2	3	11	2	12	4	4	4	3	8
Mining	100	21	0	67	0	1	1	1	0	0	0	2	0	1	0	9
Utilities	100	0	77	12	0	0	0	0	0	0	1	9	0	0	0	3
Manufacturing	100	1	0	96	5	19	3	4	11	2	19	2	0	(*)	0	1
<i>Of which:</i>																
Food	100	0	0	87	61	7	0	0	0	0	0	12	0	0	0	1
Chemicals	100	1	0	94	0	86	0	0	0	0	2	1	0	0	0	5
Primary and fabricated metals	100	1	0	96	0	2	64	7	0	12	8	1	0	0	1	2
Machinery	100	1	0	94	0	1	2	55	1	3	30	4	0	(*)	0	2
Computer and electronic products	100	0	0	97	0	0	0	1	87	2	4	2	0	0	0	0
Electrical equipment, appliances, and components	100	0	0	95	4	0	4	5	3	58	18	4	0	0	0	0
Transportation equipment	100	0	0	100	0	0	1	1	1	0	96	0	0	0	0	0
Wholesale trade	100	9	0	72	2	13	1	5	23	1	6	13	2	0	1	3
Information	100	0	0	(D)	0	0	0	0	(D)	0	0	0	87	(D)	5	(D)
Finance (except depository institutions) and insurance	100	0	(D)	9	0	0	0	0	6	0	3	0	0	95	(*)	(D)
Professional, scientific, and technical services	100	0	0	33	0	0	0	0	28	0	2	1	4	3	54	5
Other industries	100	(*)	(*)	16	0	0	0	1	(*)	(*)	3	2	1	1	2	77

* Less than 0.05 percent (+/-).

D Suppressed to avoid disclosure of data of individual companies.

NOTE: Detail may add to more than 100 percent because of affiliates having negative gross product.

Table 8. Gross Product of Majority-Owned Nonbank Foreign Affiliates as a Percentage of the Gross Domestic Product of Selected Host Countries, 1989, 1994, and 1999

	1989	1994	1999
Ireland	12.4	12.1	16.8
Singapore	7.8	8.1	10.7
Canada	9.5	8.8	10.0
Nigeria	5.7	4.2	8.1
Honduras	5.6	8.3	7.4
United Kingdom	6.2	6.1	7.0
Malaysia	4.6	5.1	6.2
Belgium	5.6	5.1	5.1
Hong Kong	4.6	3.7	4.9
Australia	4.9	4.6	4.7
Netherlands	5.8	4.4	4.5
Norway	4.2	3.7	3.9
Indonesia	4.2	2.6	3.8
New Zealand	2.3	2.8	3.7
Hungary	0.0	1.7	3.6
Chile	2.4	3.3	3.6
Mexico	2.3	2.3	3.6
Philippines	2.4	2.8	3.6
Switzerland	2.9	2.7	3.3
Venezuela	1.7	2.7	3.1
Brazil	4.3	3.0	3.0
Germany ¹	3.0	2.7	2.9
Colombia	2.9	2.9	2.7
Costa Rica	4.0	6.1	2.7
Sweden	1.2	1.3	2.6
Thailand	2.5	1.8	2.6
France	2.3	2.4	2.6
Argentina	2.1	1.5	2.5
Peru	1.0	1.3	2.3
Czech Republic	0.0	1.1	2.3
Portugal	1.9	2.5	2.2
Italy	1.9	1.8	2.0
Spain	1.9	1.7	1.8
Denmark	1.2	1.4	1.7
Egypt	1.1	1.4	1.7
Austria	1.6	1.7	1.6
Finland	0.9	1.2	1.5
Israel	0.8	1.3	1.5
Ecuador	2.8	1.3	1.4
South Africa	0.8	0.7	1.3
Turkey	0.4	0.8	1.0
Korea, Republic of	0.3	0.4	0.8
Greece	1.0	1.4	0.8
Poland	0.0	0.4	0.8
Japan	0.5	0.5	0.7
Saudi Arabia	3.3	0.2	0.7
China	(*)	0.1	0.4
India	0.1	0.1	0.2
Russia	(*)	(*)	0.2

* Less than 0.05 percent.

1. See footnote 1 to table 3.

Notes. The countries are listed in descending order of their 1999 values. Where two countries have the same 1999 value, they were ranked using unrounded values.

Gross domestic product data for host countries in 1999 were obtained from the World Bank Group's Web site <www.worldbank.org/data/>. Data for earlier years were obtained from the International Monetary Fund, *International Financial Statistics*.

(7.0 percent), and Malaysia (6.2 percent). At least four of these countries—Ireland, Singapore, Canada, and the United Kingdom—possess one or more of the following characteristics: A common language with the United States, commercial and legal systems similar to those in the United States, a liberal stance toward inward direct investment, and/or the availability of a skilled workforce.

Of the countries shown in table 8, the MOFA share of host-country GDP was lowest in Russia (0.2 percent), India (0.2 percent), and China (0.4 percent). Although these countries have been removing restrictions on foreign participation in their economies in recent years, the level of impediments (both explicit and implicit) to foreign direct investment in general, and to majority foreign ownership in particular, is probably higher in these countries than in most other large countries.

Among the countries shown in table 8, the MOFA shares of host-country GDP increased the most from 1989 to 1999 in Ireland and Hungary; they decreased the most in Saudi Arabia and Ecuador. The increases in production by MOFA's in Ireland and Hungary were largely in manufacturing and may have reflected an effort by U.S. MNC's to locate production for the European market in countries in the region that provide some cost advantage (such as relatively low wages or taxes). The decreases in production by MOFA's in Saudi Arabia and in Ecuador were largely in petroleum-related industries.

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

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

In the classification by industry of sales, the data on parent employment (and sales) are distributed among all of the industries in which the parent reports sales. As a result, employment classified by industry of sales should approximate that classified by industry of establishment (or plant), because a parent that has an establishment in

an industry usually also has sales in that industry.¹

In contrast, in the classification by industry of parent, all of the operations data (including the employment data) for a parent are assigned to that parent's "primary" industry—that is, the industry in which it has the most sales.² As a result, any parent operations that take place in secondary industries will be classified as operations in the primary industry.

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

2. A parent's primary industry is based on a breakdown of the parent's sales by BEA international surveys industry classification code.

Changes in MNC Production and Employment in 1998-99

The 1998-99 changes in measures of U.S. MNC operations, such as gross product and employment, can be estimated as the net changes that result from changes in existing operations, the acquisition and establishment of affiliates, the sale or liquidation of affiliates, and improvements in coverage (table 9).¹⁴ A large part of the difference between the 1998 annual survey estimates and the 1999 benchmark survey estimates reflected the improvements in coverage in the benchmark survey (labeled "benchmark revisions" in

14. The estimates of U.S. MNC operations for 1998 were revised to incorporate the final results of the 1998 Annual Survey of U.S. Direct Investment Abroad. Gross product of U.S. MNC's was revised down 0.9 percent; employment was revised down 1.4 percent; and capital expenditures were revised down 2.0 percent.

Table 9. Sources of Change in Gross Product and Employment of Nonbank U.S. Multinational Companies, 1998-99

Line		Gross product (millions of dollars)	Number of employees (thousands)
U.S. MNC's			
1	1998 level.....	2,100,773	26,592.9
2	Total change.....	268,915	2,258.0
3	Benchmark revisions ¹	149,329	2,149.6
4	Actual changes in MNC operations in 1999.....	119,586	108.4
5	New parents or affiliates.....	9,777	277.2
6	Changes in existing operations.....	109,604	-160.3
7	Sales or liquidations.....	205	-8.5
8	1999 level.....	2,369,688	28,850.9
Parents			
9	1998 level.....	1,594,504	19,819.8
10	Total change.....	214,026	1,560.3
11	Benchmark revisions ¹	123,824	1,721.0
12	Actual changes in parent operations in 1999.....	90,202	-160.7
13	New parents ²	520	6.9
14	Changes in existing operations.....	89,430	-161.8
15	Sales or liquidations ³	252	-5.8
16	1999 level.....	1,808,530	21,380.1
MOFA's			
17	1998 level.....	506,269	6,773.1
18	Total change.....	54,889	697.7
19	Benchmark revisions ¹	25,505	428.6
20	Actual changes in MOFA operations in 1999.....	29,384	269.1
21	New affiliates.....	9,257	270.3
	Of which:		
22	Acquisitions.....	7,243	211.6
23	Establishments.....	2,014	58.7
24	Changes in existing operations.....	20,174	1.5
25	Sales or liquidations.....	-47	-2.7
26	1999 level.....	561,158	7,470.8
Addenda:			
Benchmark revisions as a percentage of 1999 level:		Percent	
27	MNC's.....	6	7
28	Parents.....	7	8
29	MOFA's.....	5	6
Benchmark revisions as a percentage of 1998-99 change:			
30	MNC's.....	56	95
31	Parents.....	58	110
32	MOFA's.....	46	61

MNC Multinational company.
MOFA Majority-owned foreign affiliate.
1. Includes some actual changes in parent and MOFA operations that could not be allocated because of incomplete information. For a description of the sources of benchmark revisions, see the appendix.
2. This line represents parents that established or acquired their first foreign affiliate in 1999.
3. This line represents parents that sold or liquidated their last foreign affiliate in 1999.
NOTE. Lines 6, 14, and 24 include changes resulting from parents or MOFA's acquiring, establishing, selling, or liquidating parts of their consolidated operations. BEA permits survey respondents to fully consolidate their parent operations and to consolidate affiliate operations that are in the same country and industry or that are integral parts of a single business operation.

table 9). (For details on the improved coverage, see the appendix.)

Estimates of the "actual change" were prepared by excluding the effects of the improvements in coverage. Based on comparable 1998 and 1999 estimates, U.S. MNC gross product increased 5.7 percent in 1999, and U.S. MNC employment increased 0.4 percent. Parent and affiliate gross product grew at about the same rate, but parent employment declined while that of affiliates increased 4 percent. The total MNC growth rates were slightly above the long-term averages, partly reflecting the robust economic growth in the economies of the United States and most major host countries in 1999.

Newly acquired or established affiliates

The growth in MOFA gross product and employment in 1999 partly resulted from the entrance of affiliates that were newly established or acquired. In 1999, 1,077 MOFA's were acquired or established by U.S. MNC's; these affiliates had a combined gross product of \$9.3 billion and a combined employment of 270,300 (table 10).

Europe continued to be the most popular location for new affiliates; new European affiliates accounted

Table 10. Newly Acquired or Established Majority-Owned Nonbank Foreign Affiliates, by Major Area and NAICS-Based Industry of Affiliate, 1999

	Number of newly acquired or established affiliates			Gross product (millions of dollars)	Number of employees (thousands)
	Total	Acquired	Established		
All areas, all industries.....	1,077	577	500	9,257	270.3
By major area					
Canada.....	91	58	33	727	33.0
Europe.....	598	361	237	6,295	165.0
Latin America and Other Western Hemisphere.....	179	73	106	821	33.0
Africa.....	18	4	14	18	3.1
Middle East.....	8	2	6	(D)	(D)
Asia and Pacific.....	182	79	103	1,328	34.6
International.....	1	0	1	(D)	(D)
By major NAICS-based industry					
Mining.....	34	15	19	231	1.0
Utilities.....	25	17	8	528	7.3
Manufacturing.....	341	229	112	6,639	172.5
Of which:					
Food.....	10	5	5	93	2.3
Chemicals.....	63	45	18	1,145	18.1
Primary and fabricated metals.....	39	27	12	294	10.3
Machinery.....	26	12	14	331	11.0
Computer and electronic products.....	39	29	10	483	30.6
Electrical equipment, appliances, and components.....	17	15	2	336	9.3
Transportation equipment.....	57	37	20	2,030	36.7
Wholesale trade.....	161	88	73	672	13.6
Information.....	70	31	39	-191	10.5
Finance (except depository institutions) and insurance.....	119	57	62	51	7.2
Professional, scientific, and technical services.....	44	25	19	261	6.1
Other industries.....	283	115	168	1,065	52.1

D Suppressed to avoid disclosure of data of individual companies.
NOTES. The data in this table cover only newly acquired or established foreign affiliates. They exclude data for consolidated units of existing foreign affiliates that were acquired or established during the year.
The totals shown in this table for new affiliates in 1999 are not comparable with those for new affiliates in 1995-98 shown in earlier articles on the operations of U.S. multinational companies because of differences in the criteria for reporting. Completing the 1999 benchmark survey was required if the total assets, sales, or net income of the foreign affiliate exceeded \$7 million, while the threshold for filing in the annual survey of the U.S. direct investment abroad, which is the source of the 1995-98 data, was \$20 million. If a \$20-million cut-off is applied to the 1999 data, the totals for newly acquired or established affiliates are: number of affiliates—702, gross product—\$8,795 million, and employment—242.5 thousand.

for 56 percent of all new affiliates, for 68 percent of their gross product, and for 61 percent of their employment. Asia and Pacific and Latin America and Other Western Hemisphere were the next most popular areas for new investments.

Manufacturing continued to be the most popular industry for new investments in 1999. New manufacturing affiliates accounted for 32 percent of all new affiliates, for 72 percent of their gross product, and for 64 percent of their employment.

Selected Aspects of MNC Operations

This section uses detailed data that are collected only in benchmark survey years to analyze selected aspects of the operations of U.S. MNC's. Sales by MNC's are presented first, including information on the type and industry of sale and on the location of buyers and sellers. Next, MNC participation in U.S. international trade is examined. The section concludes with consideration of the research and development activities of MNC's.

Sales by U.S. MNC's

In 1999, total sales of U.S. parents were \$5,709.5 billion, and total sales of MOFA's were \$2,195.3 billion (table 11). From 1989 to 1999, sales by parents grew at an average annual rate of 6.2 percent, and sales by MOFA's grew at an average annual rate of 8.0 percent.

Table 11. Sales by U.S. Parents and MOFA's by Destination, Transactor, and Industry, by Type of Sale, 1999
[Billions of dollars]

	U.S. parents			MOFA's		
	Total ¹	Of which:		Total ¹	Of which:	
		Goods	Services		Goods	Services
Total	5,709.5	3,648.9	1,791.0	2,195.3	1,768.1	354.3
By destination						
To U.S. persons	5,169.5	3,186.9	1,717.4	234.5	208.8	18.5
To foreign countries	540.0	462.0	73.6	1,960.9	1,559.3	335.8
By transactor						
To affiliated persons	241.3	221.3	17.9	584.0	528.2	36.3
To unaffiliated persons	5,468.2	3,427.6	1,773.0	1,611.4	1,239.9	318.0
By industry						
Mining	38.6	32.4	6.2	71.1	60.8	10.3
Utilities	235.4	11.4	220.3	35.2	(*)	35.2
Manufacturing	2,712.3	2,513.2	156.2	1,096.4	1,081.7	14.4
Wholesale trade	513.6	478.8	32.6	543.9	530.0	13.5
Information	453.3	43.3	409.6	69.1	8.2	60.9
Finance (except depository institutions) and insurance	698.7	9.1	471.8	150.5	0.1	80.7
Professional, scientific, and technical services	131.8	9.4	122.0	72.2	10.0	62.2
Other industries	925.8	551.2	372.3	157.0	77.3	77.0
Addendum:						
Total sales in 1989	3,136.8	2,204.1	786.5	1,020.0	889.9	109.6
Total sales in 1994	3,990.0	2,762.1	1,073.9	1,435.9	1,231.8	171.2

* Less than \$50 million
MOFA Majority-owned foreign affiliate.

1. Investment income included by companies in their operating revenues is included in total sales, but is not explicitly shown separately. Some parents and MOFA's, primarily those in finance and insurance, include investment income in sales or gross operating revenues. Most parents and MOFA's not in finance or insurance consider investment income an incidental revenue source and include it in their income statements in a separate "other income" category, rather than in sales. BEA collects separate data on investment income to ensure that—where it is included in total sales—it is not misclassified as sales of services. U.S. parent's investment income was \$269.9 billion in 1999, of which \$217.8 billion was accounted for by parents in finance and insurance. MOFA's investment income was \$72.9 billion, of which \$69.7 billion was accounted for by MOFA's in finance and insurance.

Almost all of the sales by U.S. parents were to customers in the United States (\$5,169.5 billion, or 91 percent), and almost all of the sales by MOFA's were to customers in foreign countries (\$1,960.9 billion, or 89 percent).

Sales by U.S. parents and MOFA's to all customers are not added together to give total U.S. MNC sales, because outputs sold to affiliated customers that subsequently become embodied in sales to unaffiliated customers can result in duplication. Instead, sales by parents and MOFA's to unaffiliated customers are added together; these sales totaled \$7,079.6 billion in 1999. Sales by parents accounted for \$5,468.2 billion, or 77 percent, of these sales, and sales by MOFA's accounted for \$1,611.4 billion, or 23 percent.¹⁵

Sales by U.S. parents. Of the \$5,709.5 billion in sales by U.S. parents in 1999, sales of goods accounted for \$3,648.9 billion, or 64 percent, and sales of services accounted for \$1,791.0 billion, or 31 percent (the remainder was investment income). By industry, sales by U.S. parents in manufacturing accounted for 48 percent of total sales. Parents in "other industries" accounted for the next highest share—16 percent. Within "other industries," parents in retail trade, transportation and warehousing, and health care accounted for most of the sales. Sales by parents in finance accounted for 12 percent of total sales.

The 1999 benchmark survey did not collect information on the geographic distribution of sales by U.S. parents to foreign countries, but most of these sales—86 percent—were sales of goods. The survey did collect information on the destination of U.S. parents' exports of goods, so the discussion of parents' sales abroad will focus on their exports of goods.¹⁶

U.S. parents' exports totaled \$405.4 billion in 1999 (table 12). The top two destinations were the United States' two NAFTA partners—Canada (\$84.2 billion) and Mexico (\$37.2 billion). The \$121.4 billion of exports to these two countries were larger than total exports to either Europe or Asia and Pacific. U.S. par-

15. These shares of parents and MOFA's of total unaffiliated sales are the shares in the final distribution of goods and services to unaffiliated customers, not the shares in the production of these goods and services. Viewing the shares as indicative of shares of production may be misleading because the firm making the final sale to an unaffiliated customer may not be the firm responsible for most of the value added in production.

16. In 1999, total sales of goods by U.S. parents to foreign countries were \$462.0 billion (table 11), somewhat higher than total exports of goods by U.S. parents of \$405.4 billion (table 12). The difference is mainly because the definition of exports of goods differs from that of sales of goods. Parents' exports of goods cover physical shipments of goods across the U.S. customs frontier, irrespective of to whom the goods were charged. Parents' sales of goods to foreign countries cover all sales of goods charged to those countries, irrespective of whether the goods were actually shipped from the United States to them. For example, if a firm sells a product to a person abroad that it had purchased from another person abroad and if the product never actually enters the United States, the transaction is recorded in sales to foreign countries, but not in U.S. exports.

ents' exports to Canada were more than twice as large as exports to any other country. U.S. parents' exports to Mexico were slightly larger than those to Japan (the country with the third largest total); in 1989, U.S. parents' exports to Mexico were barely a third of those to Japan (in 1994, they were little more than a half).

From 1989 to 1999, the share of parents' exports to Canada was essentially unchanged, at 21 percent, while the share of parents' exports to Mexico nearly doubled, to 9 percent. These divergent developments reflected the fact that, prior to NAFTA, tariffs on U.S. goods entering Mexico were higher than on those entering Canada and that the presence of foreign affiliates of U.S. parents increased in Mexico relative to that in Canada.

Of U.S. parents' total exports of goods, 43 percent were to their own foreign affiliates (MOFA's and other foreign affiliates). This intrafirm-trade share varied widely across countries and regions. It was particularly high for Canada (67 percent) and Mexico (63 percent);

these high shares may reflect the integration of production processes among U.S. parents and their affiliates in Canada and Mexico. In contrast, the intrafirm-trade shares were particularly low for Africa (12 percent) and the Middle East (7 percent); these low shares reflect the fact that many affiliates of U.S. parents in the Middle East and Africa are in resource-extracting industries and have little specific need for significant exports from their U.S. parents.

Sales by MOFA's. Of the \$2,195.3 billion in sales by MOFA's in 1999, sales of goods accounted for \$1,768.1 billion, or 81 percent, a substantially higher share than the goods share of sales by U.S. parents (64 percent). The higher share of goods in sales by MOFA's reflects differences in the industry distribution of sales. Sales in wholesale trade, which are mainly sales of goods, accounted for 25 percent of total sales by MOFA's but for only 9 percent of total sales by U.S. parents. (Sales in manufacturing, which are also mainly sales of goods, accounted for about half of total sales for both MOFA's and U.S. parents.)

By transactor, sales to unaffiliated customers in 1999 accounted for \$1,611.4 billion, or 73 percent, of total sales by MOFA's, and sales to affiliated customers accounted for \$584.0 billion, or 27 percent, of total sales.

By destination, sales to customers in foreign countries were \$1,960.9 billion (89 percent of total sales), while sales to U.S. customers were \$234.5 billion (11 percent). A relatively large portion of MOFA sales to the United States were to affiliated customers (86 percent), while a relatively small portion of their sales to foreign countries were to affiliated customers (20 percent).

Of the MOFA sales to foreign customers, \$1,453.3 billion, or 74 percent (66 percent of total sales), were local sales (that is, sales to customers in the same country as the seller) (table 13, page 38). These local sales were overwhelmingly sales to unaffiliated customers.

By location of affiliate, sales by MOFA's in Europe, at \$1,201.5 billion, were the highest for any region. Sales by MOFA's in Asia and Pacific, at \$425.4 billion, were next highest. In Europe, sales by MOFA's in the United Kingdom were \$340.2 billion, and sales by those in Germany were \$199.7 billion. Sales by MOFA's in Canada were \$280.6 billion. Sales by MOFA's in Japan, at \$125.1 billion, were the highest among countries in Asia and Pacific.

The share of local sales varied depending on the location of the MOFA's. For example, the share of local sales by MOFA's in Asia and Pacific, at 71 percent, was the highest among regions. In contrast, the share for MOFA's in the Middle East, at 57 percent, was lowest.

Sales by MOFA's to foreign (non-U.S.) customers

Table 12. Exports of Goods by U.S. Parents, by Destination, 1999
[Millions of dollars]

	Total	Shipped to	
		Affiliated persons ¹	Unaffiliated persons
All areas	405,429	173,350	232,079
Canada.....	84,220	56,322	27,899
Europe.....	102,849	44,679	58,170
<i>Of which:</i>			
France.....	(D)	(D)	(D)
Germany.....	16,822	7,278	9,544
Netherlands.....	(D)	(D)	(D)
United Kingdom.....	24,980	11,385	13,595
Latin America and Other Western Hemisphere	60,741	31,908	28,833
<i>Of which:</i>			
Brazil.....	7,828	3,258	4,570
Mexico.....	37,220	23,608	13,612
Africa.....	(D)	(D)	(D)
Middle East.....	10,177	681	9,497
Asia and Pacific.....	102,752	39,188	63,564
<i>Of which:</i>			
Australia.....	8,510	3,916	4,593
Japan.....	34,278	12,530	21,748
International.....	(D)	(D)	(D)
Unallocated ²	40,075		40,075

D Suppressed to avoid disclosure of data of individual companies.
 1. As reported on the survey forms of foreign affiliates of U.S. parents.
 2. A U.S. parent was required to disaggregate its U.S. exports to unaffiliated foreigners by country of destination only if its exports to a given country were \$500,000 or more. A U.S. parent's exports to unaffiliated foreigners in all countries to which its exports were less than \$500,000 were reported as a single item and are classified in "unallocated."

Data Availability

This article presents a summary of the preliminary data from the 1999 benchmark survey. More detailed preliminary data will be published later this year.

Estimates of U.S. MNC operations in 1977 and in 1982-98 are available in publications and in files that can be downloaded at no charge from BEA's Web site.

For more information on these products and how to get them, see the International Investment Division Product Guide on BEA's Web site under "International."

outside the home country of the affiliate were \$507.6 billion in 1999, 23 percent of total sales. These sales were quite small—only 2 percent of total sales—for MOFA's in Canada, which primarily serve Canadian and U.S. markets. For MOFA's in Europe, \$376.8 billion, or 31 percent, of their sales were to foreign customers outside the home country of the affiliate; 90 percent of these sales were to customers in other European countries, which in many cases are linked economically to the MOFA's country through common membership in the European Union.

For MOFA's in Asia and Pacific, \$76.7 billion, or 18 percent, of their sales were to foreign customers outside the home country of the affiliate; most of these sales were to customers in other Asia and Pacific countries.

For MOFA's in Latin America and other Western Hemisphere, \$41.1 billion, or 17 percent, of their sales were to foreign customers outside the home country of the affiliate. In contrast to the pattern of sales for the other two regions, over half of the sales by these MOFA's were to customers outside the region, particularly to customers in Europe.

MNC-associated U.S. trade in goods

This section examines the role of U.S. MNC's in the U.S. international trade in goods. The analysis of the exports of goods by U.S. parents is broadened to include imports and trade by foreign affiliates with other U.S. persons.

U.S. MNC-associated U.S. trade in goods consists of all U.S. exports and imports of goods that involve U.S. parents or their foreign affiliates. This trade played a substantial role in overall U.S. international trade in 1999: MNC-associated U.S. exports were \$440.9 billion, or 63 percent of total U.S. exports, and MNC-associated U.S. imports were \$377.1 billion, or 37 percent of total U.S. imports (table 14).

U.S. MNC-associated U.S. trade in goods may be disaggregated into two broad categories: (1) Intra-MNC trade (trade between U.S. parents and their foreign affiliates), and (2) MNC trade with others (trade between U.S. parents and foreigners other than their foreign affiliates and trade between foreign affiliates and U.S. persons other than their U.S. parents). Intra-MNC U.S. exports were \$173.4 billion, or 25 percent of total U.S. exports. Intra-MNC U.S. imports were \$163.6 billion, or 16 percent of total U.S. imports. MNC trade with others accounted for somewhat larger shares of total U.S. trade, 38 percent of exports and 21 percent of imports.

From 1989 to 1999, MNC-associated U.S. exports and U.S. imports grew at nearly the same average annual rates, 6.4 percent and 6.5 percent, respectively. Exports grew more rapidly in the first 5 years (7.8 percent average annual rate) than in the last 5 years (5.1 percent). In contrast, imports grew more rapidly in the last 5 years (8.0 percent) than in the first 5 years (5.0 percent).

Table 13. Sales by MOFA's by Source and Destination, and by Affiliation of Customer, 1999
[Billions of dollars]

Location of affiliate	Area of destination									
	All areas	United States	Local ¹	Foreign countries other than local						
				Total	Canada	Europe	Latin America and Other Western Hemisphere	Africa	Middle East	Asia and Pacific
Total	2,195.3	234.5	1,453.3	507.6	5.8	368.3	29.7	8.1	9.2	86.5
Canada	280.6	78.2	196.4	6.0	.....	4.0	0.6	(*)	0.1	1.2
Europe	1,201.5	56.3	768.4	376.8	3.9	340.1	7.2	4.0	5.1	16.5
Latin America and Other Western Hemisphere	245.6	42.9	161.5	41.1	1.3	13.4	19.1	0.6	0.2	6.5
Africa	23.9	4.4	14.9	4.5	(D)	1.0	(D)	2.5	(D)	(D)
Middle East	13.6	3.5	7.7	2.5	0.0	(D)	(D)	(*)	1.4	(D)
Asia and Pacific	425.4	47.3	301.4	76.7	(D)	(D)	2.3	0.8	(D)	(D)
International	4.7	1.8	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To affiliated persons	584.0	200.6	90.6	292.8	4.4	217.2	17.7	3.3	1.6	48.7
Canada	74.7	65.7	6.7	2.4	.....	1.6	0.3	(*)	(*)	0.5
Europe	312.3	48.0	46.1	218.2	2.9	200.2	4.7	1.2	1.2	8.0
Latin America and Other Western Hemisphere	73.7	37.8	12.3	23.7	1.1	7.1	10.4	(D)	(D)	4.8
Africa	5.8	3.6	0.2	2.0	0.0	0.4	(D)	1.2	(*)	(D)
Middle East	4.1	3.0	0.1	1.0	0.0	(D)	(D)	(*)	0.2	(D)
Asia and Pacific	111.1	41.1	24.4	45.6	0.4	(D)	1.9	(D)	(D)	34.7
International	2.2	1.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To unaffiliated persons	1,611.4	33.9	1,362.7	214.8	1.4	151.2	12.0	4.8	7.6	37.9
Canada	205.9	12.6	189.8	3.6	.....	2.5	0.4	(*)	(*)	0.7
Europe	889.2	8.3	722.3	158.6	0.9	139.9	2.5	2.8	3.8	8.5
Latin America and Other Western Hemisphere	171.9	5.1	149.3	17.5	0.2	6.3	8.7	(D)	(D)	1.7
Africa	18.1	0.9	14.7	2.5	0.0	0.6	0.0	1.3	(D)	(D)
Middle East	9.5	0.5	7.6	1.5	0.0	(*)	(*)	(*)	1.1	0.3
Asia and Pacific	314.2	6.1	277.0	31.1	(D)	1.8	0.4	(D)	31.1	(D)
International	2.5	0.5	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

D Suppressed to avoid disclosure of data of individual companies.

* Less than \$50 million.

MOFA Majority-owned foreign affiliate.

1. Local sales are those sales made to customers located in the same country as the seller.

Table 14. U.S. Trade in Goods Associated with Nonbank U.S. MNC's, Selected Years
[Millions of dollars]

	1989	1994	1999
MNC-associated U.S. exports, total	236,371	344,504	440,929
Intra-MNC trade.....	89,539	136,128	173,350
Shipped by U.S. parents to their MOFA's.....	86,050	132,694	169,530
Shipped by U.S. parents to their other foreign affiliates.....	3,489	3,434	3,819
MNC trade with others.....	146,832	208,376	267,580
Shipped by U.S. parents to other foreigners.....	133,813	185,050	232,079
Of which:			
Shipped to foreign parent groups of U.S. parents.....	10,413	18,207	24,339
Shipped to foreign affiliates by other U.S. persons.....	13,019	23,326	35,500
To MOFA's.....	11,437	20,774	33,384
To other foreign affiliates.....	1,582	2,552	2,116
MNC-associated U.S. imports, total	201,182	256,820	377,138
Intra-MNC trade.....	77,307	113,415	163,606
Shipped by MOFA's to U.S. parents.....	71,283	107,203	158,206
Shipped by other foreign affiliates to U.S. parents.....	6,024	6,212	5,400
MNC trade with others.....	123,875	143,405	213,531
Shipped by other foreigners to U.S. parents.....	103,788	122,638	183,523
Of which:			
Shipped by foreign parent groups of U.S. parents.....	32,398	43,243	74,407
Shipped by foreign affiliates to other U.S. persons.....	20,087	20,767	30,009
By MOFA's.....	13,015	15,161	23,077
By other foreign affiliates.....	7,072	5,606	6,932
Addenda:			
Total U.S. exports of goods.....	362,999	512,626	695,797
MNC associated U.S. exports as a percentage of total.....	65	67	63
Intra-MNC exports as a percentage of total.....	25	27	25
Total U.S. imports of goods.....	473,385	663,256	1,024,618
MNC associated U.S. imports as a percentage of total.....	42	39	37
Intra-MNC imports as a percentage of total.....	16	17	16

MNC Multinational company.
MOFA Majority-owned foreign affiliate.

As a share of total U.S. exports, U.S. MNC-associated exports declined from 65 percent in 1989 to 63 percent in 1999; the decline was attributable to a rapid rise in "other" exports (exports of U.S. firms that are not U.S. parents to foreign customers that are not affiliated with any U.S. parent).¹⁷ The U.S.-MNC-associated share of total imports declined more—from 42 percent to 37 percent.

The declines in the MNC shares of U.S. exports and U.S. imports were largely in MNC trade with others. In particular, U.S. parents' exports to, and imports from, other foreigners rose less rapidly than total U.S. trade. In contrast, the shares of U.S. exports and imports accounted for by intra-MNC trade remained the same.

U.S. trade in goods with MOFA's. U.S. exports of goods to MOFA's were \$202.9 billion in 1999 (table 15). U.S. imports from MOFA's were smaller—\$181.3

17. Although this share declined, the ratio of MNC-associated U.S. exports to the gross product of U.S. MNC's rose 1.3 percentage points, reflecting the increased importance of U.S. exports relative to the overall activity of U.S. MNC's.

Table 15. U.S. Trade in Goods Associated with Majority-Owned Foreign Affiliates, by Area of Destination or Origin, by Product, and by Intended Use, 1999
[Millions of dollars]

	Exports shipped to MOFA's			Imports shipped by MOFA's			Addenda: Percentage of all areas, all products total			
	Total	Shipped by U.S. parents	Shipped by unaffiliated U.S. persons	Total	Shipped to U.S. parents	Shipped to unaffiliated U.S. persons	Trade by MOFA's		Total U.S. trade	
							Exports	Imports	Exports ¹	Imports ¹
All areas, all products	202,914	169,530	33,384	181,283	158,206	23,077	100	100	100	100
By area of destination or origin										
Canada.....	71,937	55,189	16,748	75,634	64,964	10,670	35	42	24	19
Europe.....	48,029	43,945	4,085	31,888	27,863	4,025	24	18	25	22
Of which:										
France.....	4,906	4,500	406	3,088	2,810	277	2	2	3	3
Germany.....	8,047	7,227	820	4,350	3,870	481	4	2	4	5
Netherlands.....	6,969	6,696	273	1,466	1,212	254	3	1	3	1
United Kingdom.....	12,645	11,381	1,265	8,951	7,048	1,903	6	5	6	4
Latin America and Other Western Hemisphere.....	39,564	31,386	8,178	35,261	32,278	2,982	19	19	21	16
Of which:										
Brazil.....	3,933	3,228	705	3,002	2,850	152	2	2	2	1
Mexico.....	29,419	23,248	6,171	27,558	25,916	1,641	14	15	13	11
Africa.....	945	532	414	1,758	957	801	(*)	1	1	2
Middle East.....	733	663	70	882	803	79	(*)	(*)	3	2
Asia and Pacific.....	41,642	37,816	3,826	35,860	31,341	4,519	21	20	27	38
Of which:										
Australia.....	4,405	3,858	547	1,121	702	420	2	1	2	1
Japan.....	12,555	11,826	729	2,447	2,350	97	6	1	8	13
International.....	65	0	65	0	0	0	(*)	0	0	0
By product										
Food, live animals, beverages, and tobacco.....	4,467	3,561	907	6,452	4,477	1,975	2	4	6	4
Crude materials, inedible, except fuels.....	1,585	908	677	2,746	1,572	1,174	1	2	3	2
Mineral fuels, lubricants and related materials.....	3,126	2,394	732	11,888	8,594	3,294	2	7	1	7
Chemicals and related products.....	19,561	17,474	2,086	13,611	12,341	1,270	10	8	10	6
Industrial machinery and equipment.....	27,420	25,224	2,197	9,442	8,167	1,274	14	5	14	9
Office machines and automatic data processing machines.....	27,114	23,613	3,502	23,613	21,327	2,285	13	13	7	8
Telecommunications, sound equipment, and other electrical machinery and parts.....	34,029	31,718	2,311	24,027	21,632	2,395	17	13	17	14
Road vehicles and parts.....	47,545	31,939	15,606	63,016	60,732	2,284	23	35	8	14
Other transport equipment.....	1,513	687	826	2,818	1,352	1,466	1	2	8	2
Other products.....	36,553	32,012	4,542	23,671	18,012	5,659	18	13	25	33
By intended use										
Capital equipment and other goods charged to fixed asset accounts.....	2,223	1,248	975	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.
Goods intended for further processing, assembly, or manufacture before resale.....	138,597	111,269	27,329	n.a.	n.a.	n.a.	68	n.a.	n.a.	n.a.
Goods for resale without further processing, assembly, or manufacture.....	59,944	55,473	4,471	n.a.	n.a.	n.a.	30	n.a.	n.a.	n.a.
Other.....	2,150	1,541	610	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.

*Less than 0.5 percent.
MOFA Majority-owned foreign affiliate.
n.a. Not available.

1. These estimates are computed from data from the Bureau of Census.

billion. Most of the U.S. trade by MOFA's (84 percent of U.S. exports to MOFA's and 87 percent of U.S. imports from MOFA's) was trade with their U.S. parents. However, since 1989, U.S. exports shipped to MOFA's by other persons increased especially rapidly, rising from 3 percent to 5 percent of total U.S. exports.

By country, U.S. exports to MOFA's in Canada were \$71.9 billion and accounted for the largest share of U.S. exports to MOFA's. Exports to MOFA's in Mexico were second largest, at \$29.4 billion, and they were more than twice those to MOFA's in the United Kingdom or Japan (the countries that accounted for the next largest shares of U.S. exports to MOFA's).

U.S. imports from MOFA's in Canada were \$75.6 billion and accounted for the largest share of U.S. imports from MOFA's. Imports from MOFA's in Mexico were second largest, at \$27.6 billion. Together, the imports from Canada and Mexico accounted for 57 percent of U.S. imports from MOFA's (higher than their 50 percent share of U.S. exports).

For both Canada and Mexico, U.S. exports to MOFA's were roughly the same as U.S. imports from MOFA's. In contrast to this rough equality (and in contrast to the overall U.S. trade deficit in goods), U.S. exports to MOFA's in several other countries substantially exceeded U.S. imports from MOFA's in those countries. For example, U.S. exports to MOFA's in Japan were \$12.6 billion, more than 5 times as large as the imports from MOFA's in Japan (\$2.4 billion).

By product, U.S. exports to MOFA's were highest in "road vehicles and parts," at \$47.5 billion, in 1999.¹⁸ Exports to MOFA's in Canada and Mexico accounted for nearly nine-tenths of this total; exports to MOFA's in Canada alone accounted for almost three-fourths of the total. Exports of "other products" totaled \$36.6 billion, and exports of "telecommunications, sound equipment, and other electrical machinery and parts" totaled \$34.0 billion.

U.S. imports from MOFA's were also highest in "road vehicles and parts," at \$63.0 billion. Like U.S. exports, U.S. imports of "road vehicles and parts" were highest for Canada and Mexico, where the operations of affiliates that manufacture these products are highly integrated with those of their U.S. parents. The three largest product categories of imports were the same as those of exports. However, imports of "telecommunications, sound equipment, and other electrical ma-

18. This category consists primarily of cars, buses, motorcycles, bicycles, trucks, trailers, and vehicle parts shipped with the vehicle. This category and other categories used in the benchmark survey are based on the United Nations Standard International Trade Classification and are summarized in the *Guide to Industry and Foreign Trade Classifications for International Surveys* at <www.bea.gov/bea/surveys.htm>.

chinery and parts" totaled \$24.0 billion and slightly exceeded imports of "other products," which totaled \$23.7 billion.

Imports of "road vehicles and parts" from MOFA's exceeded exports to MOFA's by over \$15 billion in 1999. Similarly, imports of "mineral fuels, lubricants, and related materials" substantially exceeded exports of those products. In contrast, imports from MOFA's of "industrial machinery and equipment" and "telecommunications, sound equipment, and other electrical machinery and parts" were each more than \$10 billion less than exports to MOFA's of these products.

By intended use, goods to be used in further manufacture accounted for \$138.6 billion, or 68 percent, of U.S. exports to MOFA's.¹⁹ Most of the remainder was purchased by MOFA's for resale without further processing. The uses of exports in 1999 differ substantially from the uses in earlier benchmark years.²⁰ In both 1989 and 1994, only 57 percent of U.S. exports to MOFA's were intended for further manufacture.

In general, the increased importance of exports for further manufacture may reflect increased vertical specialization by some MNC's.²¹ Specifically, the increase is partly attributable to the rise in the share of U.S. exports shipped to MOFA's in Mexico; most of the exports to MOFA's in Mexico in all 3 benchmark years were intended for further manufacture. Additionally, the share of U.S. exports intended for further manufacture rose for both Europe and Canada. By industry, the share for manufacturing MOFA's, particularly those in transportation equipment, generally increased.

19. The 1999 benchmark survey required that MNC's disaggregate U.S. exports to MOFA's according to various intended uses. Specifically, MNC's were required to disaggregate their exports to MOFA's into four broad categories: 1) Those intended for further processing, assembly, or manufacture before resale, 2) those for resale without further processing, assembly, or manufacture, 3) those that are capital equipment, and 4) and those for other uses.

20. See table III.H.15 in Bureau of Economic Analysis, *U.S. Direct Investment Abroad: 1989 Benchmark Survey, Final Results* (Washington, DC: U.S. Government Printing Office, October 1992) and table III.I.13 in *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results* (Washington, DC: U.S. Government Printing Office, May 1998).

21. In vertical specialization within the structure of multinationals, or vertical foreign direct investment (FDI), MNC's establish foreign affiliates to perform specific tasks in the overall production process. The output of these affiliates can then be sold to markets worldwide or can be used by the parents or other affiliates as inputs for further production. (Vertical FDI is often contrasted with horizontal FDI, in which the primary purpose of establishing affiliates is to increase sales to the host country by directly producing most or all of the product in that country.) Vertical FDI is part of a more general phenomenon of cross-border vertical specialization among networks of affiliated or unaffiliated firms. For more information, see Gordon H. Hanson, Raymond J. Mataloni, Jr., and Matthew J. Slaughter, "Expansion Strategies of U.S. Multinational Firms," in *Brookings Trade Forum 2001*, ed. Susan M. Collins and Dani Rodrik (Washington, DC: Brookings Institution Press, 2002).

Research and development

The 1999 benchmark survey provides data on expenditures on research and development (R&D) performed and funded by U.S. parents and by MOFA's. This analysis focuses primarily on the R&D performed by U.S. parents and by MOFA's.

R&D spending by U.S. MNC's totaled \$141.9 billion in 1999; 87 percent of the R&D was performed by U.S. parents, and 13 percent was performed by MOFA's (table 16). To a considerable extent, the parents' large share reflects their dominant share of overall U.S. MNC operations. It may also reflect the tendency of firms to locate complex research activities near their headquarters and the role of the United States as a leader in innovative scientific and engineering research and in the development of new technologies.

Most R&D spending by U.S. MNC's—88 percent—was funded by the MNC's themselves. The remaining 12 percent was funded by other entities, such as governments, other private firms, and nonprofit organizations. MNC's also funded a relatively small amount of R&D performed by other entities for the benefit of the MNC's.

R&D by U.S. parents. Spending for R&D performed by U.S. parents was \$123.5 billion in 1999. Most of this spending was funded by the parents' themselves, but 6 percent was funded by the Federal Government and 6 percent by other sources. Of the total spending on

R&D, parents in manufacturing accounted for \$108.3 billion, or 88 percent (table 17, page 42).

U.S. parent companies accounted for 68 percent of the R&D expenditures of all U.S. businesses in 1999.²² This large share may be partly due to the concentration of U.S. parents in high-R&D-performing industries and to the nature of multinationals as large, relatively vertically integrated firms.²³ The Federal Government funded a much larger share of R&D expenditures for all U.S. businesses (12 percent) than for U.S. parents (6 percent).

In this article, R&D intensity is measured as the ratio of R&D expenditures to gross product. This measure is presented for all U.S. parents and MOFA's and for only the parents and MOFA's that performed R&D in 1999.

For U.S. parents, the ratio of R&D expenditures to the gross product of all U.S. parents was 7 percent. The ratio of R&D expenditures to the gross product of U.S. parents that performed R&D was 11 percent.

R&D intensities were particularly high for parents in several industries within manufacturing, such as computers and electronic products (particularly communications equipment), chemicals (particularly pharmaceuticals and medicines), and transportation equipment. In computers and electronic products, the ratio of R&D expenditures to the gross product of all U.S. parents was 29 percent; because almost all parents in this industry conduct R&D, the ratio of R&D spending to the gross product of parents that performed R&D was, at 30 percent, only slightly higher.

Outside of manufacturing, publishing industries and computer systems design and related services both had relatively high R&D expenditure intensities.

R&D by MOFA's. Total expenditures on R&D by MOFA's were \$18.4 billion in 1999; 85 percent was funded by the MOFA's themselves, and 15 percent was funded by other entities. MOFA's in manufacturing accounted for \$16.7 billion, or more than 90 percent, of R&D spending by MOFA's. Within manufacturing, R&D expenditures were particularly high in "motor vehicles, bodies and trailers, and parts."

The R&D intensities of R&D-performing MOFA's

Table 16. Research and Development Expenditures of U.S. Parents and Majority-Owned Foreign Affiliates and of All U.S. Businesses, 1999

	R&D performed				Addenda:	
	By U.S. parents and MOFA's			By all U.S. businesses ¹	U.S. parents as a percentage of all businesses ((col. 2/col. 4)×100) (5)	MOFA's as a percentage of MNC total ((col. 3/col. 1)×100) (6)
	MNC total	U.S. parents	MOFA's			
	(1)	(2)	(3)	(4)	(5)	(6)
	Millions of dollars				Percent	
Total	141,942	123,543	18,399	182,823	67.6	13.0
Type:						
For themselves	124,180	108,612	15,568	n.a.	n.a.	12.5
For others	17,762	14,931	2,831	n.a.	n.a.	15.9
Of which:						
For Federal Government	n.a.	7,815	n.a.	22,535	34.7	n.a.
Addendum: Performed by others on behalf of the MNC	10,805	9,602	1,203	n.a.	n.a.	11.1
	Percent					
Total	100.0	100.0	100.0	100.0		
Type:						
For themselves	87.5	87.9	84.6	n.a.		
For others	12.5	12.1	15.4	n.a.		
Of which:						
For Federal Government	n.a.	6.3	n.a.	12.3		

n.a. Not available.
 1. These estimates are from National Science Foundation, *Research and Development in Industry: 1999*. [Early Release Tables] <www.nsf.gov/sbe/srs/srs01410/start.htm>. The data cover all R&D-performing U.S. companies, including depository institutions.
 R&D Research and development.
 MOFA Majority-owned foreign affiliate.
 MNC Multinational company.

22. The 1999 estimates for all-U.S.-business R&D are from National Science Foundation, *Research and Development in Industry: 1999* [Early Release Tables] at <www.nsf.gov/sbe/srs/srs01410/start.htm>. These data cover all R&D-performing U.S. companies, including depository institutions.

23. U.S. MNC's are disproportionately represented in manufacturing industries that account for much of total R&D. Generally, R&D is more likely to be performed when a firm perceives that it can sufficiently appropriate and control the resulting intangible assets. This is precisely the sort of circumstance in which the benefits to a firm of becoming large and vertically integrated tend to outweigh the costs. See Peter H. Lindert and Thomas H. Pugel, *International Economics* (Chicago: Irwin, 1996) for a discussion of various views about the formation of multinationals.

were similar to those of R&D-performing parents. However, R&D intensities computed on the basis of all firms were considerably lower for MOFA's than for U.S. parents because relatively fewer MOFA's performed R&D than U.S. parents (see columns 5 and 6 in table 17). Overall, the R&D-performing U.S. parents accounted for 61 percent of the gross product of all U.S. parents, and the R&D-performing MOFA's accounted for only 35 percent of the gross product of all MOFA's.

In 1999, the ratio of R&D expenditures to the gross product of all MOFA's was 3 percent, and the ratio of R&D expenditures to the gross product of R&D-performing MOFA's was 9 percent. The industry patterns of these intensities were generally similar to those for U.S. parents. However, in communications equipment, the R&D intensity of MOFA's was significantly higher than that of parents; among R&D-performing firms, the ratio was 50 percent for MOFA's and 38 percent for parents. In contrast, in computers and peripheral equipment, the R&D intensity of MOFA's was significantly lower than that of parents; among R&D-performing firms, the ratio was 8 percent for MOFA's and

27 percent for parents.

By country, MOFA's in the United Kingdom spent \$4.1 billion on R&D, and MOFA's in Germany spent \$3.4 billion (table 18). Together, these two countries accounted for more than 40 percent of all R&D spend-

Table 18. Research and Development Expenditures and Expenditure Intensities of Majority-Owned Foreign Affiliates, by Country, 1999

	R&D expenditures (millions of dollars)	R&D intensity (percent)		
		Ratio of R&D expenditures to gross product of all MOFA's	Share of R&D performing MOFA's in gross product of all MOFA's	Ratio of R&D expenditures to gross product of R&D performing MOFA's
All countries	18,398.4	3.3	34.9	9.4
United Kingdom	4,109.1	4.1	42.7	9.5
Germany	3,395.1	5.5	49.0	11.2
Canada	1,715.7	2.7	38.0	7.1
Japan	1,567.8	5.1	32.8	15.6
France	1,480.9	4.0	43.7	9.2
Sweden	979.3	15.6	37.7	41.4
Italy	512.1	2.2	26.0	8.5
Netherlands	490.8	2.7	34.7	7.9
Singapore	425.3	4.7	48.4	9.8
Belgium	380.7	3.0	19.6	15.3
Israel	319.4	21.3	41.9	50.8
Australia	307.1	1.6	33.2	4.8
China	305.3	7.8	34.5	22.5
Brazil	300.7	1.9	43.8	4.3
All others	2,109.0	1.3	22.3	6.0

R&D Research and development.
MOFA Majority-owned foreign affiliate.

Table 17. Research and Development Expenditures and Expenditure Intensity of Nonbank U.S. Parents and MOFA's, by Industry, 1999

	All U.S. parents and MOFA's				R&D performing U.S. parents and MOFA's				Addenda:	
	R&D expenditures (millions of dollars)		Ratio of R&D expenditures to gross product (percent)		Share in gross product of all parents or MOFA's (percent)		Ratio of R&D expenditures to gross product (percent)		R&D expenditures of all U.S. R&D performing firms ³ (millions of dollars)	U.S. parents' R&D as a percentage of all U.S. firms' R&D ⁴
	U.S. parents	MOFA's	U.S. parents ¹	MOFA's ²	U.S. parents	MOFA's	U.S. parents	MOFA's		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All industries	123,543	18,398	6.8	3.3	60.7	34.9	11.3	9.4	182,823	67.6
Mining	286	8	1.6	(*)	57.7	12.8	2.8	0.1	n.a.	n.a.
Utilities	71	(*)	0.1	(*)	32.7	0.7	0.2	0.5	142	50.2
Manufacturing	108,325	16,692	11.9	5.3	90.5	54.2	13.1	9.9	116,921	92.6
Food	876	374	1.9	1.9	86.4	63.4	2.1	3.1	1,132	77.4
Beverages and tobacco products	486	44	1.2	0.2	83.5	39.9	1.4	0.4	n.a.	n.a.
Textiles, apparel, and leather products	266	43	1.6	1.2	55.8	29.6	2.8	4.2	334	79.6
Wood products	30	2	(D)	0.1	(D)	8.5	(D)	1.5	70	(D)
Paper	1,460	430	3.2	4.7	94.5	56.0	3.4	8.3	n.a.	n.a.
Printing and related support activities	99	3	1.0	0.3	58.2	32.3	1.8	0.8	n.a.	n.a.
Petroleum and coal products	1,085	66	1.3	0.1	86.8	40.4	1.5	0.4	615	176.4
Chemicals	27,400	4,221	21.3	7.2	96.9	65.3	22.0	11.1	20,246	135.3
Of which:										
Pharmaceuticals and medicines	17,752	3,486	34.3	13.8	99.7	80.4	34.4	17.2	n.a.	n.a.
Plastics and rubber products	937	225	4.7	2.5	96.6	34.5	4.9	7.2	1,785	52.5
Nonmetallic mineral products	354	38	2.9	1.0	89.8	27.0	3.2	3.8	n.a.	n.a.
Primary and fabricated metals	920	151	2.1	1.2	87.4	40.4	2.4	3.1	2,125	43.3
Machinery	5,478	770	10.8	4.0	93.5	56.0	11.6	7.2	6,057	90.4
Computers and electronic products	34,696	3,975	29.2	10.3	98.2	54.5	29.7	18.9	35,932	96.6
Of which:										
Computers and peripheral equipment	11,477	577	26.6	3.5	99.5	46.0	26.7	7.7	n.a.	n.a.
Communications equipment	10,604	2,365	37.3	43.4	99.6	87.2	37.5	49.8	6,003	176.6
Semiconductors and other electronic components	8,159	664	25.8	5.3	95.4	56.1	27.0	9.4	10,701	76.2
Electrical equipment, appliances, and components	2,876	204	10.0	2.7	92.4	60.6	10.8	4.5	n.a.	n.a.
Transportation equipment	29,226	5,627	12.5	11.6	89.7	68.3	13.9	17.0	33,965	86.0
Motor vehicles, bodies and trailers, and parts	17,628	5,348	13.6	11.7	83.4	68.8	16.3	17.0	n.a.	n.a.
Other	11,598	278	11.1	10.7	97.6	58.0	11.4	18.5	n.a.	n.a.
Furniture and related products	81	(D)	(D)	(D)	(D)	(D)	(D)	(D)	248	(D)
Miscellaneous manufacturing	2,055	(D)	9.3	(D)	84.0	(D)	11.0	(D)	3,851	53.4
Wholesale trade	1,899	537	2.8	0.7	42.5	19.6	6.5	3.4	n.a.	n.a.
Information	7,158	211	3.0	1.1	48.9	5.4	6.1	20.1	15,389	46.5
Of which:										
Publishing industries	4,527	160	13.2	3.3	47.9	14.4	27.5	23.0	11,302	40.1
Finance (except depository institutions) and insurance	192	1	0.2	(*)	3.3	(*)	2.4	-33.2	n.a.	n.a.
Professional, scientific, and technical services	3,864	918	5.6	3.2	43.8	9.8	12.7	32.1	18,994	20.3
Of which:										
Computer systems design and related services	2,924	78	12.7	0.5	84.8	13.5	14.9	3.8	n.a.	n.a.
Other industries	1,748	31	0.6	0.1	15.2	3.0	3.7	2.3	n.a.	n.a.

D Suppressed to avoid disclosure of data of individual companies.

* Less than \$500,000 or less than 0.05 percent (+/-).

n.a. Not available.

MOFA Majority-owned foreign affiliate.

R&D Research and development.

1. Equals col. 5 x col. 7 / 100 (when calculated using unrounded data).

2. Equals col. 6 x col. 8 / 100 (when calculated using unrounded data).

3. These estimates are from National Science Foundation, *Research and Development in Industry, 1999*, [Early Release Tables] <www.nsf.gov/sbe/srs/srs01410/start.htm>. The data cover all R&D-performing U.S. companies, including depository institutions.

4. Equals 100 x col. 1 / col. 9 (when calculated using unrounded data).

ing by MOFA's, but the R&D intensities of the MOFA's in these two countries were only slightly higher than those of all MOFA's. MOFA's in Sweden and Israel had the highest intensities—more than 15 percent for all firms and more than 40 percent for the R&D-performing firms.

Appendix: The Benchmark Survey

Benchmark surveys are BEA's most comprehensive surveys of U.S. direct investment abroad, in terms of both coverage of companies and subject matter. The 1999 survey covered virtually the entire universe of U.S. direct investment abroad in terms of value. The preliminary results presented in this article are based on reported or estimated data for 2,494 nonbank U.S. parent companies and for 23,249 nonbank foreign affiliates (of which, 21,139 were majority owned by their U.S. parents). The survey collected detailed information on the financial structure and operations of U.S. parent companies and their foreign affiliates and on the transactions and positions between parents and their affiliates.

The concepts and definitions underlying the 1999 benchmark survey are essentially the same as those underlying the previous benchmark survey.²⁴ The methodology of the 1999 survey will be published with the final results of the survey.

Benchmark survey reports were required for any foreign affiliate with total assets, sales, or net income of more than \$7 million and for the affiliate's U.S. parent(s). Affiliates that were too small to meet one of these criteria, and their parent(s) that had only such affiliates, were exempt from the survey; however, they were required to file an exemption form that provided a few major data items (including assets, sales, and employment) for each affiliate and for the U.S. parent. Because only very small affiliates were exempt, the exclusion of their data from the preliminary results has virtually no effect in terms of value.²⁵ The exclusion of U.S. parents of only exempt affiliates also had a small impact.²⁶ However, estimates for these parents and affiliates will be included in the final benchmark survey results.

To reduce the reporting burden of small enterprises, the exemption level for the 1999 benchmark survey was raised to \$7 million from the exemption level of \$3 million for the 1994 benchmark survey. This change

24. Bureau of Economic Analysis, *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results* (Washington, DC: U.S. Government Printing Office, May 1998). The methodology from this document is available on BEA's Web site <www.bea.gov> under "International," "Articles," "Methodologies from other publications."

25. For example, the total assets of exempt foreign affiliates were only 0.5 percent of the total assets of the reported affiliates.

26. For example, the total assets of exempt U.S. parents were only 1.6 percent of the total assets of the parents that reported.

has virtually no effect on the published totals, because the amounts involved are negligible.²⁷

To further reduce the burden on respondents, detailed reports were required only for U.S. parents and foreign affiliates with assets, sales, or net income of more than \$100 million. Less detailed reports were required for smaller parents and affiliates; for these parents and affiliates, BEA prepared estimates of the items that appear only on the detailed reports, so that the published results are presented in the same detail for all parents and affiliates.

The data collected in the 1999 benchmark survey will provide the basis for further evaluation and improvement of other BEA estimates of U.S. direct investment abroad. For the financial and operating data, the benchmark survey data will allow BEA to improve its estimates, both by providing a basis for the construction of estimates for affiliates too small to be reported on the annual survey and by identifying new U.S. parents that will provide data in the annual survey. For the international transactions and direct investment position data, the survey will provide a basis for revising the estimates derived from BEA's quarterly survey of U.S. direct investment abroad.

The preliminary results from the benchmark survey include estimates of data for reports that could not be fully processed in time for publication. The final results will incorporate data from the reports processed after the publication of the preliminary results.

Improvements in coverage. In addition to its benchmark surveys of U.S. direct investment abroad, BEA conducts annual surveys of the operations of nonbank U.S. parent companies and their foreign affiliates. In the annual surveys for 1995–98, data were required to be filed only for foreign affiliates with assets, sales, or net income of more than \$20 million and for their U.S. parents. The estimates for 1995–98 of the operations of "small" affiliates with assets, sales, or net income of \$3–\$20 million—and of the parents having only these affiliates—were derived by extrapolating the data from the 1994 benchmark survey.

When the 1999 benchmark survey forms were received, many new small affiliates and some parents of only small affiliates were identified and were added to the universe. Conversely, other small affiliates that had been carried forward since the last benchmark survey were discovered to have been sold or liquidated since the 1994 benchmark survey, so they and the parents having only such affiliates were removed from the data set. The net result of these additions and subtractions is shown in table 9 as "Benchmark revisions."

Tables 19A to 24.2 follow.

27. For example, the total assets of affiliates with assets in the \$3–\$7 million range were only 0.3 percent of the total assets of the covered affiliates.

Table 19A. Selected Data for Nonbank U.S. Parents and Foreign Affiliates, by SIC-Based Industry, 1999
 [Millions of dollars or thousands of employees]

	By industry of U.S. parent			By industry of affiliate				
	U.S. parent data			Foreign affiliate data				
	Gross product	Employment	Capital expenditures	All affiliates		MOFA's		
				Employment	Capital expenditures	Gross product	Employment	Capital expenditures
All industries	1,808,530	21,380.1	357,819	8,907.1	144,561	561,158	7,470.8	113,406
Petroleum	108,415	417.8	35,972	244.7	28,572	107,561	176.9	23,881
Oil and gas extraction.....	12,494	65.2	(D)	100.9	23,101	36,863	91.5	20,649
Crude petroleum extraction (no refining) and gas.....	8,069	19.4	5,272	56.1	21,244	33,232	47.1	18,799
Oil and gas field services.....	4,425	45.8	(D)	44.8	1,858	3,632	44.4	1,850
Petroleum and coal products.....	81,624	297.0	18,156	68.2	2,668	44,651	37.9	1,587
Integrated petroleum refining and extraction.....	72,168	239.8	15,530	J	(D)	16,237	11.5	852
Petroleum refining without extraction.....	(D)	K	(D)	47.0	1,697	27,837	23.5	699
Petroleum and coal products, not elsewhere classified.....	(D)	I	(D)	I	(D)	577	2.9	36
Petroleum wholesale trade.....	10,546	35.0	6,521	45.0	1,406	21,267	29.7	896
Other.....	3,751	20.6	(D)	30.6	1,398	4,780	17.8	749
Manufacturing	847,577	8,807.3	136,164	4,856.6	54,396	269,341	4,226.5	47,103
Food and kindred products.....	82,971	824.3	11,209	684.9	6,147	29,221	450.5	4,857
Grain mill and bakery products.....	15,490	143.1	2,309	92.1	1,038	4,471	76.5	910
Beverages.....	35,808	210.7	5,177	309.0	2,906	10,021	116.8	1,936
Other.....	31,672	470.5	3,723	283.8	2,203	14,729	257.2	2,011
Chemicals and allied products.....	122,980	902.4	21,104	596.6	13,715	56,506	532.3	11,019
Industrial chemicals and synthetics.....	38,532	266.1	7,587	167.9	6,806	14,585	127.5	4,229
Drugs.....	51,716	333.0	7,394	204.9	3,466	25,281	198.2	3,457
Soap, cleaners, and toilet goods.....	15,232	127.8	2,453	131.0	1,410	8,851	123.6	1,386
Agricultural chemicals.....	3,884	40.0	1,298	14.2	446	1,811	13.2	429
Chemical products, not elsewhere classified.....	13,615	135.5	2,372	78.6	1,587	5,979	69.7	1,519
Primary and fabricated metals.....	45,842	611.3	7,037	256.1	2,308	12,419	225.8	2,095
Primary metal industries.....	23,014	285.9	4,454	81.1	677	3,697	68.3	547
Ferrous.....	11,611	148.2	2,360	26.9	210	1,069	25.3	191
Nonferrous.....	11,404	137.8	2,094	54.2	468	2,628	43.0	356
Fabricated metal products.....	22,827	325.4	2,583	175.0	1,631	8,723	157.5	1,547
Industrial machinery and equipment.....	88,469	1,036.5	12,769	613.0	4,337	34,272	575.5	4,051
Farm and garden machinery.....	3,519	55.4	453	27.0	207	1,364	20.6	187
Construction, mining, and materials handling machinery.....	10,479	134.7	1,878	100.3	550	5,217	87.3	388
Computer and office equipment.....	42,672	401.9	7,142	255.5	2,258	17,139	254.8	2,253
Other.....	31,798	444.5	3,296	230.2	1,323	10,552	212.9	1,223
Electronic and other electric equipment.....	102,363	1,112.0	15,695	813.9	8,132	27,196	763.2	7,717
Household appliances.....	5,410	87.2	652	107.8	439	2,265	74.7	357
Household audio and video, and communications equipment.....	33,810	334.5	6,113	120.3	727	4,317	118.3	727
Electronic components and accessories.....	38,487	341.7	5,872	393.4	6,048	15,148	382.8	5,787
Electronic and other electric equipment, not elsewhere classified.....	24,657	348.6	3,058	192.3	918	5,466	187.4	846
Transportation equipment.....	226,610	2,078.0	45,382	826.4	10,549	44,961	729.1	9,416
Motor vehicles and equipment.....	122,059	1,008.3	31,805	782.0	10,396	42,356	688.7	9,263
Other.....	104,552	1,069.7	13,577	44.4	153	2,605	40.4	153
Other manufacturing.....	178,342	2,242.8	22,986	1,065.8	9,207	64,766	950.1	7,947
Tobacco products.....	4,471	38.2	337	62.4	588	16,660	56.6	547
Textile products and apparel.....	16,900	338.9	2,174	116.2	418	3,252	108.6	407
Lumber, wood, furniture, and fixtures.....	13,383	201.1	1,187	117.4	615	4,240	115.9	609
Paper and allied products.....	46,010	420.4	6,212	174.6	1,854	9,348	138.0	1,608
Printing and publishing.....	28,042	355.4	2,710	52.8	319	2,532	46.9	240
Rubber products.....	11,749	152.7	1,726	104.5	885	4,682	100.2	823
Miscellaneous plastics products.....	7,577	97.8	1,112	68.4	733	4,688	66.2	686
Glass products.....	6,121	79.3	1,022	59.4	701	2,168	38.1	602
Stone, clay, and nonmetallic mineral products.....	6,706	61.2	1,375	32.2	294	1,726	28.0	273
Instruments and related products.....	31,851	405.7	4,384	207.4	2,429	13,508	187.2	1,802
Other.....	5,531	92.1	728	70.5	371	1,961	64.5	350
Wholesale trade	58,406	740.5	11,496	613.9	5,142	60,865	591.0	5,046
Durable goods.....	31,747	369.3	7,282	409.0	3,355	41,590	398.8	3,318
Nondurable goods.....	26,659	371.2	4,214	204.9	1,786	19,275	192.3	1,728
Finance (except depository institutions), insurance, and real estate	100,263	1,313.0	18,593	356.4	7,731	18,205	326.1	6,448
Finance, except depository institutions.....	48,350	463.0	7,297	187.4	4,055	10,299	171.4	3,918
Insurance.....	48,470	829.5	9,971	138.8	679	13,062	127.5	636
Real estate.....	4,072	20.1	1,190	8.7	(D)	(D)	6.5	1,235
Holding companies.....	-629	0.4	136	21.6	(D)	(D)	20.7	660
Services	178,034	3,115.3	26,183	1,145.7	13,688	59,845	1,031.0	12,887
Hotels and other lodging places.....	12,732	370.1	2,597	62.5	1,644	1,959	53.1	1,526
Business services.....	90,279	1,524.3	10,792	760.0	6,407	40,979	683.4	5,882
Advertising.....	7,405	85.1	502	68.0	213	4,162	61.3	172
Equipment rental (except automotive and computers).....	1,308	12.4	263	10.2	2,681	1,128	9.8	2,337
Computer and data processing services.....	55,644	514.2	8,329	276.6	3,101	24,307	243.2	2,987
Business services, not elsewhere classified.....	25,923	912.6	1,697	405.2	411	11,382	369.1	386
Automotive rental and leasing.....	6,618	77.8	6,664	26.4	3,370	1,898	26.4	3,370
Motion pictures, including television tape and film.....	7,075	155.1	1,580	39.6	494	1,300	31.0	388
Health services.....	18,748	343.7	1,255	7.0	52	144	7.0	52
Engineering, architectural, and surveying services.....	4,917	89.5	205	41.6	298	2,563	40.8	296
Management and public relations services.....	14,408	166.5	676	47.5	430	4,447	46.7	430
Other.....	23,257	388.1	2,413	161.1	992	6,556	142.6	944
Other industries	515,835	6,986.2	129,412	1,689.9	35,033	45,339	1,119.2	18,041
Agriculture, forestry, and fishing.....	1,171	28.0	152	60.4	337	536	57.2	321
Mining.....	5,421	49.0	1,042	56.1	1,466	4,118	43.6	1,282
Construction.....	13,632	185.6	1,206	48.2	222	2,052	38.2	220
Transportation.....	86,144	1,147.0	16,887	177.4	2,516	5,076	113.4	797
Communication.....	180,120	1,201.3	65,151	386.8	19,576	6,587	100.9	7,076
Electric, gas, and sanitary services.....	94,843	417.7	26,207	134.0	6,967	11,215	81.6	4,901
Retail trade.....	134,505	3,957.6	18,766	826.9	3,948	15,755	684.3	3,444

D Suppressed to avoid disclosure of data of individual companies.
 MOFA Majority-owned foreign affiliate.

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

Table 19B. Selected Data for Nonbank U.S. Parents and Foreign Affiliates, by NAICS-Based Industry, 1999
 [Millions of dollars or thousands of employees]

	By industry of U.S. parent			By industry of affiliate				
	U.S. parent data			Foreign affiliate data				
	Gross product	Employment	Capital expenditures	All affiliates		MOFAs		
				Employment	Capital expenditures	Gross product	Employment	Capital expenditures
All industries	1,808,530	21,380.1	357,819	8,907.1	144,561	561,158	7,470.8	113,406
Mining	17,767	112.9	8,691	155.5	24,556	40,910	133.7	21,919
Oil and gas extraction.....	8,069	19.4	5,272	56.1	21,244	33,232	47.1	18,799
Other.....	9,698	93.5	3,419	99.4	3,312	7,678	86.5	3,120
Utilities	90,623	362.7	25,245	119.0	6,606	10,131	66.5	4,540
Manufacturing	910,354	8,870.3	152,408	4,900.4	56,890	312,419	4,244.5	48,594
Food.....	47,190	614.0	6,037	376.4	3,246	19,222	334.2	2,926
Beverages and tobacco products.....	40,252	248.5	5,508	371.0	3,490	26,661	173.0	2,478
Textiles, apparel, and leather products.....	17,149	344.2	2,190	126.1	445	3,436	117.3	428
Wood products.....	3,100	39.6	320	25.9	261	1,498	25.3	259
Paper.....	46,039	420.2	6,213	172.5	1,826	9,246	135.9	1,580
Printing and related support activities.....	9,666	130.4	891	29.7	168	1,103	28.3	167
Petroleum and coal products.....	81,624	297.0	18,156	68.2	2,668	44,651	37.9	1,587
Chemicals	128,465	954.6	21,626	616.8	13,984	58,380	552.5	11,189
Basic chemicals.....	19,174	143.9	4,509	102.4	3,406	8,183	77.6	2,757
Resins and synthetic rubber, fibers and filaments.....	20,103	124.6	3,063	55.0	2,832	4,440	37.8	883
Pharmaceuticals and medicines.....	51,716	333.0	7,394	204.9	3,466	25,281	198.2	3,457
Soap, cleaning compounds, and toilet preparations.....	15,232	127.8	2,453	131.0	1,410	8,849	123.6	1,386
Other.....	22,240	225.2	4,207	123.5	2,770	11,626	115.3	2,706
Plastics and rubber products.....	19,775	256.5	2,937	172.2	1,536	9,038	166.1	1,452
Nonmetallic mineral products.....	12,188	130.3	2,315	90.6	983	3,779	65.2	863
Primary and fabricated metals.....	43,823	574.1	6,775	240.1	2,656	12,135	212.6	2,454
Primary metals.....	22,601	281.8	4,424	81.3	1,088	4,316	68.9	971
Fabricated metal products.....	21,221	292.3	2,351	158.8	1,568	7,819	143.7	1,482
Machinery	50,571	704.1	5,991	391.6	2,798	19,123	340.6	1,915
Agriculture, construction, and mining machinery.....	12,417	163.0	2,158	77.7	650	3,890	62.8	471
Industrial machinery.....	7,016	78.4	646	33.0	240	2,068	29.8	217
Other.....	31,138	462.7	3,187	280.9	1,908	13,166	248.0	1,228
Computers and electronic products	118,794	1,136.0	19,791	781.0	9,211	38,651	765.7	8,938
Computers and peripheral equipment.....	43,101	411.0	7,203	249.8	2,220	16,334	249.1	2,219
Communications equipment.....	28,401	256.4	5,090	92.0	(D)	5,446	92.0	623
Audio and video equipment.....	8,930	94.6	1,242	51.4	300	319	49.4	300
Semiconductors and other electronic components.....	31,615	285.3	5,265	325.6	5,663	12,558	314.9	5,396
Navigational, measuring, and other instruments.....	5,626	78.6	833	49.4	186	3,288	47.4	182
Magnetic and optical media.....	1,120	10.1	158	12.8	(D)	704	12.8	218
Electrical equipment, appliances, and components.....	28,745	416.4	3,506	294.0	1,289	7,441	255.5	1,122
Transportation equipment.....	234,499	2,192.1	46,228	943.2	11,075	48,364	839.4	9,920
Motor vehicles, bodies and trailers, and parts.....	129,947	1,122.4	32,651	899.4	10,918	45,773	799.5	9,763
Other.....	104,552	1,069.7	13,577	43.8	157	2,591	39.8	157
Furniture and related products.....	6,274	106.5	559	34.9	128	902	34.4	128
Miscellaneous manufacturing.....	22,204	306.0	3,364	166.3	1,226	8,791	160.7	1,187
Wholesale trade	68,884	774.4	18,015	658.1	6,546	82,132	620.0	5,940
Professional and commercial equipment and supplies.....	14,159	162.9	1,355	235.8	1,755	25,102	233.4	1,743
Other durable goods.....	17,588	206.3	5,927	173.1	1,600	16,495	165.3	1,575
Petroleum and petroleum products.....	10,477	33.9	6,519	45.0	1,406	21,263	29.7	896
Other nondurable goods.....	26,659	371.2	4,214	204.2	1,785	19,272	191.5	1,727
Information	240,750	1,898.9	71,629	581.0	21,223	19,413	270.0	8,459
Publishing industries.....	34,332	298.4	2,877	46.6	410	4,835	41.1	329
Motion picture and sound recording industries.....	7,356	160.3	1,678	42.3	508	1,834	33.8	402
Broadcasting and telecommunications.....	180,120	1,201.3	65,151	386.8	19,576	6,587	100.9	7,076
Broadcasting, cable networks, and program distribution.....	30,619	344.0	8,474	31.9	1,633	261	14.9	1,065
Telecommunications.....	149,501	857.3	56,677	354.9	17,943	6,327	85.9	6,010
Information services and data processing services.....	18,945	238.9	1,924	105.2	729	6,157	94.2	652
Finance (except depository institutions) and insurance	97,295	1,293.3	17,122	322.3	4,611	42,439	295.0	4,460
Finance, except depository institutions.....	49,061	464.4	7,152	184.0	3,936	9,396	168.1	3,829
Securities, commodity contracts, and other intermediation.....	51,029	401.3	5,034	106.6	874	9,277	101.3	846
Other finance, except depository institutions.....	-1,968	63.1	2,118	77.4	3,062	119	66.8	2,983
Insurance carriers and related activities.....	48,235	828.9	9,971	138.3	675	13,042	126.9	632
Professional, scientific, and technical services	69,264	784.1	8,744	374.5	3,503	29,153	343.5	3,400
Architectural, engineering, and related services.....	5,972	103.3	584	46.6	371	2,965	45.8	369
Computer systems design and related services.....	23,087	224.6	5,668	156.1	2,209	15,328	138.1	2,173
Management, scientific, and technical consulting.....	14,009	158.5	664	42.6	257	3,827	41.9	257
Advertising and related services.....	7,405	85.1	502	70.0	218	4,233	63.3	376
Other.....	18,792	212.6	1,326	59.2	447	2,802	54.5	423
Other industries	313,590	7,283.4	55,964	1,796.3	20,627	44,561	1,497.6	16,093
Agriculture, forestry, fishing, and hunting.....	1,171	28.0	152	60.2	339	(D)	57.1	323
Construction.....	13,632	185.6	1,206	48.8	222	2,069	38.8	220
Retail trade.....	117,748	3,287.5	17,095	448.2	2,415	14,541	411.2	2,126
Transportation and warehousing.....	87,972	1,130.5	20,154	185.9	3,322	5,282	112.3	1,228
Real estate and rental and leasing.....	12,139	113.7	8,234	51.9	8,450	5,287	49.4	7,136
Real estate.....	3,952	18.2	1,130	8.0	2,011	919	5.8	1,233
Rental and leasing (except real estate).....	8,187	95.5	7,104	43.9	6,439	4,367	43.5	5,903
Management of nonbank companies and enterprises.....	-585	1.0	141	24.8	1,027	(D)	23.9	702
Administration, support, and waste management.....	26,446	950.7	2,285	406.6	750	11,636	371.8	731
Health care and social assistance.....	19,316	373.3	1,352	6.9	(D)	203	6.9	52
Accommodation and food services.....	29,558	1,041.2	4,270	460.2	3,526	7,394	338.4	3,081
Accommodation.....	12,732	370.1	2,597	62.5	1,644	1,959	53.1	1,526
Food services and drinking places.....	16,826	671.2	1,673	397.6	1,882	5,435	285.3	1,555
Miscellaneous services.....	6,192	171.8	1,075	102.9	(D)	3,388	88.0	495

D Suppressed to avoid disclosure of data of individual companies.
 MOFA Majority-owned foreign affiliate.

BEA Current and Historical Data

National, International, and Regional Data

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

BEA's economic statistics are available on three Web

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

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

National Data

A. Selected NIPA tables [A, Q]	
S. Summary tables.....	D-2
1. National product and income	D-3
2. Personal income and outlays	D-7
3. Government current receipts and expenditures....	D-8
4. Foreign transactions.....	D-12
5. Saving and investment	D-14
6. Income and employment by industry.....	D-17
7. Quantity and price indexes.....	D-18
8. Supplemental tables	D-25
B. Other NIPA and NIPA-related tables	
B.1 Personal income [A, M]	D-30
B.2 Disposition of personal income [A, M]	D-30
B.3 Gross domestic product by industry [A].....	D-31
B.4 Personal consumption expenditures by type [A]	D-32
B.5 Private fixed investment in structures by type [A].....	D-33
B.6 Private fixed investment in equipment and software by type [A].....	D-33
B.7 Consumption and wage and salary accruals by industry [A].....	D-34
B.8 Employment by industry [A].....	D-35
B.9 Wage and salary accruals by employee and by industry [A].....	D-36
B.10 Farm sector output, gross product, and national income [A].....	D-37
B.11 Housing sector output, gross product, and national income [A].....	D-37
B.12 Net stock of private fixed assets by type [A]	D-38
C. Historical measures	
C.1 GDP and other major NIPA aggregates	D-39
D. Domestic perspectives [A, Q, M].....	D-42
E. Charts	
Selected NIPA series.....	D-44
Other indicators of the domestic economy	D-50

International Data

F. Transactions tables	
F.1 U.S. international transactions in goods and services [A, M]	D-52
F.2 U.S. international transactions [A, Q].....	D-53
F.3 U.S. international transactions by area [Q].....	D-54
F.4 Private services transactions [A]	D-57
G. Investment tables [A]	
G.1 U.S. international investment position	D-58
G.2 USDIA: Selected items	D-59
G.3 Selected financial and operating data of foreign affiliates of U.S. companies	D-60
G.4 FDIUS: Selected items	D-61
G.5 Selected financial and operating data of U.S. affiliates of foreign companies	D-62
H. International perspectives [A, Q, M]	D-63
I. Charts	
The United States in the international economy	D-64

Regional Data

J. State and regional tables	
J.1 Personal income [Q]	D-65
J.2 Personal income and per capita personal income [A].....	D-66
J.3 Disposable personal income and per capita disposable personal income [A]	D-67
J.4 Gross state product [A].....	D-68
K. Local area table	
K.1 Personal income and per capita personal income by metropolitan area [A]	D-69
L. Charts	
Selected regional estimates.....	D-71

Appendixes

A: Additional information about the NIPA estimates	
Statistical conventions.....	D-73
Reconciliation tables [A, Q].....	D-74
B: Suggested reading.....	D-75

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 February 28, 2002, and include the "preliminary" estimates for the fourth quarter of 2001.

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

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

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

S. Summary Tables

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

[Percent]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Gross domestic product	4.1	1.2	1.9	1.3	.3	-1.3	1.4
Personal consumption expenditures	4.8	3.1	3.1	3.0	2.5	1.0	6.0
Durable goods	9.5	6.7	-2.1	10.6	7.0	.9	39.2
Nondurable goods	4.7	1.8	.6	2.4	.3	.6	2.4
Services	4.0	3.0	5.6	1.8	2.8	1.2	1.8
Gross private domestic investment	6.8	-8.0	-2.3	-12.3	-12.1	-10.5	-23.3
Fixed investment	7.6	-1.9	.5	1.9	-9.7	-5.7	-11.0
Nonresidential	9.9	-3.1	1.0	-.2	-14.6	-8.5	-13.1
Structures	6.2	1.0	7.6	12.3	-12.2	-7.5	-32.6
Equipment and software	11.1	-4.4	-1.1	-4.1	-15.4	-8.8	-4.8
Residential .....	.8	1.5	-1.1	8.5	5.9	2.4	-5.0
Change in private inventories							
Net exports of goods and services							
Exports	9.5	-4.6	-4.0	-1.2	-11.9	-18.8	-12.2
Goods	11.3	-5.7	-6.9	-2.4	-17.3	-19.4	-10.1
Services	5.3	-2.1	3.7	1.8	2.4	-17.2	-16.8
Imports	13.4	-2.7	-.5	-5.0	-8.4	-13.0	-6.9
Goods	13.5	-2.8	-6	-6.7	-9.5	-10.0	-3.4
Services	12.6	-2.4	.0	4.9	-2.0	-29.1	-26.3
Government consumption expenditures and gross investment	2.7	3.6	3.3	5.3	5.0	.3	10.1
Federal	1.7	2.7	4.6	3.2	1.8	3.6	11.6
National defense .....	.1	4.7	10.5	7.5	2.3	3.2	9.4
Nondefense	4.6	-9	-5.1	-4.3	.9	4.2	15.7
State and local	3.2	4.0	2.7	6.4	6.6	-1.3	9.4
Addenda:							
Final sales of domestic product	4.3	2.3	2.4	4.0	.7	-.5	3.6
Gross domestic purchases	4.8	1.3	2.2	.7	.4	-1.0	1.7
Final sales to domestic purchasers	4.9	2.3	2.7	3.2	.8	-.3	3.9
Gross national product	4.1		2.8	.8	.3	-1.3	
Disposable personal income	3.5	3.6	4.2	2.7	2.4	12.3	-7.9

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

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Percent change at annual rate:							
Gross domestic product	4.1	1.2	1.9	1.3	.3	-1.3	1.4
Percentage points at annual rates:							
Personal consumption expenditures	3.28	2.09	2.14	2.05	1.72	.67	4.06
Durable goods .....	.77	.54	-.17	.83	.56	.07	2.83
Nondurable goods .....	.94	.36	.12	.49	.06	.12	.48
Services	1.57	1.19	2.19	.73	1.10	.48	.75
Gross private domestic investment	1.19	-1.41	-.42	-2.28	-2.16	-1.79	-4.07
Fixed investment	1.28	-.33	.09	.33	-1.74	-.97	-1.88
Nonresidential	1.25	-.39	.13	-.02	-1.99	-1.08	-1.66
Structures .....	.19	.03	.24	.39	-.44	-.26	-1.23
Equipment and software	1.06	-.42	-.11	-.41	-1.55	-.82	-.43
Residential .....	.04	.06	-.05	.35	.25	.10	-.23
Change in private inventories	-.09	-1.08	-.50	-2.61	-.42	-.81	-2.19
Net exports of goods and services	-.79	-.13	-.39	.63	-.12	-.27	-.35
Exports	1.01	-.50	-.46	-.13	-1.37	-2.13	-1.27
Goods .....	.85	-.44	-.58	-.19	-1.45	-1.55	-.73
Services .....	.17	-.07	.12	.06	.08	-.58	-.54
Imports	-1.81	.37	.07	.76	1.25	1.86	.92
Goods	-1.54	.33	.07	.87	1.21	1.20	.38
Services	-.26	.04	.00	-.11	.05	.66	.54
Government consumption expenditures and gross investment .....	.47	.63	.58	.92	.87	.05	1.75
Federal .....	.10	.16	.27	.19	.11	.21	.67
National defense .....	.00	.18	.38	.28	.09	.12	.35
Nondefense .....	.10	-.02	-.11	-.09	.02	.09	.31
State and local .....	.37	.47	.31	.73	.76	-.16	1.08

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

1. National Product and Income

Table 1.1. Gross Domestic Product
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,872.9	10,205.6	10,027.9	10,141.7	10,202.6	10,224.9	10,253.2
Personal consumption expenditures	6,728.4	7,063.5	6,871.4	6,977.6	7,044.6	7,057.6	7,174.0
Durable goods.....	819.6	858.2	818.7	838.1	844.7	840.6	909.5
Nondurable goods.....	1,989.6	2,055.0	2,025.1	2,047.1	2,062.3	2,057.5	2,053.1
Services.....	3,919.2	4,150.2	4,027.5	4,092.4	4,137.6	4,159.4	4,211.4
Gross private domestic investment	1,767.5	1,634.0	1,780.3	1,722.8	1,669.9	1,624.8	1,518.6
Fixed investment.....	1,718.1	1,692.7	1,741.6	1,748.3	1,706.5	1,682.6	1,633.3
Nonresidential.....	1,293.1	1,246.6	1,318.2	1,311.2	1,260.2	1,231.0	1,183.8
Structures.....	313.6	330.5	330.9	345.8	338.6	334.3	303.5
Equipment and software.....	979.5	916.1	987.3	965.4	921.7	896.8	880.4
Residential.....	425.1	446.1	423.4	437.0	446.2	451.6	449.5
Change in private inventories.....	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Net exports of goods and services	-364.0	-331.2	-390.6	-363.8	-347.4	-294.4	-319.3
Exports.....	1,102.9	1,049.4	1,121.0	1,117.4	1,079.6	1,020.6	980.2
Goods.....	785.6	736.3	799.7	794.2	754.4	710.7	686.0
Services.....	317.3	313.1	321.3	323.2	325.2	309.8	294.2
Imports.....	1,466.9	1,380.7	1,511.6	1,481.2	1,427.0	1,315.0	1,299.5
Goods.....	1,244.9	1,173.7	1,284.0	1,248.7	1,197.8	1,145.6	1,102.7
Services.....	221.9	207.0	227.7	232.5	229.2	169.4	196.8
Government consumption expenditures and gross investment	1,741.0	1,839.3	1,766.8	1,805.2	1,835.4	1,836.9	1,879.9
Federal.....	590.2	615.7	594.2	605.3	609.9	615.7	631.9
National defense.....	375.4	399.1	382.4	392.9	396.1	399.6	407.8
Nondefense.....	214.8	216.6	211.8	212.4	213.8	216.1	224.1
State and local.....	1,150.8	1,223.6	1,172.6	1,199.8	1,225.5	1,221.2	1,248.0

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

Table 1.2. Real Gross Domestic Product
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,224.0	9,332.3	9,303.9	9,334.5	9,341.7	9,310.4	9,342.7
Personal consumption expenditures	6,257.8	6,449.8	6,341.1	6,388.5	6,428.4	6,443.9	6,538.5
Durable goods.....	895.5	955.5	899.4	922.4	938.1	940.2	1,021.3
Nondurable goods.....	1,849.9	1,883.2	1,866.8	1,878.0	1,879.4	1,882.0	1,893.3
Services.....	3,527.7	3,633.1	3,588.8	3,605.1	3,629.8	3,640.4	3,657.1
Gross private domestic investment	1,772.9	1,631.1	1,778.3	1,721.0	1,666.2	1,620.5	1,516.6
Fixed investment.....	1,716.2	1,683.0	1,732.1	1,740.3	1,696.4	1,671.6	1,623.8
Nonresidential.....	1,350.7	1,308.6	1,374.5	1,373.9	1,320.9	1,292.0	1,247.5
Structures.....	272.8	275.4	283.3	291.7	282.3	276.8	250.8
Equipment and software.....	1,087.4	1,039.3	1,099.3	1,087.7	1,043.2	1,019.4	1,006.9
Residential.....	371.4	376.8	365.3	372.9	378.3	380.5	375.7
Change in private inventories.....	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Net exports of goods and services	-399.1	-410.2	-421.1	-404.5	-406.7	-411.0	-418.5
Exports.....	1,133.2	1,080.8	1,147.5	1,144.1	1,108.3	1,052.2	1,018.6
Goods.....	836.1	788.8	849.5	844.4	805.2	762.9	742.8
Services.....	299.3	292.9	300.5	301.8	303.6	289.6	276.6
Imports.....	1,532.3	1,491.0	1,568.5	1,548.6	1,515.0	1,463.2	1,437.2
Goods.....	1,315.6	1,278.9	1,345.9	1,322.8	1,290.1	1,256.6	1,245.9
Services.....	218.7	213.4	224.7	227.4	226.2	207.6	192.4
Government consumption expenditures and gross investment	1,572.6	1,628.6	1,582.8	1,603.4	1,623.0	1,624.1	1,663.7
Federal.....	545.9	560.4	547.9	552.2	554.7	559.6	575.1
National defense.....	349.0	365.4	353.8	360.3	362.4	365.3	373.5
Nondefense.....	196.7	195.0	194.0	191.8	192.3	194.3	201.5
State and local.....	1,026.3	1,067.4	1,034.3	1,050.5	1,067.4	1,063.8	1,088.0
Residual.....	-4.4	13.6	-3.3	5.2	14.3	21.3	13.5

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

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

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

Table 1.3. Gross Domestic Product by Major Type of Product
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,872.9	10,205.6	10,027.9	10,141.7	10,202.6	10,224.9	10,253.2
Final sales of domestic product	9,823.6	10,264.2	9,989.2	10,167.2	10,239.1	10,282.7	10,367.9
Change in private inventories	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Goods	3,694.2	3,660.9	3,709.3	3,693.4	3,678.4	3,632.5	3,639.5
Final sales	3,644.8	3,719.6	3,670.6	3,718.8	3,715.0	3,690.3	3,754.2
Change in private inventories	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Durable goods	1,769.9	1,681.1	1,772.2	1,724.8	1,694.9	1,649.6	1,655.3
Final sales	1,735.2	1,735.8	1,740.7	1,755.8	1,737.2	1,704.9	1,745.3
Change in private inventories	34.7	-54.7	31.5	-31.0	-42.3	-55.3	-90.1
Nondurable goods	1,924.3	1,979.8	1,937.1	1,968.6	1,983.5	1,982.9	1,984.2
Final sales	1,909.6	1,983.8	1,929.9	1,963.1	1,977.8	1,985.4	2,008.9
Change in private inventories	14.7	-4.0	7.2	5.5	5.8	-2.5	-24.6
Services	5,268.4	5,578.2	5,393.0	5,482.8	5,545.7	5,626.5	5,657.7
Structures	910.3	966.5	925.6	965.6	978.4	965.9	956.1
Addenda:							
Motor vehicle output	353.0	333.0	332.1	315.5	331.5	338.7	346.5
Gross domestic product less motor vehicle output	9,519.9	9,872.6	9,695.8	9,826.3	9,871.1	9,886.2	9,906.7

1. Estimates for durable goods and nondurable goods for 1997 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).
NOTE. Percent changes from preceding period for gross domestic product and for final sales of domestic product are shown in table 8.1.

Table 1.4. Real Gross Domestic Product by Major Type of Product
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,224.0	9,332.3	9,303.9	9,334.5	9,341.7	9,310.4	9,342.7
Final sales of domestic product	9,167.0	9,375.2	9,256.7	9,347.8	9,364.8	9,352.5	9,435.6
Change in private inventories	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Residual	6.4	18.9	4.4	13.8	15.2	19.8	27.1
Goods	3,719.4	3,664.2	3,730.3	3,706.2	3,672.2	3,631.4	3,647.1
Final sales	3,663.1	3,716.8	3,684.5	3,726.3	3,703.1	3,683.1	3,754.7
Change in private inventories	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Durable goods	1,908.1	1,835.7	1,913.1	1,873.6	1,848.9	1,804.2	1,815.9
Final sales	1,868.7	1,895.6	1,877.1	1,907.3	1,894.8	1,865.4	1,914.8
Change in private inventories	36.0	-58.5	32.8	-32.8	-44.5	-60.3	-96.5
Nondurable goods	1,822.2	1,833.1	1,820.0	1,839.8	1,829.4	1,829.4	1,834.0
Final sales	1,804.8	1,831.6	1,817.6	1,830.5	1,819.5	1,825.9	1,850.3
Change in private inventories	15.1	-4.9	10.5	4.5	4.5	-3.3	-25.1
Services	4,725.1	4,858.8	4,789.9	4,816.1	4,848.4	4,869.7	4,900.7
Structures	792.2	809.9	794.3	817.6	821.8	806.7	793.5
Residual	-17.9	-2	-18.3	-8.7	-2.8	6.3	5.0
Addenda:							
Motor vehicle output	353.8	337.1	333.1	318.1	336.1	343.0	351.1
Gross domestic product less motor vehicle output	8,870.8	8,994.7	8,969.8	9,014.0	9,004.9	8,967.4	8,992.3

1. Estimates for durable goods and nondurable goods for 1997 and earlier periods are based on the 1987 Standard Industrial Classification (SIC); later estimates for these industries are based on the North American Industry Classification System (NAICS).

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line following change in private inventories is the difference between gross domestic product and the sum of final sales of domestic product and of change in private inventories; the residual line following structures is the difference between gross domestic product and the sum of the detailed lines of goods, of services, and of structures.

Percent changes from preceding period for gross domestic product and for final sales of domestic product are shown in table 8.1.
Chain-type quantity indexes for the series in this table are shown in table 7.17.

Table 1.5. Relation of Gross Domestic Product, Gross Domestic Purchases, and Final Sales to Domestic Purchasers
[Billions of dollars]

Gross domestic product	9,872.9	10,205.6	10,027.9	10,141.7	10,202.6	10,224.9	10,253.2
Less: Exports of goods and services	1,102.9	1,049.4	1,121.0	1,117.4	1,079.6	1,020.6	980.2
Plus: Imports of goods and services	1,466.9	1,380.7	1,511.6	1,481.2	1,427.0	1,315.0	1,299.5
Equals: Gross domestic purchases	10,236.9	10,536.8	10,418.5	10,505.6	10,549.9	10,519.3	10,572.6
Less: Change in private inventories	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Equals: Final sales to domestic purchasers	10,187.5	10,595.5	10,379.8	10,531.0	10,586.5	10,577.1	10,687.3

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

Table 1.6. Relation of Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers
[Billions of chained (1996) dollars]

Gross domestic product	9,224.0	9,332.3	9,303.9	9,334.5	9,341.7	9,310.4	9,342.7
Less: Exports of goods and services	1,133.2	1,080.8	1,147.5	1,144.1	1,108.3	1,052.2	1,018.6
Plus: Imports of goods and services	1,532.3	1,491.0	1,568.5	1,548.6	1,515.0	1,463.2	1,437.2
Equals: Gross domestic purchases	9,594.7	9,715.5	9,694.4	9,710.4	9,720.4	9,695.1	9,736.0
Less: Change in private inventories	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Equals: Final sales to domestic purchasers	9,537.7	9,758.8	9,647.1	9,723.8	9,743.7	9,737.5	9,829.9

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Percent changes from preceding period for selected series in this table are shown in table 8.1.
Chain-type quantity indexes for selected series in this table are shown in table 7.2.

Table 1.7. Gross Domestic Product by Sector
[Billions of dollars]

Gross domestic product	9,872.9	10,205.6	10,027.9	10,141.7	10,202.6	10,224.9	10,253.2
Business ¹	8,356.8	8,600.8	8,487.8	8,574.1	8,609.4	8,606.6	8,613.0
Nonfarm ²	8,277.8	8,516.7	8,404.3	8,489.2	8,525.2	8,516.4	8,536.1
Nonfarm less housing	7,480.8	7,679.4	7,592.5	7,670.5	7,687.7	7,674.9	7,684.5
Housing	796.9	837.3	811.9	818.7	837.5	841.5	851.6
Farm	79.0	84.1	83.5	84.9	84.2	90.3	76.8
Households and institutions	432.0	469.2	443.6	454.3	465.6	474.8	482.1
Private households	13.6	15.2	14.4	14.8	15.1	15.4	15.5
Nonprofit institutions	418.4	454.0	429.2	439.5	450.5	459.5	466.6
General government ³	1,084.2	1,135.6	1,096.5	1,113.3	1,127.6	1,143.4	1,158.2
Federal	323.8	334.5	323.2	329.6	332.2	335.6	340.4
State and local	760.4	801.2	773.3	783.7	795.3	807.7	817.8

1. Equals gross domestic product less gross product of households and institutions and of general government.

2. Equals gross domestic business product less gross farm product.

3. Equals compensation of general government employees plus general government consumption of fixed capital as shown in table 3.7.

Table 1.8. Real Gross Domestic Product by Sector
[Billions of chained (1996) dollars]

Gross domestic product	9,224.0	9,332.3	9,303.9	9,334.5	9,341.7	9,310.4	9,342.7
Business ¹	7,879.1	7,952.3	7,949.8	7,971.6	7,967.3	7,923.9	7,946.7
Nonfarm ²	7,761.5	7,835.9	7,828.7	7,852.6	7,853.2	7,808.6	7,829.4
Nonfarm less housing	7,053.3	7,119.9	7,115.8	7,141.0	7,132.3	7,092.4	7,113.9
Housing	709.3	717.1	714.2	713.0	721.7	717.1	716.5
Farm	120.5	118.1	125.5	121.9	114.6	116.5	119.6
Households and institutions	388.6	402.8	393.0	396.8	402.1	405.2	407.0
Private households	12.0	12.9	12.6	12.7	12.9	13.1	13.1
Nonprofit institutions	376.7	389.9	380.4	384.2	389.2	392.1	394.0
General government ³	959.3	979.1	964.4	969.1	974.7	982.6	989.8
Federal	290.1	293.1	289.8	289.9	290.9	293.8	297.6
State and local	669.0	685.7	674.3	679.0	683.6	688.5	692.0
Residual	-6.9	-4.4	-8.7	-7.2	-3.5	-3.1	-4.0

1. Equals gross domestic product less gross product of households and institutions and of general government.

2. Equals gross domestic business product less gross farm product.

3. Equals compensation of general government employees plus general government consumption of fixed capital as shown in table 3.8.

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.
Chain-type quantity indexes for the series in this table are shown in table 7.14.

Table 1.9. Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,872.9	10,205.6	10,027.9	10,141.7	10,202.6	10,224.9	10,253.2
<i>Plus:</i> Income receipts from the rest of the world	384.2		402.1	378.9	346.9	321.3	
<i>Less:</i> Income payments to the rest of the world	396.3		397.9	389.4	358.6	332.4	
Equals: Gross national product	9,860.8		10,032.1	10,131.3	10,190.9	10,213.8	
<i>Less:</i> Consumption of fixed capital	1,241.3	1,351.3	1,276.8	1,299.9	1,341.5	1,406.7	1,357.0
Private	1,029.9	1,127.5	1,060.9	1,081.3	1,120.2	1,177.4	1,131.0
Capital consumption allowances	1,056.3	1,137.3	1,080.6	1,098.1	1,124.3	1,173.1	1,153.7
<i>Less:</i> Capital consumption adjustment	26.4	9.8	19.6	16.8	4.1	-4.3	22.7
Government	211.3	223.8	215.9	218.6	221.3	229.3	226.0
General government	180.1	189.4	184.1	186.2	188.6	190.0	192.5
Government enterprises	31.2	34.4	31.9	32.3	32.7	39.2	33.5
Equals: Net national product	8,619.5		8,755.3	8,831.4	8,849.4	8,807.1	
<i>Less:</i> Indirect business tax and nontax liability	762.7	794.2	775.6	785.7	792.3	793.9	804.7
Business transfer payments	43.9	44.7	44.4	44.3	44.5	44.7	45.2
Statistical discrepancy	-130.4		-150.0	-120.5	-143.2	-149.7	
<i>Plus:</i> Subsidies less current surplus of government enterprises	37.6	54.8	38.7	47.8	52.2	71.5	47.9
Equals: National income	7,980.9		8,124.0	8,169.7	8,207.9	8,189.6	
<i>Less:</i> Corporate profits with inventory valuation and capital consumption adjustments	876.4		847.6	789.8	759.8	697.0	
Net interest	532.7		540.6	549.4	553.0	558.3	
Contributions for social insurance	701.5	731.2	714.9	729.1	732.8	733.0	730.0
Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0
<i>Plus:</i> Personal interest income	1,000.6	993.9	1,013.1	1,010.9	1,001.0	991.5	972.1
Personal dividend income	379.2	416.3	396.6	404.8	411.9	420.0	428.4
Government transfer payments to persons	1,036.0	1,113.7	1,055.2	1,088.7	1,104.6	1,123.7	1,137.8
Business transfer payments to persons	33.1	35.0	33.8	34.3	34.8	35.3	35.7
Equals: Personal income	8,319.2	8,723.9	8,519.6	8,640.2	8,714.6	8,771.8	8,768.8
Addenda:							
Gross domestic income	10,003.4		10,178.0	10,262.2	10,345.7	10,374.6	
Gross national income	9,991.2		10,182.1	10,251.8	10,334.0	10,363.5	
Net domestic product	8,631.7	8,854.3	8,751.1	8,841.9	8,861.1	8,818.2	8,896.3

Table 1.10. Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Gross domestic product	9,224.0	9,332.3	9,303.9	9,334.5	9,341.7	9,310.4	9,342.7
<i>Plus:</i> Income receipts from the rest of the world	360.2		374.3	350.3	319.6	296.2	
<i>Less:</i> Income payments to the rest of the world	367.0		365.8	355.2	325.7	301.8	
Equals: Gross national product	9,216.4		9,311.7	9,329.1	9,335.5	9,304.9	
<i>Less:</i> Consumption of fixed capital	1,238.9	1,365.2	1,279.1	1,313.1	1,353.4	1,407.1	1,387.2
Private	1,036.2	1,153.0	1,073.4	1,105.6	1,144.2	1,188.5	1,173.7
Government	203.1	213.1	206.2	208.2	210.2	219.6	214.6
General government	173.9	181.0	176.5	178.2	180.0	181.9	183.9
Government enterprises	29.2	32.1	29.6	29.9	30.2	37.4	30.8
Equals: Net national product	7,982.5		8,038.9	8,025.2	7,995.4	7,917.0	
Addenda:							
Gross domestic income ¹	9,345.7		9,443.1	9,445.4	9,472.8	9,446.7	
Gross national income ²	9,338.2		9,450.9	9,440.1	9,466.7	9,441.3	
Net domestic product	7,990.0	7,981.6	8,031.2	8,030.6	8,001.5	7,922.5	7,971.9

1. Gross domestic income deflated by the implicit price deflator for gross domestic product.
 2. Gross national income deflated by the implicit price deflator for gross national product.
 NOTE: Except as noted in footnotes 1 and 2, chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.
 The chain-type quantity index for gross national product is shown in table 7.3.

Table 1.11. Command-Basis Real Gross National Product
[Billions of chained (1996) dollars]

Gross national product	9,216.4		9,311.7	9,329.1	9,335.5	9,304.9	
<i>Less:</i> Exports of goods and services and income receipts from the rest of the world	1,496.2		1,525.3	1,496.2	1,428.0	1,347.8	
<i>Plus:</i> Command-basis exports of goods and services and income receipts from the rest of the world ¹	1,516.1		1,542.2	1,521.7	1,467.3	1,432.9	
Equals: Command-basis gross national product	9,236.3		9,328.6	9,354.7	9,374.9	9,390.1	
Addendum:							
Terms of trade ²	101.3		101.1	101.7	102.8	106.3	

1. Exports of goods and services and income receipts deflated by the implicit price deflator for imports of goods and services and income payments.
 2. Ratio of the implicit price deflator for exports of goods and services and income receipts to the corresponding implicit price deflator for imports divided by 100.
 NOTE: Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.
 Percent changes from preceding period for gross national product are shown in table 8.1.
 Chain-type quantity indexes for the series in this table are shown in table 7.3.

Table 1.14. National Income by Type of Income
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
National income	7,980.9		8,124.0	8,169.7	8,207.9	8,189.6	
Compensation of employees	5,715.2	6,010.0	5,868.9	5,955.7	6,010.8	6,037.7	6,035.8
Wage and salary accruals....	4,837.2	5,098.2	4,973.2	5,049.4	5,099.8	5,123.4	5,120.2
Government.....	768.4	806.1	776.6	788.8	799.6	812.5	823.4
Other.....	4,068.8	4,292.1	4,196.6	4,260.6	4,300.2	4,311.0	4,296.8
Supplements to wages and salaries.....	878.0	911.8	895.7	906.3	911.0	914.2	915.6
Employer contributions for social insurance.....	343.8	357.9	350.8	357.1	358.8	358.8	357.1
Other labor income.....	534.2	553.9	544.9	549.3	552.2	555.4	558.5
Proprietors' income with inventory valuation and capital consumption adjustments	715.0	743.5	725.2	735.2	745.3	752.7	740.7
Farm.....	30.6	27.6	31.7	29.8	28.7	32.3	19.7
Proprietors' income with inventory valuation adjustment.....	38.2	35.1	38.9	37.2	36.0	39.9	27.5
Capital consumption adjustment.....	-7.6	-7.5	-7.2	-7.4	-7.3	-7.6	-7.8
Nonfarm.....	684.4	715.9	693.5	705.4	716.6	720.5	721.0
Proprietors' income with inventory valuation adjustment.....	-1.1	.4	-.4	-.1	-.8	.4	2.2
Capital consumption adjustment.....	59.6	66.2	60.2	62.7	64.9	67.2	70.0
Rental income of persons with capital consumption adjustment	141.6	142.7	141.7	139.6	139.0	144.0	148.3
Rental income of persons....	202.5	212.1	204.7	205.2	213.4	211.7	218.0
Capital consumption adjustment.....	-61.0	-69.3	-63.0	-65.5	-74.4	-67.7	-69.6
Corporate profits with inventory valuation and capital consumption adjustments	876.4		847.6	789.8	759.8	697.0	
Corporate profits with inventory valuation adjustment.....	833.0		809.2	753.8	729.5	683.6	
Profits before tax.....	845.4		816.5	755.7	738.3	680.6	
Profits tax liability.....	271.5		253.5	236.8	228.0	204.9	
Profits after tax.....	573.9		563.0	518.9	510.3	475.6	
Dividends.....	379.6	416.6	397.0	405.2	412.3	420.4	428.7
Undistributed profits.....	194.3		165.9	113.7	98.0	55.2	
Inventory valuation adjustment.....	-12.4		-7.3	-1.9	-8.8	3.1	
Capital consumption adjustment.....	43.4	29.8	38.4	36.0	30.3	13.4	39.7
Net interest	532.7		540.6	549.4	553.0	558.3	
Addenda:							
Corporate profits after tax with inventory valuation and capital consumption adjustments.....	604.9		594.1	553.0	531.8	492.0	
Net cash flow with inventory valuation and capital consumption adjustments.....	952.4		946.7	911.6	905.1	918.6	
Undistributed profits with inventory valuation and capital consumption adjustments.....	225.3		197.0	147.8	119.5	71.7	
Consumption of fixed capital.....	727.1	798.6	749.7	763.8	785.6	847.0	797.9
Less: Inventory valuation adjustment.....	-12.4		-7.3	-1.9	-8.8	3.1	
Equals: Net cash flow	964.8		954.0	913.5	913.9	915.6	

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Billions of dollars							
Gross product of corporate business	6,110.8		6,226.6	6,265.9	6,296.3	6,285.8	
Consumption of fixed capital ..	727.1	798.6	749.7	763.8	785.6	847.0	797.9
Net product	5,383.8		5,476.9	5,502.1	5,510.6	5,438.8	
Indirect business tax and nontax liability plus business transfer payments less subsidies..	557.7	575.1	567.6	574.6	579.0	559.2	587.5
Domestic income.....	4,826.0		4,909.3	4,927.4	4,931.6	4,879.6	
Compensation of employees.....	3,883.4	4,087.6	4,001.4	4,058.5	4,093.8	4,104.5	4,093.8
Wage and salary accruals.....	3,342.9	3,526.4	3,449.7	3,500.6	3,533.0	3,541.8	3,530.1
Supplements to wages and salaries.....	540.5	561.3	551.6	557.9	560.8	562.8	563.6
Corporate profits with inventory valuation and capital consumption adjustments.....	739.6		690.8	649.7	615.8	550.9	
Profits before tax.....	708.6		659.7	615.7	594.3	534.4	
Profits tax liability.....	271.5		253.5	236.8	228.0	204.9	
Profits after tax.....	437.1		406.2	378.9	366.3	329.5	
Dividends.....	341.9		359.3	383.2	374.7	407.6	
Undistributed profits.....	95.2		46.9	-4.3	-8.4	-78.1	
Inventory valuation adjustment.....	-12.4		-7.3	-1.9	-8.8	3.1	
Capital consumption adjustment.....	43.4	29.8	38.4	36.0	30.3	13.4	39.7
Net interest.....	203.0		217.2	219.2	222.0	224.2	
Gross product of financial corporate business	730.1		763.6	769.6	756.6	744.7	
Gross product of nonfinancial corporate business	5,380.7		5,463.0	5,496.3	5,539.7	5,541.1	
Consumption of fixed capital ..	606.9	665.6	625.0	637.3	656.7	702.2	666.0
Net product	4,773.9		4,838.0	4,859.0	4,883.0	4,838.9	
Indirect business tax and nontax liability plus business transfer payments less subsidies..	516.5	533.0	526.0	532.9	537.0	517.1	544.9
Domestic income.....	4,257.4		4,312.0	4,326.1	4,345.9	4,321.8	
Compensation of employees.....	3,535.2	3,721.1	3,643.4	3,694.5	3,726.7	3,736.5	3,726.7
Wage and salary accruals.....	3,041.7	3,208.6	3,139.5	3,185.1	3,214.6	3,222.6	3,212.0
Supplements to wages and salaries.....	493.5	512.5	503.9	509.4	512.0	513.8	514.6
Corporate profits with inventory valuation and capital consumption adjustments.....	550.1		503.4	464.8	450.4	414.8	
Profits before tax.....	504.2		455.3	413.5	411.0	381.0	
Profits tax liability.....	186.6		168.2	152.5	151.2	139.3	
Profits after tax.....	317.6		287.1	261.0	259.8	241.7	
Dividends.....	269.0		282.2	300.9	294.3	320.1	
Undistributed profits.....	48.6		5.0	-39.9	-34.5	-78.4	
Inventory valuation adjustment.....	-12.4		-7.3	-1.9	-8.8	3.1	
Capital consumption adjustment.....	58.3	47.2	55.4	53.2	48.2	30.7	56.8
Net interest.....	172.1		165.2	166.8	168.9	170.6	
Billions of chained (1996) dollars							
Gross product of nonfinancial corporate business	5,157.9		5,196.7	5,205.3	5,216.3	5,181.5	
Consumption of fixed capital ¹	624.8	698.5	650.1	666.7	688.4	730.7	708.4
Net product ²	4,533.1		4,546.6	4,538.6	4,527.9	4,450.8	

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

3. Government Current Receipts and Expenditures

Table 3.1. Government Current Receipts and Expenditures

[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Current receipts	3,023.9		3,073.9	3,096.8	3,104.5	2,927.3	
Personal tax and nontax receipts.....	1,288.2	1,306.2	1,329.8	1,345.2	1,351.4	1,195.5	1,332.8
Corporate profits tax accruals.....	271.5		253.5	236.8	228.0	204.9	
Indirect business tax and nontax accruals.....	762.7	794.2	775.6	785.7	792.3	793.9	804.7
Contributions for social insurance.....	701.5	731.2	714.9	729.1	732.8	733.0	730.0
Current expenditures	2,772.5	2,911.2	2,822.7	2,869.2	2,896.5	2,939.0	2,939.9
Consumption expenditures.....	1,422.7	1,498.3	1,444.1	1,474.2	1,491.4	1,504.9	1,522.7
Transfer payments (net).....	1,050.0	1,122.3	1,080.7	1,094.6	1,111.6	1,131.4	1,151.5
To persons.....	1,036.0	1,113.7	1,055.2	1,088.7	1,104.6	1,123.7	1,137.8
To the rest of the world (net).....	14.0	8.6	25.5	5.8	7.1	7.7	13.8
Net interest paid.....	262.6	236.1	259.6	253.0	241.7	231.7	218.1
Interest paid.....	362.8	340.5	360.5	355.6	345.2	336.3	325.0
To persons and business.....	255.2		251.2	247.6	239.7	232.7	
To the rest of the world.....	107.7		109.3	108.0	105.5	103.6	
Less: Interest received by government.....	100.3	104.4	100.9	102.6	103.5	104.7	106.8
Less: Dividends received by government.....	.4	.4	.4	.4	.4	.4	.4
Subsidies less current surplus of government enterprises.....	37.6	54.8	38.7	47.8	52.2	71.5	47.9
Subsidies.....	44.1	57.2	42.4	52.5	55.0	72.6	48.6
Less: Current surplus of government enterprises.....	6.5	2.3	3.7	4.6	2.8	1.2	.8
Less: Wage accruals less disbursements.....	.0	.0	.0	.0	.0	.0	.0
Current surplus or deficit (-), national income and product accounts	251.4		251.2	227.6	208.0	-11.7	
Social insurance funds.....	117.7	107.7	124.1	115.7	113.0	104.2	97.8
Other.....	133.8		127.0	111.9	95.1	-115.9	
Addenda:							
Net lending or net borrowing (-).....	171.1		170.8	147.5	113.5	-92.2	
Current surplus or deficit (-), national income and product accounts.....	251.4		251.2	227.6	208.0	-11.7	
Plus: Consumption of fixed capital.....	211.3	223.8	215.9	218.6	221.3	229.3	226.0
Plus: Capital transfers received (net).....	36.2	36.3	35.8	38.4	37.0	34.8	34.8
Less: Gross investment.....	318.3	341.0	322.8	330.9	344.0	331.9	357.1
Less: Net purchases of nonproduced assets.....	9.5	9.4	9.3	6.0	8.8	12.7	10.1

Table 3.2. Federal Government Current Receipts and Expenditures
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Current receipts	2,046.8		2,077.5	2,087.4	2,091.5	1,907.1	
Personal tax and nontax receipts	1,009.5	1,010.1	1,040.5	1,051.4	1,060.0	897.2	1,031.7
Income taxes	999.5	1,000.4	1,030.4	1,041.5	1,050.2	887.6	1,022.4
Nontaxes	10.1	9.7	10.1	9.9	9.8	9.6	9.4
Corporate profits tax accruals	234.7		219.4	205.0	197.3	177.4	
Federal Reserve banks	25.3		26.1	25.7	24.2	23.2	
Other	209.3		193.3	179.4	173.1	154.3	
Indirect business tax and nontax accruals	111.2	111.0	112.7	112.2	112.0	110.2	109.8
Excise taxes	69.8	68.2	70.3	68.7	69.4	67.3	67.4
Customs duties	21.1	20.6	21.2	21.6	20.3	20.3	20.4
Nontaxes	20.3	22.1	21.2	21.9	22.3	22.5	22.0
Contributions for social insurance	691.5	720.6	704.9	718.8	722.2	722.3	719.1
Current expenditures	1,828.3	1,909.5	1,855.0	1,882.1	1,904.7	1,920.7	1,930.4
Consumption expenditures	493.7	514.1	494.1	507.5	510.1	513.7	525.1
Transfer payments (net)	779.3	831.9	802.9	811.7	823.3	838.6	853.9
To persons	765.3	823.3	777.4	805.8	816.3	830.9	840.1
To the rest of the world (net)	14.0	8.6	25.5	5.8	7.1	7.7	13.8
Grants-in-aid to State and local governments	245.6	274.2	250.1	264.0	281.2	266.4	285.0
Net interest paid	262.9	236.9	259.9	253.5	242.5	232.5	219.1
Interest paid	282.2	257.7	279.0	273.4	262.5	253.2	241.6
To persons and business	174.5		169.7	165.4	156.9	149.7	
To the rest of the world	107.7		109.3	108.0	105.5	103.6	
Less: Interest received by government	19.3	20.8	19.1	19.9	20.0	20.7	22.5
Subsidies less current surplus of government enterprises ..	46.8	52.5	48.1	45.4	47.6	69.5	47.4
Subsidies	43.7	44.7	42.0	39.9	40.0	60.7	38.1
Less: Current surplus of government enterprises ..	-3.1	-7.8	-6.1	-5.6	-7.7	-8.8	-9.3
Less: Wage accruals less disbursements	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts ..	218.6		222.5	205.3	186.7	-13.6	
Social insurance funds	118.0	107.8	124.6	116.0	113.1	104.3	98.0
Other	100.6		97.9	89.3	73.6	-117.8	
Addenda:							
Net lending or net borrowing (-)	210.6		211.0	200.7	174.7	-33.3	
Current surplus or deficit (-), national income and product accounts	218.6		222.5	205.3	186.7	-13.6	
Plus: Consumption of fixed capital	96.4	99.6	97.9	98.4	99.4	99.8	100.8
Plus: Capital transfers received (net)	-7.9	-12.8	-9.7	-8.9	-12.7	-14.8	-14.9
Less: Gross investment ..	96.5	101.6	100.1	97.8	99.9	102.0	106.8
Less: Net purchases of nonproduced assets	-1	-5	-3	-3.7	-1.1	2.8	.1

Table 3.3. State and Local Government Current Receipts and Expenditures
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Current receipts	1,222.6		1,246.4	1,273.4	1,294.3	1,286.6	
Personal tax and nontax receipts	278.7	296.1	289.3	293.8	291.4	298.2	301.1
Income taxes	219.8	234.1	229.3	233.0	229.8	235.9	237.9
Nontaxes	38.1	40.6	39.0	39.7	40.3	40.9	41.6
Other	20.7	21.4	21.0	21.2	21.3	21.4	21.6
Corporate profits tax accruals ..	36.8		34.1	31.8	30.7	27.5	
Indirect business tax and nontax accruals	651.5	683.1	662.9	673.5	680.4	683.7	695.0
Sales taxes	321.5	336.8	327.8	332.4	335.6	335.8	343.3
Property taxes	248.4	258.3	251.9	254.5	256.8	259.5	262.2
Other	81.6	88.1	83.2	86.7	88.0	88.4	89.4
Contributions for social insurance	10.0	10.6	10.1	10.3	10.6	10.8	10.9
Federal grants-in-aid	245.6	274.2	250.1	264.0	281.2	266.4	285.0
Current expenditures	1,189.8	1,275.8	1,217.8	1,251.1	1,273.0	1,284.7	1,294.5
Consumption expenditures	929.0	984.2	950.0	966.7	981.3	991.2	997.7
Transfer payments to persons ..	270.7	290.4	277.8	282.9	288.3	292.8	297.6
Net interest paid	-3	-8	-2	-5	-8	-9	-9
Interest paid	80.7	82.9	81.6	82.2	82.8	83.1	83.4
Less: Interest received by government	80.9	83.6	81.8	82.7	83.6	83.9	84.3
Less: Dividends received by government	4	4	4	4	4	4	4
Subsidies less current surplus of government enterprises ..	-9.2	2.4	-9.4	2.4	4.6	2.0	.5
Subsidies	4	12.5	4	12.6	15.1	11.9	10.5
Less: Current surplus of government enterprises ..	9.7	10.2	9.9	10.2	10.5	9.9	10.0
Less: Wage accruals less disbursements	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts ..	32.8		28.6	22.3	21.3	1.9	
Social insurance funds	-3	-2	-5	-3	-2	-1	-1
Other	33.1		29.1	22.6	21.4	2.0	
Addenda:							
Net lending or net borrowing (-)	-39.5		-40.2	-53.2	-61.2	-58.9	
Current surplus or deficit (-), national income and product accounts	32.8		28.6	22.3	21.3	1.9	
Plus: Consumption of fixed capital	114.9	124.2	118.0	120.2	121.9	129.5	125.2
Plus: Capital transfers received (net)	44.1	49.1	45.5	47.3	49.7	49.7	49.7
Less: Gross investment ..	221.8	239.4	222.7	233.1	244.2	230.0	250.3
Less: Net purchases of nonproduced assets	9.6	9.9	9.7	9.8	9.9	9.9	10.0

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Government consumption expenditures and gross investment¹	1,741.0	1,839.3	1,766.8	1,805.2	1,835.4	1,836.9	1,879.9
Federal	590.2	615.7	594.2	605.3	609.9	615.7	631.9
National defense	375.4	399.1	382.4	392.9	396.1	399.6	407.8
Consumption expenditures	321.9	342.3	325.3	338.3	339.5	343.1	348.3
Durable goods ²	22.5	24.5	23.0	22.8	24.0	26.0	25.0
Nondurable goods	10.4	10.3	10.0	9.5	10.8	10.5	10.2
Services	269.0	307.6	292.2	306.0	304.6	306.7	313.0
Compensation of general government employees, except own-account investment ³	137.9	143.1	138.1	141.1	141.8	143.3	146.1
Consumption of general government fixed capital ⁴	63.8	64.0	64.0	63.8	64.1	63.9	64.2
Other services	87.4	100.5	90.1	101.1	98.7	99.6	102.7
Gross investment	53.5	56.8	57.1	54.6	56.7	56.5	59.6
Structures	5.3	5.3	5.3	5.3	5.3	4.8	5.6
Equipment and software	48.2	51.6	51.8	49.3	51.3	51.7	53.9
Nondefense	214.8	216.6	211.8	212.4	213.8	216.1	224.1
Consumption expenditures	171.8	171.8	168.8	169.2	170.6	170.6	176.8
Durable goods ²	1.3	1.1	1.4	1.2	1.1	1.0	1.2
Nondurable goods	6.9	6.7	4.6	6.9	6.5	5.8	7.6
Commodity Credit Corporation inventory change	.8	.2	1.3	.3	.0	-.4	.9
Other nondurables	6.1	6.5	3.4	6.7	6.5	6.3	6.7
Services	163.6	164.0	162.7	161.1	163.0	163.8	168.0
Compensation of general government employees, except own-account investment ³	93.5	96.1	91.3	94.4	95.2	96.9	97.9
Consumption of general government fixed capital ⁴	26.6	29.0	27.7	28.2	28.8	29.3	29.9
Other services	43.6	38.8	43.8	38.5	39.0	37.6	40.2
Gross investment	43.0	44.8	43.0	43.2	43.2	45.5	47.2
Structures	10.8	11.3	11.0	11.5	10.6	11.0	12.1
Equipment and software	32.2	33.5	32.0	31.8	32.6	34.4	35.1
State and local	1,150.8	1,223.6	1,172.6	1,199.8	1,225.5	1,221.2	1,248.0
Consumption expenditures	929.0	984.2	950.0	966.7	981.3	991.2	997.7
Durable goods ²	16.9	18.1	17.4	17.7	18.0	18.3	18.5
Nondurable goods	110.9	115.8	115.7	116.4	118.8	116.7	111.3
Services	801.2	850.3	816.9	832.6	844.5	856.2	867.8
Compensation of general government employees, except own-account investment ³	661.8	696.4	671.9	681.0	690.9	702.6	711.0
Consumption of general government fixed capital ⁴	89.8	96.3	92.4	94.2	95.8	96.9	98.4
Other services	49.7	57.6	52.6	57.4	57.8	56.8	58.4
Gross investment	221.8	239.4	222.7	233.1	244.2	230.0	250.3
Structures	165.0	182.9	164.5	175.6	187.2	173.7	195.0
Equipment and software	56.8	56.5	58.2	57.5	56.9	56.2	55.4
Addenda:							
Compensation of general government employees ³	904.1	946.3	912.4	927.1	938.9	953.4	965.7
Federal	233.4	241.4	231.5	237.6	239.3	242.5	246.3
State and local	670.7	704.8	680.9	689.5	699.6	710.9	719.4

- Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.
- Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.
- Compensation of government employees engaged in new own-account investment and related expenditures for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addenda.
- Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

Table 3.8. Real Government Consumption Expenditures and Gross Investment by Type
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Government consumption expenditures and gross investment¹	1,572.6	1,628.6	1,582.8	1,603.4	1,623.0	1,624.1	1,663.7
Federal	545.9	560.4	547.9	552.2	554.7	559.6	575.1
National defense	349.0	365.4	353.8	360.3	362.4	365.3	373.5
Consumption expenditures	294.5	307.2	296.0	304.4	304.6	307.5	312.4
Durable goods ²	22.6	24.5	23.1	22.9	24.0	26.0	25.1
Nondurable goods	9.3	9.7	8.4	8.6	10.0	9.8	10.3
Services	262.9	273.5	264.9	273.2	271.0	272.3	277.5
Compensation of general government employees, except own-account investment ³	120.3	120.6	120.5	119.5	119.6	120.6	122.9
Consumption of general government fixed capital ⁴	62.6	62.9	62.7	62.7	62.8	63.0	63.2
Other services	80.2	90.1	81.9	91.2	88.8	89.0	91.5
Gross investment	54.7	58.6	58.4	56.1	58.2	58.1	61.8
Structures	4.6	4.4	4.6	4.5	4.5	4.0	4.7
Equipment and software	50.3	54.5	54.1	51.9	54.0	54.5	57.5
Nondefense	196.7	195.0	194.0	191.8	192.3	194.3	201.5
Consumption expenditures	154.2	151.2	151.8	149.5	150.0	149.8	155.3
Durable goods ²	1.5	1.3	1.7	1.4	1.3	1.2	1.4
Nondurable goods	7.7	7.9	7.9	7.2	6.8	6.3	11.2
Commodity Credit Corporation inventory change	2.0	1.8	4.6	1.1	.9	.5	4.7
Other nondurables	5.7	6.1	3.3	6.1	5.9	5.8	6.5
Services	146.0	143.2	145.3	141.4	142.3	142.8	146.3
Compensation of general government employees, except own-account investment ³	79.5	79.7	78.2	78.8	78.9	80.2	80.8
Consumption of general government fixed capital ⁴	26.4	28.6	27.3	27.8	28.3	28.9	29.5
Other services	40.5	35.4	40.4	35.3	35.6	34.2	36.5
Gross investment	42.9	44.4	42.6	42.9	42.8	45.2	46.9
Structures	9.5	9.7	9.6	9.9	9.1	9.4	10.3
Equipment and software	33.9	35.3	33.5	33.4	34.3	36.4	37.2
State and local	1,026.3	1,067.4	1,034.3	1,050.5	1,067.4	1,063.8	1,088.0
Consumption expenditures	821.4	851.3	830.5	839.1	846.9	855.9	863.3
Durable goods ²	17.0	18.1	17.4	17.7	17.9	18.2	18.5
Nondurable goods	99.9	105.7	102.0	103.5	105.0	106.6	107.9
Services	705.4	728.6	712.2	719.0	725.0	732.1	738.1
Compensation of general government employees, except own-account investment ³	577.0	589.9	580.6	584.6	588.0	592.2	594.6
Consumption of general government fixed capital ⁴	84.8	89.4	86.6	87.7	88.8	90.0	91.2
Other services	43.7	49.6	45.3	46.9	48.4	50.2	52.8
Gross investment	205.0	216.4	203.9	211.6	221.0	207.9	225.1
Structures	143.5	153.4	141.1	148.4	157.4	145.7	162.0
Equipment and software	63.1	63.9	64.8	64.6	64.2	63.6	63.2
Residual	-5.3	-6.0	-8.9	-5.1	-4.7	-5.9	-8.6
Addenda:							
Compensation of general government employees ³	786.3	799.3	788.9	792.1	795.9	802.0	807.3
Federal	201.7	202.3	200.6	200.2	200.6	202.8	205.7
State and local	584.7	597.0	588.3	591.9	595.4	599.2	601.6

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the lines in the addenda.

See footnotes to table 3.7.
Chain-type quantity indexes for the series in this table are shown in table 7.11.
Contributions to percent change in real government consumption expenditures and gross investment are shown in table 8.6.

Table 3.10. National Defense Consumption Expenditures and Gross Investment
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
National defense consumption expenditures and gross investment¹	375.4	399.1	382.4	392.9	396.1	399.6	407.8
Consumption expenditures	321.9	342.3	325.3	338.3	339.5	343.1	348.3
Durable goods²	22.5	24.5	23.0	22.8	24.0	26.0	25.0
Aircraft.....	10.2	11.1	9.9	10.1	10.5	12.3	11.5
Missiles.....	2.3	2.6	2.5	2.7	2.7	2.6	2.4
Ships.....	1.5	1.3	1.4	1.4	1.2	1.4	1.1
Vehicles.....	.8	1.2	.9	.9	1.2	1.3	1.4
Electronics.....	2.9	3.0	3.0	2.8	2.9	3.1	3.1
Other durable goods.....	4.8	5.3	5.4	4.8	5.5	5.3	5.5
Nondurable goods	10.4	10.3	10.0	9.5	10.8	10.5	10.2
Petroleum products.....	4.0	4.0	4.3	4.0	4.1	4.3	3.6
Ammunition.....	1.7	2.1	1.9	1.9	2.1	2.2	2.1
Other nondurable goods..	4.6	4.2	3.9	3.6	4.7	4.0	4.6
Services	289.0	307.6	292.2	306.0	304.6	306.7	313.0
Compensation of general government employees, except own-account investment ³	137.9	143.1	138.1	141.1	141.8	143.3	146.1
Military.....	88.8	93.5	89.5	91.9	92.1	93.3	96.5
Civilian.....	49.1	49.6	48.6	49.1	49.7	49.9	49.6
Consumption of general government fixed capital ⁴	63.8	64.0	64.0	63.8	64.1	63.9	64.2
Other services.....	87.4	100.5	90.1	101.1	98.7	99.6	102.7
Research and development.....	23.6	31.9	26.0	33.7	30.2	30.5	33.2
Installation support.....	24.7	24.2	23.4	25.0	24.2	24.2	23.6
Weapons support.....	9.4	10.5	9.7	10.1	10.5	10.4	11.0
Personnel support.....	22.7	27.0	23.5	26.6	27.1	27.1	27.6
Transportation of material.....	4.8	4.9	4.7	4.7	4.7	4.9	5.0
Travel of persons.....	4.1	3.9	3.9	3.8	3.8	3.9	3.9
Other.....	-1.9	-1.8	-1.0	-2.9	-1.3	-1.5	-1.7
Gross investment	53.5	56.8	57.1	54.6	56.7	56.5	59.6
Structures	5.3	5.3	5.3	5.3	5.3	4.8	5.6
Equipment and software	48.2	51.6	51.8	49.3	51.3	51.7	53.9
Aircraft.....	7.7	8.1	7.2	7.4	7.8	9.5	7.6
Missiles.....	2.6	3.3	3.9	3.7	3.5	3.0	3.1
Ships.....	6.6	7.2	6.8	7.2	7.4	6.9	7.3
Vehicles.....	1.8	1.9	1.6	1.8	1.9	1.7	2.0
Electronics and software..	15.1	15.3	15.6	15.0	14.5	15.3	16.5
Other equipment.....	14.4	15.8	16.7	14.3	16.2	15.2	17.4
Addendum: Compensation of general government employees ³ ..	138.6	143.9	138.8	141.7	142.5	144.1	147.1

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 own-account investment and related expenditures for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addendum.
 4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

Table 3.11. Real National Defense Consumption Expenditures and Gross Investment
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
National defense consumption expenditures and gross investment¹	349.0	365.4	353.8	360.3	362.4	365.3	373.5
Consumption expenditures	294.5	307.2	296.0	304.4	304.6	307.5	312.4
Durable goods²	22.6	24.5	23.1	22.9	24.0	26.0	25.1
Aircraft.....	10.3	11.1	9.9	10.1	10.5	12.3	11.5
Missiles.....	2.3	2.6	2.6	2.7	2.7	2.6	2.4
Ships.....	1.5	1.3	1.4	1.4	1.2	1.4	1.1
Vehicles.....	.6	.9	.6	.7	.8	.9	1.0
Electronics.....	3.3	3.4	3.4	3.2	3.3	3.5	3.6
Other durable goods.....	4.8	5.3	5.4	4.8	5.5	5.2	5.5
Nondurable goods	9.3	9.7	8.4	8.6	10.0	9.8	10.3
Petroleum products.....	3.1	3.4	2.7	3.1	3.3	3.6	3.6
Ammunition.....	1.8	2.1	1.9	1.9	2.2	2.2	2.2
Other nondurable goods..	4.4	4.0	3.7	3.5	4.5	3.8	4.4
Services	262.9	273.5	264.9	273.2	271.0	272.3	277.5
Compensation of general government employees, except own-account investment ³	120.3	120.6	120.5	119.5	119.6	120.6	122.9
Military.....	78.9	80.2	79.3	79.0	79.0	79.9	82.7
Civilian.....	41.5	40.6	41.3	40.6	40.7	40.8	40.4
Consumption of general government fixed capital ⁴	62.6	62.9	62.7	62.7	62.8	63.0	63.2
Other services.....	80.2	90.1	81.9	91.2	88.8	89.0	91.5
Research and development.....	21.8	28.9	23.8	30.8	27.5	27.6	30.0
Installation support.....	23.3	22.4	21.9	23.2	22.5	22.2	21.8
Weapons support.....	8.3	9.1	8.4	8.8	9.1	8.9	9.4
Personnel support.....	19.7	22.8	20.1	22.6	22.5	22.9	23.0
Transportation of material.....	4.6	4.5	4.5	4.5	4.5	4.5	4.6
Travel of persons.....	4.0	3.7	3.8	3.7	3.7	3.8	3.9
Other.....	-1.7	-1.6	-9	-2.4	-1.1	-1.3	-1.4
Gross investment	54.7	58.6	58.4	56.1	58.2	58.1	61.8
Structures	4.6	4.4	4.6	4.5	4.5	4.0	4.7
Equipment and software	50.3	54.5	54.1	51.9	54.0	54.5	57.5
Aircraft.....	8.3	9.2	7.8	8.3	8.8	10.8	9.1
Missiles.....	2.7	3.6	4.1	4.1	3.9	3.3	3.4
Ships.....	6.4	7.0	6.7	7.0	7.2	6.7	7.2
Vehicles.....	1.8	1.9	1.7	1.8	2.0	1.8	2.0
Electronics and software..	16.7	17.2	17.3	16.7	16.2	17.2	18.6
Other equipment.....	14.3	15.5	16.5	14.1	15.9	15.0	17.2
Residual	-9	-1.0	-1.4	-1.1	-1.3	-1.3	-1.6
Addendum: Compensation of general government employees ³ ..	120.9	121.3	121.1	120.1	120.2	121.3	123.7

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the line in the addendum.
 Chain-type indexes for the series in this table are shown in table 7.12.
 See footnotes to table 3.10.

4. Foreign Transactions

Table 4.1. Foreign Transactions in the National Income and Product Accounts
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Receipts from the rest of the world	1,487.1	1,523.1	1,496.3	1,426.5	1,341.9		
Exports of goods and services	1,102.9	1,049.4	1,121.0	1,117.4	1,079.6	1,020.6	980.2
Goods ¹	785.6	736.3	799.7	794.2	754.4	710.7	686.0
Durable.....	570.3	524.7	578.2	573.6	539.6	504.6	480.9
Nondurable.....	215.3	211.7	221.5	220.6	214.8	206.2	205.1
Services ¹	317.3	313.1	321.3	323.2	325.2	309.8	294.2
Income receipts.....	384.2	402.1	378.9	346.9	321.3		
Payments to the rest of the world	1,487.1	1,523.1	1,496.3	1,426.5	1,341.9		
Imports of goods and services	1,466.9	1,380.7	1,511.6	1,481.2	1,427.0	1,315.0	1,299.5
Goods ¹	1,244.9	1,173.7	1,284.0	1,248.7	1,197.8	1,145.6	1,102.7
Durable.....	821.6	758.0	836.8	811.2	762.3	734.3	724.2
Nondurable.....	423.3	415.7	447.2	437.6	435.5	411.3	378.5
Services ¹	221.9	207.0	227.7	232.5	229.2	169.4	196.8
Income payments.....	396.3	397.9	389.4	358.6	332.4		
Transfer payments (net).....	54.4	49.6	67.0	45.9	47.6	49.0	55.7
From persons (net).....	29.6	31.3	30.8	30.1	30.8	31.9	32.5
From government (net).....	14.0	8.6	25.5	5.8	7.1	7.7	13.8
From business.....	10.8	9.7	10.6	10.0	9.7	9.4	9.4
Net foreign investment.....	-430.5	-453.4	-420.2	-406.6	-354.5		

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

Table 4.2. Real Exports and Imports of Goods and Services and Receipts and Payments of Income
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Exports of goods and services	1,133.2	1,080.8	1,147.5	1,144.1	1,108.3	1,052.2	1,018.6
Goods ¹	836.1	788.8	849.5	844.4	805.2	762.9	742.8
Durable.....	608.9	560.9	617.1	611.7	575.9	540.0	516.0
Nondurable.....	227.0	227.7	232.2	232.5	229.0	222.6	226.7
Services ¹	299.3	292.9	300.5	301.8	303.6	289.6	276.6
Income receipts	360.2	374.3	374.3	350.3	319.6	296.2	
Imports of goods and services	1,532.3	1,491.0	1,568.5	1,548.6	1,515.0	1,463.2	1,437.2
Goods ¹	1,315.6	1,278.9	1,345.9	1,322.8	1,290.1	1,256.6	1,245.9
Durable.....	925.3	869.3	947.7	919.6	870.3	845.5	841.6
Nondurable.....	392.3	406.1	400.7	403.3	415.1	406.2	399.9
Services ¹	218.7	213.4	224.7	227.4	226.2	207.6	192.4
Income payments	367.0		365.8	355.2	325.7	301.8	

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

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Chain-type quantity indexes for the series in this table are shown in table 7.9.

5. Saving and Investment

Table 5.1. Gross Saving and Investment
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Gross saving	1,785.7		1,799.7	1,754.0	1,750.5	1,751.9	
Gross private saving	1,323.0		1,332.7	1,307.9	1,321.2	1,534.4	
Personal saving	67.7	118.5	74.7	78.8	81.5	285.3	28.6
Undistributed corporate profits with inventory valuation and capital consumption adjustments	225.3		197.0	147.8	119.5	71.7	
Undistributed profits	194.3		165.9	113.7	98.0	55.2	
Inventory valuation adjustment	-12.4		-7.3	-1.9	-8.8	3.1	
Capital consumption adjustment	43.4	29.8	38.4	36.0	30.3	13.4	39.7
Corporate consumption of fixed capital	727.1	798.6	749.7	763.8	785.6	847.0	797.9
Noncorporate consumption of fixed capital	302.8	328.9	311.3	317.5	334.6	330.4	333.1
Wage accruals less disbursements .....	.0	.0	.0	.0	.0	.0	.0
Gross government saving	462.7		467.1	446.1	429.3	217.6	
Federal	315.0		320.5	303.7	286.2	86.2	
Consumption of fixed capital	96.4	99.6	97.9	98.4	99.4	99.8	100.8
Current surplus or deficit (-), national income and product accounts	218.6		222.5	205.3	186.7	-13.6	
State and local	147.8		146.6	142.5	143.2	131.4	
Consumption of fixed capital	114.9	124.2	118.0	120.2	121.9	129.5	125.2
Current surplus or deficit (-), national income and product accounts	32.8		28.6	22.3	21.3	1.9	
Gross investment	1,655.3		1,649.7	1,633.5	1,607.3	1,602.3	
Gross private domestic investment	1,767.5	1,634.0	1,780.3	1,722.8	1,669.9	1,624.8	1,518.6
Gross government investment	318.3	341.0	322.8	330.9	344.0	331.9	357.1
Net foreign investment	-430.5		-453.4	-420.2	-406.6	-354.5	
Statistical discrepancy	-130.4		-150.0	-120.5	-143.2	-149.7	
Addendum:							
Gross saving as a percentage of gross national product	18.1		17.9	17.3	17.2	17.2	

Table 5.4. Private Fixed Investment by Type
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Private fixed investment	1,718.1	1,692.7	1,741.6	1,748.3	1,706.5	1,682.6	1,633.3
Nonresidential	1,293.1	1,246.6	1,318.2	1,311.2	1,260.2	1,231.0	1,183.8
Structures	313.6	330.5	330.9	345.8	338.6	334.3	303.5
Nonresidential buildings, including farm	227.0	224.6	235.1	241.3	230.4	218.6	208.1
Utilities	51.7	57.1	57.5	60.5	59.4	54.3	54.3
Mining exploration, shafts, and wells	27.6	38.7	30.5	36.9	42.0	42.0	33.8
Other structures	7.3	10.1	7.8	7.1	6.7	19.4	7.2
Equipment and software	979.5	916.1	987.3	965.4	921.7	896.8	880.4
Information processing equipment and software	466.5	427.3	486.5	460.4	431.1	412.9	404.9
Computers and peripheral equipment ¹	109.3	87.7	114.0	102.9	89.6	78.5	79.7
Software ²	183.1	189.2	193.3	190.5	189.0	189.8	187.6
Other	174.1	150.4	179.3	167.1	152.5	144.6	137.6
Industrial equipment	166.7	162.1	170.1	175.8	166.4	156.0	150.3
Transportation equipment	195.9	178.1	180.1	179.0	175.7	177.7	179.9
Other	150.3	148.6	150.5	150.3	148.5	150.2	145.3
Residential	425.1	446.1	423.4	437.0	446.2	451.6	449.5
Structures	415.6	436.5	413.9	427.5	436.7	442.1	439.9
Single family	220.7	229.6	216.4	226.5	229.6	231.6	230.7
Multifamily	28.1	31.3	27.9	29.6	31.0	31.7	32.8
Other structures	166.9	175.7	169.7	171.4	176.1	178.7	176.5
Equipment	9.4	9.6	9.5	9.5	9.5	9.5	9.6

1. Includes new computers and peripheral equipment only.
2. Excludes software "embedded," or bundled, in computers and other equipment.

Table 5.5. Real Private Fixed Investment by Type
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Private fixed investment	1,716.2	1,683.0	1,732.1	1,740.3	1,696.4	1,671.6	1,623.8
Nonresidential	1,350.7	1,308.6	1,374.5	1,373.9	1,320.9	1,292.0	1,247.5
Structures	272.8	275.4	283.3	291.7	282.3	276.8	250.8
Nonresidential buildings, including farm	194.9	186.3	199.1	202.0	191.6	180.8	170.8
Utilities	48.5	52.7	53.5	56.1	55.0	49.9	49.9
Mining exploration, shafts, and wells	23.5	28.4	24.8	28.3	30.4	30.0	25.0
Other structures	6.7	8.9	7.0	6.3	5.9	17.0	6.2
Equipment and software	1,087.4	1,039.3	1,099.3	1,087.7	1,043.2	1,019.4	1,006.9
Information processing equipment and software	609.5	587.3	641.8	620.9	588.1	572.1	568.1
Computers and peripheral equipment ¹	290.3	288.2	317.6	314.4	287.3	265.7	285.3
Software ²	187.6	192.0	196.0	192.9	191.1	193.1	190.9
Other	186.5	164.0	193.2	180.8	165.9	158.1	151.2
Industrial equipment	162.6	157.3	165.6	170.7	161.2	151.3	146.0
Transportation equipment	192.7	175.6	176.2	177.4	174.4	174.0	176.5
Other	144.8	141.0	144.4	143.3	141.1	142.3	137.4
Residential	371.4	376.8	365.3	372.9	378.3	380.5	375.7
Structures	361.8	367.2	355.8	363.3	368.6	370.9	366.0
Single family	190.9	191.9	185.0	191.1	192.8	193.3	190.2
Multifamily	22.7	24.3	22.2	23.3	24.2	24.7	25.1
Other structures	148.4	151.0	148.7	149.0	151.6	152.9	150.6
Equipment	9.6	9.7	9.6	9.7	9.7	9.7	9.8
Residual	-93.5	-88.3	-110.8	-105.0	-85.8	-71.2	-91.1

1. Includes new computers and peripheral equipment only. Because of rapid changes in relative prices, the chained-dollar estimates for computers are especially misleading as a measure of the contribution or relative importance of this component; accurate estimates of these contributions are shown in table 8.4.
2. Excludes software "embedded," or bundled, in computers and other equipment.

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Chain-type quantity indexes for the series in this table are shown in table 7.6.
Contributions to the percent change in real private fixed investment are shown in table 8.4.

Table 5.10B. Change in Private Inventories by Industry
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Change in private inventories	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Farm.....	-1.8	-1.6	.9	.7	-1.2	-1.9	-4.2
Construction, mining, and utilities.....	-2.5	3.4	-9.0	2.6	8.0	2.5	.5
Manufacturing.....	12.4	-32.0	12.0	-13.6	-33.4	-42.5	-38.4
Durable goods industries.....	12.1	-25.4	16.8	-9.3	-23.8	-35.0	-33.4
Nondurable goods industries.....	.4	-6.6	-4.8	-4.3	-9.6	-7.4	-5.0
Wholesale trade.....	20.5	-12.4	12.3	-3.3	2.2	-17.8	-30.7
Durable goods industries.....	13.4	-15.6	5.4	-3.7	-10.9	-21.8	-25.9
Nondurable goods industries.....	7.1	3.2	6.8	.4	13.1	3.9	-4.8
Retail trade.....	15.1	-17.4	19.6	-15.6	-13.4	1.3	-42.1
Motor vehicle dealers.....	6.0	-13.7	8.5	-19.7	-5.6	2.2	-31.8
Food and beverage stores.....	-2	.4	.1	1.3	.4	-5	.5
General merchandise stores.....	1.2	.2	2.8	6.1	-4	-4	-4.7
Other retail stores.....	8.2	-4.3	8.2	-3.3	-7.8	.0	-6.1
Other industries.....	5.6	1.4	2.8	3.6	1.2	.6	.2
Addenda:							
Change in private inventories.....	49.4	-58.6	38.7	-25.5	-36.6	-57.8	-114.7
Durable goods industries.....	34.7	-54.7	31.5	-31.0	-42.3	-55.3	-90.1
Nondurable goods industries.....	14.7	-4.0	7.2	5.5	5.8	-2.5	-24.6
Nonfarm industries.....	51.1	-57.0	37.8	-26.2	-35.3	-55.9	-110.5
Nonfarm change in book value ¹	74.5	-66.1	61.2	-28.2	-34.0	-68.2	-134.1
Nonfarm inventory valuation adjustment ²	-23.4	9.1	-23.4	2.0	-1.3	12.3	23.6
Wholesale trade.....	20.5	-12.4	12.3	-3.3	2.2	-17.8	-30.7
Merchant wholesale trade.....	16.0	-9.2	8.8	-2.9	2.2	-10.3	-25.8
Durable goods industries.....	9.5	-12.7	2.4	-3.0	-10.8	-15.5	-21.5
Nondurable goods industries.....	6.6	3.5	6.4	.1	13.0	5.2	-4.3
Nonmerchant wholesale trade.....	4.4	-3.2	3.5	-4	.1	-7.6	-4.9

Table 5.11B. Real Change in Private Inventories by Industry
[Billions of chained (1996) dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Change in private inventories	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Farm.....	-2.0	-2.6	3.0	.2	-2.5	-2.9	-5.3
Construction, mining, and utilities.....	-1.8	2.9	-6.8	1.9	6.8	2.4	.5
Manufacturing.....	13.1	-34.8	12.9	-15.0	-35.6	-47.0	-41.6
Durable goods industries.....	12.7	-27.8	17.9	-10.5	-25.3	-39.1	-36.4
Nondurable goods industries.....	.6	-7.0	-4.4	-4.5	-10.2	-8.0	-5.3
Wholesale trade.....	21.2	-12.9	12.5	-3.0	2.6	-18.9	-32.3
Durable goods industries.....	14.2	-17.1	5.5	-3.7	-11.6	-24.0	-28.9
Nondurable goods industries.....	7.0	3.2	6.8	.6	12.8	3.8	-4.1
Retail trade.....	14.9	-17.1	19.3	-15.3	-13.2	1.2	-41.2
Motor vehicle dealers.....	6.0	-13.7	8.4	-19.6	-5.6	2.2	-31.8
Food and beverage stores.....	-2	.4	.1	1.2	.4	-4	.4
General merchandise stores.....	1.1	.2	2.7	6.0	-4	-4	-4.5
Other retail stores.....	8.1	-4.2	8.1	-3.2	-7.7	.0	-6.0
Other industries.....	5.5	1.4	2.8	3.6	1.2	.5	.2
Residual.....	-6	2.5	-1.3	.9	3.8	4.0	1.2
Addenda:							
Change in private inventories.....	50.6	-61.8	42.8	-27.1	-38.3	-61.9	-120.0
Durable goods industries.....	36.0	-58.5	32.8	-32.8	-44.5	-60.3	-96.5
Nondurable goods industries.....	15.1	-4.9	10.5	4.5	4.5	-3.3	-25.1
Nonfarm industries.....	52.3	-59.2	39.7	-27.3	-35.8	-59.0	-114.5
Wholesale trade.....	21.2	-12.9	12.5	-3.0	2.6	-18.9	-32.3
Merchant wholesale trade.....	16.6	-9.5	8.9	-2.5	2.6	-10.9	-27.2
Durable goods industries.....	9.9	-13.9	2.2	-3.0	-11.5	-17.1	-24.1
Nondurable goods industries.....	6.6	3.6	6.4	.3	12.8	5.1	-3.7
Nonmerchant wholesale trade.....	4.5	-3.3	3.6	-4	.0	-7.7	-5.0

NOTE. Estimates in this table are based on the North American Industry Classification System (NAICS). Chained (1996) dollar series for real change in private inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

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

Table 5.12B. Private Inventories and Domestic Final Sales by Industry

[Billions of dollars]

	Seasonally adjusted quarterly totals				
	2000	2001			
		IV	I	II	III	IV
Private inventories ¹	1,507.1	1,486.3	1,464.6	1,424.4	1,383.0
Farm.....	103.2	108.0	105.5	97.1	93.5
Construction, mining, and utilities.....	41.4	44.8	41.8	37.9	36.5
Manufacturing.....	489.0	465.5	450.5	429.0	420.7
Durable goods industries.....	303.3	294.8	285.8	267.8	262.2
Nondurable goods industries.....	185.7	170.8	164.6	161.2	158.5
Wholesale trade.....	363.9	361.4	361.7	355.6	342.2
Durable goods industries.....	224.1	221.4	218.1	211.9	204.0
Nondurable goods industries.....	139.8	140.0	143.6	143.7	138.2
Retail trade.....	403.4	399.1	397.0	397.3	384.1
Motor vehicle dealers.....	128.8	123.3	121.7	122.5	113.4
Food and beverage stores.....	32.0	32.9	33.2	33.2	33.2
General merchandise stores.....	64.3	66.1	66.1	66.0	64.7
Other retail stores.....	178.3	176.9	176.0	175.6	172.7
Other industries.....	106.2	107.4	108.2	107.6	106.0
Addenda:					
Private inventories.....	1,507.1	1,486.3	1,464.6	1,424.4	1,383.0
Durable goods industries.....	733.6	716.6	703.0	679.3	656.7
Nondurable goods industries.....	773.5	769.7	761.6	745.1	726.3
Nonfarm industries.....	1,403.9	1,378.3	1,359.1	1,327.3	1,289.5
Wholesale trade.....	363.9	361.4	361.7	355.6	342.2
Merchant wholesale trade.....	309.5	307.5	307.6	304.0	293.8
Durable goods industries.....	191.7	189.4	186.2	181.7	175.0
Nondurable goods industries.....	117.7	118.1	121.4	122.3	118.8
Nonmerchant wholesale trade.....	54.5	53.9	54.1	51.5	48.4
Final sales of domestic business ²	704.1	716.6	720.5	722.0	727.3
Final sales of goods and structures of domestic business ²	383.0	390.4	391.1	388.0	392.5
Ratios of private inventories to final sales of domestic business:					
Private inventories to final sales.....	2.14	2.07	2.03	1.97	1.90
Nonfarm inventories to final sales.....	1.99	1.92	1.89	1.84	1.77
Nonfarm inventories to final sales of goods and structures.....	3.67	3.53	3.47	3.42	3.29

1. Inventories are as of the end of the quarter. The quarter-to-quarter change in inventories calculated from current-dollar inventories in this table is not the current-dollar change in the private inventories component of GDP. The former is the difference between two inventory stocks, each valued at its respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates, whereas, the change in private inventories is stated at annual rates.

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

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

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

[Billions of chained (1996) dollars]

	Seasonally adjusted quarterly totals				
	2000	2001			
		IV	I	II	III	IV
Private inventories ¹	1,505.0	1,498.3	1,488.7	1,473.2	1,443.2
Farm.....	104.6	104.6	104.0	103.3	102.0
Construction, mining, and utilities.....	34.7	35.2	36.9	37.5	37.6
Manufacturing.....	490.3	486.5	477.6	465.9	455.5
Durable goods industries.....	311.7	309.1	302.7	292.9	283.8
Nondurable goods industries.....	178.7	177.6	175.0	173.0	171.7
Wholesale trade.....	375.4	374.7	375.3	370.6	362.5
Durable goods industries.....	240.4	239.5	236.6	230.6	223.4
Nondurable goods industries.....	135.1	135.2	138.4	139.3	138.3
Retail trade.....	393.8	390.0	386.7	387.0	376.7
Motor vehicle dealers.....	127.6	122.7	121.3	121.9	113.9
Food and beverage stores.....	30.0	30.3	30.4	30.3	30.4
General merchandise stores.....	62.9	64.3	64.2	64.1	63.0
Other retail stores.....	173.3	172.5	170.6	170.6	169.1
Other industries.....	105.2	106.1	106.4	106.5	106.6
Residual.....	.8	1.2	2.2	3.2	3.4
Addenda:					
Private inventories.....	1,505.0	1,498.3	1,488.7	1,473.2	1,443.2
Durable goods industries.....	757.0	748.8	737.7	722.6	698.5
Nondurable goods industries.....	747.1	748.2	749.3	748.5	742.2
Nonfarm industries.....	1,399.5	1,392.6	1,383.7	1,368.9	1,340.3
Wholesale trade.....	375.4	374.7	375.3	370.6	362.5
Merchant wholesale trade.....	321.6	321.0	321.6	318.9	312.1
Durable goods industries.....	206.0	205.2	202.3	198.1	192.0
Nondurable goods industries.....	115.6	115.7	118.9	120.2	119.3
Nonmerchant wholesale trade.....	53.8	53.7	53.7	51.7	50.5
Final sales of domestic business ²	658.6	665.5	665.9	663.9	667.3
Final sales of goods and structures of domestic business ²	372.8	378.4	377.0	373.9	375.6
Ratios of private inventories to final sales of domestic business:					
Private inventories to final sales.....	2.29	2.25	2.24	2.22	2.16
Nonfarm inventories to final sales.....	2.13	2.09	2.08	2.06	2.01
Nonfarm inventories to final sales of goods and structures.....	3.75	3.68	3.67	3.66	3.57

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

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

NOTE. Estimates in this table are based on the North American Industry Classification System (NAICS). Chained (1996) dollar inventory series are calculated to ensure that the chained (1996) dollar change in inventories for 1996 equals the current-dollar change in inventories for 1996 and that the average of the 1995 and 1996 end-of-year chain-weighted and fixed-weighted inventories are equal. Chained (1996) dollar final sales are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

6. Income and Employment by Industry

Table 6.1C. National Income Without Capital Consumption Adjustment by Industry Group
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
National income without capital consumption adjustment	7,946.6		8,095.6	8,143.9	8,194.4	8,184.4	
Domestic industries	7,958.7		8,091.4	8,154.4	8,206.1	8,195.5	
Private industries	6,949.7		7,071.1	7,119.3	7,158.4	7,132.7	
Agriculture, forestry, and fishing.....	117.9		118.5	119.1	119.9	125.6	
Mining.....	57.1		60.4	66.3	65.8	61.7	
Construction.....	425.0		434.1	445.5	447.7	448.9	
Manufacturing.....	1,237.5		1,221.5	1,195.1	1,194.8	1,174.7	
Durable goods.....	723.2		713.2	699.7	687.0	672.0	
Nondurable goods.....	514.3		508.4	495.4	507.8	502.7	
Transportation and public utilities.....	555.4		567.5	572.9	571.8	564.9	
Transportation.....	245.2		247.8	244.4	242.0	238.9	
Communications.....	163.4		172.7	173.1	169.3	169.4	
Electric, gas, and sanitary services.....	146.7		147.1	155.4	160.5	156.6	
Wholesale trade.....	479.7		485.9	475.0	471.7	482.2	
Retail trade.....	663.5		670.1	687.5	693.1	695.3	
Finance, insurance, and real estate.....	1,476.6		1,513.7	1,528.7	1,541.3	1,516.3	
Services.....	1,937.0		1,999.3	2,029.3	2,052.3	2,063.2	
Government	1,009.0		1,020.3	1,035.0	1,047.6	1,062.8	
Rest of the world	-12.1		4.2	-10.4	-11.7	-11.1	

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

Table 6.16C. Corporate Profits by Industry Group
[Billions of dollars]

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Corporate profits with inventory valuation and capital consumption adjustments	876.4		847.6	789.8	759.8	697.0	
Domestic industries	739.6		690.8	649.7	615.8	550.9	
Financial.....	189.5		187.5	184.9	165.4	136.1	
Nonfinancial.....	550.1		503.4	464.8	450.4	414.8	
Rest of the world	136.8		156.8	140.0	144.0	146.1	
Receipts from the rest of the world.....	204.9		210.4	201.0	194.0	185.9	
Less: Payments to the rest of the world.....	68.1		53.6	61.0	50.0	39.8	
Corporate profits with inventory valuation adjustment	833.0		809.2	753.8	729.5	683.6	
Domestic industries	696.3		652.4	613.8	585.4	537.5	
Financial.....	204.4		204.4	202.2	183.3	153.4	
Federal Reserve banks.....	30.0		30.9	30.4	28.7	27.4	
Other.....	174.4		173.5	171.7	154.6	126.0	
Nonfinancial.....	491.8		448.0	411.6	402.1	384.1	
Manufacturing.....	155.2		119.4	90.4	93.4	84.0	
Durable goods.....	63.2		38.1	24.8	15.6	8.6	
Primary metal industries.....	3.1		1.6	-2.0	-1.5	-8	
Fabricated metal products.....	14.3		7.4	9.3	9.7	7.7	
Industrial machinery and equipment.....	7.9		7.6	4.5	-3.6	-10.7	
Electronic and other electric equipment.....	3.7		.8	-1.5	-4.8	-9.2	
Motor vehicles and equipment.....	5.1		2.6	-2.9	-3.2	3.1	
Other.....	29.1		18.0	17.4	18.9	18.5	
Nondurable goods.....	92.0		81.3	65.6	77.8	75.5	
Food and kindred products.....	21.6		17.2	10.9	16.6	16.9	
Chemicals and allied products.....	30.6		32.2	25.1	29.0	30.5	
Petroleum and coal products.....	7.5		7.9	9.0	10.4	7.2	
Other.....	32.3		23.9	20.5	22.0	20.9	
Transportation and public utilities.....	67.4		67.3	66.4	62.6	54.8	
Transportation.....	13.7		10.7	5.1	3.3	.9	
Communications.....	12.7		17.8	15.5	9.9	9.3	
Electric, gas, and sanitary services.....	41.0		38.7	45.8	49.4	44.6	
Wholesale trade.....	60.5		55.9	40.3	34.0	45.4	
Retail trade.....	81.8		76.3	84.9	85.6	87.3	
Other.....	126.9		129.1	129.7	126.5	112.6	
Rest of the world	136.8		156.8	140.0	144.0	146.1	

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

Table 7.6. Chain-Type Quantity and Price Indexes for Private Fixed Investment by Type
[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted				
			2000		2001		
			IV	I	II	III	IV
Chain-type quantity indexes							
Private fixed investment	141.52	138.78	142.83	143.51	139.89	137.84	133.90
Nonresidential	150.17	145.49	152.81	152.75	146.86	143.65	138.70
Structures	121.25	122.41	125.94	129.64	125.47	123.04	111.50
Nonresidential buildings, including farm.....	120.55	115.23	123.16	124.94	118.53	111.83	105.63
Utilities.....	134.59	146.24	148.48	155.60	152.54	138.35	138.48
Mining exploration, shafts, and wells.....	111.34	134.69	117.75	134.07	144.17	142.21	118.33
Other structures.....	107.69	143.12	112.50	101.72	95.79	274.34	100.62
Equipment and software	161.23	154.10	162.99	161.27	154.68	151.15	149.30
Information processing equipment and software	212.17	204.45	223.42	216.16	204.73	199.14	197.77
Computers and peripheral equipment ¹	409.69	406.70	448.15	443.73	405.45	374.98	402.63
Software ²	197.16	201.80	206.04	202.73	200.84	203.00	200.62
Other.....	153.83	135.22	159.28	149.07	136.77	130.33	124.70
Industrial equipment.....	119.13	115.30	121.40	125.14	118.15	110.90	107.01
Transportation equipment	138.72	126.39	126.85	127.72	125.54	125.27	127.04
Other.....	129.44	126.12	129.11	128.15	126.17	127.28	122.89
Residential	118.55	120.29	116.62	119.03	120.76	121.47	119.92
Structures	118.40	120.15	116.42	118.87	120.62	121.36	119.76
Single family.....	119.97	120.57	116.26	120.12	121.15	121.51	119.51
Multifamily.....	111.49	119.70	109.28	114.43	119.31	121.35	123.71
Other structures.....	117.61	119.70	117.90	118.06	120.17	121.19	119.39
Equipment	125.30	126.80	126.02	126.25	127.13	126.24	127.60
Chain-type price indexes							
Private fixed investment	100.11	100.58	100.55	100.46	100.60	100.67	100.59
Nonresidential	95.74	95.26	95.91	95.44	95.41	95.29	94.90
Structures	114.95	120.11	116.83	118.61	119.99	120.80	121.03
Nonresidential buildings, including farm.....	116.47	120.67	118.14	119.52	120.29	120.94	121.92
Utilities.....	106.54	108.48	107.44	107.87	108.18	108.95	108.93
Mining exploration, shafts, and wells.....	117.48	136.31	123.12	130.70	138.34	140.30	135.90
Other structures.....	109.68	113.92	111.55	112.90	113.67	114.22	114.89
Equipment and software	90.08	88.13	89.82	88.76	88.35	87.97	87.43
Information processing equipment and software	76.55	72.71	75.79	74.13	73.28	72.17	71.26
Computers and peripheral equipment ¹	37.65	30.26	35.78	32.62	31.11	29.44	27.85
Software ²	97.62	98.58	98.64	98.79	98.92	98.31	98.32
Other.....	93.35	91.72	92.81	92.42	91.94	91.52	91.00
Industrial equipment.....	102.56	103.05	102.70	102.97	103.20	103.10	102.93
Transportation equipment	101.66	101.40	102.20	100.85	100.76	102.11	101.90
Other.....	103.86	105.34	104.25	104.86	105.23	105.51	105.75
Residential	114.46	118.36	115.88	117.19	117.95	118.67	119.64
Structures	114.87	118.87	116.33	117.66	118.45	119.18	120.18
Single family.....	115.60	119.67	116.96	118.50	119.10	119.80	121.30
Multifamily.....	123.90	128.55	125.62	127.29	127.94	128.69	130.29
Other structures.....	112.48	116.32	114.07	115.08	116.13	116.90	117.18
Equipment	98.10	98.50	98.10	98.73	98.25	98.51	98.50

1. Includes new computers and peripheral equipment only.
2. Excludes software "embedded," or bundled, in computers and other equipment.

Table 7.9. Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services and for Receipts and Payments of Income
[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted				
			2000		2001		
			IV	I	II	III	IV
Chain-type quantity indexes							
Exports of goods and services	129.63	123.64	131.27	130.88	126.78	120.37	116.53
Goods ¹	135.20	127.56	137.37	136.55	130.21	123.36	120.12
Durable.....	144.40	133.02	146.33	145.05	136.57	128.07	122.37
Nondurable.....	115.40	115.76	118.03	118.21	116.42	113.16	115.27
Services ¹	117.01	114.52	117.47	117.99	118.70	113.24	108.16
Income receipts	146.67	152.41	152.41	142.66	130.15	120.60	.....
Imports of goods and services	159.09	154.81	162.86	160.79	157.30	151.92	149.22
Goods ¹	162.75	158.21	166.50	163.65	159.60	155.46	154.13
Durable.....	173.51	163.00	177.72	172.44	163.20	158.55	157.81
Nondurable.....	142.65	147.66	145.67	146.63	150.93	147.70	145.37
Services ¹	141.32	137.86	145.14	146.90	146.14	134.12	124.27
Income payments	161.33	.....	160.79	156.13	143.16	132.68	.....
Chain-type price indexes							
Exports of goods and services	97.33	97.08	97.70	97.67	97.42	97.00	96.23
Goods ¹	93.97	93.32	94.15	94.06	93.69	93.17	92.35
Durable.....	93.66	93.53	93.71	93.78	93.70	93.43	93.19
Nondurable.....	94.85	92.94	95.40	94.89	93.78	92.64	90.47
Services ¹	106.02	106.89	106.95	107.08	107.13	106.98	106.34
Income receipts	106.66	.....	107.43	108.17	108.54	108.50	.....
Imports of goods and services	95.73	92.53	96.37	95.65	94.19	89.87	90.42
Goods ¹	94.63	91.73	95.40	94.40	92.85	91.17	88.51
Durable.....	88.79	87.17	88.29	88.20	87.59	86.84	86.05
Nondurable.....	107.90	102.38	111.66	108.55	104.95	101.30	94.71
Services ¹	101.45	96.86	101.34	102.24	101.31	81.60	102.30
Income payments	107.98	.....	108.79	109.63	110.11	110.14	.....

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

[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted					2000	2001	Seasonally adjusted					
			2000		2001					2000		2001			
			IV	I	II	III	IV			IV	I	II	III	IV	
	Chain-type quantity indexes						Chain-type price indexes								
Government consumption expenditures and gross investment ¹	110.60	114.53	111.31	112.76	114.14	114.22	117.01	Government consumption expenditures and gross investment ¹	110.71	112.94	111.63	112.58	113.09	113.10	112.99
Federal	102.68	105.42	103.07	103.88	104.35	105.27	108.19	Federal	108.12	109.86	108.46	109.62	109.96	110.02	109.87
National defense	97.76	102.34	99.11	100.93	101.50	102.31	104.63	National defense	107.56	109.23	108.09	109.04	109.32	109.41	109.17
Consumption expenditures	97.41	101.60	97.90	100.67	100.72	101.69	103.31	Consumption expenditures	109.29	111.42	109.89	111.14	111.46	111.59	111.49
Durable goods ²	107.86	116.80	110.11	109.00	114.40	124.17	119.63	Durable goods ²	99.55	99.82	99.73	99.87	99.92	99.78	99.69
Nondurable goods	121.74	126.25	109.41	112.32	130.41	127.27	134.99	Nondurable goods	110.89	105.79	118.85	110.18	107.91	106.58	98.50
Services	96.04	99.91	96.77	99.80	99.00	99.48	101.36	Services	109.94	112.46	110.32	111.99	112.42	112.62	112.81
Compensation of general government employees, except own-account investment ³	90.40	90.66	90.57	89.80	89.88	90.60	92.36	Compensation of general government employees, except own-account investment ³	114.63	118.57	114.58	118.03	118.56	118.82	118.86
Consumption of general government fixed capital ⁴	99.36	99.89	99.46	99.58	99.71	99.98	100.30	Consumption of general government fixed capital ⁴	101.87	101.67	102.10	101.71	102.00	101.40	101.55
Other services	103.24	116.08	105.47	117.51	114.40	114.59	117.83	Other services	108.98	111.53	110.11	110.79	111.17	111.87	112.30
Gross investment	100.15	107.22	106.83	102.70	106.58	106.40	113.20	Gross investment	97.77	97.03	97.90	97.27	97.33	97.21	96.29
Structures	69.35	66.15	68.01	67.05	67.27	60.30	70.00	Structures	114.85	118.94	116.53	117.80	118.63	119.19	120.15
Equipment and software	104.84	113.63	112.86	108.21	112.69	113.70	119.93	Equipment and software	95.83	94.67	95.82	95.03	95.02	94.84	93.79
Nondefense	112.67	111.69	111.10	109.88	110.14	111.29	115.43	Nondefense	109.20	111.08	109.19	110.74	111.20	111.20	111.20
Consumption expenditures	107.89	105.77	106.20	104.60	104.95	104.85	108.68	Consumption expenditures	111.43	113.67	111.22	113.21	113.76	113.86	113.87
Durable goods ²								Durable goods ²							
Nondurable goods								Nondurable goods							
Commodity Credit Corporation inventory change								Commodity Credit Corporation inventory change							
Other nondurables	87.51	93.42	50.58	94.37	90.83	89.02	99.45	Other nondurables	107.26	108.20	103.08	109.52	110.57	108.70	104.01
Services	107.56	105.52	107.04	104.16	104.89	105.26	107.76	Services	112.10	114.50	112.00	113.96	114.49	114.67	114.89
Compensation of general government employees, except own-account investment ³	104.13	104.34	102.33	103.14	103.33	105.04	105.85	Compensation of general government employees, except own-account investment ³	117.55	120.61	116.79	119.83	120.60	120.85	121.14
Consumption of general government fixed capital ⁴	146.69	158.97	151.51	154.26	157.30	160.51	163.80	Consumption of general government fixed capital ⁴	100.74	101.56	101.48	101.57	101.77	101.44	101.48
Other services	97.97	85.58	97.85	85.27	86.15	82.64	88.27	Other services	107.56	109.70	108.17	109.23	109.51	109.93	110.14
Gross investment	135.48	140.28	134.61	135.29	135.07	142.57	148.20	Gross investment	100.19	100.77	100.85	100.84	100.98	100.64	100.64
Structures	85.48	86.84	86.43	88.72	81.53	84.51	92.60	Structures	113.33	116.71	114.65	115.91	116.58	116.88	117.49
Equipment and software	165.07	172.04	163.02	162.64	167.03	177.34	181.16	Equipment and software	95.01	94.79	95.47	95.09	95.08	94.58	94.41
State and local	115.26	119.89	116.17	117.99	119.88	119.48	122.19	State and local	112.14	114.64	113.37	114.22	114.82	114.79	114.71
Consumption expenditures	113.05	117.17	114.31	115.50	116.57	117.80	118.83	Consumption expenditures	113.11	115.62	114.39	115.21	115.88	115.82	115.57
Durable goods ²	129.87	138.31	132.91	135.08	137.28	139.50	141.36	Durable goods ²	99.66	100.31	99.94	100.05	100.42	100.44	100.32
Nondurable goods	125.11	132.37	127.63	129.53	131.47	133.44	135.05	Nondurable goods	110.94	109.57	113.54	112.48	113.13	109.49	103.17
Services	111.33	114.99	112.40	113.48	114.43	115.56	116.50	Services	113.59	116.71	114.71	115.81	116.49	116.95	117.58
Compensation of general government employees, except own-account investment ³	106.39	108.77	107.06	107.81	108.43	109.21	109.65	Compensation of general government employees, except own-account investment ³	114.71	118.05	115.74	116.49	117.50	118.63	119.59
Consumption of general government fixed capital ⁴	124.33	131.05	126.86	128.52	130.19	131.88	133.59	Consumption of general government fixed capital ⁴	105.80	107.73	106.77	107.47	107.80	107.66	107.97
Other services	189.85	215.24	196.57	203.71	210.08	217.94	229.23	Other services	113.53	116.40	116.15	122.42	119.50	113.08	110.59
Gross investment	125.15	132.08	124.45	129.16	134.86	126.91	137.40	Gross investment	108.16	110.61	109.19	110.15	110.49	110.60	111.20
Structures	117.13	125.20	115.16	121.13	128.49	118.96	132.22	Structures	114.99	119.20	116.57	118.31	118.93	119.20	120.35
Equipment and software	152.57	154.54	156.63	156.33	155.24	153.86	152.75	Equipment and software	90.04	88.44	89.84	89.01	88.68	88.41	87.66
Addenda:								Addenda:							
Compensation of general government employees ³	103.55	105.26	103.89	104.30	104.81	105.60	106.31	Compensation of general government employees ³	114.98	118.38	115.66	117.05	117.97	118.88	119.62
Federal	95.58	95.89	95.08	94.89	95.06	96.10	97.51	Federal	115.75	119.33	115.41	118.69	119.33	119.58	119.72
State and local	106.61	108.86	107.28	107.93	108.57	109.27	109.70	State and local	114.71	118.05	115.74	116.49	117.50	118.63	119.59

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.
 2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.
 3. Compensation of government employees engaged in new own-account investment and related expendi-

tures for goods and services are classified as investment in structures and in software. The compensation of all general government employees is shown in the addenda.
 4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.

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

[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted				
			2000	2001			
				IV	I	II	III	IV
Chain-type quantity indexes							
Gross domestic product	118.06	119.44	119.08	119.47	119.56	119.16	119.58
Business ¹	120.18	121.30	121.26	121.59	121.53	120.87	121.21
Nonfarm ²	120.08	121.23	121.12	121.49	121.50	120.81	121.13
Nonfarm less housing	121.17	122.32	122.25	122.68	122.53	121.84	122.21
Housing	110.34	111.55	111.10	110.92	112.27	111.56	111.47
Farm	130.73	128.15	136.12	132.24	124.31	126.37	129.68
Households and institutions	111.50	115.55	112.75	113.84	115.36	116.24	116.78
Private households	99.69	107.64	104.64	105.44	107.65	108.67	108.90
Nonprofit institutions	111.93	115.84	113.04	114.15	115.64	116.51	117.07
General government ³	105.57	107.75	106.13	106.66	107.27	108.14	108.93
Federal	99.35	100.37	99.26	99.29	99.61	100.63	101.93
State and local	108.49	111.20	109.35	110.11	110.85	111.65	112.21
Chain-type price indexes							
Gross domestic product	107.04	109.36	107.78	108.65	109.22	109.83	109.76
Business ¹	106.07	108.16	106.77	107.56	108.06	108.62	108.40
Nonfarm ²	106.66	108.70	107.36	108.11	108.57	109.07	109.04
Nonfarm less housing	106.07	107.87	106.71	107.42	107.80	108.22	108.04
Housing	112.36	116.77	113.69	114.83	116.05	117.35	118.85
Farm	65.55	71.08	66.21	69.60	73.02	77.36	64.33
Households and institutions	111.14	116.49	112.90	114.50	115.80	117.21	118.44
Private households	113.36	117.53	114.94	116.95	116.84	117.83	118.50
Nonprofit institutions	111.07	116.45	112.83	114.41	115.76	117.19	118.44
General government ³	113.03	115.99	113.71	114.88	115.69	116.37	117.02
Federal	111.62	114.13	111.51	113.70	114.22	114.23	114.36
State and local	113.66	116.83	114.69	115.43	116.36	117.32	118.19

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

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

[Dollars]

Price per unit of real gross product of nonfinancial corporate business ¹	1.043	1.051	1.056	1.062	1.069
Compensation of employees (unit labor cost)	.685	.701	.710	.714	.721
Unit nonlabor cost	.251	.253	.256	.261	.269
Consumption of fixed capital	.118	.120	.122	.126	.136
Indirect business tax and nontax liability plus business transfer payments less subsidies	.100	.101	.102	.103	.100
Net interest	.033	.032	.032	.032	.033
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production)	.107	.097	.089	.086	.080
Profits tax liability	.036	.032	.029	.029	.027
Profits after tax with inventory valuation and capital consumption adjustments	.070	.065	.060	.057	.053

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

Table 7.16B. Implicit Price Deflators for Private Inventories by Industry

[Index numbers, 1996=100]

	Seasonally adjusted				
	2000	2001			
		IV	I	II	III	IV
Private inventories ¹	100.14	99.20	98.38	96.69	95.83
Farm	98.72	103.19	101.40	94.00	91.70
Construction, mining, and utilities	119.10	127.36	113.32	101.06	97.06
Manufacturing	99.73	95.69	94.31	92.09	92.37
Durable goods industries	97.30	95.38	94.42	91.43	92.38
Nondurable goods industries	103.91	96.18	94.08	93.18	92.32
Wholesale trade	96.94	96.46	96.36	95.94	94.38
Durable goods industries	93.21	92.45	92.19	91.90	91.32
Nondurable goods industries	103.53	103.56	103.73	103.09	99.90
Retail trade	102.43	102.33	102.65	102.65	101.96
Motor vehicle dealers	100.95	100.47	100.28	100.52	99.56
Food and beverage stores	106.83	108.56	109.34	109.81	109.45
General merchandise stores	102.29	102.71	102.84	102.89	102.72
Other retail stores	102.86	102.52	103.19	102.91	102.16
Other industries	100.98	101.24	101.67	100.98	99.46
Addenda:					
Private inventories	100.14	99.20	98.38	96.69	95.83
Durable goods industries	96.91	95.70	95.29	94.00	94.02
Nondurable goods industries	103.54	102.88	101.64	99.56	97.86
Nonfarm industries	100.32	98.97	98.23	96.96	96.21
Wholesale trade	96.94	96.46	96.36	95.94	94.38
Merchant wholesale trade	96.22	95.80	95.64	95.34	94.13
Durable goods industries	93.09	92.31	92.03	91.72	91.14
Nondurable goods industries	101.81	102.03	102.07	101.78	99.57
Nonmerchant wholesale trade	101.34	100.51	100.78	99.61	95.81

1. Implicit price deflators are as of the end of the quarter and are consistent with the inventory stocks shown in tables 5.12B and 5.13B.
 NOTE: Estimates in this table are based on the North American Industry Classification System (NAICS).

Table 7.17. Chain-Type Quantity Indexes for Gross Domestic Product by Major Type of Product
[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted				
			2000	2001			
				IV	I	II	III	IV
Gross domestic product..	118.06	119.44	119.08	119.47	119.56	119.16	119.58
Final sales of domestic product.....	117.78	120.46	118.93	120.10	120.32	120.16	121.23
Change in private inventories.....							
Goods	126.03	124.16	126.40	125.58	124.43	123.05	123.58
Final sales.....	125.39	127.23	126.13	127.56	126.76	126.08	128.53
Change in private inventories.....							
Durable goods.....	141.24	135.88	141.61	138.69	136.86	133.55	134.41
Final sales.....	140.30	142.32	140.94	143.20	142.27	140.06	143.77
Change in private inventories.....							
Nondurable goods.....	113.87	114.55	114.23	114.96	114.31	114.32	114.60
Final sales.....	113.55	115.24	114.36	115.17	114.48	114.88	116.41
Change in private inventories.....							
Services	112.75	115.93	114.29	114.92	115.69	116.20	116.94
Structures	118.08	120.72	118.39	121.87	122.49	120.24	118.26
Addenda:							
Motor vehicle output.....	128.39	122.30	120.86	115.40	121.94	124.45	127.40
Gross domestic product less motor vehicle output.....	117.69	119.33	119.00	119.59	119.47	118.97	119.30

Table 7.18B. Chain-Type Quantity Indexes for Motor Vehicle Output
[Index numbers, 1996=100]

	2000	2001	Seasonally adjusted				
			2000	2001			
				IV	I	II	III	IV
Motor vehicle output...	128.39	122.30	120.86	115.40	121.94	124.45	127.40
Auto output.....	96.38	91.19	88.64	86.02	92.82	95.93	90.00
Truck output ¹	154.88	147.96	147.43	139.65	145.98	148.02	158.16
Final sales of domestic product.....	124.50	126.71	116.56	122.45	123.26	120.99	140.14
Personal consumption expenditures	138.22	150.00	136.30	142.79	143.87	143.39	169.93
New motor vehicles.....	145.58	162.71	143.35	151.05	151.92	153.36	194.50
Autos.....	130.17	134.01	126.45	131.41	127.73	124.68	152.23
Light trucks.....	163.75	196.40	163.25	174.17	180.33	187.03	244.09
Net purchases of used autos.....	115.93	112.26	114.94	117.89	119.59	113.62	97.94
Private fixed investment	129.88	113.72	115.73	117.35	116.27	110.73	110.55
New motor vehicles.....	125.47	111.52	113.87	116.29	115.51	108.68	105.60
Autos.....	104.10	96.80	99.03	103.03	102.51	94.90	86.76
Trucks.....	145.93	125.75	128.21	129.19	128.15	122.02	123.63
Light trucks.....	162.17	149.15	146.12	152.40	151.76	145.01	147.42
Other.....	115.53	82.46	94.82	86.18	84.46	79.50	79.69
Net purchases of used autos.....	109.21	103.30	106.89	112.15	112.38	101.04	87.64
Gross government investment.....	119.06	122.81	123.23	123.05	123.06	118.64	125.48
Autos.....	95.59	96.44	97.03	80.36	100.70	106.48	98.22
New trucks.....	132.21	137.55	137.89	147.13	135.51	125.36	142.20
Net exports	95.72	92.82	89.64	81.40	93.91	101.50	94.46
Exports.....	95.38	101.65	88.95	85.72	101.05	114.49	105.36
Autos.....	96.54	77.13	91.07	73.82	81.28	78.36	75.06
Trucks.....	156.20	153.33	156.01	151.58	154.11	154.46	153.18
Imports.....	161.70	157.59	165.77	161.00	157.91	155.93	155.53
Autos.....	130.02	132.84	109.80	106.93	135.81	147.02	141.61
Trucks.....							
Change in private inventories							
Autos.....							
New.....							
Domestic.....							
Foreign.....							
Used.....							
New trucks.....							
Domestic.....							
Foreign.....							
Addenda:							
Final sales of motor vehicles to domestic purchasers ...	134.54	135.90	128.36	132.86	133.13	130.69	146.90
Private fixed investment in new autos and new light trucks.....	127.69	118.05	118.13	123.05	122.49	115.23	111.41
Domestic output of new autos ²	101.35	95.47	95.25	93.79	96.66	98.92	92.49
Sales of imported new autos ³	154.48	153.37	154.26	148.78	154.69	147.71	162.30

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

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

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

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

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Percent change at annual rate:							
Gross domestic product.....	4.1	1.2	1.9	1.3	.3	-1.3	1.4
Percentage points at annual rates:							
Personal consumption expenditures	3.28	2.09	2.14	2.05	1.72	.67	4.06
Durable goods.....	.77	.54	-.17	.83	.56	.07	2.83
Motor vehicles and parts.....	.22	.26	-.29	.52	.19	-.02	2.26
Furniture and household equipment.....	.38	.21	.08	.23	.29	.10	.41
Other.....	.17	.07	.04	.08	.08	-.01	.16
Nondurable goods.....	.94	.36	.12	.49	.06	.12	.48
Food.....	.38	.05	.01	.04	-.05	-.10	.17
Clothing and shoes.....	.24	.09	.01	.10	.06	.02	.16
Gasoline, fuel oil, and other energy goods.....	-.01	.02	-.03	.09	-.13	.12	-.03
Other.....	.33	.20	.14	.26	.18	.07	.18
Services.....	1.57	1.19	2.19	.73	1.10	.48	.75
Housing.....	.22	.19	.21	.22	.16	.16	.22
Household operation.....	.21	.10	.57	-.04	-.22	.04	-.29
Electricity and gas.....	.05	-.03	.37	-.19	-.24	-.04	-.20
Other household operation.....	.16	.12	.20	.15	.01	.08	-.08
Transportation.....	.08	.01	.09	.03	-.01	-.10	-.10
Medical care.....	.30	.35	.37	.29	.46	.36	.37
Recreation.....	.09	.06	.06	.17	.03	-.07	.08
Other.....	.67	.47	.89	.07	.68	.09	.47
Gross private domestic investment	1.19	-1.41	-.42	-2.28	-2.16	-1.79	-4.07
Fixed investment.....	1.28	-.33	.09	.33	-1.74	-.97	-1.88
Nonresidential.....	1.25	-.39	.13	-.02	-1.99	-1.08	-1.66
Structures.....	.19	.03	.24	.39	-.44	-.26	-1.23
Equipment and software.....	1.06	-.42	-.11	-.41	-1.55	-.82	-.43
Information processing equipment and software.....	.86	-.15	.64	-.62	-.95	-.46	-.11
Computers and peripheral equipment.....	.36	.01	.18	-.04	-.34	-.26	.22
Software ¹.....	.21	.04	.25	-.12	-.07	.08	-.09
Other.....	.30	-.21	.20	-.46	-.54	-.28	-.24
Industrial equipment.....	.18	-.05	.02	.21	-.39	-.40	-.21
Transportation equipment.....	-.05	-.18	-.70	.05	-.12	-.02	.10
Other.....	.07	-.04	-.07	-.04	-.09	.05	-.20
Residential.....	.04	.06	-.05	.35	.25	.10	-.23
Change in private inventories	-.09	-1.08	-.50	-2.61	-.42	-.81	-2.19
Farm.....	.00	.00	.18	.01	-.10	-.01	-.08
Nonfarm.....	-.09	-1.08	-.68	-2.61	-.32	-.80	-2.11
Net exports of goods and services	-.79	-.13	-.39	.63	-.12	-.27	-.35
Exports.....	1.01	-.50	-.46	-.13	-1.37	-2.13	-1.27
Goods.....	.85	-.44	-.58	-.19	-1.45	-1.55	-.73
Services.....	.17	-.07	.12	.06	.08	-.58	-.54
Imports.....	-1.81	.37	.07	.76	1.25	1.86	.92
Goods.....	-1.54	.33	.07	.87	1.21	1.20	.38
Services.....	-.26	.04	.00	-.11	.05	.66	.54
Government consumption expenditures and gross investment.....	.47	.63	.58	.92	.87	.05	1.75
Federal.....	.10	.16	.27	.19	.11	.21	.67
National defense.....	.00	.18	.38	.28	.09	.12	.35
Consumption expenditures.....	.00	.14	.13	.37	.01	.13	.21
Gross investment.....	.01	.04	.24	-.09	.08	.00	.14
Nondefense.....	.10	-.02	-.11	-.09	.02	.09	.31
Consumption expenditures.....	.09	-.03	-.13	-.10	.02	-.01	.24
Gross investment.....	.00	.02	.02	.01	.00	.09	.07
State and local.....	.37	.47	.31	.73	.76	-.16	1.08
Consumption expenditures.....	.32	.34	.27	.39	.35	.41	.34
Gross investment.....	.05	.12	.04	.34	.41	-.56	.75
Addenda:							
Goods.....	2.15	-.55	-.90	-.95	-1.33	-1.59	.61
Services.....	1.78	1.51	2.60	1.18	1.45	.96	1.40
Structures.....	.21	.21	.21	1.09	.19	-.70	-.62
Motor vehicle output.....	-.03	-.18	-.77	-.59	.70	.27	.31
Final sales of computers ².....	.45	.10	.30	.10	-.31	-.10	.22

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

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
				IV	I	II	III	IV
Percent change at annual rate:							
Personal consumption expenditures.....	4.8	3.1	3.1	3.0	2.5	1.0	6.0
Percentage points at annual rates:							
Durable goods	1.13	.79	-.25	1.22	.81	-.11	4.11
Motor vehicles and parts.....	.32	.39	-.43	.76	.28	-.02	3.28
Furniture and household equipment.....	.56	.30	.12	.33	.42	.14	.60
Other.....	.25	.10	.06	.12	.11	-.01	.23
Nondurable goods	1.39	.53	.18	.72	.09	-.16	.73
Food.....	.57	.08	.02	.06	-.07	-.14	.26
Clothing and shoes.....	.35	.14	.01	.15	.08	.03	.23
Gasoline, fuel oil, and other energy goods.....	-.02	.03	-.05	.13	-.18	.18	-.04
Gasoline and oil.....	.00	.05	-.03	.13	-.09	.17	-.02
Fuel oil and coal.....	-.01	-.02	-.02	.00	-.09	.01	-.02
Other.....	.49	.29	.20	.38	.26	.10	.28
Services	2.32	1.74	3.22	1.08	1.62	.69	1.13
Housing.....	.32	.29	.32	.32	.24	.23	.34
Household operation.....	.31	.14	.83	-.06	-.32	.06	-.41
Electricity and gas.....	.07	-.04	.54	-.28	-.34	-.06	-.29
Other household operation.....	.24	.18	.29	.22	.02	.12	-.12
Transportation.....	.12	.02	.14	.04	-.02	-.14	-.14
Medical care.....	.45	.52	.54	.43	.68	.52	.55
Recreation.....	.13	.09	.09	.24	.04	-.10	.12
Other.....	.99	.69	1.31	1.00	.13	.67	.67
Addenda:							
Energy goods and services ¹.....	.05	-.01	.49	-.15	-.53	.11	-.33
Personal consumption expenditures less food and energy.....	4.23	3.00	2.64	3.11	3.12	.99	6.05

1. Consists of gasoline, fuel oil, and other energy goods, and of electricity and gas.
 NOTE: The quantity indexes on which the estimates in this table are based are shown in table 7.4. The estimates in this table differ from those in table 8.2 because this table shows contributions to real personal consumption expenditures, whereas table 8.2 shows contributions to real gross domestic product.

1. Excludes software "embedded," or bundled, in computers and other equipment.
 2. For some components of final sales of computers, includes computer parts.
 NOTE: The quantity indexes on which the estimates in this table are based are shown in tables 7.1, 7.2, 7.4, 7.6, 7.9, 7.11, and 7.17.

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Percent change at annual rate:							
Private fixed investment.....	7.6	-1.9	.5	1.9	-9.7	-5.7	-11.0
Percentage points at annual rates:							
Nonresidential.....	7.36	-2.33	.74	-.11	-11.28	-6.37	-9.73
Structures.....	1.13	.14	1.38	2.25	-2.48	-1.52	-7.39
Nonresidential buildings, including farm.....	.67	-.61	.42	.79	-2.79	-3.05	-2.83
Utilities.....	.19	.26	1.12	.63	-.26	-1.30	.01
Mining exploration, shafts, and wells.....	.25	.35	-.14	1.00	.66	-.13	-1.64
Other structures.....	.02	.14	-.03	-.17	-.09	2.95	-2.93
Equipment and software.....	6.23	-2.47	-.64	-2.36	-8.80	-4.85	-2.34
Information processing equipment and software.....	5.07	-.91	3.64	-3.59	-5.44	-2.71	-.55
Computers and peripheral equipment ¹	2.10	.05	1.04	-.25	-1.96	-1.53	1.36
Software ²	1.23	.25	1.43	-.71	-.36	.49	-.47
Other.....	1.74	-1.21	1.17	-2.63	-3.11	-1.67	-1.44
Industrial equipment.....	1.04	-.32	.13	1.21	-2.21	-2.38	-1.25
Transportation equipment.....	-.31	-1.02	-4.00	.28	-.66	-.08	.65
Other.....	.43	-.23	-.42	-.26	-.50	.32	-1.19
Residential.....	.22	.40	-.27	2.03	1.55	.65	-1.23
Structures.....	.18	.39	-.28	2.02	1.54	.66	-1.26
Single family.....	.14	.09	-.33	1.66	.50	.17	-.84
Multifamily.....	-.05	.13	.20	.30	.30	.13	.16
Other structures.....	.09	.18	-.15	.06	.74	.36	-.58
Equipment.....	.04	.01	.01	.00	.02	-.02	.03

1. Includes new computers and peripheral equipment only.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 NOTE: The quantity indexes on which the estimates in this table are based are shown in table 7.6. The estimates in this table differ from those in table 8.2 because this table shows contributions to real private fixed investment, whereas table 8.2 shows contributions to real gross domestic product.

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Percent change at annual rate:							
Exports of goods and services.....	9.5	-4.6	-4.0	-1.2	-11.9	-18.8	-12.2
Percentage points at annual rates:							
Exports of goods¹.....	7.93	-4.00	-5.05	-1.69	-12.80	-13.65	-6.90
Foods, feeds, and beverages.....	.27	.10	-.88	.64	-.24	-.43	1.06
Industrial supplies and materials.....	1.47	-.45	-.17	-1.21	-2.01	-.66	.22
Capital goods, except automotive.....	4.80	-3.03	-2.95	.28	-12.11	-9.35	-5.83
Automotive vehicles, engines, and parts.....	.44	-.53	-1.18	-1.97	1.59	.51	-1.64
Consumer goods, except automotive.....	.82	-.04	-.52	1.23	-.02	-2.76	-.20
Other.....	.13	-.06	.65	-.65	-.01	-.96	-.51
Exports of services¹.....	1.57	-.62	1.03	.51	.87	-5.10	-5.27
Percent change at annual rate:							
Imports of goods and services.....	13.4	-2.7	-.5	-5.0	-8.4	-13.0	-6.9
Percentage points at annual rates:							
Imports of goods¹.....	11.42	-2.38	-.52	-5.82	-8.11	-9.23	-2.77
Foods, feeds, and beverages.....	.24	.14	-.04	-.17	.21	.85	-.28
Industrial supplies and materials, except petroleum and products.....	.83	-.20	-.62	-.63	.47	.07	-1.00
Petroleum and products.....	.40	.28	-.68	1.95	.36	-2.37	.28
Capital goods, except automotive.....	4.65	-2.65	.48	-2.72	-11.45	-5.41	-.74
Automotive vehicles, engines, and parts.....	1.23	-.41	-1.43	-1.63	1.37	.38	-1.09
Consumer goods, except automotive.....	3.32	.29	1.90	-.21	-1.16	-1.54	-.71
Other.....	.74	.18	-.13	-2.42	2.10	-.22	.77
Imports of services¹.....	1.94	-.32	.01	.74	-.28	-4.77	-4.16

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment were reclassified from goods to services.
 NOTE: The quantity indexes on which the estimates in this table are based are shown in table 7.10. The estimates in this table differ from those in table 8.2 because this table shows contributions to real exports and to real imports, whereas table 8.2 shows contributions to real gross domestic product. Because imports are subtracted in the calculation of gross domestic product, the contributions of components of real imports have opposite signs in this table and in table 8.2.

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

	2000	2001	Seasonally adjusted at annual rates				
			2000		2001		
			IV	I	II	III	IV
Percent change at annual rate:							
Government consumption expenditures and gross investment ¹	2.7	3.6	3.3	5.3	5.0	.3	10.1
Percentage points at annual rates:							
Federal.....	.58	.90	1.52	1.10	.63	1.18	3.85
National defense.....	.03	1.01	2.15	1.61	.51	.69	2.05
Consumption expenditures.....	-.01	.79	.77	2.10	.06	.71	1.26
Durable goods ².....	.01	.11	.22	-.05	.25	.45	-.20
Nondurable goods.....	.03	.02	-.15	.06	.34	-.06	.13
Services.....	-.05	.67	.71	2.10	-.53	.32	1.33
Compensation of general government employees, except own-account investment ³	-.04	.02	-.07	-.26	.03	.25	.63
Consumption of general government fixed capital ⁴.....	.01	.02	.01	.02	.02	.04	.06
Other services.....	-.01	.62	.77	2.33	-.59	.04	.63
Gross investment.....	.04	.21	1.38	-.49	.46	-.02	.79
Structures.....	-.01	-.01	-.08	-.02	.00	-.12	.17
Equipment and software.....	.05	.23	1.47	-.48	.45	.10	.62
Nondefense.....	.56	-.11	-.63	-.52	.12	.49	1.79
Consumption expenditures.....	.53	-.20	-.74	-.57	.13	-.04	1.39
Durable goods ².....	.02	-.01	.05	-.06	-.01	-.03	.05
Nondurable goods.....	.07	-.01	-.61	-.47	-.12	-.13	.46
Services.....	.44	-.18	-.18	-.99	.26	.12	.88
Compensation of general government employees, except own-account investment ³.....	.16	.01	-.23	.17	.04	.34	.18
Consumption of general government fixed capital ⁴.....	.15	.13	.13	.11	.12	.13	.14
Other services.....	.13	-.32	-.08	-1.27	.09	-.35	.56
Gross investment.....	.03	.09	.11	.05	-.01	.52	.40
Structures.....	-.07	.01	.15	.07	-.21	.08	.23
Equipment and software.....	.10	.08	-.04	-.02	.19	.44	.17
State and local.....	2.08	2.66	1.78	4.21	4.33	-.88	6.27
Consumption expenditures.....	1.78	1.95	1.57	2.29	2.04	2.26	2.07
Durable goods ².....	.06	.06	.06	.07	.06	.06	.06
Nondurable goods.....	.38	.37	.34	.39	.39	.38	.32
Services.....	1.34	1.52	1.17	1.83	1.58	1.81	1.69
Compensation of general government employees, except own-account investment ³.....	.74	.85	.58	1.10	.91	1.08	.76
Consumption of general government fixed capital ⁴.....	.29	.28	.28	.28	.28	.27	.29
Other services.....	.32	.39	.30	.45	.39	.46	.64
Gross investment.....	.30	.71	.21	1.93	2.29	-3.14	4.20
Structures.....	.04	.66	.01	1.95	2.38	-3.03	4.28
Equipment and software.....	.25	.04	.20	-.02	-.09	-.11	-.08

1. Gross government investment consists of general government and government enterprise expenditures for fixed assets; inventory investment is included in government consumption expenditures.
 2. Consumption expenditures for durable goods excludes expenditures classified as investment, except for goods transferred to foreign countries by the Federal Government.
 3. Compensation of government employees engaged in new own-account investment and related expenditures for goods and services are classified as investment in structures and in software.
 4. Consumption of fixed capital, or depreciation, is included in government consumption expenditures as a partial measure of the value of the services of general government fixed assets; use of depreciation assumes a zero net return on these assets.
 NOTE: The quantity indexes on which the estimates in this table are based are shown in table 7.11. The estimates in this table differ from those in table 8.2 because this table shows contributions to real government consumption expenditures and gross investment, whereas table 8.2 shows contributions to real gross domestic product.

Table 8.30. Contributions to Percent Change in the Gross Domestic Purchases Price Index

	2000	2001	Seasonally adjusted at annual rates				
			2000	2001			
			IV	I	II	III	IV
Percent change at annual rate:							
Gross domestic purchases	2.6	1.7	1.7	2.7	1.3	-1	.4
Percentage points at annual rates:							
Personal consumption expenditures	1.76	1.23	1.28	2.12	.89	-.15	.48
Durable goods	-.13	-.15	-.09	-.06	-.29	-.23	-.13
Motor vehicles and parts .....	.02	.02	.03	.09	-.05	-.06	.04
Furniture and household equipment	-.14	-.17	-.15	-.18	-.22	-.16	-.15
Other	-.01	.00	.03	.04	-.02	-.01	-.02
Nondurable goods .....	.72	.29	.38	.38	.52	-.29	-.63
Food .....	.22	.28	.15	.37	.24	.35	.23
Clothing and shoes	-.04	-.06	.07	-.02	-.18	-.17	-.02
Gasoline, fuel oil, and other energy goods .....	.42	-.05	.13	-.10	.31	-.66	-.91
Other .....	.12	.12	.03	.12	.15	.19	.07
Services	1.17	1.09	.99	1.80	.65	.37	1.25
Housing .....	.30	.36	.32	.36	.43	.40	.42
Household operation .....	.06	.16	.20	.50	.00	-.13	-.13
Electricity and gas .....	.08	.16	.20	.47	-.02	-.09	-.24
Other household operation	-.01	.01	.00	.03	.02	-.03	.11
Transportation .....	.08	.04	.08	.04	-.01	.01	.02
Medical care .....	.29	.29	.26	.48	.12	.06	.42
Recreation .....	.09	.08	.05	.09	.12	.06	.09
Other .....	.34	.15	.08	.33	.00	-.04	.46
Gross private domestic investment .....	.19	.08	.11	.01	.06	.04	-.05
Fixed investment .....	.20	.08	.14	-.05	.09	.04	-.20
Nonresidential .....	.02	-.06	.00	-.24	-.02	-.06	-.18
Structures .....	.12	.14	.15	.20	.15	.09	.02
Equipment and software	-.11	-.20	-.14	-.44	-.17	-.15	-.21
Information processing equipment and software	-.14	-.23	-.17	-.40	-.20	-.25	-.20
Computers and peripheral equipment	-.15	-.22	-.15	-.38	-.17	-.18	-.17
Software ¹ .....	.04	.02	.01	.01	.01	-.04	.00
Other	-.03	-.03	-.03	-.03	-.03	-.03	-.03
Industrial equipment .....	.01	.01	.00	.02	.01	-.01	-.01
Transportation equipment .....	.02	.00	.01	-.09	-.01	.09	-.01
Other equipment .....	.01	.02	.02	.03	.02	.01	.01
Residential .....	.19	.14	.14	.19	.11	.10	.14
Change in private inventories	-.01	.00	-.03	.07	-.03	-.01	-.01
Farm .....	.00	.00	.00	.00	.00	-.01	.01
Nonfarm	-.01	.00	-.03	.07	-.03	.00	-.01
Government consumption expenditures and gross investment .....	.66	.34	.33	.59	.31	.00	-.06
Federal .....	.17	.09	.02	.25	.07	.01	-.03
National defense .....	.11	.06	.04	.13	.04	.01	-.03
Consumption expenditures .....	.11	.06	.03	.15	.04	.01	-.01
Gross investment .....	.00	.00	.00	-.01	.00	.00	-.02
Nondefense .....	.06	.04	-.01	.12	.03	.00	.00
Consumption expenditures .....	.05	.03	-.02	.12	.03	.01	.00
Gross investment .....	.01	.00	.01	.00	.00	-.01	.00
State and local .....	.49	.25	.30	.34	.24	-.01	-.03
Consumption expenditures .....	.42	.20	.26	.26	.21	-.02	-.08
Gross investment .....	.07	.05	.05	.08	.03	.01	.05
Addenda:							
Final sales of computers ²	-.20	-.25	-.14	-.48	-.19	-.20	-.18
Gross domestic purchases less final sales of computers	2.84	1.97	1.93	3.20	1.55	.17	.63
Food .....	.22	.28	.15	.38	.25	.34	.23
Energy goods and services .....	.63	.08	.42	.36	.25	-.94	-1.48
Gross domestic purchases less food and energy	1.75	1.29	1.14	1.95	.78	.49	1.61

1. Excludes software "embedded" or bundled, in computers and other equipment.
 2. For some components of final sales of computers, includes computer parts.
 Note: The price indexes on which the estimates in this table are based are shown in tables 7.1, 7.2, 7.4, 7.6, and 7.11.

Annual Estimates

Except as noted for table B.3 below, these tables are derived from the NIPA tables that were published in the August and September 2001 issues of the SURVEY OF CURRENT BUSINESS, and the estimates reflect the most recent comprehensive and annual NIPA revisions.

Table B.3. Gross Domestic Product by Industry, Current-Dollar and Real Estimates for 1998-2000

	Billions of dollars			Billions of chained (1996) dollars				Billions of dollars			Billions of chained (1996) dollars		
	1998	1999	2000	1998	1999	2000		1998	1999	2000	1998	1999	2000
Gross domestic product	8,781.5	9,268.6	9,872.9	8,508.9	8,856.5	9,224.0	Transportation services	28.0	29.9	32.3	27.8	29.8	30.6
Private industries	7,678.2	8,116.9	8,656.5	7,490.6	7,852.7	8,177.6	Communications	238.5	258.5	281.1	231.2	256.5	283.9
Agriculture, forestry, and fishing	128.0	127.2	135.8	145.5	153.4	166.3	Telephone and telegraph	179.4	196.4	208.9	181.3	208.0	232.5
Farms	80.6	74.3	79.0	100.3	106.0	120.5	Radio and television	59.1	62.1	72.2	50.3	50.3	54.1
Agricultural services, forestry, and fishing	47.4	53.0	56.7	44.4	46.7	47.3	Electric, gas, and sanitary services	204.8	215.6	230.0	193.7	212.9	217.9
Mining	100.2	103.3	127.1	119.7	112.0	95.2	Wholesale trade	607.9	633.5	674.1	663.3	688.8	708.4
Metal mining	5.4	5.0	4.9	7.7	8.2	7.4	Retail trade	790.4	834.9	893.9	800.0	843.7	905.7
Coal mining	10.7	10.6	10.1	11.9	13.5	13.5	Finance, insurance, and real estate	1,708.5	1,810.6	1,936.2	1,622.1	1,713.5	1,809.5
Oil and gas extraction	72.8	76.2	99.5	89.4	79.8	63.4	Depository institutions	300.0	325.6	366.5	256.5	268.1	288.2
Nonmetallic minerals, except fuels	11.3	11.5	12.6	10.9	10.9	12.4	Nondepository institutions	52.8	53.7	59.0	57.3	60.6	66.8
Construction	380.8	425.5	463.6	348.9	370.0	379.3	Security and commodity brokers	143.9	138.8	144.2	163.2	210.0	290.7
Manufacturing	1,431.5	1,496.8	1,566.6	1,444.3	1,532.1	1,594.6	Insurance carriers	150.2	158.3	167.7	135.1	135.2	131.1
Durable goods	830.7	865.7	901.7	892.9	965.1	1,034.1	Insurance agents, brokers, and service	56.4	65.4	67.3	51.8	58.9	60.1
Lumber and wood products	41.9	46.3	44.4	40.1	43.0	44.1	Real estate	981.6	1,051.2	1,116.3	944.9	986.2	1,018.3
Furniture and fixtures	24.3	26.0	26.7	22.9	23.9	24.4	Nonfarm housing services	718.7	764.4	810.5	677.2	701.3	721.1
Stone, clay, and glass products	38.7	42.5	43.9	36.6	38.4	39.7	Other real estate	262.9	286.8	305.8	268.9	286.6	299.3
Primary metal industries	53.1	50.2	52.9	54.5	57.2	57.4	Holding and other investment offices	23.4	17.6	15.4	15.4	10.6	7.4
Fabricated metal products	101.7	107.6	108.7	96.5	98.4	99.6	Services	1,829.9	1,980.9	2,164.6	1,699.0	1,774.8	1,865.2
Industrial machinery and equipment	158.6	157.3	167.6	195.8	214.4	236.0	Hotels and other lodging places	73.5	80.4	86.5	63.3	64.8	67.3
Electronic and other electric equipment	159.2	165.5	181.2	210.8	255.8	327.7	Personal services	57.0	57.4	60.4	53.7	52.6	53.5
Motor vehicles and equipment	111.5	118.9	120.2	111.6	114.7	116.9	Business services	439.8	502.6	571.7	410.7	452.5	490.9
Other transportation equipment	58.4	64.5	62.7	56.7	61.2	55.2	Auto repair, services, and parking	81.0	88.1	93.9	75.1	80.6	83.7
Instruments and related products	57.5	58.8	64.2	49.0	48.2	48.1	Miscellaneous repair services	24.4	25.2	26.7	21.6	20.2	19.6
Miscellaneous manufacturing industries	25.9	28.3	29.1	24.9	26.9	27.7	Motion pictures	29.1	32.0	34.9	28.2	29.2	30.0
Non-durable goods	600.8	631.0	664.8	555.5	574.0	574.0	Amusement and recreation services	70.1	75.1	80.8	65.1	68.3	69.5
Food and kindred products	121.8	132.9	137.0	112.1	117.3	118.2	Health services	491.1	516.3	546.8	460.9	470.5	485.4
Tobacco products	17.3	18.9	22.3	11.9	6.3	6.2	Legal services	116.7	123.0	133.5	107.3	110.4	115.6
Textile mill products	25.8	25.5	24.7	24.1	23.6	24.1	Educational services	67.5	72.1	78.6	61.1	62.4	64.6
Apparel and other textile products	26.0	24.3	23.6	25.2	22.6	22.5	Social services	57.6	61.8	67.5	52.3	53.7	55.5
Paper and allied products	55.7	58.0	59.9	56.2	57.3	50.0	Membership organizations	53.6	58.3	63.5	48.3	48.3	49.6
Printing and publishing	95.6	102.7	105.5	85.6	88.1	86.6	Other services	254.5	275.9	306.2	238.6	250.7	269.3
Chemicals and allied products	164.8	175.1	191.1	155.2	168.7	184.2	Private households	14.0	12.7	13.6	13.3	11.7	12.0
Petroleum and coal products	32.9	30.4	36.5	26.4	34.4	25.5	Statistical discrepancy ¹	-31.0	-72.7	-130.4	-30.1	-69.9	-123.0
Rubber and miscellaneous plastics products	56.8	59.3	60.2	55.6	58.2	59.8	Government	1,103.3	1,151.7	1,216.4	1,047.3	1,060.7	1,085.4
Leather and leather products	4.1	3.9	4.0	3.8	3.7	3.9	Federal	359.9	369.7	387.0	347.6	346.5	353.0
Transportation and public utilities	732.0	776.8	825.0	683.1	737.2	781.5	General government	298.6	308.1	323.8	286.2	285.8	290.1
Transportation	288.7	302.7	313.9	257.9	268.6	281.1	Government enterprises	61.3	61.6	63.2	61.5	60.8	63.1
Railroad transportation	24.3	23.2	22.9	22.8	22.5	23.2	State and local	743.4	782.0	829.5	699.7	714.0	732.2
Local and interurban passenger transit	16.8	17.6	18.7	15.5	16.6	18.2	General government	681.2	716.6	760.4	642.5	653.5	669.0
Trucking and warehousing	114.1	122.0	126.0	95.5	100.3	105.7	Government enterprises	62.2	65.4	69.1	57.3	60.5	63.2
Water transportation	13.6	13.7	14.8	13.2	11.8	11.7	Not allocated by industry ²				-48.9	-110.6	-170.7
Transportation by air	85.8	90.2	93.0	76.8	80.9	85.0							
Pipelines, except natural gas	6.1	6.1	6.2	6.4	6.4	6.4							

1. The current-dollar statistical discrepancy equals gross domestic product (GDP) measured as the sum of expenditures less gross domestic income—that is, GDP measured as the costs incurred and profits earned in domestic production. The chained (1996) dollar statistical discrepancy equals the current-dollar statistical discrepancy deflated by the implicit price deflator for gross domestic business product.
 2. Equals GDP in chained (1996) dollars less the statistical discrepancy and the sum of GDP by industry of the detailed industries. The value of not allocated by industry reflects the nonadditivity of chained-dollar estimates

and the differences in source data used to estimate real GDP by industry and the expenditures measure of real GDP.

Note. Estimates are based on the 1987 Standard Industrial Classification. The table is derived from tables 1 and 6 in "Gross Domestic Product by Industry for 1998-2000" in the November 2001 Survey. This table corrects errors in the current-dollar estimates for total "Services" for 1998-2000 that were in table 1.

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

	Billions of dollars			Billions of chained (1996) dollars		
	1998	1999	2000	1998	1999	2000
Private fixed investment in structures	638.5	678.2	729.2	599.0	616.0	634.5
Nonresidential	282.4	283.5	313.6	262.2	256.9	272.8
New	281.7	282.9	312.8	261.5	256.2	272.0
Nonresidential buildings, excluding farm	197.2	201.9	221.8	184.3	181.0	190.4
Industrial	35.6	28.7	30.2	33.3	25.8	26.0
Commercial	100.7	110.1	123.9	94.1	98.7	106.4
Office buildings ¹	49.1	55.4	64.8	45.9	49.6	55.6
Other ²	51.6	54.7	59.1	48.2	49.1	50.8
Religious	6.4	7.2	7.9	6.0	6.4	6.7
Educational	10.9	10.4	12.4	10.2	9.3	10.7
Hospital and institutional	15.4	15.1	16.2	14.4	13.5	13.9
Other ³	28.2	30.4	31.2	26.3	27.2	26.8
Utilities	44.2	47.2	51.7	42.7	45.7	48.5
Railroads	5.7	4.7	4.2	5.5	4.7	4.2
Telecommunications	12.3	18.3	18.8	12.1	18.1	18.4
Electric light and power	12.5	14.7	21.3	12.0	14.0	19.5
Gas	12.4	8.1	6.4	11.9	7.6	5.7
Petroleum pipelines	1.3	1.5	1.0	1.2	1.4	0.9
Farm	4.3	5.0	5.2	4.0	4.5	4.4
Mining exploration, shafts, and wells	30.2	22.6	27.6	25.1	20.0	23.5
Petroleum and natural gas	28.9	21.4	25.9	23.9	18.9	22.0
Other	1.3	1.2	1.6	1.2	1.1	1.4
Other ⁴	5.9	6.2	6.6	5.6	5.7	5.9
Brokers' commissions on sale of structures	2.3	2.4	2.6	2.2	2.2	2.4
Net purchases of used structures	-1.7	-1.8	-1.9	-1.6	-1.6	-1.6
Residential	356.1	394.7	415.6	336.8	359.3	361.8
New	310.4	344.4	363.4	292.4	311.6	314.6
New housing units	224.9	250.1	259.6	211.6	225.6	223.8
Permanent site	210.4	236.1	248.8	197.5	212.2	213.4
Single-family structures	185.8	208.6	220.7	175.9	188.9	190.9
Multifamily structures	24.6	27.4	28.1	21.7	23.4	22.7
Manufactured homes	14.5	14.1	10.9	14.1	13.3	10.1
Improvements	84.5	93.0	102.4	79.9	84.9	89.6
Other ⁵	1.0	1.3	1.4	0.9	1.2	1.2
Brokers' commissions on sale of structures	48.8	53.7	55.4	47.4	50.9	50.1
Net purchases of used structures	-3.0	-3.4	-3.2	-2.9	-3.1	-2.8
Residual .....	.....	.....	.....	-0.3	-1.0	-1.0

1. Consists of office buildings, except those constructed at industrial sites and those constructed by utilities for their own use.
 2. Consists of stores, restaurants, garages, service stations, warehouses, mobile structures, and other buildings used for commercial purposes.
 3. Consists of hotels and motels, buildings used primarily for social and recreational activities, and buildings not elsewhere classified, such as passenger terminals, greenhouses, and animal hospitals.
 4. Consists primarily of streets, dams and reservoirs, sewer and water facilities, parks, and airfields.
 5. Consists primarily of dormitories and of fraternity and sorority houses.

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table B.6. Private Fixed Investment in Equipment and Software by Type

	Billions of dollars			Billions of chained (1996) dollars		
	1998	1999	2000	1998	1999	2000
Private fixed investment in equipment and software	827.1	899.9	988.9	883.7	987.3	1,096.9
Nonresidential equipment and software	818.9	891.1	979.5	875.4	978.3	1,087.4
Information processing equipment and software	363.4	399.7	466.5	429.3	506.2	609.5
Computers and peripheral equipment ¹	84.2	90.8	109.3	147.7	208.6	290.3
Software ²	140.1	159.8	183.1	147.1	167.3	187.6
Communication equipment	81.2	93.4	116.8	85.6	102.1	131.4
Instruments	36.3	37.7	38.8	36.1	37.5	38.3
Photocopy and related equipment	13.7	10.8	11.0	13.9	10.9	11.1
Office and accounting equipment	8.0	7.2	7.4	8.0	7.3	7.5
Industrial equipment	147.6	149.3	166.7	145.6	146.4	162.6
Fabricated metal products	12.7	12.9	13.0	12.7	13.0	13.1
Engines and turbines	4.7	5.4	8.1	4.6	5.1	7.6
Metalworking machinery	34.9	34.5	35.8	34.5	33.9	35.0
Special industry machinery, n.e.c.	37.1	38.2	48.7	36.4	37.0	47.1
General industrial, including materials handling, equipment	34.7	33.7	36.0	34.0	32.8	34.7
Electrical transmission, distribution, and industrial apparatus	23.5	24.7	25.2	23.4	24.6	24.9
Transportation equipment	168.2	199.1	195.9	168.2	197.6	192.7
Trucks, buses, and truck trailers	98.1	116.6	114.2	100.0	116.7	113.2
Autos	40.5	43.4	41.0	39.2	42.9	41.3
Aircraft	20.0	28.9	30.1	19.7	28.1	28.0
Ships and boats	2.6	2.8	3.7	2.5	2.6	3.4
Railroad equipment	7.0	7.5	7.0	7.1	7.6	7.0
Other equipment	143.7	146.2	154.3	141.1	142.4	149.3
Furniture and fixtures	35.9	38.3	42.1	35.1	37.3	40.6
Tractors	14.9	13.1	14.2	14.7	12.8	13.8
Agricultural machinery, except tractors	12.8	10.0	11.4	12.5	9.7	10.9
Construction machinery, except tractors	20.9	22.0	19.2	20.2	20.8	18.0
Mining and oilfield machinery	4.7	5.8	7.9	4.5	5.5	7.4
Service industry machinery	15.4	16.2	16.2	15.0	15.6	15.5
Electrical equipment, n.e.c.	14.1	14.4	15.2	14.5	14.9	16.0
Other	24.9	26.3	28.2	24.5	25.7	27.3
Less: Sale of equipment scrap, excluding autos	3.9	3.3	4.0	4.5	4.2	4.5
Residential equipment	8.2	8.8	9.4	8.3	9.0	9.6
Residual .....	.....	.....	.....	-13.6	-37.8	-79.2
Addenda:						
Private fixed investment in equipment and software	827.1	899.9	988.9	.....	.....	.....
Less: Dealers' margin on used equipment	8.2	8.5	9.3	.....	.....	.....
Net purchases of used equipment from government	1.2	1.0	1.0	.....	.....	.....
Plus: Net sales of used equipment	39.4	41.1	42.8	.....	.....	.....
Net exports of used equipment	0.5	0.4	0.5	.....	.....	.....
Sale of equipment scrap	4.0	3.4	4.1	.....	.....	.....
Equals: Private fixed investment in new equipment and software	861.7	935.4	1,025.9	.....	.....	.....

1. Includes new computers and peripheral equipment only. Because of rapid changes in relative prices, the chained-dollar estimates for computers are especially misleading as a measure of the contribution or relative importance of this component.
 2. Excludes software "embedded," or bundled, in computers and other equipment.

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

n.e.c. Not elsewhere classified.

Table B.7. Compensation and Wage and Salary Accruals by Industry

[Millions of dollars]

	Compensation			Wage and salary accruals				Compensation			Wage and salary accruals		
	1998	1999	2000	1998	1999	2000		1998	1999	2000	1998	1999	2000
Total	4,989,641	5,310,732	5,715,222	4,192,105	4,477,368	4,837,192							
Domestic industries	4,994,637	5,315,840	5,720,399	4,197,101	4,482,476	4,842,369	Communications	89,306	103,592	114,048	74,901	87,653	96,682
Private industries	4,079,585	4,361,701	4,711,427	3,504,384	3,758,205	4,073,930	Telephone and telegraph	67,147	78,828	86,831	56,012	66,288	73,359
Agriculture, forestry, and fishing ...	46,375	49,788	51,610	40,816	43,649	45,488	Radio and television	22,159	24,964	27,217	18,889	21,365	23,323
Farms	18,648	19,341	19,539	16,193	16,478	16,782	Electric, gas, and sanitary services	55,666	58,554	62,326	46,559	49,210	52,547
Agricultural services, forestry, and fishing	27,727	30,447	32,071	24,623	27,171	28,706	Wholesale trade	335,828	359,562	385,575	288,747	309,351	332,685
Mining	35,779	34,287	36,427	30,532	29,292	31,215	Retail trade	448,698	478,448	510,440	392,550	420,555	449,628
Metal mining	2,963	2,907	2,583	2,478	2,439	2,154	Finance, insurance, and real estate	427,064	458,737	498,251	368,061	396,320	432,275
Coal mining	5,510	5,176	4,853	4,642	4,367	4,086	Depository institutions	94,748	98,455	99,805	80,039	83,345	84,567
Oil and gas extraction	22,041	20,766	23,437	18,918	17,828	20,214	Nondepository institutions	38,489	40,693	41,464	32,861	34,767	35,511
Nonmetallic minerals, except fuels	5,265	5,438	5,554	4,494	4,658	4,761	Security and commodity brokers	93,919	107,255	131,202	83,772	95,794	117,566
Construction	246,190	272,859	298,156	210,354	233,754	256,824	Insurance carriers	86,513	91,244	94,392	73,491	77,640	80,512
Manufacturing	896,419	926,346	979,364	755,463	782,661	830,127	Insurance agents, brokers, and service	36,703	38,702	41,041	31,909	33,703	35,823
Durable goods	562,754	586,031	625,200	472,686	493,489	528,192	Real estate	53,850	57,611	61,865	46,464	49,806	53,667
Lumber and wood products	27,167	28,684	29,114	23,087	24,455	24,825	Holding and other investment offices	22,842	24,777	28,482	19,525	21,265	24,629
Furniture and fixtures	17,734	18,751	19,679	15,066	15,983	16,797	Services	1,321,361	1,431,839	1,577,318	1,151,341	1,250,630	1,382,391
Stone, clay, and glass products	24,589	25,805	27,587	20,603	21,702	23,272	Hotels and other lodging places	42,801	46,302	49,465	37,180	40,334	43,231
Primary metal industries	36,802	37,238	38,039	30,400	30,849	31,558	Personal services	26,861	28,433	30,063	23,868	25,314	26,813
Fabricated metal products	64,630	66,579	69,261	54,195	56,007	58,364	Business services	301,202	351,894	412,399	264,150	309,539	364,013
Industrial machinery and equipment	117,081	121,437	132,421	100,563	104,448	114,214	Auto repair, services, and parking	34,235	36,982	39,863	30,181	32,596	35,215
Electronic and other electric equipment	91,371	97,908	114,128	77,279	82,960	97,395	Miscellaneous repair services	13,264	13,531	13,967	11,616	11,886	12,288
Motor vehicles and equipment	65,120	68,747	70,240	51,558	54,739	56,059	Motion pictures	21,776	22,496	23,892	19,152	19,779	21,060
Other transportation equipment	51,999	51,930	51,495	43,375	43,373	42,970	Amusement and recreation services	43,513	47,211	51,309	37,871	41,265	44,974
Instruments and related products	51,454	53,497	57,158	44,170	45,985	49,196	Health services	393,083	408,364	429,364	335,777	349,579	368,695
Miscellaneous manufacturing industries	14,807	15,455	16,078	12,390	12,988	13,542	Legal services	67,834	72,151	79,036	59,690	63,581	69,828
Nondurable goods	333,665	340,315	354,164	282,777	289,172	301,935	Educational services	62,390	66,820	72,549	53,986	57,990	63,174
Food and kindred products	64,862	66,427	69,907	55,078	56,587	59,790	Social services and membership organizations	106,341	114,661	125,465	94,288	101,954	111,882
Tobacco products	2,787	2,755	2,928	2,188	2,168	2,324	Social services	55,337	59,254	64,859	47,763	51,347	56,424
Textile mill products	18,796	18,255	18,020	16,148	15,705	15,515	Membership organizations	51,004	55,407	60,606	46,525	50,607	55,458
Apparel and other textile products	19,288	18,449	17,706	16,462	15,749	15,102	Other services ²	194,081	210,280	236,375	169,942	184,423	207,984
Paper and allied products	33,777	34,486	34,956	28,985	29,679	30,144	Private households	13,980	12,714	13,571	13,640	12,390	13,234
Printing and publishing	67,514	69,705	73,078	58,080	60,182	63,287	Government	915,052	954,139	1,008,972	692,717	724,271	768,439
Chemicals and allied products	74,124	77,226	83,376	61,659	64,401	69,945	Federal	270,161	277,790	293,671	179,496	184,409	195,572
Petroleum and coal products	10,254	10,035	9,759	8,475	8,286	8,064	General government	215,262	221,797	233,438	142,513	146,668	154,814
Rubber and miscellaneous plastics products	39,718	40,501	41,988	33,523	34,290	35,661	Civilian	129,828	134,869	142,648	87,614	90,624	96,646
Leather and leather products	2,545	2,476	2,446	2,179	2,125	2,103	Military ³	85,434	86,928	90,790	54,899	56,044	58,168
Transportation and public utilities	321,871	349,835	374,286	266,520	291,993	313,297	Government enterprises	54,899	55,993	60,233	36,983	37,741	40,758
Transportation	176,899	187,689	197,912	145,060	155,130	164,068	State and local	644,891	676,349	715,301	513,221	539,862	572,867
Railroad transportation	16,946	17,118	16,714	12,602	12,790	12,427	General government	604,420	634,016	670,666	480,474	505,516	536,529
Local and interurban passenger transit	11,245	11,938	12,717	9,541	10,180	10,868	Education	323,707	340,484	361,349	255,411	269,490	286,883
Trucking and warehousing ¹	66,363	70,608	74,050	54,694	58,632	61,654	Other	280,713	293,532	309,317	225,063	236,026	249,646
Water transportation	8,785	9,066	9,642	7,311	7,587	8,095	Government enterprises	40,471	42,333	44,635	32,747	34,346	36,338
Transportation by air ¹	55,055	59,506	63,680	45,129	49,284	52,900	Rest of the world	-4,996	-5,108	-5,177	-4,996	-5,108	-5,177
Pipelines, except natural gas	993	996	1,014	844	847	864	Receipts from the rest of the world	1,934	2,210	2,341	1,934	2,210	2,341
Transportation services	17,512	18,457	20,095	14,939	15,810	17,260	Less: Payments to the rest of the world ⁴	6,930	7,318	7,518	6,930	7,318	7,518
							Addenda:						
							Households and institutions	383,786	403,324	431,959			
							Nonfarm business	3,772,521	4,037,362	4,364,797			

1. Reflects the reclassification of air couriers from trucking and warehousing to transportation by air.
 2. Consists of museums, botanical and zoological gardens; engineering and management services; and services, not elsewhere classified.
 3. Includes Coast Guard.

4. Includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

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

Table B.8. Employment by Industry
[Thousands]

	Full-time and part-time employees			Persons engaged in production ¹				Full-time and part-time employees			Persons engaged in production ¹		
	1998	1999	2000	1998	1999	2000		1998	1999	2000	1998	1999	2000
Total	133,456	136,368	139,350	129,742	132,204	134,917	Water transportation.....	185	188	194	185	185	191
Domestic industries	133,968	136,872	139,861	130,181	132,636	135,355	Transportation by air ²	1,199	1,245	1,296	1,123	1,163	1,215
Private industries	111,706	114,333	116,865	111,577	113,897	116,253	Pipelines, except natural gas	471	476	488	465	474	476
Agriculture, forestry, and fishing	2,188	2,294	2,321	3,345	3,389	3,338	Transportation services.....	1,477	1,553	1,668	1,365	1,423	1,524
Farms.....	880	923	890	1,705	1,693	1,635	Telephone and telegraph.....	1,046	1,107	1,197	960	1,011	1,089
Agricultural services, forestry, and fishing	1,308	1,371	1,431	1,640	1,696	1,703	Radio and television.....	431	446	471	405	412	435
Mining	594	540	541	602	545	546	Electric, gas, and sanitary services.....	861	863	857	853	860	851
Metal mining.....	49	44	40	49	45	42	Wholesale trade	6,918	6,995	7,113	6,923	7,018	7,107
Coal mining	93	87	79	93	86	77	Retail trade	22,991	23,542	24,060	20,407	20,954	21,432
Oil and gas extraction	340	296	308	349	304	315	Finance, insurance, and real estate	7,533	7,713	7,758	7,631	7,817	7,855
Nonmetallic minerals, except fuels	112	113	114	111	110	112	Depository institutions	2,046	2,049	2,038	1,933	1,928	1,906
Construction	6,296	6,704	7,007	7,602	8,023	8,368	Nondepository institutions	662	708	686	643	690	667
Manufacturing	18,923	18,669	18,571	18,933	18,659	18,511	Security and commodity brokers	681	728	797	732	797	873
Durable goods	11,270	11,177	11,185	11,349	11,222	11,220	Insurance carriers	1,574	1,608	1,588	1,501	1,526	1,500
Lumber and wood products.....	840	857	849	896	915	899	Insurance agents, brokers, and service	788	795	802	881	873	895
Furniture and fixtures.....	534	550	559	543	562	570	Real estate.....	1,532	1,567	1,583	1,704	1,759	1,766
Stone, clay, and glass products	566	572	583	569	573	581	Holding and other investment offices.....	250	258	264	237	244	248
Primary metal industries.....	715	698	700	711	697	696	Services	39,584	40,978	42,380	39,479	40,640	42,080
Fabricated metal products.....	1,517	1,529	1,544	1,514	1,517	1,537	Hotels and other lodging places	1,869	1,934	1,979	1,697	1,758	1,816
Industrial machinery and equipment	2,211	2,142	2,122	2,211	2,136	2,109	Personal services	1,339	1,363	1,387	1,803	1,831	1,879
Electronic and other electric equipment.....	1,710	1,670	1,719	1,700	1,656	1,705	Business services.....	8,779	9,437	10,074	8,987	9,566	10,222
Motor vehicles and equipment.....	997	1,023	1,021	995	1,018	1,019	Auto repair, services, and parking	1,273	1,326	1,368	1,520	1,557	1,591
Other transportation equipment.....	900	874	836	903	872	834	Miscellaneous repair services.....	395	391	382	591	553	539
Instruments and related products	873	854	845	865	841	838	Motion pictures	592	612	609	644	659	652
Miscellaneous manufacturing industries.....	407	408	407	442	435	432	Amusement and recreation services.....	1,728	1,783	1,858	1,496	1,547	1,637
Nondurable goods	7,653	7,492	7,386	7,584	7,437	7,291	Health services.....	10,222	10,356	10,485	9,526	9,644	9,772
Food and kindred products.....	1,695	1,696	1,699	1,673	1,679	1,674	Legal services.....	1,114	1,142	1,164	1,225	1,219	1,223
Tobacco products.....	40	37	35	39	36	34	Educational services.....	2,271	2,355	2,447	2,100	2,169	2,269
Textile mill products.....	597	560	533	598	556	535	Social services and membership organizations.....	5,195	5,388	5,583	5,025	5,189	5,356
Apparel and other textile products	769	697	641	774	708	617	Social services.....	2,751	2,859	2,992	2,993	3,086	3,201
Paper and allied products.....	679	669	656	672	664	650	Membership organizations	2,444	2,529	2,591	2,032	2,103	2,155
Printing and publishing.....	1,593	1,575	1,569	1,577	1,556	1,544	Other services ³	3,527	3,640	3,836	3,983	4,086	4,291
Chemicals and allied products.....	1,040	1,037	1,039	1,026	1,026	1,030	Private households.....	1,280	1,251	1,208	882	862	833
Petroleum and coal products.....	135	131	126	134	131	125	Government	22,262	22,539	22,996	18,604	18,739	19,102
Rubber and miscellaneous plastics products.....	1,018	1,011	1,016	1,006	1,001	1,006	Federal	5,194	5,139	5,235	4,207	4,164	4,262
Leather and leather products.....	87	79	72	85	80	76	General government	4,200	4,147	4,260	3,416	3,370	3,478
Transportation and public utilities	6,679	6,898	7,114	6,655	6,852	7,016	Civilian	1,878	1,856	1,976	1,845	1,821	1,931
Transportation	4,341	4,482	4,589	4,437	4,569	4,641	Military ⁴	2,322	2,291	2,284	1,571	1,549	1,547
Railroad transportation	223	223	213	211	211	202	Government enterprises.....	994	992	975	791	794	784
Local and interurban passenger transit.....	473	489	500	486	503	503	State and local	17,068	17,400	17,761	14,397	14,575	14,840
Trucking and warehousing ⁵	1,777	1,848	1,885	1,954	2,020	2,041	General government	16,227	16,546	16,891	13,528	13,699	13,953
							Education	8,928	9,148	9,382	7,226	7,359	7,556
							Other.....	7,299	7,398	7,509	6,302	6,340	6,397
							Government enterprises.....	841	854	870	869	876	887
							Rest of the world⁵	-512	-504	-511	-439	-432	-438

1. Equals the number of full-time equivalent employees plus the number of self-employed persons. Unpaid family workers are not included.
2. Reflects the reclassification of air couriers from trucking and warehousing to transportation by air.
3. Consists of museums, botanical and zoological gardens; engineering and management services; and services, not elsewhere classified.

4. Includes Coast Guard.
5. Includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

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

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

Table with 14 columns: Industry, Wage and salary accruals per full-time equivalent (1998, 1999, 2000), Full-time equivalent employees (1998, 1999, 2000), and Wage and salary accruals per full-time equivalent (1998, 1999, 2000), Full-time equivalent employees (1998, 1999, 2000). Rows include Total, Domestic industries, Private industries, Agriculture, forestry, and fishing, Mining, Construction, Manufacturing, Transportation and public utilities, and Rest of the world.

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. Reflects the reclassification of air couriers from trucking and warehousing to transportation by air.
3. Consists of museums, botanical and zoological gardens; engineering and management services; and

services, not elsewhere classified.
4. Includes Coast Guard.
5. Includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.
NOTE: Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

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

	Billions of dollars			Billions of chained (1996) dollars		
	1998	1999	2000	1998	1999	2000
Farm output	214.6	208.3	214.7	238.5	244.3	248.4
Cash receipts from farm marketings	197.6	192.2	199.8	219.8	226.2	232.4
Crops	103.3	96.5	100.2	121.5	125.4	131.2
Livestock	94.2	95.7	99.6	98.3	100.9	101.8
Farm housing	6.7	7.2	7.7	6.0	6.2	6.2
Farm products consumed on farms	0.5	0.5	0.6	0.5	0.5	0.5
Other farm income	9.0	9.9	8.5	9.9	11.8	10.1
Change in farm inventories	0.9	-1.5	-1.8	1.6	-1.9	-2.0
Crops	1.1	-0.9	-1.2	1.8	-1.4	-2.2
Livestock	-0.3	-0.6	-0.6	-0.3	-0.6	-0.5
Less: Intermediate goods and services purchased	134.1	134.0	135.7	138.2	139.1	132.9
Intermediate goods and services, other than rent	118.9	120.4	121.7	122.5	125.1	119.4
Rent paid to nonoperator landlords	15.2	13.6	14.0	15.7	14.0	13.5
Equals: Gross farm product	80.6	74.3	79.0	100.3	106.0	120.5
Less: Consumption of fixed capital	27.3	29.3	28.6	26.7	28.0	27.0
Equals: Net farm product	53.3	45.0	50.4	73.5	77.9	98.2
Less: Indirect business tax and nontax liability	5.2	5.5	5.4	.....	.....	.....
Plus: Subsidies to operators	10.4	18.4	19.5	.....	.....	.....
Equals: Farm national income	58.5	58.0	64.5	.....	.....	.....
Compensation of employees	18.6	19.3	19.5	.....	.....	.....
Wage and salary accruals	16.2	16.5	16.8	.....	.....	.....
Supplements to wages and salaries	2.5	2.9	2.8	.....	.....	.....
Proprietors' income and corporate profits with inventory valuation and capital consumption adjustments	29.9	28.3	34.1	.....	.....	.....
Proprietors' income	25.6	26.6	30.6	.....	.....	.....
Corporate profits	4.3	1.7	3.5	.....	.....	.....
Net interest	10.0	10.3	10.9	.....	.....	.....

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

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

	Billions of dollars			Billions of chained (1996) dollars		
	1998	1999	2000	1998	1999	2000
Housing output ¹	825.8	873.1	919.6	777.2	799.5	816.6
Nonfarm housing	819.0	865.9	912.0	771.2	793.3	810.4
Owner-occupied	625.0	664.6	702.7	588.3	609.0	625.3
Tenant-occupied	194.0	201.3	209.3	182.9	184.3	185.1
Farm housing	6.7	7.2	7.7	6.0	6.2	6.2
Less: Intermediate goods and services consumed	114.5	116.1	116.4	107.4	105.3	102.3
Equals: Gross housing product	711.3	757.1	803.2	669.8	694.2	714.3
Nonfarm housing	705.6	751.1	796.9	664.7	689.1	709.3
Owner-occupied	535.6	575.1	613.6	504.2	527.7	547.4
Tenant-occupied	170.0	176.0	183.4	160.5	161.4	161.9
Farm housing	5.6	5.9	6.3	5.1	5.1	5.1
Less: Consumption of fixed capital	133.1	143.4	153.6	125.8	130.1	133.5
Capital consumption allowances	71.9	77.4	81.8	.....	.....	.....
Less: Capital consumption adjustment	-61.2	-66.0	-71.8	.....	.....	.....
Equals: Net housing product	578.1	613.6	649.6	544.0	564.1	580.8
Less: Indirect business tax and nontax liability plus business transfer payments	130.5	135.8	140.8	.....	.....	.....
Plus: Subsidies less current surplus of government enterprises	24.1	23.8	23.8	.....	.....	.....
Equals: Housing national income	471.8	501.6	532.6	.....	.....	.....
Compensation of employees	9.6	10.0	10.9	.....	.....	.....
Proprietors' income with inventory valuation and capital consumption adjustments	20.6	18.9	17.6	.....	.....	.....
Rental income of persons with capital consumption adjustment	121.0	130.0	123.8	.....	.....	.....
Corporate profits with inventory valuation and capital consumption adjustments	4.4	4.1	4.3	.....	.....	.....
Net interest	316.2	338.6	376.0	.....	.....	.....

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

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

C. Historical Measures

This table is derived from the "GDP and Other Major NIPA Series" tables that were published in the August 2001 issue of the SURVEY OF CURRENT BUSINESS and from the "Selected NIPA Tables" that are published in this issue. (Changes in prices are calculated from indexes expressed to three decimal places.)

Table C.1. GDP and Other Major NIPA Aggregates

[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1996) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price indexes		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959.....	2,319.0	2,317.4	2,332.8	7.2	6.3	21.88	21.41	21.88	21.88	1.1	1.1	1.1	1.1
1960.....	2,376.7	2,378.5	2,391.9	2.5	2.6	22.19	21.71	22.19	22.18	1.4	1.4	1.4	1.4
1961.....	2,432.0	2,435.5	2,448.8	2.3	2.4	22.43	21.94	22.44	22.43	1.1	1.1	1.1	1.1
1962.....	2,578.9	2,569.5	2,598.0	6.0	5.5	22.74	22.23	22.74	22.74	1.4	1.3	1.4	1.4
1963.....	2,690.4	2,683.6	2,710.8	4.3	4.4	22.99	22.50	23.00	22.99	1.1	1.2	1.1	1.1
1964.....	2,846.5	2,844.1	2,868.5	5.8	6.0	23.34	22.85	23.34	23.34	1.5	1.6	1.5	1.5
1965.....	3,028.5	3,008.5	3,051.7	6.4	5.8	23.77	23.26	23.78	23.77	1.9	1.8	1.9	1.9
1966.....	3,227.5	3,191.1	3,248.9	6.6	6.1	24.45	23.91	24.46	24.45	2.8	2.8	2.9	2.9
1967.....	3,308.3	3,288.2	3,330.4	2.5	3.0	25.21	24.61	25.21	25.21	3.1	2.9	3.1	3.1
1968.....	3,466.1	3,450.0	3,489.8	4.8	4.9	26.29	25.66	26.30	26.29	4.3	4.3	4.3	4.3
1969.....	3,571.4	3,555.9	3,594.1	3.0	3.1	27.59	26.92	27.59	27.59	4.9	4.9	4.9	4.9
1970.....	3,578.0	3,588.6	3,600.6	.2	.9	29.05	28.37	29.06	29.05	5.3	5.4	5.3	5.3
1971.....	3,697.7	3,688.1	3,722.9	3.3	2.8	30.52	29.84	30.52	30.52	5.0	5.2	5.0	5.1
1972.....	3,898.4	3,887.7	3,925.7	5.4	5.4	31.81	31.17	31.82	31.82	4.2	4.5	4.3	4.2
1973.....	4,123.4	4,094.3	4,161.0	5.8	5.3	33.60	32.99	33.60	33.60	5.6	5.8	5.6	5.6
1974.....	4,099.0	4,080.7	4,142.3	-6	-3	36.60	36.35	36.62	36.62	9.0	10.2	9.0	9.0
1975.....	4,084.4	4,118.5	4,117.7	-4	.9	40.03	39.69	40.03	40.03	9.4	9.2	9.3	9.3
1976.....	4,311.7	4,288.8	4,351.4	5.6	4.1	42.29	41.93	42.30	42.31	5.7	5.7	5.7	5.7
1977.....	4,511.8	4,478.8	4,556.6	4.6	4.4	45.02	44.80	45.02	45.03	6.4	6.8	6.4	6.4
1978.....	4,760.6	4,722.9	4,805.3	5.5	5.5	48.22	48.02	48.23	48.24	7.1	7.2	7.1	7.1
1979.....	4,912.1	4,894.4	4,973.9	3.2	3.6	52.24	52.26	52.25	52.26	8.3	8.8	8.3	8.3
1980.....	4,900.9	4,928.1	4,962.3	-2	.7	57.05	57.79	57.04	57.05	9.2	10.6	9.2	9.2
1981.....	5,021.0	4,989.5	5,075.4	2.5	1.2	62.37	63.05	62.37	62.38	9.3	9.1	9.3	9.3
1982.....	4,919.3	4,954.9	4,973.6	-2.0	-7	66.26	66.71	66.25	66.26	6.2	5.8	6.2	6.2
1983.....	5,132.3	5,154.5	5,184.9	4.3	4.0	68.87	69.05	68.88	68.89	3.9	3.5	4.0	4.0
1984.....	5,505.2	5,427.9	5,553.8	7.3	5.3	71.44	71.46	71.44	71.45	3.7	3.5	3.7	3.7
1985.....	5,717.1	5,698.8	5,750.9	3.8	5.0	73.69	73.56	73.69	73.70	3.2	2.9	3.2	3.2
1986.....	5,912.4	5,912.6	5,932.5	3.4	3.8	75.32	75.22	75.31	75.32	2.2	2.3	2.2	2.2
1987.....	6,113.3	6,088.8	6,130.8	3.4	3.0	77.58	77.70	77.58	77.58	3.0	3.3	3.0	3.0
1988.....	6,368.4	6,352.6	6,391.1	4.2	4.3	80.22	80.36	80.21	80.22	3.4	3.4	3.4	3.4
1989.....	6,591.8	6,565.4	6,615.5	3.5	3.3	83.27	83.45	83.27	83.28	3.8	3.8	3.8	3.8
1990.....	6,707.9	6,695.6	6,740.0	1.8	2.0	86.53	86.85	86.53	86.53	3.9	4.1	3.9	3.9
1991.....	6,676.4	6,681.5	6,703.4	-5	-2	89.66	89.81	89.66	89.67	3.6	3.4	3.6	3.6
1992.....	6,880.0	6,867.7	6,905.8	3.0	2.8	91.85	92.03	91.84	91.84	2.4	2.5	2.4	2.4
1993.....	7,062.6	7,043.8	7,087.8	2.7	2.6	94.05	94.14	94.05	94.05	2.4	2.3	2.4	2.4
1994.....	7,347.7	7,285.8	7,364.3	4.0	3.4	96.01	96.06	96.01	96.02	2.1	2.0	2.1	2.1
1995.....	7,543.8	7,512.2	7,564.0	2.7	3.1	98.10	98.20	98.10	98.11	2.2	2.2	2.2	2.2
1996.....	7,813.2	7,783.2	7,831.2	3.6	3.6	100.00	100.00	100.00	100.00	1.9	1.8	1.9	1.9
1997.....	8,159.5	8,095.2	8,168.1	4.4	4.0	101.95	101.64	101.95	101.93	1.9	1.6	1.9	1.9
1998.....	8,508.9	8,431.8	8,508.4	4.3	4.2	103.20	102.43	103.20	103.17	1.2	.8	1.2	1.2
1999.....	8,856.5	8,792.0	8,853.0	4.1	4.3	104.66	103.99	104.65	104.62	1.4	1.5	1.4	1.4
2000.....	9,224.0	9,167.0	9,216.4	4.1	4.3	107.04	106.70	107.04	106.99	2.3	2.6	2.3	2.3
2001.....	9,332.3	9,375.2	9,375.2	1.2	2.3	109.36	108.46	109.36	109.36	2.2	1.7	2.2	2.2
1959: I.....	2,273.0	2,275.1	2,286.2	8.6	9.1	21.79	21.33	21.83	21.82	.9	1.2	.1	.1
II.....	2,332.4	2,314.9	2,345.5	10.9	7.2	21.84	21.37	21.83	21.83	.9	.9	.1	.1
III.....	2,331.4	2,344.3	2,345.5	-2	5.2	21.90	21.43	21.88	21.88	1.2	1.1	.9	.9
IV.....	2,339.1	2,335.5	2,354.1	1.3	-1.5	21.99	21.52	21.98	21.98	1.7	1.7	1.8	1.8
1960: I.....	2,391.0	2,360.4	2,405.4	9.2	4.3	22.04	21.57	22.08	22.07	.8	1.7	1.7	1.8
II.....	2,379.2	2,382.7	2,393.9	-2.0	3.8	22.14	21.66	22.15	22.15	1.7	1.8	1.4	1.3
III.....	2,383.6	2,380.0	2,398.9	.7	-5	22.23	21.76	22.23	22.23	1.8	1.8	1.5	1.5
IV.....	2,352.9	2,391.1	2,369.3	-5.0	1.9	22.33	21.86	22.30	22.29	1.8	1.9	1.2	1.1
1961: I.....	2,366.5	2,392.9	2,383.7	2.3	.3	22.36	21.88	22.35	22.34	.5	.4	1.0	1.0
II.....	2,410.8	2,418.3	2,427.1	7.7	4.3	22.40	21.91	22.40	22.39	.7	.5	.8	.8
III.....	2,450.4	2,437.7	2,467.2	6.8	3.2	22.45	21.96	22.46	22.45	.9	.9	1.1	1.1
IV.....	2,500.4	2,493.2	2,517.5	8.4	9.4	22.51	22.01	22.53	22.53	1.0	.9	1.4	1.4
1962: I.....	2,544.0	2,522.5	2,561.0	7.2	4.8	22.64	22.13	22.67	22.67	2.4	2.2	2.5	2.5
II.....	2,571.5	2,564.6	2,590.3	4.4	6.8	22.71	22.20	22.71	22.70	1.1	1.3	.6	.6
III.....	2,596.8	2,586.2	2,615.7	4.0	3.4	22.77	22.26	22.76	22.75	1.1	1.0	1.0	1.0
IV.....	2,603.3	2,604.6	2,625.1	1.0	2.9	22.84	22.34	22.83	22.83	1.4	1.4	1.3	1.3
1963: I.....	2,634.1	2,619.3	2,654.8	4.8	2.3	22.93	22.42	22.91	22.90	1.4	1.6	1.3	1.3
II.....	2,668.4	2,663.9	2,688.2	5.3	7.0	22.95	22.45	22.94	22.93	.3	.4	.6	.6
III.....	2,719.6	2,712.0	2,739.8	7.9	7.4	22.98	22.49	22.98	22.97	.6	.8	.6	.6
IV.....	2,739.4	2,739.6	2,760.3	2.9	4.1	23.12	22.63	23.16	23.15	2.5	2.6	3.2	3.2
1964: I.....	2,800.5	2,799.3	2,823.2	9.2	9.0	23.20	22.72	23.22	23.22	1.4	1.5	1.2	1.2
II.....	2,833.8	2,833.5	2,855.7	4.8	5.0	23.27	22.79	23.28	23.27	1.2	1.3	.9	.9
III.....	2,872.0	2,868.3	2,894.7	5.5	5.0	23.39	22.90	23.37	23.37	2.0	1.8	1.6	1.6
IV.....	2,879.5	2,875.5	2,900.5	1.0	1.0	23.49	22.99	23.49	23.48	1.8	1.7	2.0	2.0

D. Domestic Perspectives

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

Table D.1. Domestic Perspectives

	2000	2001	2000												2001											
			Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.										
Consumer and producer prices, (monthly data seasonally adjusted) ¹																										
Consumer price index for all urban consumers, 1982-84=100:																										
All items	172.2	177.1	174.6	175.6	176.0	176.1	176.6	177.4	177.8	177.3	177.4	178.1	177.6	177.5	177.3	177.6										
Less food and energy	181.3	186.1	183.3	183.9	184.4	184.8	185.1	185.4	185.9	186.3	186.7	187.1	187.4	188.1	188.3	188.6										
Services	195.3	203.4	198.9	200.6	201.0	201.5	201.9	202.8	203.6	203.8	204.5	204.6	204.8	205.6	206.1	206.8										
Producer price index, 1982=100:																										
Finished goods	138.0	140.7	140.2	141.7	142.0	141.7	142.1	142.4	141.7	140.0	140.6	141.1	139.1	138.4	137.6	137.8										
Less food and energy	148.0	150.0	149.0	149.6	149.3	149.5	149.8	150.1	150.2	150.4	150.4	150.6	149.9	150.1	150.1	150.0										
Finished consumer goods	138.2	141.5	140.9	142.8	143.2	142.8	143.2	143.7	142.8	140.5	141.2	141.8	139.5	138.5	137.5	137.8										
Capital equipment	138.8	139.7	139.6	139.8	139.4	139.6	139.8	139.6	139.7	140.0	140.0	140.1	139.3	139.4	139.4	139.3										
Intermediate materials	129.2	129.7	131.0	132.0	131.7	131.3	131.1	131.2	131.0	129.5	129.2	129.3	127.5	126.8	125.8	125.7										
Crude materials	120.6	121.3	141.2	165.5	141.8	132.0	132.8	130.2	119.6	113.3	112.5	107.6	98.2	105.6	95.5	99.0										
Money, interest rates, and stock prices																										
Money stock (monthly and quarterly data seasonally adjusted): ²																										
Percent change:																										
M1			0.17	0.64	0.27	0.77	0.22	0.62	0.79	1.16	0.76	5.00	-3.56	0.19	1.26	0.27										
M2			0.86	0.91	0.77	0.96	0.81	0.47	0.87	0.79	0.79	2.25	-0.21	0.78	0.74	0.18										
Ratio:																										
Gross domestic product to M1	8.942	8.973			9.214			9.132			8.789			8.778												
Personal income to M2	1.733	1.671	1.733	1.725	1.719	1.710	1.700	1.695	1.686	1.678	1.667	1.629	1.631	1.618	1.611	1.614										
Interest rates (percent, not seasonally adjusted): ²																										
Federal funds rate	6.24	3.88	6.40	5.98	5.49	5.31	4.80	4.21	3.97	3.77	3.65	3.07	2.49	2.09	1.82	1.73										
Discount rate on new 91-day Treasury bills	5.84	3.45	5.83	5.27	4.93	4.50	3.91	3.66	3.48	3.54	3.39	2.87	2.22	1.93	1.72	1.66										
Yield on new high-grade corporate bonds	7.57	6.94	7.21	7.15	7.08	6.87	7.09	7.19	7.11	7.02	6.85	6.83	6.72	6.51	6.80	6.75										
10-Year U.S. Treasury bonds	6.03	5.02	5.24	5.16	5.10	4.89	5.14	5.39	5.28	5.24	4.97	4.73	4.57	4.65	5.09	5.04										
Yield on municipal bonds, 20-bond average	5.71	5.15	5.22	5.10	5.18	5.13	5.27	5.29	5.20	5.20	5.03	5.09	5.05	5.04	5.25	5.16										
Mortgage commitment rate	8.06	6.97	7.38	7.03	7.05	6.95	7.08	7.15	7.16	7.13	6.95	6.82	6.62	6.66	7.07	7.00										
Average prime rate charged by banks	9.23	6.91	9.50	9.05	8.50	8.32	7.80	7.24	6.98	6.75	6.67	6.28	5.53	5.10	4.84	4.75										
Index of stock prices (not seasonally adjusted): ³																										
500 common stocks, 1941-43=10	1,427.22	1,194.18	1,330.93	1,335.63	1,305.75	1,185.85	1,189.84	1,270.37	1,238.71	1,204.45	1,178.51	1,044.64	1,076.59	1,129.68	1,144.93	1,140.21										
Labor markets (thousands, monthly and quarterly data seasonally adjusted, unless otherwise noted) ¹																										
Civilian labor force	140,863	141,815	141,544	141,757	141,822	141,869	141,734	141,445	141,468	141,651	141,380	142,068	142,280	142,279	142,314	141,390										
Labor force participation rates (percent):																										
Males 20 and over	76.6	76.4	76.6	76.6	76.5	76.4	76.6	76.4	76.3	76.3	76.2	76.5	76.5	76.5	76.5	75.9										
Females 20 and over	60.9	60.9	60.9	61.1	61.1	61.2	61.0	60.9	60.7	60.8	60.8	60.8	60.8	60.8	61.0	60.5										
16-19 years of age	52.2	50.0	52.2	51.7	50.9	51.1	50.4	49.3	50.2	49.8	47.7	49.7	49.8	49.4	48.2	47.8										
Civilian employment	135,208	135,073	135,888	135,870	135,734	135,808	135,424	135,235	135,003	135,106	134,408	135,004	134,615	134,253	134,055	133,468										
Ratio, civilian employment to working-age population (percent)	64.5	63.8	64.5	64.4	64.3	64.3	64.1	63.9	63.8	63.8	63.4	63.6	63.3	63.1	63.0	62.6										
Persons engaged in nonagricultural activities	131,903	131,929	132,658	132,701	132,601	132,645	132,257	132,042	131,959	132,051	131,282	131,823	131,412	131,099	130,809	130,195										
Employees on nonagricultural payrolls	131,759	132,212	132,367	132,428	132,595	132,654	132,489	132,530	132,431	132,449	132,395	132,230	131,782	131,427	131,297	131,208										
Goods-producing industries	25,709	25,121	25,688	25,633	25,627	25,602	25,421	25,324	25,186	25,122	24,963	24,888	24,746	24,577	24,448	24,303										
Services-producing industries	106,050	107,091	106,679	106,795	106,968	107,052	107,068	107,206	107,245	107,327	107,342	107,342	107,036	106,850	106,849	106,905										
Average weekly hours, manufacturing (hours)	41.6	40.7	40.6	41.0	40.9	41.0	41.0	40.7	40.7	40.8	40.7	40.6	40.5	40.3	40.6	40.5										
Average weekly overtime hours, manufacturing (hours)	4.6	3.9	4.1	4.2	3.9	4.1	3.9	3.9	3.9	4.0	4.1	3.9	3.8	3.7	3.8	3.9										
Number of persons unemployed	5,655	6,742	5,656	5,887	5,888	6,061	6,310	6,210	6,465	6,545	6,972	7,064	7,665	8,026	8,259	7,922										
Unemployment rates (percent):																										
Total	4.0	4.8	4.0	4.2	4.2	4.3	4.5	4.4	4.6	4.6	4.9	5.0	5.4	5.6	5.8	5.6										
15 weeks and over	0.9	1.2	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.3	1.3	1.4	1.6	1.7	1.8										
Average duration of unemployment (weeks)	12.6	13.2	12.5	12.6	12.8	12.8	12.6	12.4	12.9	12.7	13.2	13.3	13.0	14.4	14.5	14.6										
Nonfarm business sector, 1992=100:																										
Output per hour of all persons	116.6	118.7			117.8			118.4			118.7			119.8												
Unit labor costs	113.6	118.1			117.2			118.0			118.7			118.4												
Hourly compensation	132.5	140.1			138.1			139.7			141.0			141.8												

See footnotes at the end of the table.

Table D.1. Domestic Perspectives—Continued

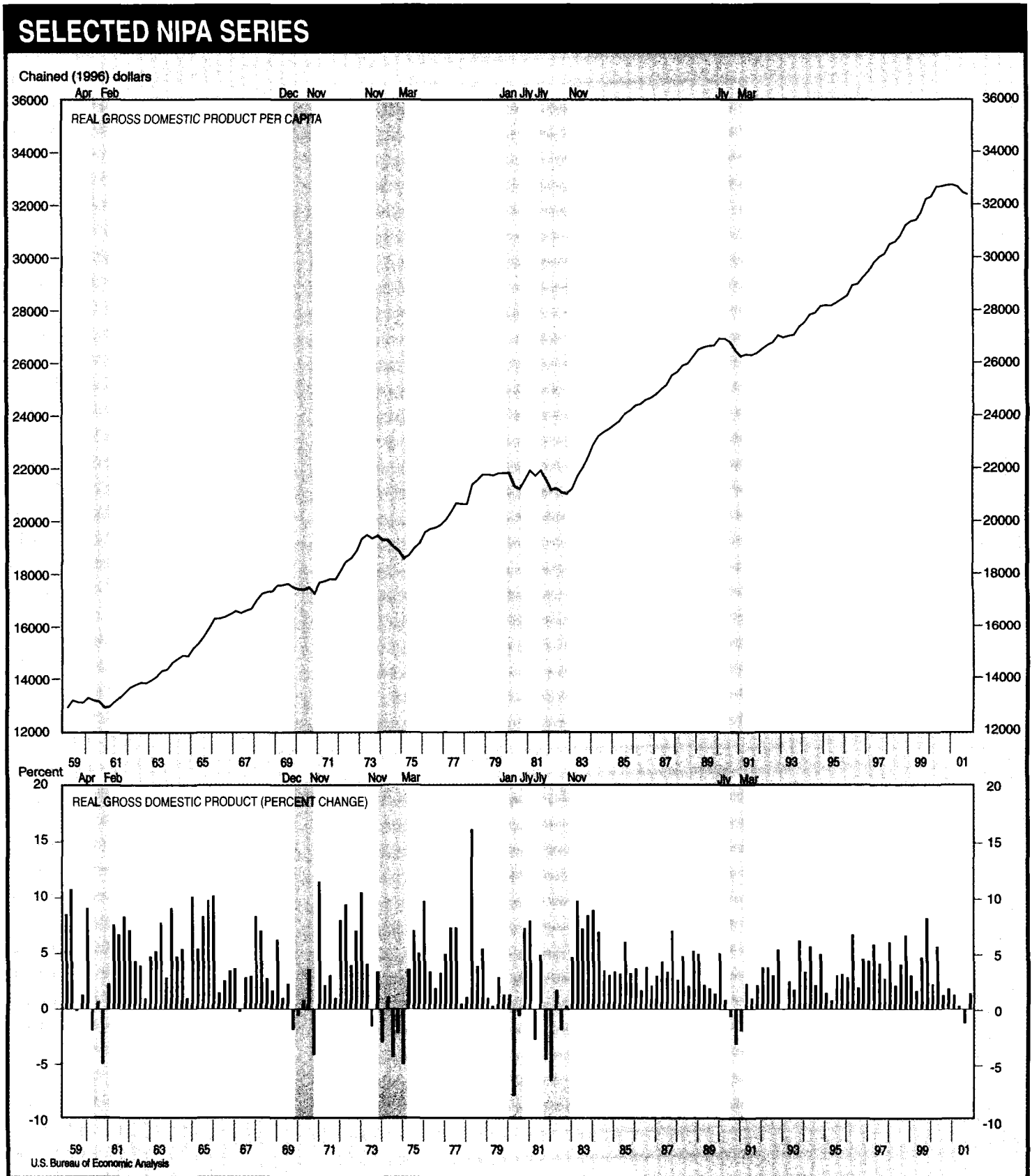
	2000	2001	2001													2002
			Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Construction (monthly data seasonally adjusted at annual rates) ⁴																
Total new private construction put in place (billions of dollars).....	640.6	667.1	660.8	673.7	681.8	681.2	677.4	670.8	665.3	667.8	663.1	660.2	660.4	655.1	653.2	658.1
Residential.....	374.3	396.6	379.6	386.1	398.9	395.1	392.2	394.3	391.5	395.7	399.6	398.1	403.4	399.7	401.8	402.3
Nonresidential.....	210.1	208.4	218.0	223.8	220.2	225.9	220.6	211.7	210.8	211.0	201.9	202.0	198.4	193.3	187.7	191.9
Housing starts (thousands of units):																
Total.....	1,569	1,602	1,532	1,666	1,623	1,592	1,626	1,610	1,634	1,660	1,559	1,585	1,518	1,616	1,579	1,678
1-unit structures.....	1,231	1,273	1,236	1,336	1,288	1,208	1,295	1,285	1,292	1,290	1,271	1,265	1,225	1,244	1,299	1,345
New 1-family houses sold (thousands of units).....	877	906	1,001	938	959	953	899	882	889	877	871	854	860	938	966	823
Manufacturing and trade, inventories and sales (millions of dollars, monthly data seasonally adjusted) ⁴																
Inventories:																
Total manufacturing and trade.....	1,191,498	1,119,626	1,206,603	1,206,745	1,203,367	1,198,530	1,196,694	1,194,840	1,187,715	1,181,701	1,179,117	1,172,328	1,153,426	1,139,678	1,135,075	.....
Manufacturing.....	472,455	437,615	483,544	485,307	484,353	480,579	479,659	476,712	471,967	468,378	464,933	460,645	457,341	451,365	448,809	.....
Merchant wholesalers.....	304,857	288,602	304,465	302,222	301,541	301,822	302,102	303,004	301,869	299,032	298,320	297,162	293,636	289,938	288,209	.....
Retail trade.....	414,186	393,409	418,594	419,216	417,473	416,129	414,933	415,124	413,879	414,291	415,864	414,521	402,449	398,375	396,057	.....
Sales:																
Total manufacturing and trade.....	10,119,150	9,942,464	847,114	843,035	843,032	837,800	833,698	841,208	828,409	831,772	832,273	807,798	830,347	817,316	817,451	.....
Manufacturing.....	4,280,872	4,030,288	354,689	347,550	347,983	347,486	339,031	347,267	337,322	338,546	337,443	321,573	328,851	324,866	326,662	.....
Merchant wholesalers.....	2,755,523	2,728,913	233,969	233,960	233,080	229,619	229,959	228,919	226,302	227,918	229,004	226,207	223,568	223,601	222,706	.....
Retail trade.....	3,082,755	3,183,263	258,456	261,525	261,969	260,695	264,708	265,022	264,785	265,308	265,826	260,018	277,928	268,849	268,083	.....
Industrial production indexes and capacity utilization rates (monthly data seasonally adjusted) ²																
Industrial production indexes, 1992=100:																
Total.....	145.7	140.1	145.1	143.9	143.5	142.9	142.0	141.6	140.3	140.4	140.0	138.5	137.7	137.1	136.7	136.5
By industry:																
Durable manufactures.....	190.0	179.3	188.5	185.6	184.6	184.7	182.9	182.7	180.1	180.0	178.9	176.1	173.9	174.0	173.4	173.6
Nondurable manufactures.....	114.8	111.4	113.5	113.5	113.5	112.5	111.8	111.5	111.1	111.5	111.1	110.5	110.8	110.3	109.8	109.6
By market category:																
Consumer goods.....	121.9	120.7	122.5	121.0	121.2	121.8	121.3	121.4	121.1	122.2	121.4	119.9	119.6	119.9	120.8	120.3
Capacity utilization rates (percent):																
Total industry.....	81.8	76.8	80.2	79.3	78.9	78.5	77.8	77.5	76.7	76.7	76.4	75.5	75.0	74.7	74.4	74.2
Manufacturing.....	80.7	75.1	78.4	77.6	77.2	76.7	76.0	75.8	75.0	75.1	74.6	73.7	73.3	73.1	72.8	72.7
Credit market borrowing (billions of dollars, quarterly data seasonally adjusted at annual rates) ²																
All sectors, by instrument:																
Total.....	1,755.9	.....	.....	.....	1,863.8	.....	.....	1,757.2	.....	.....	2,235.0	.....	.....	.....	.....	.....
Open market paper.....	207.6	.....	.....	.....	-367.2	.....	.....	-232.2	.....	.....	-186.3	.....	.....	.....	.....	.....
U.S. government securities.....	137.6	.....	.....	.....	428.2	.....	.....	418.8	.....	.....	1,076.3	.....	.....	.....	.....	.....
Municipal securities.....	35.3	.....	.....	.....	110.7	.....	.....	112.4	.....	.....	56.0	.....	.....	.....	.....	.....
Corporate and foreign bonds.....	402.2	.....	.....	.....	856.9	.....	.....	598.9	.....	.....	395.9	.....	.....	.....	.....	.....
Bank loans, n.e.c.....	114.1	.....	.....	.....	34.1	.....	.....	-170.0	.....	.....	-13.6	.....	.....	.....	.....	.....
Other loans and advances.....	142.7	.....	.....	.....	84.2	.....	.....	102.0	.....	.....	133.0	.....	.....	.....	.....	.....
Mortgages.....	577.4	.....	.....	.....	557.1	.....	.....	853.9	.....	.....	752.3	.....	.....	.....	.....	.....
Consumer credit.....	139.0	.....	.....	.....	159.9	.....	.....	73.6	.....	.....	21.3	.....	.....	.....	.....	.....

Sources:
1. Bureau of Labor Statistics
2. Federal Reserve Board

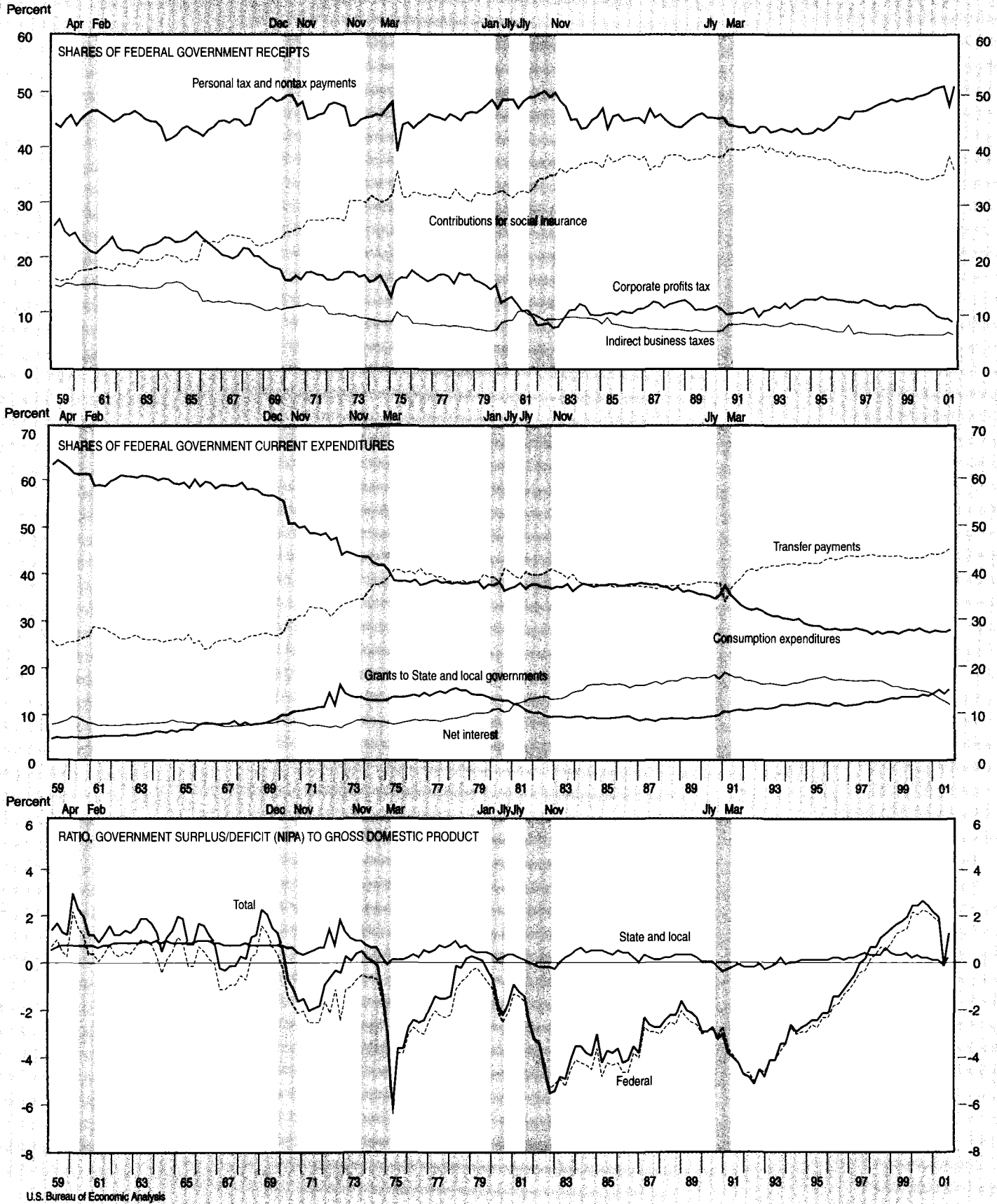
3. Standard and Poor's, Inc.
4. Bureau of the Census
n.e.c. Not elsewhere classified

E. Charts

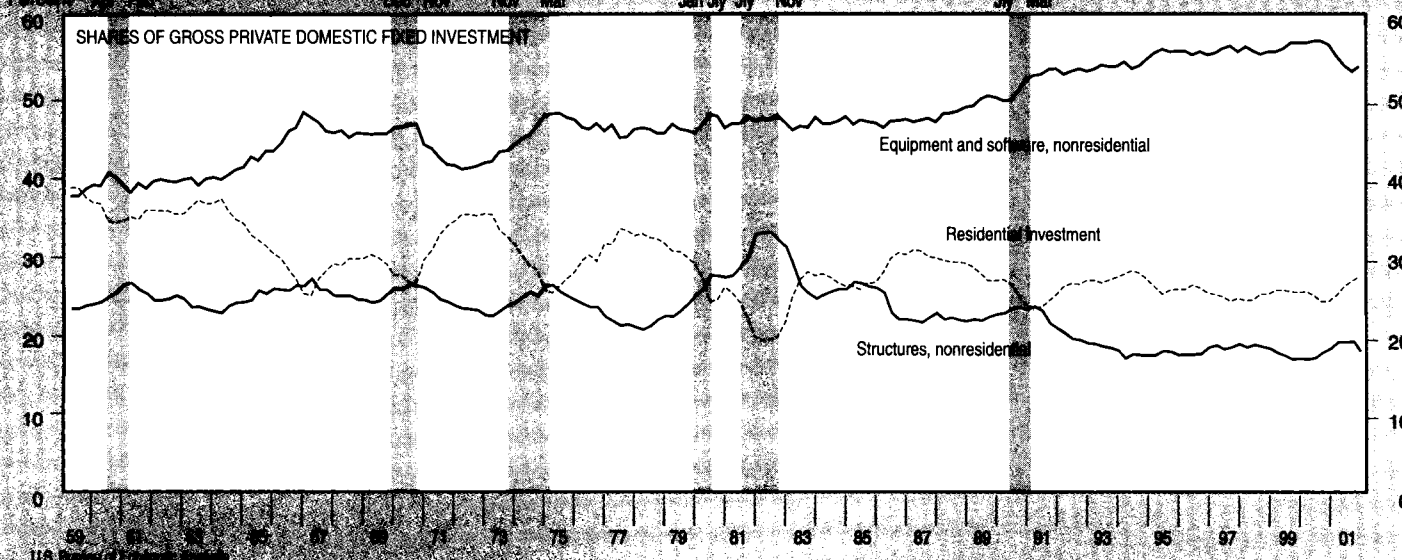
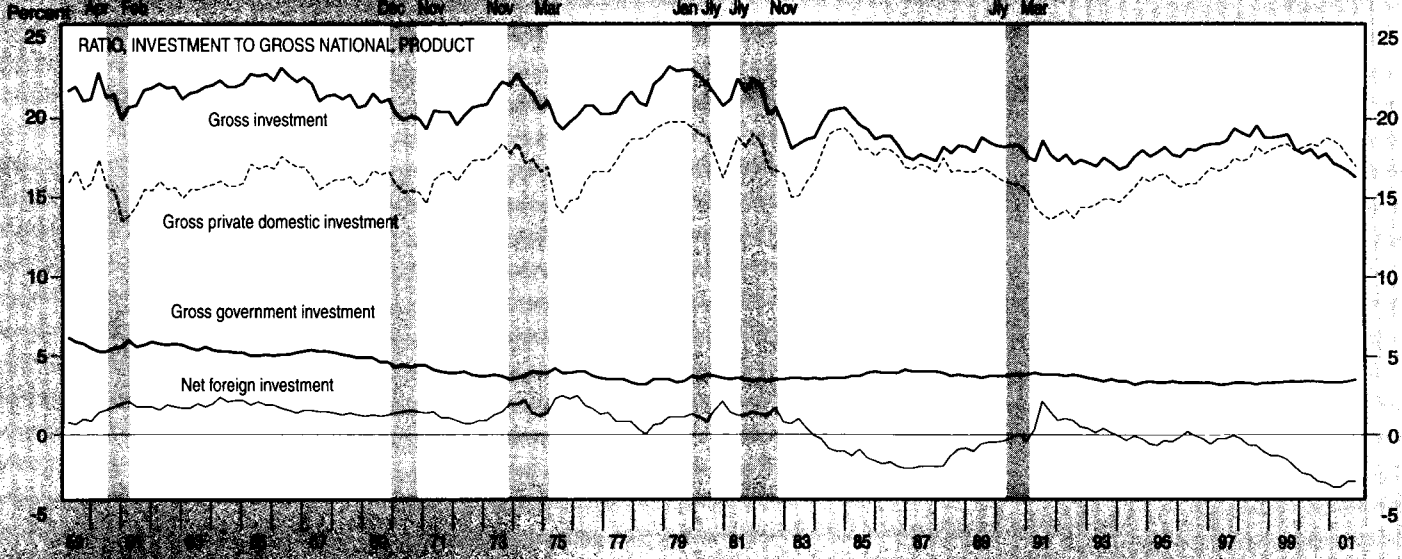
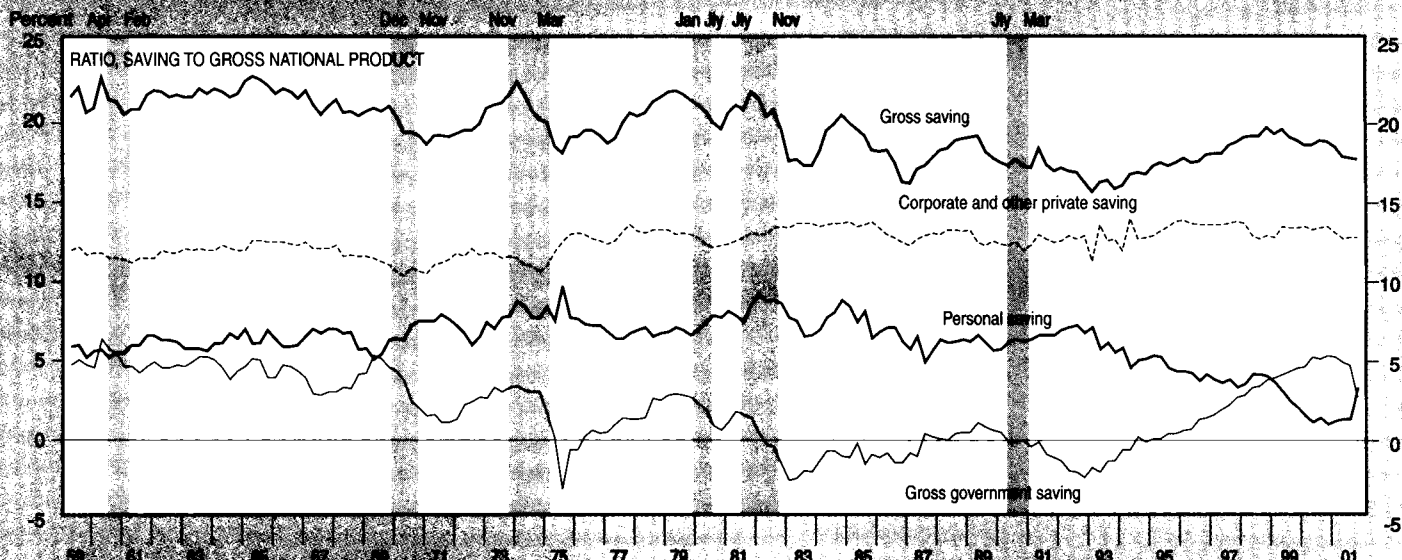
Percent changes shown in this section are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates; likewise, levels of series are expressed at seasonally adjusted annual rates as appropriate.



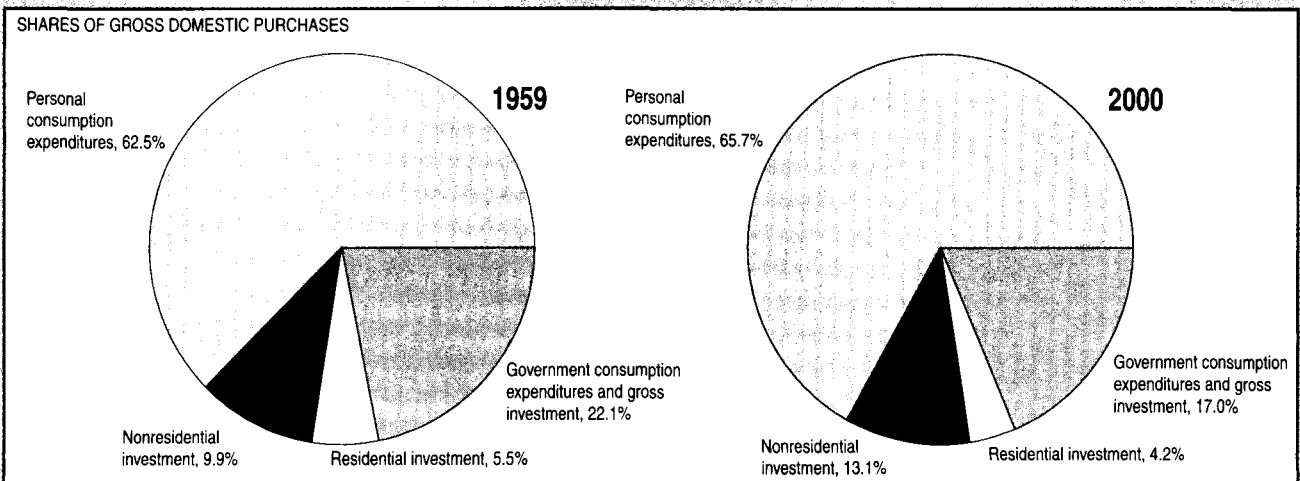
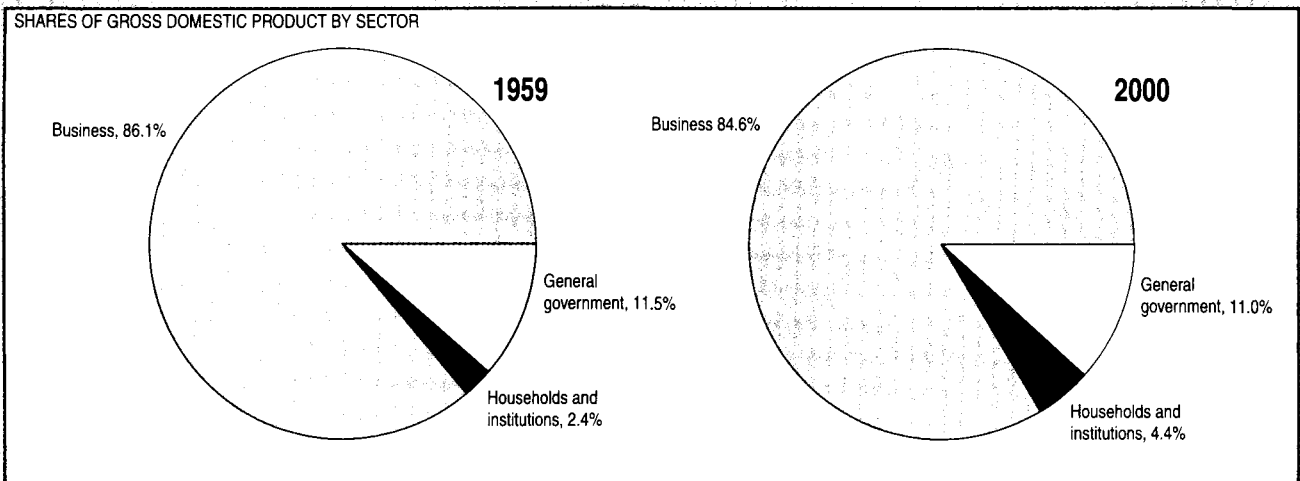
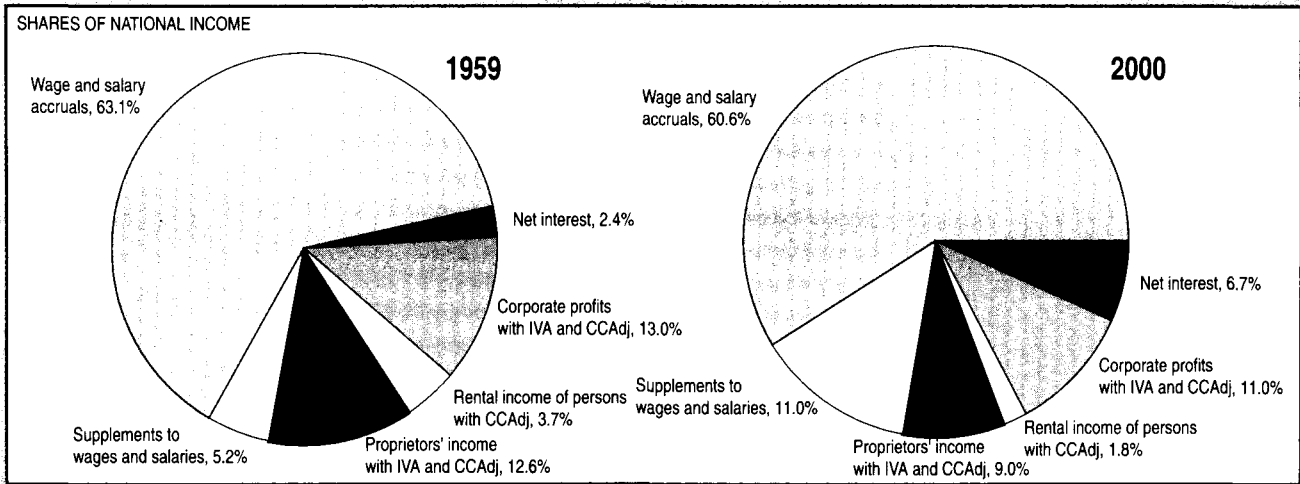
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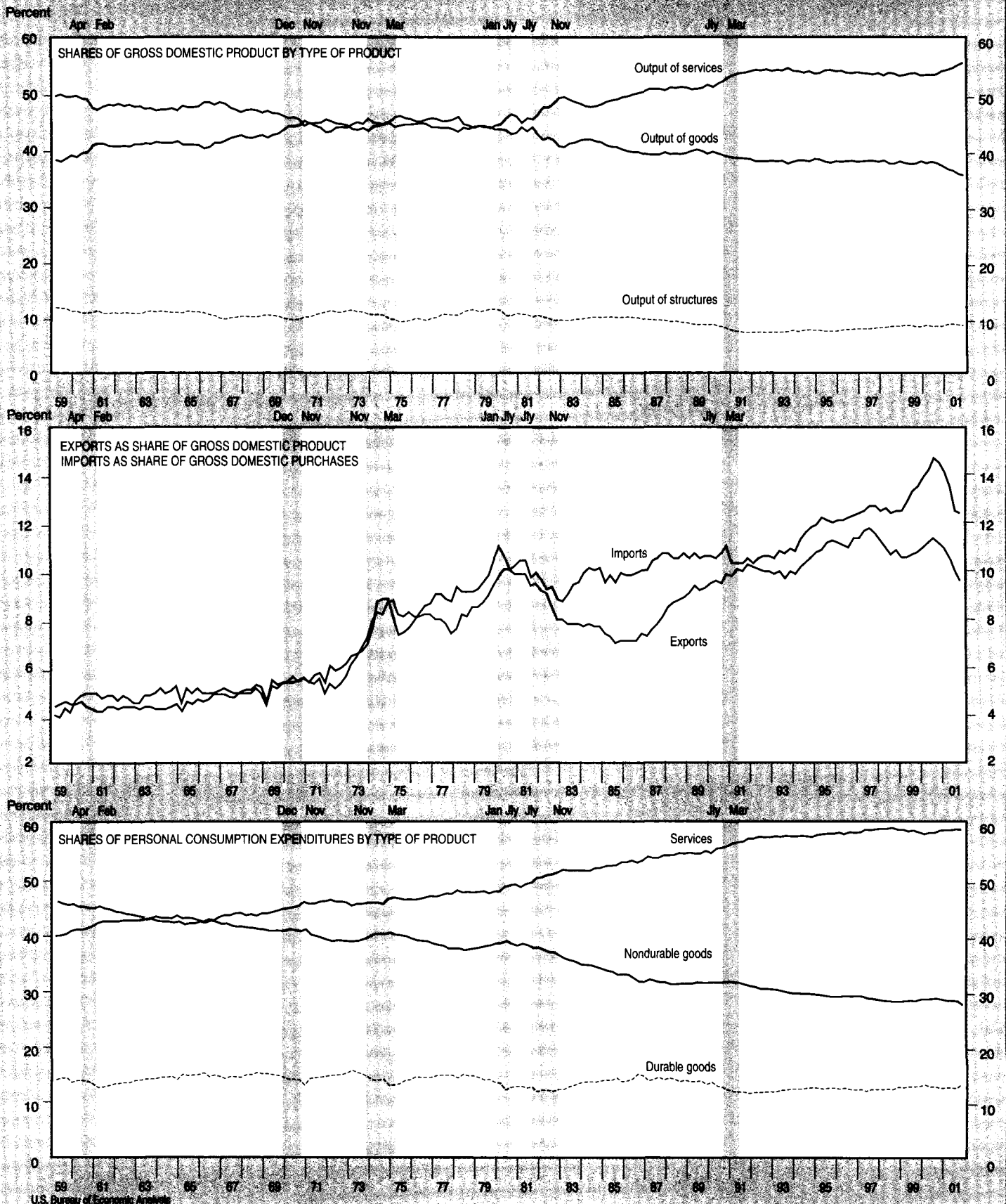
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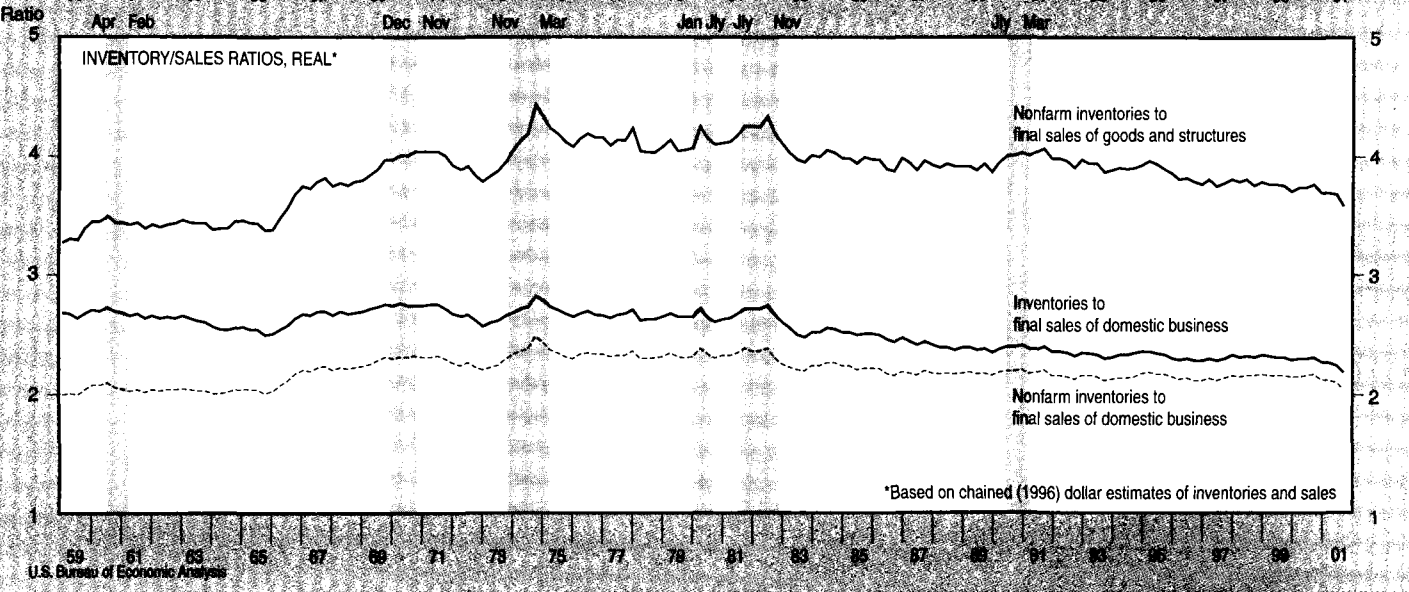
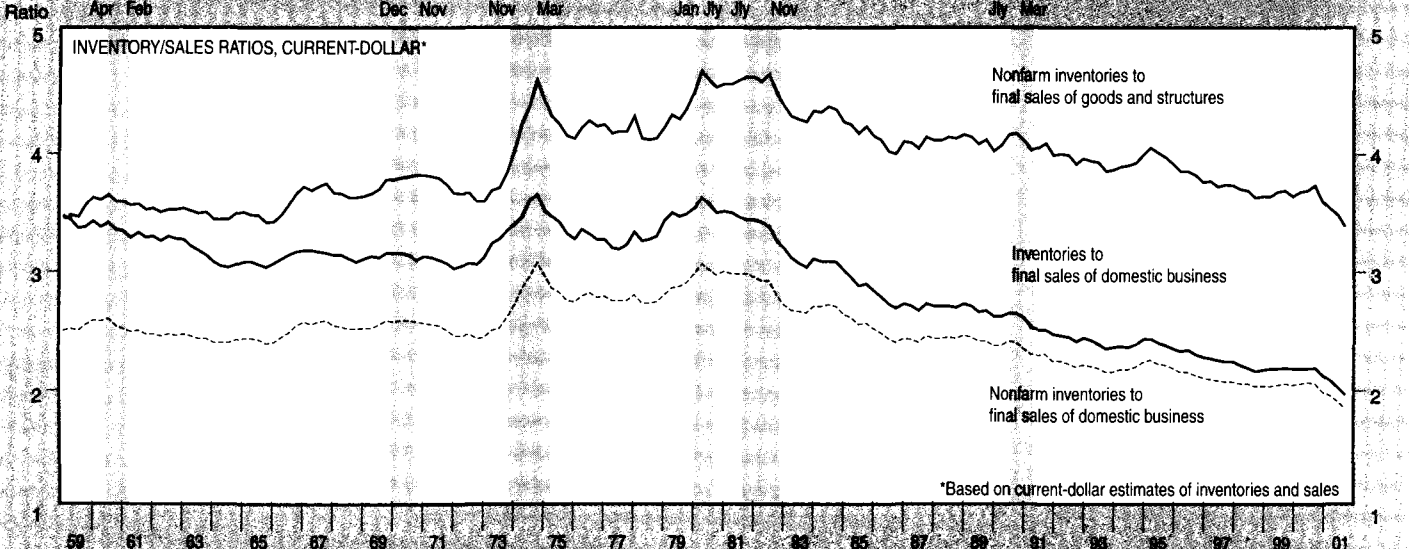
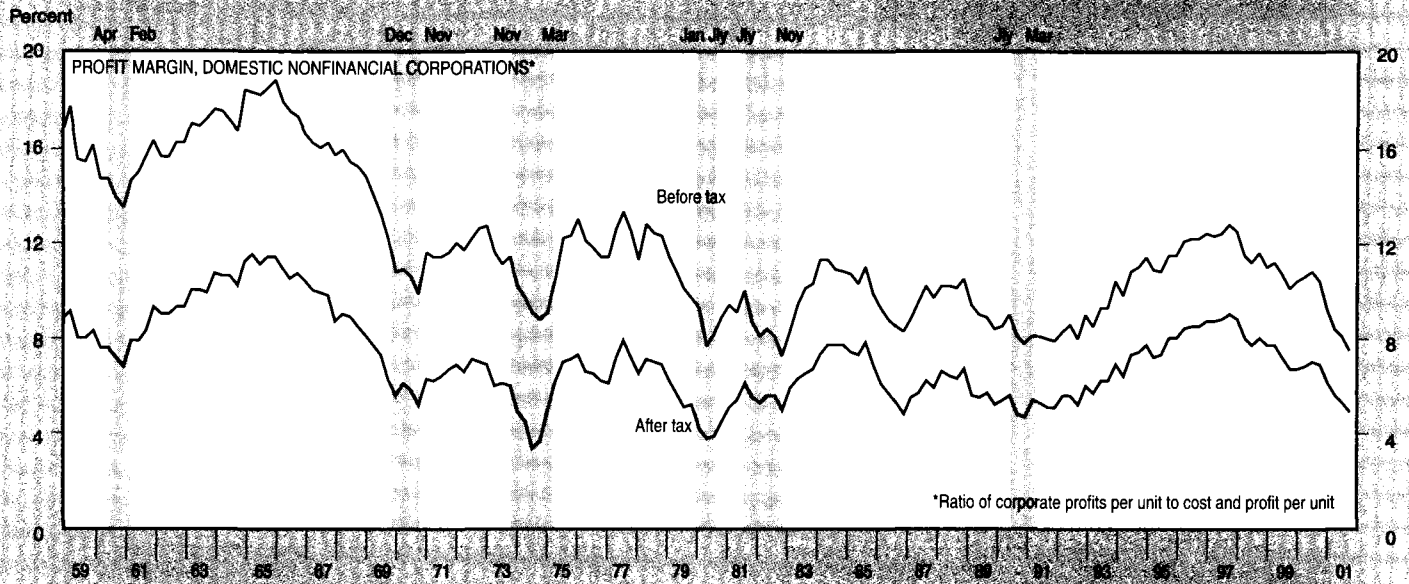
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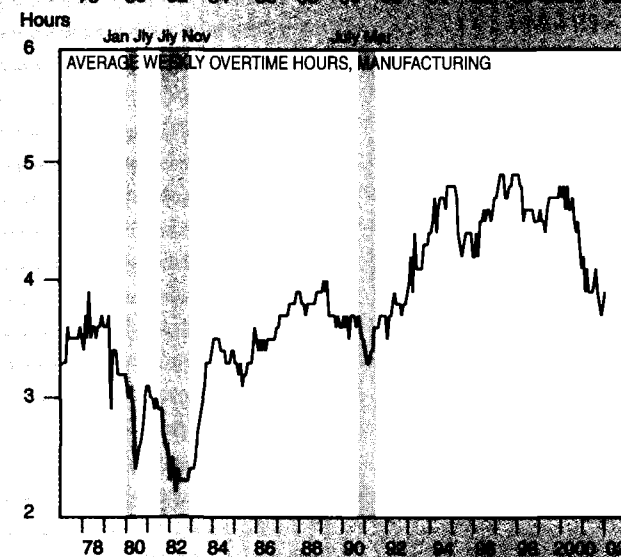
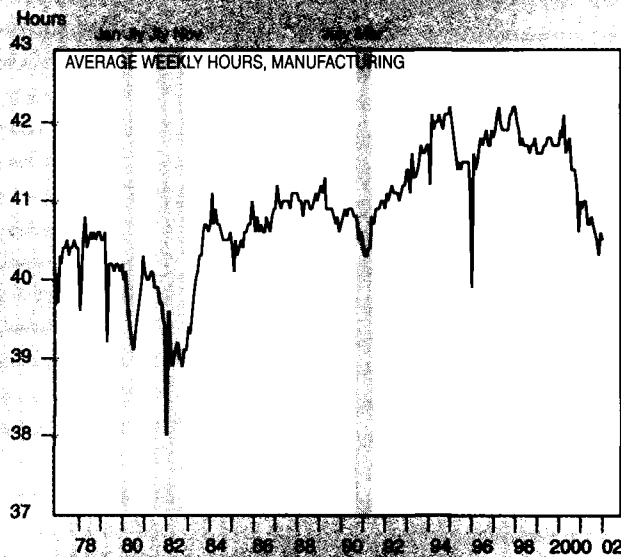
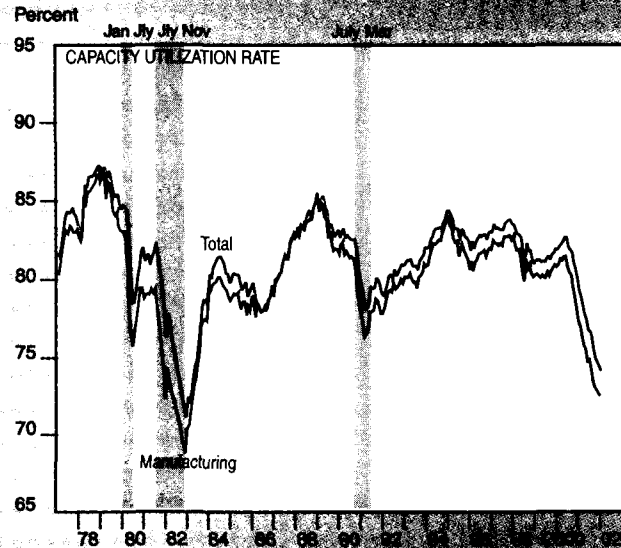
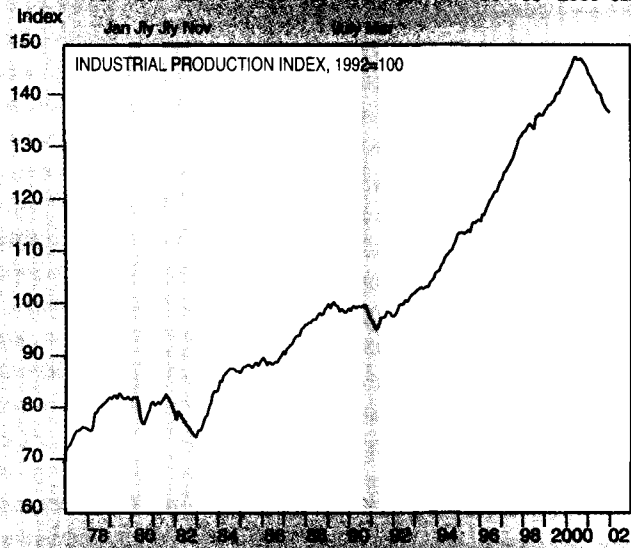
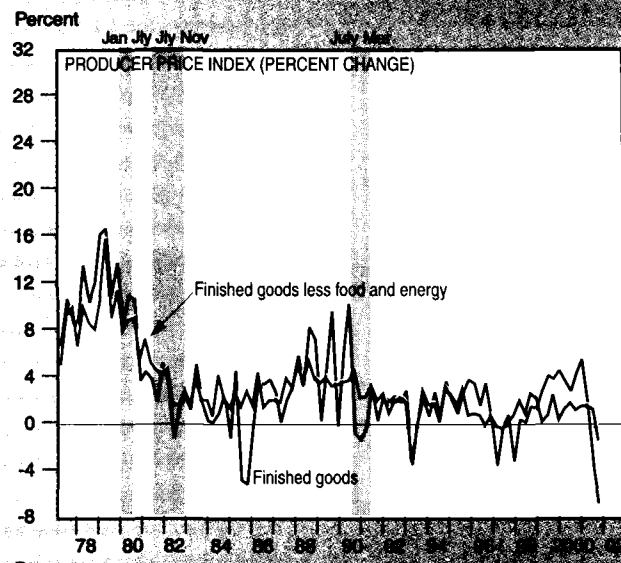
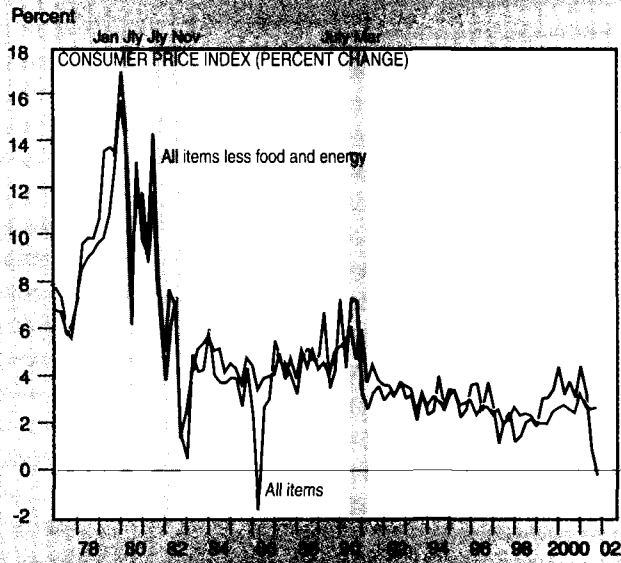
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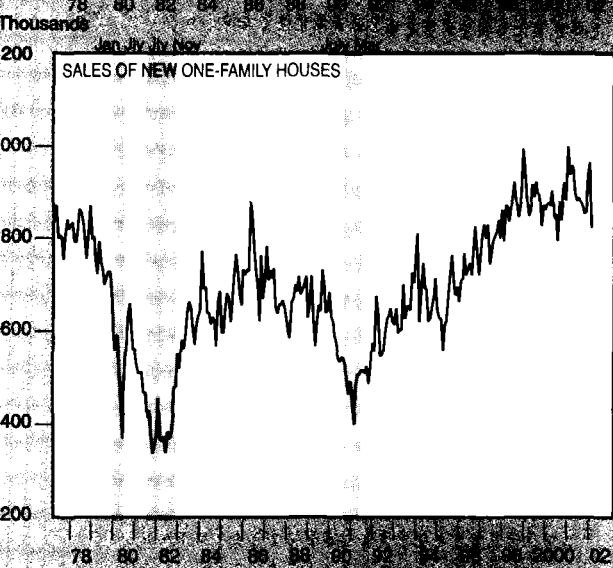
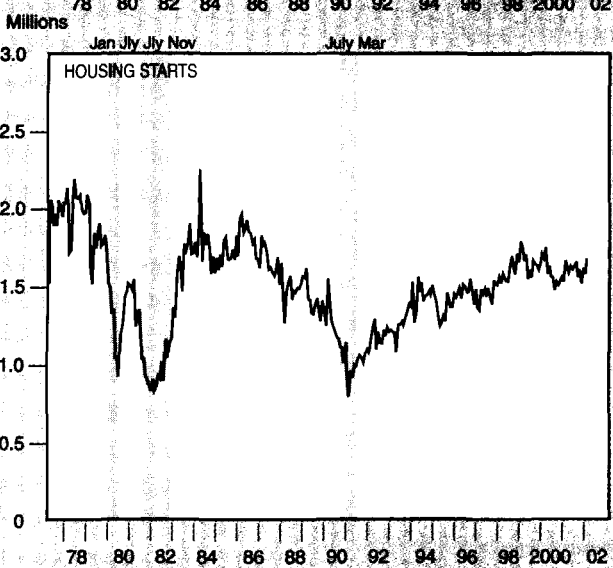
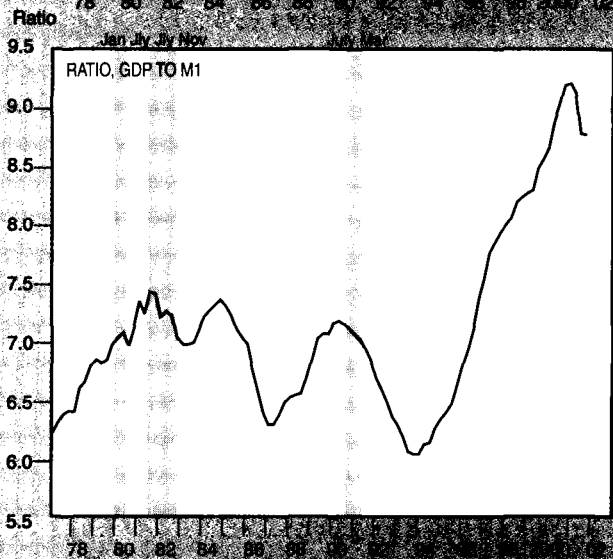
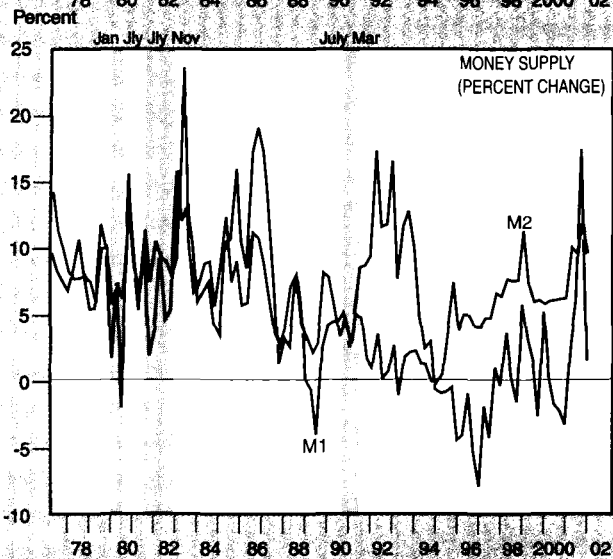
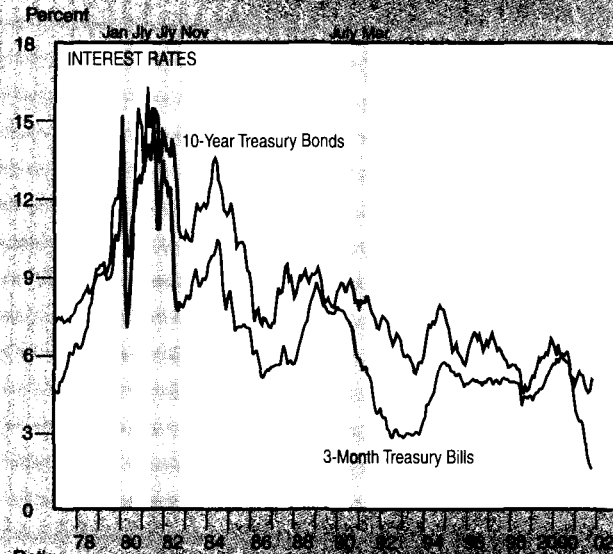
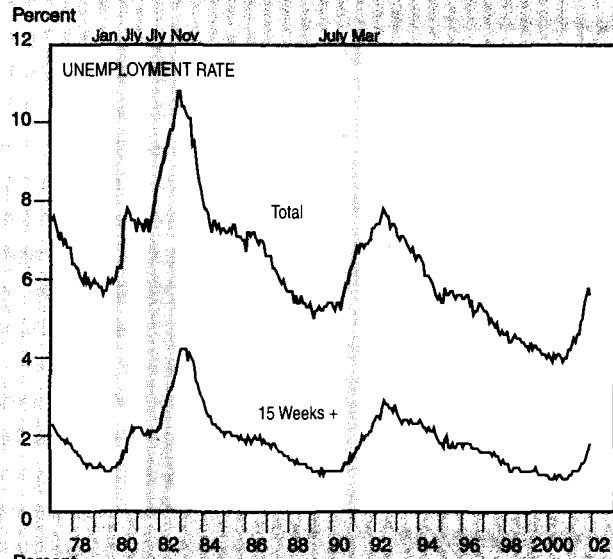


OTHER INDICATORS OF THE DOMESTIC ECONOMY



U.S. Bureau of Economic Analysis

OTHER INDICATORS OF THE DOMESTIC ECONOMY



U.S. Bureau of Economic Analysis

International Data

F. Transactions Tables

Table F.1 includes the most recent estimates of U.S. international trade in goods and services; the estimates were released on February 21, 2002, and they include "preliminary" estimates for December 2001 and "revised" estimates for January–November 2001. The sources for the other tables in this section are as noted.

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

[Millions of dollars; monthly estimates seasonally adjusted]

	2000	2001	2000		2001											
			Nov.	Dec.	Jan. ^r	Feb. ^r	March ^r	April ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^p
Exports of goods and services	1,065,702	1,003,744	90,478	89,241	89,926	90,262	88,503	86,715	87,022	85,179	82,689	83,704	76,642	77,507	77,736	77,860
Goods	772,210	720,831	65,856	64,574	65,176	65,615	63,751	62,037	62,713	60,715	58,555	59,400	55,464	56,457	56,015	54,934
Foods, feeds, and beverages	47,452	48,983	3,940	3,913	3,980	4,164	4,255	4,157	4,006	3,943	3,922	4,185	3,919	4,171	4,187	4,093
Industrial supplies and materials	171,932	160,295	15,076	14,302	14,276	14,427	14,372	13,956	13,858	13,441	12,809	13,369	12,258	12,691	12,409	12,429
Capital goods, except automotive	357,034	322,255	30,678	30,203	31,102	31,147	29,243	27,803	28,156	26,914	26,211	25,643	24,053	24,190	24,241	23,551
Automotive vehicles, engines, and parts	80,169	74,597	6,416	6,274	5,967	5,876	6,092	6,104	6,335	6,627	6,220	6,678	6,443	6,289	6,227	5,738
Consumer goods (nonfood), except																
automotive	90,555	89,599	7,598	7,616	7,782	7,838	7,837	7,896	8,107	7,341	7,417	7,169	6,869	7,099	6,993	7,251
Other goods	34,775	35,168	2,977	3,044	2,911	2,894	2,720	2,851	3,090	3,333	2,990	3,109	2,783	2,928	2,825	2,735
Adjustments ¹	-9,708	-10,066	-828	-777	-842	-730	-769	-731	-839	-884	-1,013	-753	-862	-912	-868	-863
Services	293,492	282,913	24,622	24,667	24,750	24,647	24,752	24,678	24,309	24,464	24,134	24,304	21,178	21,050	21,721	22,926
Travel	82,042	72,620	6,842	6,849	6,939	6,908	6,930	6,834	6,503	6,564	6,449	6,579	4,399	4,176	4,738	5,601
Passenger fares	20,745	17,824	1,750	1,713	1,757	1,647	1,612	1,635	1,630	1,678	1,673	1,680	1,073	1,034	1,123	1,282
Other transportation	30,185	28,116	2,541	2,454	2,516	2,422	2,480	2,432	2,368	2,316	2,374	2,458	2,149	2,220	2,179	2,202
Royalties and license fees	38,030	38,347	3,207	3,224	3,174	3,181	3,200	3,247	3,254	3,249	3,194	3,176	3,167	3,163	3,166	3,176
Other private services	107,568	112,174	9,071	9,222	9,172	9,288	9,316	9,315	9,379	9,484	9,337	9,328	9,318	9,373	9,424	9,440
Transfers under U.S. military agency																
sales contracts ²	14,060	12,976	1,136	1,129	1,116	1,125	1,139	1,148	1,108	1,106	1,036	1,012	1,000	1,012	1,020	1,154
U.S. Government miscellaneous																
services	862	856	75	76	76	76	75	67	67	67	71	71	72	72	71	71
Imports of goods and services	1,441,441	1,350,013	123,456	122,532	123,353	118,970	121,493	118,589	115,931	115,039	112,888	111,754	95,694	106,865	106,281	103,155
Goods	1,224,417	1,147,446	104,811	103,935	104,336	100,262	102,565	99,726	97,195	96,301	94,426	93,506	91,028	91,535	90,285	86,280
Foods, feeds, and beverages	45,975	46,675	3,943	3,813	3,917	3,815	3,726	3,743	3,745	3,937	4,063	3,929	3,994	3,992	4,005	3,807
Industrial supplies and materials	299,788	275,948	25,490	26,422	26,532	24,751	24,848	24,869	24,601	23,776	23,118	22,338	21,827	21,222	19,657	18,408
Capital goods, except automotive	346,663	297,803	29,539	29,769	29,098	28,416	28,670	25,869	24,552	24,314	23,551	23,351	22,214	22,816	22,774	22,178
Automotive vehicles, engines, and parts	195,858	189,699	16,280	15,406	15,706	15,550	15,450	16,101	15,641	16,045	15,936	16,452	15,587	15,714	16,016	15,501
Consumer goods (nonfood), except																
automotive	281,405	283,602	24,702	23,902	24,351	23,141	25,443	24,282	23,642	23,665	23,449	23,269	23,275	23,497	23,528	22,062
Other goods	48,333	48,559	4,205	4,077	4,155	4,003	3,818	4,259	4,225	3,974	4,080	3,896	3,881	4,057	4,078	4,133
Adjustments ¹	6,395	5,160	652	547	577	586	610	604	788	591	228	271	250	237	226	191
Services	217,024	202,567	18,645	18,597	19,017	18,708	18,928	18,863	18,736	18,738	18,462	18,248	4,666	15,330	15,996	16,875
Travel	64,537	57,101	5,356	5,339	5,333	5,325	5,502	5,447	5,314	5,383	5,199	5,046	3,383	3,127	3,675	4,367
Passenger fares	24,197	22,587	2,030	2,037	1,966	1,963	2,024	2,149	2,106	2,190	2,221	2,151	1,485	1,277	1,374	1,681
Other transportation	41,058	37,955	3,566	3,545	3,745	3,373	3,396	3,311	3,289	3,102	3,083	3,109	2,825	2,968	2,934	2,820
Royalties and license fees	16,106	16,589	1,407	1,437	1,397	1,390	1,379	1,386	1,387	1,391	1,389	1,387	1,382	1,374	1,368	1,359
Other private services	54,687	50,633	4,923	4,868	5,148	5,218	5,189	5,163	5,230	5,250	5,115	5,079	-5,907	5,063	5,073	5,012
Direct defense expenditures ²	13,560	14,780	1,121	1,128	1,182	1,193	1,192	1,165	1,168	1,180	1,212	1,233	1,255	1,277	1,330	1,393
U.S. Government miscellaneous																
services	2,879	2,922	242	243	246	246	246	242	242	242	243	243	243	244	242	243
Memoranda:																
Balance on goods	-452,207	-426,615	-38,955	-39,360	-39,159	-34,647	-38,814	-37,690	-34,482	-35,586	-35,871	-34,106	-35,564	-35,079	-34,270	-31,346
Balance on services	76,468	80,346	5,977	6,070	5,733	5,939	5,824	5,815	5,573	5,726	5,672	6,056	16,512	5,720	5,725	6,051
Balance on goods and services	-375,739	-346,269	-32,978	-33,290	-33,426	-28,708	-32,990	-31,875	-28,909	-29,860	-30,199	-28,050	-19,052	-29,359	-28,545	-25,295

^p Preliminary.^r Revised.

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

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

2. Contains goods that cannot be separately identified.

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

G. Investment Tables

Table G.1. International Investment Position of the United States at Yearend, 1999 and 2000

(Millions of dollars)

Line	Type of investment	Position, 1999 ^a	Changes in position in 2000 (decrease (-))					Position, 2000 ^a
			Attributable to:				Total (a+b+c+d)	
			Financial flows	Valuation adjustments				
				Price changes	Exchange rate changes ¹	Other changes ²		
(a)	(b)	(c)	(d)	(a+b+c+d)				
1	Net international investment position of the United States:							
2	With direct investment positions at current cost (line 3 less line 24)	-1,099,786	-443,266	-189,189	-161,397	50,975	-742,877	-1,842,663
3	With direct investment positions at market value (line 4 less line 25)	-1,525,347	-443,266	-42,232	-233,846	57,247	-662,097	-2,187,444
4	U.S.-owned assets abroad:							
5	With direct investment positions at current cost (lines 5+10+15) ...	5,921,099	580,952	-162,350	-194,351	21,862	246,113	6,167,212
6	With direct investment positions at market value (lines 5+10+16) ...	7,206,320	580,952	-364,486	-264,903	31,909	-16,528	7,189,792
7	U.S. official reserve assets	136,418	290	-4,134	-4,157	-17	-8,018	128,400
8	Gold	75,950	.....	³ -4,134	.....	⁴ -17	-4,151	71,799
9	Special drawing rights	10,336	722	.....	-519	.....	203	10,539
10	Reserve position in the International Monetary Fund	17,950	-2,308	.....	-818	.....	-3,126	14,824
11	Foreign currencies	32,182	1,876	.....	-2,820	.....	-944	31,238
12	U.S. Government assets, other than official reserve assets	84,227	944	.....	.....	.....	944	85,171
13	U.S. credits and other long-term assets ⁵	81,657	920	.....	.....	.....	920	82,577
14	Repayable in dollars	81,367	929	.....	.....	.....	929	82,296
15	Other ⁶	290	-9	.....	.....	.....	-9	281
16	U.S. foreign currency holdings and U.S. short-term assets	2,570	24	.....	.....	.....	24	2,594
17	U.S. private assets:							
18	With direct investment at current cost (lines 17+19+22+23)	5,700,454	579,718	-158,216	-190,194	21,879	253,187	5,953,641
19	With direct investment at market value (lines 18+19+22+23)	6,985,675	579,718	-360,352	-260,746	31,926	-9,454	6,976,221
20	Direct investment abroad:							
21	At current cost	1,327,954	152,437	6,128	-21,975	-19,367	117,223	1,445,177
22	At market value	2,613,175	152,437	-196,008	-92,527	-9,320	-145,418	2,467,757
23	Foreign securities	2,604,383	124,935	-164,344	-158,470	.....	-197,879	2,406,504
24	Bonds	577,745	25,200	-10,672	-14,579	.....	-51	577,694
25	Corporate stocks	2,026,638	99,735	-153,672	-143,891	.....	-197,828	1,828,810
26	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	667,732	163,846	.....	-6,327	.....	157,519	825,251
27	U.S. claims reported by U.S. banks, not included elsewhere	1,100,385	138,500	.....	-3,422	41,246	176,324	1,276,709
28	Foreign-owned assets in the United States:							
29	With direct investment at current cost (lines 26+33)	7,020,885	1,024,218	26,839	-32,954	-29,113	988,990	8,009,875
30	With direct investment at market value (lines 26+34)	8,731,667	1,024,218	-322,254	-31,057	-25,338	645,569	9,377,236
31	Foreign official assets in the United States	870,364	37,619	14,446	.....	.....	52,065	922,429
32	U.S. Government securities	628,907	30,676	17,314	.....	.....	47,990	676,897
33	U.S. Treasury securities	578,225	-10,233	14,352	.....	.....	4,119	582,344
34	Other	50,682	40,909	2,962	.....	.....	43,871	94,553
35	Other U.S. Government liabilities ⁷	15,486	-1,987	.....	.....	.....	-1,987	13,499
36	U.S. liabilities reported by U.S. banks, not included elsewhere	138,847	5,803	.....	.....	.....	5,803	144,650
37	Other foreign official assets	87,124	3,127	-2,868	.....	.....	259	87,383
38	Other foreign assets:							
39	With direct investment at current cost (lines 35+37+38+41+42+43) ...	6,150,521	986,599	12,393	-32,954	-29,113	936,925	7,087,446
40	With direct investment at market value (lines 36+37+38+41+42+43)	7,861,303	986,599	-336,700	-31,057	-25,338	593,504	8,454,807
41	Direct investment in the United States:							
42	At current cost	1,094,439	287,655	102	-1,897	-10,794	275,066	1,369,505
43	At market value	2,805,221	287,655	-348,991	.....	-7,019	-68,355	2,736,866
44	U.S. Treasury securities	660,693	-52,792	31,783	.....	.....	-21,009	639,684
45	U.S. securities other than U.S. Treasury securities	2,522,009	485,644	-19,492	-24,188	.....	441,964	2,963,973
46	Corporate and other bonds	1,061,924	292,904	43,619	-24,188	.....	312,335	1,374,259
47	Corporate stocks	1,460,085	192,740	-63,111	.....	.....	129,629	1,589,714
48	U.S. currency	250,657	1,129	.....	.....	.....	1,129	251,786
49	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	555,566	177,010	.....	-1,519	-8,319	167,172	722,738
50	U.S. liabilities reported by U.S. banks, not included elsewhere	1,067,157	87,953	.....	-5,350	-10,000	72,603	1,139,760

^a Preliminary.^b Revised.

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

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

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

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

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

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

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

NOTE: The data in this table are from table 1 in "The International Investment Position of the United States at Yearend 2000," in the July 2001 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, 1998-2000
[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
All countries, all industries	1,000,703	1,130,789	1,244,654	131,004	142,551	139,257	90,676	109,179	134,787
By country									
Canada.....	98,200	111,051	126,421	7,832	15,947	18,301	7,601	11,986	14,518
Europe.....	518,433	588,341	648,731	86,129	82,016	76,935	50,695	55,982	67,154
<i>Of which:</i>									
France.....	42,328	40,009	39,087	4,323	1,585	1,220	2,164	1,722	2,406
Germany.....	47,685	50,892	53,610	3,051	5,796	2,173	5,081	5,100	4,350
Netherlands.....	89,978	105,571	115,506	22,213	8,337	10,927	10,078	11,315	11,888
Switzerland.....	38,225	48,849	54,873	8,223	11,108	8,578	6,152	6,759	7,161
United Kingdom.....	183,035	212,007	233,384	29,094	35,019	28,976	11,852	14,604	21,833
Latin America and Other Western Hemisphere.....	196,755	220,705	239,388	16,699	20,601	19,947	17,019	18,909	19,116
<i>Of which:</i>									
Bermuda.....	41,908	47,119	54,114	2,358	4,025	7,507	3,658	4,295	5,793
Brazil.....	37,195	34,276	35,560	4,382	1,291	2,285	2,807	1,586	1,803
Mexico.....	26,657	32,262	35,414	4,593	5,084	3,542	3,760	4,507	4,258
Panama.....	25,924	33,027	35,407	682	1,834	1,819	1,823	2,077	1,325
Africa.....	14,061	14,884	15,813	3,075	1,611	1,149	1,399	2,016	2,973
Middle East.....	10,739	10,519	11,851	2,092	611	1,920	1,021	1,139	2,117
Asia and Pacific.....	159,678	181,882	199,599	14,715	20,992	20,951	12,380	18,984	28,881
<i>Of which:</i>									
Australia.....	31,483	34,776	35,324	6,284	4,100	1,464	1,908	2,466	3,625
Japan.....	41,423	49,438	55,606	6,428	5,179	8,060	2,010	4,130	7,266
International.....	2,837	3,406	2,851	462	773	53	561	163	27
By industry									
Petroleum.....	91,248	97,864	105,486	7,491	11,676	10,403	7,227	10,094	18,524
Manufacturing.....	290,070	312,072	343,992	23,122	34,102	44,101	29,683	33,966	39,268
Food and kindred products.....	35,304	35,151	36,840	2,133	257	2,645	4,305	3,805	3,847
Chemicals and allied products.....	79,446	83,524	86,081	6,110	7,960	4,210	8,213	9,356	9,995
Primary and fabricated metals.....	18,379	18,930	18,713	2,897	1,213	477	1,234	1,432	1,709
Industrial machinery and equipment.....	30,928	34,944	42,523	1,789	4,877	8,521	5,699	4,379	6,839
Electronic and other electric equipment.....	32,077	37,474	43,441	2,820	5,716	9,113	2,053	4,153	5,177
Transportation equipment.....	33,888	36,133	41,099	-1,356	5,736	7,254	2,417	4,556	3,646
Other manufacturing.....	60,048	65,916	75,294	8,728	8,344	11,882	5,762	6,284	8,055
Wholesale trade.....	68,742	80,254	88,090	5,524	11,849	10,288	8,992	10,477	13,079
Depository institutions.....	40,020	38,382	37,155	2,112	-1,338	-2,306	734	1,655	1,788
Finance, (except depository institutions), insurance, and real estate.....	375,368	443,263	497,267	62,229	55,011	58,344	34,765	41,429	50,996
Services.....	59,148	70,398	79,857	11,934	11,632	11,455	6,089	8,486	8,738
Other industries.....	76,108	88,556	92,809	18,591	19,618	6,971	3,186	3,072	2,395

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

The data in this table are from tables 16 and 17 in "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 2000" in the September 2001 issue of the 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, 1999

	All nonbank affiliates						Majority-owned nonbank foreign affiliates (MOFAs)						
	Millions of dollars					Thousands of employees	Millions of dollars						Thousands of employees
	Total assets	Sales	Net income	U.S. exports of goods shipped to affiliates	U.S. imports of goods shipped by affiliates		Total assets	Sales	Net income	Gross product	U.S. exports of goods shipped to MOFAs	U.S. imports of goods shipped by MOFAs	
All countries, all industries	4,628,182	2,587,301	199,069	208,850	193,615	8,907.1	4,041,598	2,195,327	160,490	561,158	202,914	181,283	7,470.8
By country													
Canada.....	367,802	302,844	15,476	73,586	79,382	1,054.6	335,254	280,644	14,951	63,803	71,937	75,634	984.0
Europe.....	2,626,759	1,367,665	99,754	(D)	32,960	3,787.4	2,423,918	1,201,512	91,467	321,581	48,029	31,888	3,418.9
<i>Of which:</i>													
France.....	161,495	142,034	3,884	5,526	3,198	518.0	140,315	123,850	3,610	36,942	4,906	3,088	479.0
Germany.....	291,077	241,496	9,889	8,100	4,397	675.8	256,495	199,709	8,375	61,862	8,047	4,350	631.9
Netherlands.....	299,780	135,445	17,281	(D)	1,472	194.9	281,275	116,298	15,669	17,897	6,969	1,466	179.2
United Kingdom.....	1,190,163	(D)	(D)	12,658	9,001	1,171.8	1,134,967	340,196	22,602	100,997	12,645	8,951	1,065.2
Latin America and Other Western Hemisphere.....	688,777	299,839	28,816	40,912	37,134	1,827.5	560,556	245,569	26,000	59,361	39,564	35,261	1,444.4
<i>Of which:</i>													
Brazil.....	128,207	70,358	-269	4,070	3,073	411.5	90,625	55,248	880	16,095	3,933	3,002	339.5
Mexico.....	97,540	100,544	5,846	30,279	28,846	933.1	71,350	79,328	4,805	17,146	29,419	27,558	729.2
Africa.....	50,744	31,566	2,839	1,032	1,761	218.6	37,664	23,895	2,242	9,365	945	1,758	114.2
Middle East.....	51,402	29,259	23,278	797	1,260	92.8	18,404	13,618	1,343	5,427	733	882	47.6
Asia and Pacific.....	818,875	547,305	27,630	43,586	41,118	1,889.0	653,207	425,372	24,126	100,212	41,642	35,860	1,450.9
<i>Of which:</i>													
Australia.....	115,825	73,205	3,312	4,485	1,128	309.1	100,368	59,941	3,157	19,305	4,405	1,121	249.4
Japan.....	341,266	200,201	6,256	13,606	7,443	399.4	246,876	125,063	4,848	30,761	12,555	2,447	212.4
International.....	23,823	8,823	1,276	(D)	0	37.3	12,596	4,716	360	1,410	65	0	10.9
By industry													
Mining.....	227,580	79,944	13,161	2,189	7,140	155.5	196,002	71,113	11,395	40,910	1,979	6,606	133.7
Utilities.....	155,644	57,017	3,807	6	(D)	119.0	104,500	35,170	3,218	10,131	4	2	66.5
Manufacturing.....	1,135,726	1,273,075	80,586	150,279	168,073	4,900.4	956,228	1,096,394	54,376	312,419	145,721	156,437	4,244.5
<i>Of which:</i>													
Food.....	69,568	93,404	3,898	2,687	(D)	376.4	63,349	84,924	3,624	19,222	2,598	4,129	334.2
Chemicals.....	259,028	210,141	19,996	17,180	12,865	616.8	226,231	186,383	18,584	58,380	16,159	12,258	552.5
Primary and fabricated metals.....	57,559	46,290	1,897	2,942	3,896	240.1	48,969	39,627	1,754	12,135	2,617	3,615	212.6
Machinery.....	79,844	79,713	3,000	7,071	8,684	391.6	64,928	64,739	2,850	19,123	6,745	7,369	340.6
Computer and electronic products.....	146,176	200,519	8,313	36,728	41,242	781.0	142,038	197,109	8,203	38,651	36,562	41,036	765.7
Electrical equipment, appliances, and components.....	24,229	28,075	1,199	2,658	3,932	294.0	21,161	24,895	1,072	7,441	2,589	3,340	255.5
Transportation equipment.....	183,174	282,090	7,043	67,020	78,108	943.2	151,882	241,451	6,299	48,364	65,352	70,463	839.4
Wholesale trade.....	318,086	599,641	19,989	48,176	16,518	658.1	299,388	543,867	18,682	82,132	47,326	16,366	620.0
Information.....	226,838	135,799	4,575	552	135	581.0	101,836	69,132	1,766	19,413	539	135	270.0
Finance (except depository institutions) and insurance.....	1,648,888	161,134	21,324	8	0	322.3	1,567,608	150,472	20,229	22,439	8	0	295.0
Professional, scientific, and technical services.....	92,049	79,025	4,125	1,749	830	374.5	86,470	72,176	3,882	29,153	1,722	830	343.5
Other industries.....	823,371	201,666	51,501	5,890	(D)	1,796.3	729,566	157,002	46,942	44,561	5,615	907	1,497.6

D Suppressed to avoid disclosure of data of individual companies.

Note. The data in this table are from the 1999 Benchmark Survey of U.S. Direct Investment Abroad; see "Operations of U.S. Multinational Companies: Preliminary Results From the 1999 Benchmark Survey" in the March 2002 issue of the Survey of Current Business.

Table G.4. Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of U.S. Affiliate, 1998-2000

(Millions of dollars)

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
All countries, all industries.....	778,418	965,632	1,238,627	174,434	294,976	281,115	32,402	49,780	60,157
By country									
Canada	72,696	76,526	100,822	15,959	21,241	27,975	1,382	1,998	912
Europe	518,576	670,030	890,611	153,111	239,088	224,261	25,495	39,706	45,904
<i>Of which:</i>									
France	59,925	82,276	119,069	11,368	25,406	41,965	1,691	3,119	5,562
Germany	93,289	111,706	122,846	42,986	23,144	11,351	4,348	6,341	2,603
Luxembourg	26,804	57,047	83,304	13,819	27,633	26,777	1,187	2,634	4,839
Netherlands	92,298	125,775	152,432	6,533	40,412	22,462	6,139	7,430	9,221
Switzerland	48,263	53,706	81,698	4,509	3,365	21,850	854	4,351	4,171
United Kingdom	137,489	166,900	229,762	60,335	108,613	73,667	7,268	12,649	16,171
Latin America and Other Western Hemisphere.....	28,056	38,104	42,700	-2,569	16,410	4,326	1,286	1,120	2,928
<i>Of which:</i>									
Bermuda	3,735	12,590	14,942	-161	9,368	2,208	194	58	-320
Mexico	2,055	1,730	2,471	871	1,269	902	216	175	87
Panama	6,227	5,475	4,004	988	-209	-1,398	864	752	644
United Kingdom Islands, Caribbean.....	9,885	11,082	12,513	-1,469	4,474	1,005	-77	229	1,919
Africa	853	1,547	2,119	-601	417	670	-93	-78	10
Middle East	4,126	4,432	8,373	-762	372	3,909	274	149	1,855
Asia and Pacific.....	154,111	174,993	194,002	9,295	17,448	19,974	4,057	6,885	8,550
<i>Of which:</i>									
Australia	10,520	13,230	14,487	1,506	2,363	2,429	302	325	486
Japan	134,340	153,119	163,215	8,024	15,489	10,043	4,300	6,165	7,337
By industry									
Petroleum	49,028	51,890	92,856	58,924	5,650	48,067	1,442	4,811	13,915
Manufacturing.....	333,233	399,525	496,578	83,406	90,884	95,058	19,320	26,735	25,550
Food and kindred products.....	22,117	19,599	23,442	-7,369	-1,518	4,800	657	1,549	1,796
Chemicals and allied products.....	93,804	97,327	122,083	7,401	8,635	22,241	6,816	7,202	6,296
Primary and fabricated metals.....	18,923	20,125	21,561	1,054	2,058	6,099	1,610	1,072	1,233
Machinery	62,564	83,917	118,920	22,452	37,647	32,941	1,701	1,732	4,679
Other manufacturing	135,825	178,556	210,571	59,869	44,062	28,976	8,535	15,180	11,546
Wholesale trade	87,611	94,657	109,611	10,073	14,214	16,871	4,509	5,314	7,705
Retail trade.....	20,447	24,843	32,091	3,730	4,651	4,097	843	1,595	1,688
Depository institutions.....	46,257	61,539	68,619	5,420	19,024	9,569	2,586	3,002	3,992
Finance, except depository institutions.....	48,517	62,450	88,082	4,370	15,893	19,657	-1,286	927	1,252
Insurance	74,581	85,290	106,403	4,020	22,233	25,799	3,391	3,722	5,737
Real estate	39,545	40,248	42,300	1,760	1,966	1,203	147	1,494	2,007
Services	40,506	60,878	102,955	4,931	22,519	42,410	1,143	2,067	815
Other industries	38,693	84,311	99,134	-2,201	97,942	18,384	307	112	-2,504

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

The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows 2000" in the September 2001 issue of the Survey of Current Business.

Table G.5. Selected Financial and Operating Data of Nonbank U.S. Affiliates and Majority-Owned Nonbank U.S. Affiliates of Foreign Companies by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 1999

	All nonbank affiliates							Majority-owned nonbank affiliates						
	Millions of dollars				Thousands of employees	Millions of dollars		Millions of dollars				Thousands of employees	Millions of dollars	
	Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
All countries, all industries.....	4,135,217	2,035,356	27,535	451,656	6,003.3	152,229	307,111	3,597,658	1,781,554	23,715	390,957	5,031.1	139,272	294,794
By country														
Canada	410,254	159,743	-584	43,037	665.2	7,515	16,292	381,234	140,605	-1,128	36,538	535.5	7,336	15,763
Europe	2,707,203	1,199,123	24,545	294,501	3,901.1	84,693	128,625	2,519,797	1,050,593	24,067	257,653	3,278.4	78,028	127,050
<i>Of which:</i>														
France	512,368	167,417	-1,822	42,243	604.9	16,358	15,331	446,301	126,929	-103	29,436	368.8	(D)	15,067
Germany	507,652	313,152	7,702	70,181	847.7	31,637	53,194	486,648	282,137	6,881	61,175	693.4	30,564	52,565
Netherlands	449,446	182,093	4,360	35,618	484.8	5,309	15,932	422,053	146,733	2,950	31,491	470.1	5,008	15,898
Sweden	68,619	43,021	1,600	10,849	147.6	4,274	4,344	68,193	42,392	1,577	10,696	146.0	4,258	4,320
Switzerland	507,157	104,189	4,166	31,153	434.6	5,353	6,907	491,571	93,461	3,598	26,053	343.9	5,121	6,770
United Kingdom	536,127	279,117	9,189	81,981	965.6	15,713	19,028	499,954	268,026	8,313	79,198	917.1	15,195	18,827
Latin America and Other														
Western Hemisphere	121,614	76,125	-1,303	20,731	290.7	6,139	12,164	112,627	68,769	-1,243	19,361	276.5	5,961	10,248
<i>Of which:</i>														
Bermuda	49,590	26,206	-590	8,898	168.6	(D)	1,204	47,694	25,946	-576	8,859	166.2	(D)	1,202
Mexico	11,293	10,394	-142	1,754	33.9	864	2,770	9,600	8,824	-151	1,440	29.5	760	2,376
Panama	3,659	2,252	67	898	12.4	(D)	166	3,542	2,186	59	(D)	J	(D)	166
United Kingdom Islands, Caribbean	34,405	9,251	-548	1,677	36.0	78	(D)	33,694	8,984	-547	1,570	34.2	73	(D)
Venezuela	12,844	18,502	204	4,974	8.7	169	4,925	(D)	(D)	(D)	(D)	H	(D)	(D)
Africa	5,411	4,704	89	1,250	13.2	375	215	5,363	(D)	(D)	1,212	13.0	(D)	213
Middle East	18,103	12,599	348	2,863	48.6	696	1,194	15,607	10,899	296	2,103	35.6	682	1,117
Asia and Pacific	654,272	543,281	-521	79,454	1,018.3	50,852	147,074	546,812	487,946	1,175	69,230	860.6	45,094	139,011
<i>Of which:</i>														
Australia	67,343	31,184	612	6,760	84.8	1,375	1,465	55,840	24,748	614	5,240	67.8	(D)	(D)
Japan	534,464	453,423	-327	64,721	834.2	41,180	123,867	445,221	411,798	753	56,965	715.8	37,744	119,816
United States	218,361	39,781	4,961	9,820	66.2	1,959	1,548	16,218	(D)	(D)	4,860	31.5	(D)	1,391
By industry¹														
Manufacturing	982,809	906,382	16,514	236,165	2,616.7	96,527	140,924	895,031	805,166	14,757	216,110	2,386.3	88,410	131,842
<i>Of which:</i>														
Food	43,908	50,426	255	10,950	156.3	2,441	4,162	43,026	48,818	225	10,580	149.8	2,364	4,151
Chemicals	206,151	142,527	3,359	41,288	363.2	14,575	15,373	187,635	128,549	2,589	37,146	327.0	13,218	14,952
Primary and fabricated metals	64,822	59,500	650	15,498	211.6	4,421	7,549	51,839	48,278	580	13,080	186.9	3,626	6,700
Machinery	62,054	50,952	-26	14,664	222.6	7,086	7,104	58,535	46,672	198	13,684	208.1	6,398	6,373
Computers and electronic products	98,773	108,226	-2,878	22,454	291.0	16,991	33,685	89,620	101,277	-2,593	21,068	275.1	15,098	30,906
Electrical equipment, appliances, and components	41,001	39,974	128	10,744	189.9	7,187	3,246	39,771	38,441	33	10,246	183.8	6,784	3,173
Transportation equipment	185,592	201,609	7,767	43,211	422.6	30,476	45,064	178,711	189,445	7,287	40,397	390.6	28,729	43,032
Wholesale trade	303,806	500,839	5,350	54,664	518.4	48,629	157,366	293,111	470,013	6,385	52,406	461.7	44,199	155,256
Retail trade	70,956	114,300	1,555	28,359	737.0	1,521	4,303	49,779	84,317	698	20,050	545.7	(D)	3,606
Information	212,450	91,453	-3,423	27,581	332.2	1,053	160	143,342	63,263	845	18,809	224.2	1,033	80
<i>Of which:</i>														
Publishing industries	62,715	32,183	416	11,605	133.8	(D)	(D)	(D)	28,304	-115	9,208	120.8	(D)	78
Broadcasting and telecommunications	117,541	46,671	-4,278	12,502	142.5	6	(D)	59,400	23,337	440	6,173	52.2	2	3
Finance (except depository institutions) and insurance ..	2,162,809	206,641	9,750	27,969	263.6	0	1	1,893,509	180,668	3,613	22,927	226.9	0	
Real estate and rental and leasing	131,014	26,037	903	11,850	52.2	(D)	562	110,094	21,570	527	9,332	42.0	(D)	562
Professional, scientific, and technical services	27,319	21,865	-1,002	7,991	119.3	(D)	357	23,407	19,846	-216	7,829	102.3	463	357
Other industries	244,053	167,840	-2,112	57,078	1,363.7	3,777	3,440	189,383	136,710	-2,895	43,495	1,041.9	3,661	3,089

D Suppressed to avoid disclosure of data of individual companies.

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

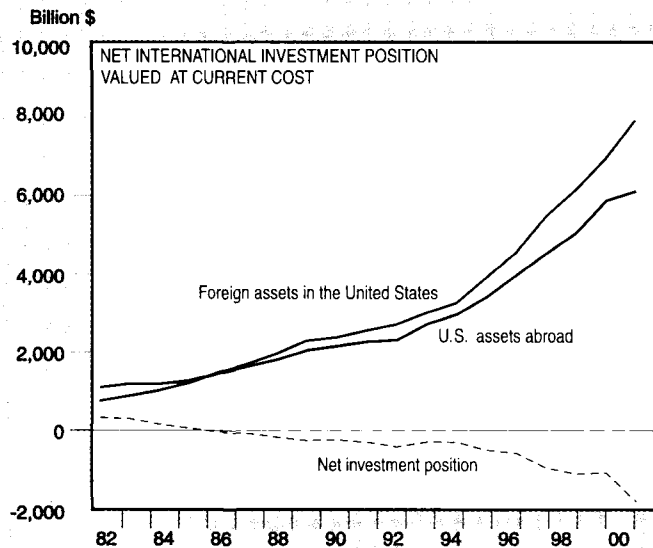
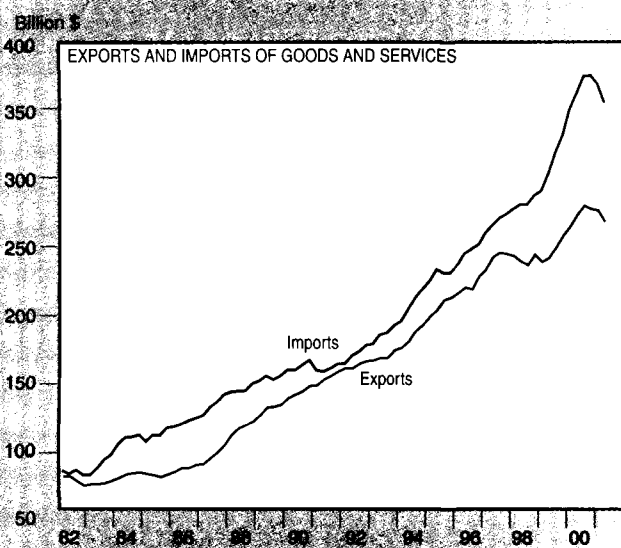
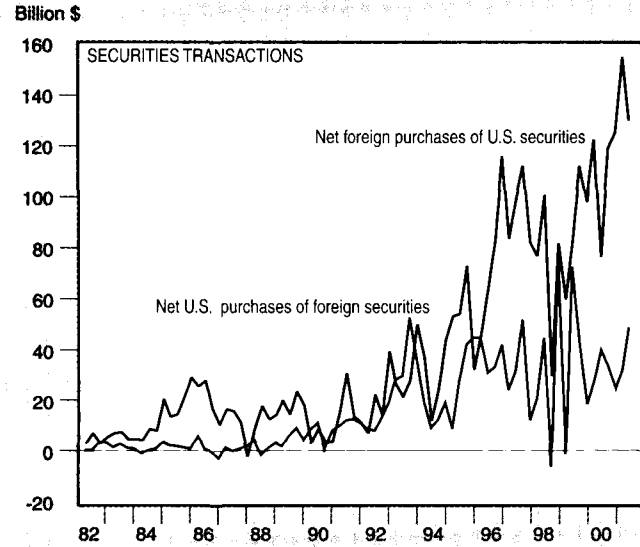
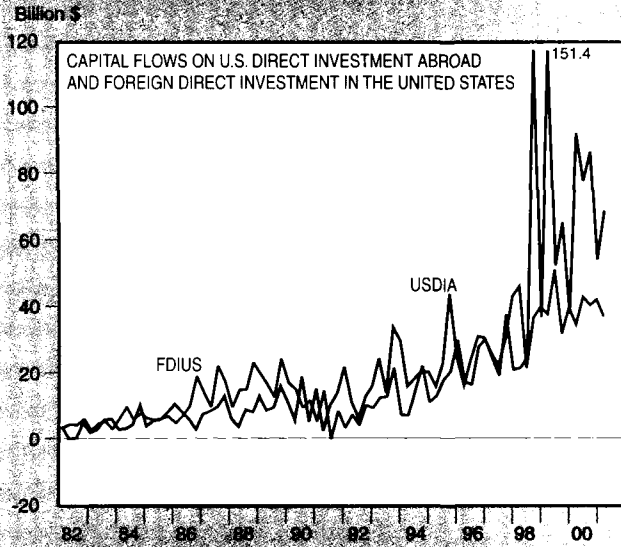
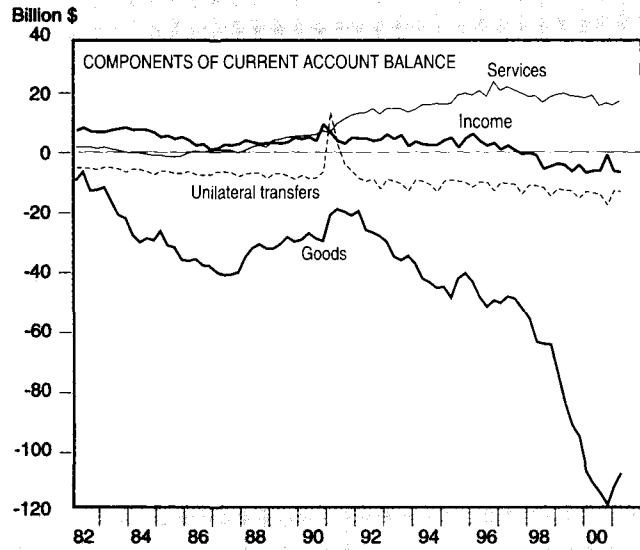
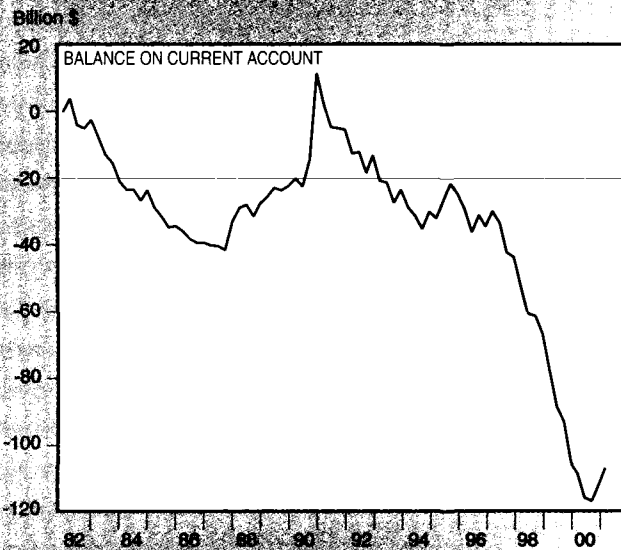
Notes. The data in this table are from BEA's annual survey of the operations of U.S. affiliates of foreign

companies; see "U.S. Affiliates of Foreign Companies: Operations in 1999," in the August 2001 issue of the SURVEY OF CURRENT BUSINESS.

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

I. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY



Regional Data

J. State and Regional Tables

The tables in this section include the most recent estimates of State personal income and gross state product. The sources of these estimates are noted.

The quarterly and annual estimates of State personal income and the estimates of gross state product are available on CD-ROM. For information on State personal income, e-mail reis.remd@bea.gov; write to the Regional Economic Information System, BE-55, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230; or call 202-606-5360.

Table J.1. Personal Income by State and Region (Millions of dollars, seasonally adjusted at annual rates)

Table with columns for Area name, 1997, 1998 (IV, I, II, III), 1999 (I, II, III, IV), 2000 (I, II, III, IV), 2001 (I, II, III), and Percent change 2001:II-2001:III. Rows list regions like United States, New England, Midwest, etc.

1. Percent change was calculated from unrounded data.

Note. The personal income level shown for the United States is derived as the sum of the State estimates. It differs from the estimate of personal income in the national income and product accounts (NIPAs) because of differences in coverage, in the methodologies used to prepare the estimates, and in

the timing of the availability of source data. In particular, it differs from the NIPA estimate 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.

Source. Table I in "Personal Income by State, Third Quarter 2001" in the February 2002 issue of the SURVEY OF CURRENT BUSINESS.

K. Local Area Table

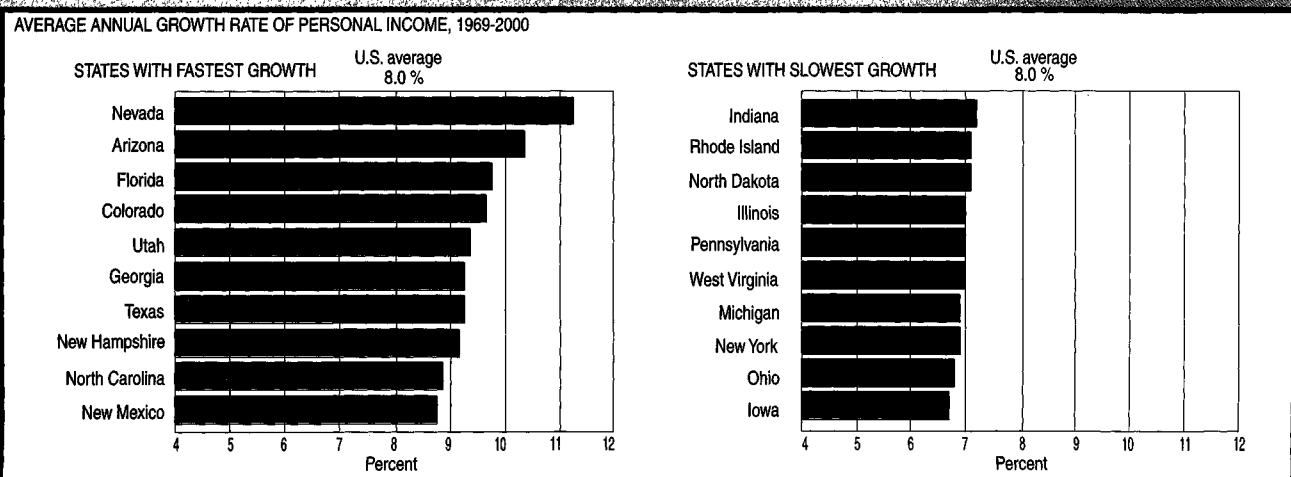
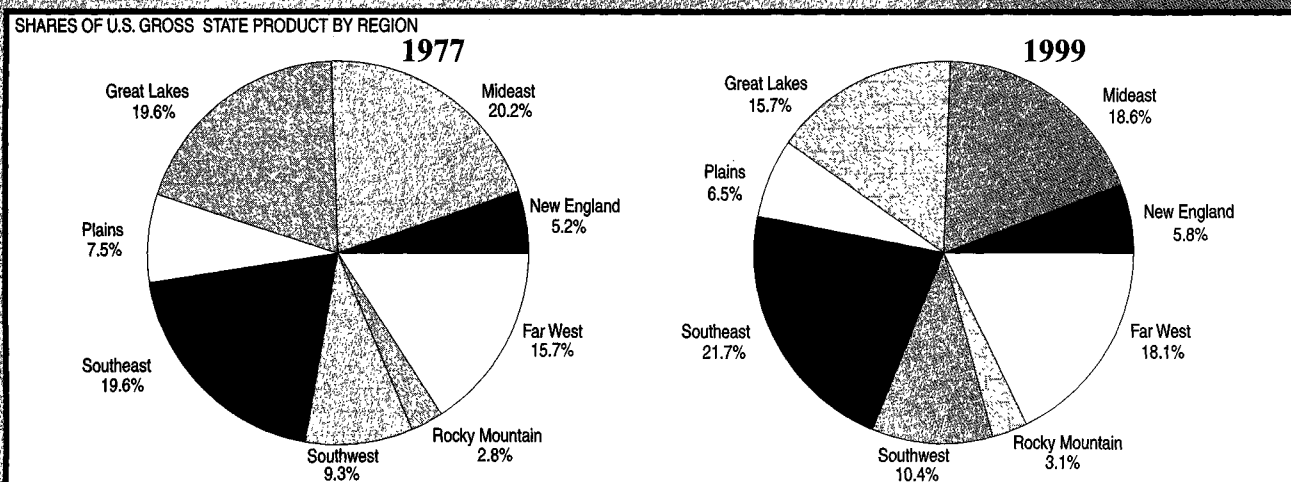
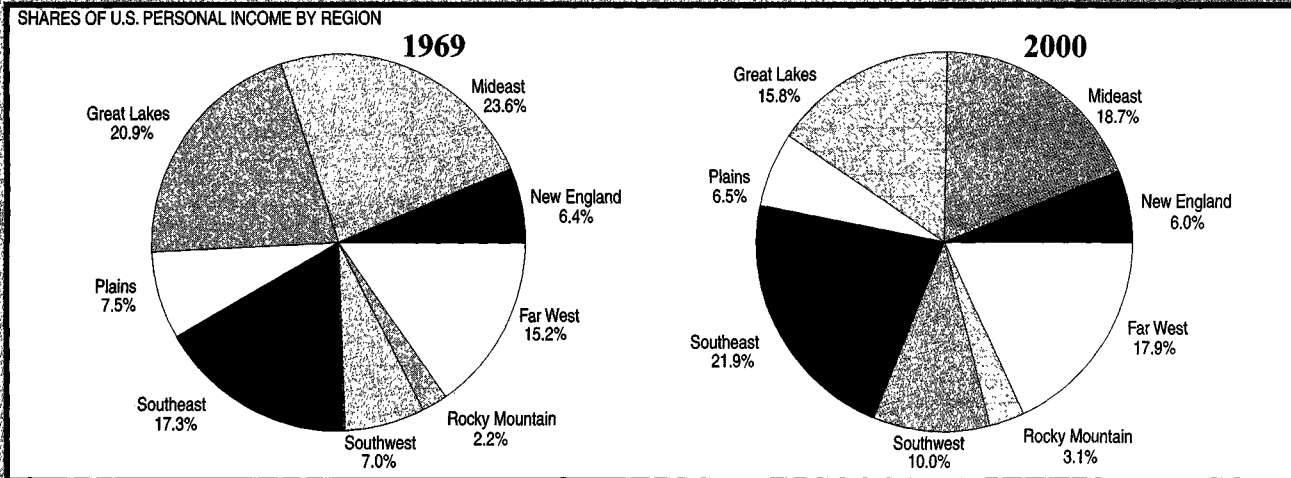
Table K.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 1997-99

Table with columns for Area name, Personal income (Millions of dollars, Percent change), and Per capita personal income (Dollars, Rank in U.S.) for the years 1997, 1998, 1999, and 1998-99. Includes sections for United States, Consolidated Metropolitan Statistical Areas, and Metropolitan Statistical Areas.

See footnotes at the end of the table.

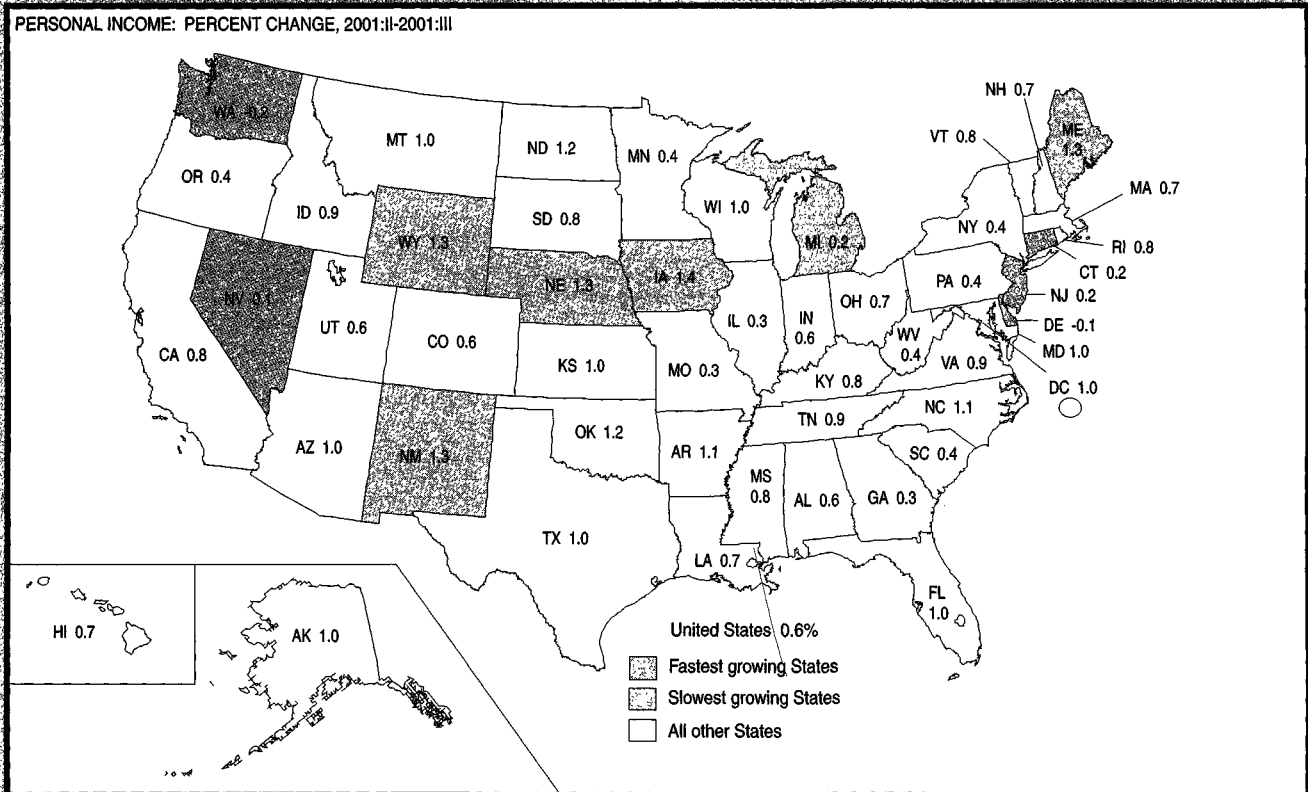
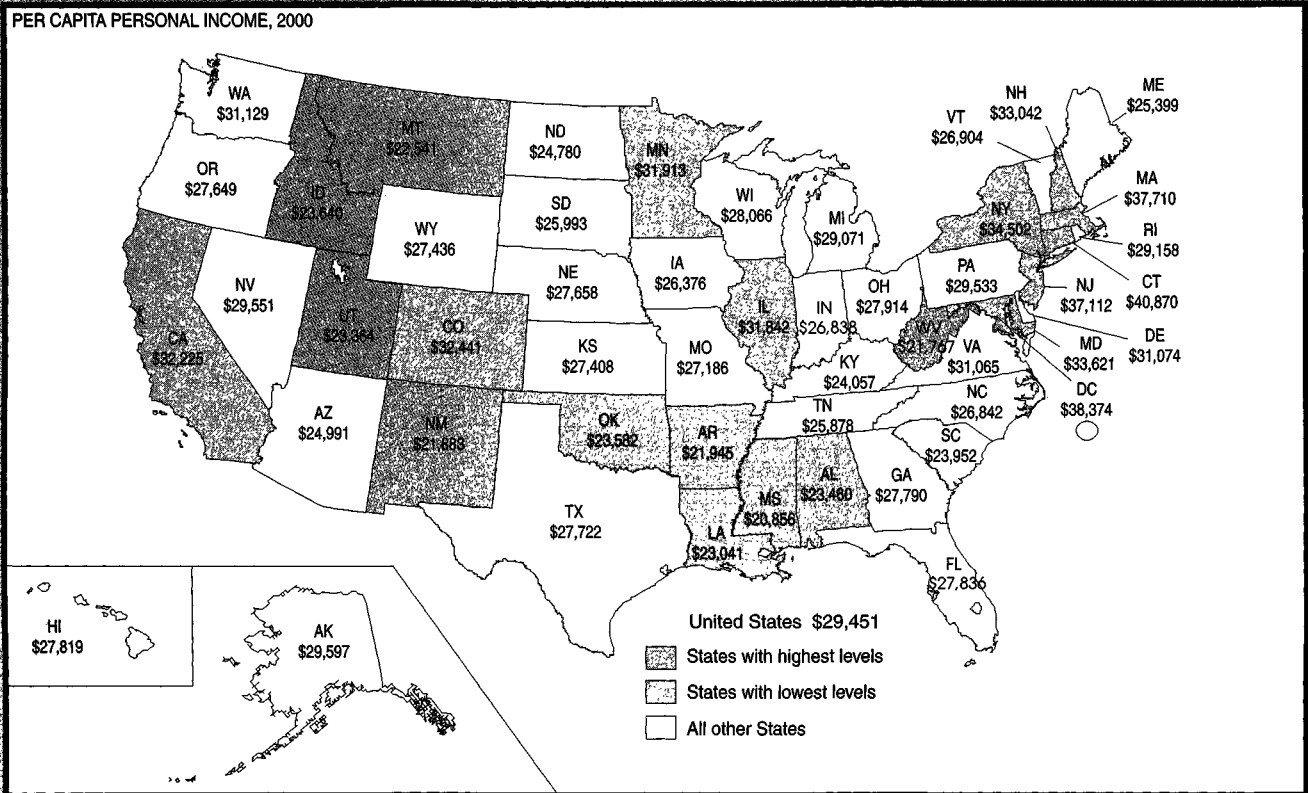
L. Charts

SELECTED REGIONAL ESTIMATES



U.S. Bureau of Economic Analysis

SELECTED REGIONAL ESTIMATES



Appendix A

Additional Information About the NIPA Estimates

Statistical Conventions

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

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

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

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated “chained (1996) dollar estimates.” These estimates are computed by multiplying the 1996 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in 1996 and if real output for this component increased by 10 percent in 1997, then the “chained (1996) dollar” value of this com-

ponent in 1997 would be \$110 ($\100×1.10). Note that percentage changes in the chained (1996) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1996) dollar estimates for detailed GDP components do not add to the chained-dollar value of GDP or to any intermediate aggregates. A “residual” line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. Accurate measures of component contributions to the percentage changes in real GDP and its major components are shown in NIPA tables 8.2–8.6.

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

For quarters and months, the estimates are presented at annual rates, which show the value that would be registered if the rate of activity measured for a quarter or a month were maintained for a full year. Annual rates are used so that time periods of different lengths—for example, quarters and years—may be compared easily. These annual rates are determined simply by multiplying the estimated rate of activity by 4 (for quarterly data) or by 12 (for monthly data).

Percent changes in the estimates are also expressed at annual rates. Calculating these *changes* requires a variant of the compound interest formula:

$$r = \left[\left(\frac{x_t}{x_o} \right)^{m/n} - 1 \right] \times 100,$$

where r is the percent change at an annual rate; x_t is the level of activity in the later period; x_o is the level of activity in the earlier period; m is the periodicity of the data (for example, 1 for annual data, 4 for quarterly, or 12 for monthly); and n is the number of periods between the earlier and later periods (that is, $t - o$).

Quarterly and monthly NIPA estimates are seasonally adjusted, if necessary. Seasonal adjustment removes from the time series the average impact of variations that normally occur at about the same time and in about the same magnitude each year—for example, weather, holidays, and tax payment dates. After seasonal adjustment, cyclical and other short-term changes in the economy stand out more clearly.

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

Reconciliation Tables

Table 1. Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings
[Percent change from preceding period]

	2000	2001	Seasonally adjusted at annual rates					
			2000		2001			
			III	IV	I	II	III	IV ^p
BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing) ¹	6.5	5.8	7.4	8.9	4.9	4.7	3.7	3.0
Less: Contribution of supplements to wages and salaries per hour.....	-0.2	-0.2	-0.3	-0.3	-0.4	-0.2	0.1	0.1
Plus: Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions.....	-0.2	-0.2	-0.2	-0.6	-0.3	-0.1	0.3	-0.1
Less: Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed.....	0.0	-0.1	0.3	-0.5	-0.1	0.1	-0.1	0.0
Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector	6.7	5.9	7.1	9.2	5.2	4.7	3.9	2.8
Less: Contribution of wages and salaries per hour of nonproduction workers in manufacturing.....	0.0	-0.1	0.8	1.0	0.4	0.6	0.2	0.2
Less: Other differences ²	2.9	1.8	2.7	3.2	0.8	-0.2	-0.3	-1.4
Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls	3.8	4.2	3.7	5.0	4.0	4.3	4.1	4.0
Addendum: BLS estimates of compensation per hour in the nonfarm business sector ³	6.5		7.4	8.9	4.9	4.7	3.8	

^p Preliminary.

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

2. Includes BEA use of non-BLS data and differences in detailed weighting. Annual estimates also include differences in BEA and BLS benchmark procedures; quarterly estimates also

include differences in seasonal adjustment procedures.

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

BLS Bureau of Labor Statistics.

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

[Billions of dollars]

	Line	1999	2000	Seasonally adjusted at annual rates					
				2000			2001		
				II	III	IV	I	II	III
Exports of goods, services, and income receipts, ITA's	1	1,242.7	1,418.6	1,420.3	1,444.9	1,450.5	1,418.5	1,344.8	1,255.4
Less: Gold, ITA's.....	2	5.3	6.0	3.7	4.3	6.5	6.7	7.6	2.4
Statistical differences ¹	3	0.0	0.0	0.0	0.0	0.0	-3.1	-12.0	-12.2
Other items.....	4	1.0	1.2	1.2	1.5	0.9	1.2	1.1	1.0
Plus: Adjustment for grossing of parent/affiliate interest payments.....	5	4.5	6.2	6.1	6.5	6.5	8.4	6.4	6.0
Adjustment for U.S. territories and Puerto Rico.....	6	46.7	48.3	45.4	49.6	50.8	51.2	49.2	49.0
Services furnished without payment by financial intermediaries except life insurance carriers.....	7	15.9	21.2	20.6	22.5	22.8	23.0	23.0	22.7
Equals: Exports of goods and services and income receipts, NIPA's	8	1,303.6	1,487.1	1,487.6	1,517.8	1,523.1	1,496.3	1,426.5	1,341.9
Imports of goods, services, and income payments, ITA's	9	1,518.1	1,809.1	1,803.0	1,853.8	1,849.1	1,818.7	1,726.9	1,585.9
Less: Gold, ITA's.....	10	5.8	5.9	3.0	4.2	6.7	6.1	6.5	2.2
Statistical differences ¹	11	0.0	0.0	0.0	0.0	0.0	4.7	0.8	2.2
Other items.....	12	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: Gold, NIPA's.....	13	-2.7	-3.3	-3.3	-3.2	-3.0	-3.0	-3.1	-3.0
Adjustment for grossing of parent/affiliate interest payments.....	14	4.5	6.2	6.1	6.5	6.5	8.4	6.4	6.0
Adjustment for U.S. territories and Puerto Rico.....	15	31.1	35.8	31.5	41.1	40.9	34.3	39.7	40.2
Imputed interest paid to rest of world.....	16	15.9	21.2	20.6	22.5	22.8	23.0	23.0	22.7
Equals: Imports of goods and services and income payments, NIPA's	17	1,561.2	1,863.1	1,854.9	1,916.5	1,909.5	1,870.6	1,785.6	1,647.4
Balance on goods, services, and income, ITA's (1-9)	18	-275.4	-390.5	-382.7	-408.9	-398.6	-400.2	-382.1	-330.5
Less: Gold (2-10+13).....	19	-3.2	-3.2	-2.6	-3.1	-3.2	-2.4	-2.0	-2.8
Statistical differences (3-11) ¹	20	0.0	0.0	0.0	0.0	0.0	-7.8	-12.8	-14.4
Other items (4-12).....	21	1.0	1.2	1.2	1.5	0.9	1.2	1.1	1.0
Plus: Adjustment for U.S. territories and Puerto Rico (6-5).....	22	15.6	12.5	13.9	8.5	9.9	16.9	9.5	8.8
Equals: Net exports of goods and services and net receipts of income, NIPA's (8-17)	23	-257.6	-376.0	-367.3	-398.7	-386.4	-374.3	-359.1	-305.5

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated into the ITA's (2001:III) and statistical revisions in the ITA's that have not yet been incorporated into the NIPA's (2001:I-2001:III).

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

Appendix B

Suggested Reading

The Bureau of Economic Analysis (BEA) has published a wealth of information about the methodologies that are used to prepare its national, industry, international, and regional accounts. In addition, most of this information is available on BEA's Web site at <www.bea.gov>. Look under "Methodologies"; for articles from the SURVEY OF CURRENT BUSINESS, look under "Publications."

National accounts

The national accounts encompass the detailed estimates in the national income and product accounts (including gross domestic product) and the estimates of wealth and related estimates.

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

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

Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends (1985) [An updated version (March 2002) is available on BEA's Web site.]

Foreign Transactions (1987)

GNP: An Overview of Source Data and Estimating Methods (1987)

Government Transactions (1988)

Personal Consumption Expenditures (1990)

The methodologies described in these papers have been updated and improved, typically as part of the comprehensive and annual revisions of the NIPAs. For more information, see the following.

National Income and Product Accounts of the United States, 1929-97 (2001) provides the definitions of the major NIPA aggregates and components, discusses the measures of real output and prices, explains how production is classified and how the NIPAs are presented, describes the statistical conventions that are used, and lists the principal source data and methods that are used to prepare the estimates of gross domestic product (GDP). [Go to <www.bea.gov/bea/an/nipaguid.htm>.]

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

In addition, see the following articles in the SURVEY.

"Updated Summary NIPA Methodologies" (October 2001) briefly describes the principal source data and methods used to prepare the current-dollar and real estimates of GDP.

"Annual Revision of the National Income and Product Accounts" (August 2001).

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

"Reliability of GDP and Related NIPA Estimates" (January 2002) evaluates the principal NIPA estimates by examining the record of revisions to them.

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

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

Industry accounts

The industry accounts consist of the estimates of gross domestic product by industry, the input-output accounts, and two satellite accounts.

Gross product by industry. "Improved Estimates of Gross Product by Industry for 1947-98" (June 2000) describes the most recent comprehensive revision of these estimates.

Mission Statement and Strategic Plan

The mission statement of the Bureau of Economic Analysis and the latest update to its strategic plan for improving the accuracy, reliability, and relevance of the national, industry, regional, and international accounts are available on BEA's Web site at <www.bea.gov>. See also "BEA's Preliminary Strategic Plan for 2001-2005" in the December 2001 issue of the SURVEY OF CURRENT BUSINESS.

“Gross Domestic Product by Industry for 1998–2000” (November 2001) describes the most recent annual revision of these estimates.

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

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

For 1996 (January 2000)

For 1997 (January 2001)

For 1998 (December 2001)

Satellite accounts. These accounts extend the analytical capacity of the input-output accounts by focusing on a particular aspect of economic activity.

“U.S. Transportation Satellite Accounts”

For 1992 (April 1998)

For 1996 (May 2000)

“U.S. Travel and Tourism Satellite Accounts”

For 1992 (July 1998)

For 1996 and 1997 (July 2000)

International accounts

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

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

“U.S. International Transactions, Revised Estimates” is a series of articles about the annual ITA revisions and the improvements in methodology; the latest article is published in the July 2001 SURVEY.

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

The “Methodology for U.S. Direct Investment Abroad,” which is also available in *U.S. Direct Investment Abroad: 1994 Benchmark Survey, Final Results* (1998)

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

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

In addition, the updated methodology for foreign direct investment in the United States is available in *Foreign Direct Investment in the United States: Final Results From the 1997 Benchmark Survey* (2001)

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

Regional accounts

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

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

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

“Comprehensive Revision of Local Area Personal Income for 1969–98” (July 2000) summarizes the changes in the methodology that is used to prepare the estimates for counties and metropolitan areas. The detailed methodology is available on the CD-ROM *Regional Economic Information System, 1969–99*.

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



Schedule of Upcoming BEA News Releases

Personal Income and Outlays, January 2002	Mar. 1	8:30 a.m.
U.S. International Transactions, 4th quarter 2001	Mar. 14	8:30 a.m.
U.S. International Trade in Goods and Services, January 2002*	Mar. 19	8:30 a.m.
Gross Domestic Product, 4th quarter 2001 (final) and Corporate Profits, 4th quarter 2001	Mar. 28	8:30 a.m.
Personal Income and Outlays, February 2002	Mar. 29	8:30 a.m.
U.S. International Trade in Goods and Services, February 2002*	Apr. 17	8:30 a.m.
State Personal Income, 4th quarter 2001 and Per Capita Personal Income, 2001 (preliminary)	Apr. 23	9:00 a.m.
Gross Domestic Product by Industry, 2001 (preliminary)	Apr. 24	10:00 a.m.
Gross Domestic Product, 1st quarter 2002 (advance)	Apr. 26	8:30 a.m.
Personal Income and Outlays, March 2002	Apr. 29	8:30 a.m.
Local Area Personal Income, 2000	May 6	9:00 a.m.
U.S. International Trade in Goods and Services, March 2002*	May 17	8:30 a.m.
Gross Domestic Product, 1st quarter 2002 (preliminary) and Corporate Profits, 1st quarter 2002 (preliminary)	May 24	8:30 a.m.
Personal Income and Outlays, April 2002	May 28	8:30 a.m.
Foreign Investors' Spending to Acquire or Establish U.S. Businesses, 2001	June 5	10:00 a.m.
Gross State Product by Industry, 1998-2000	June 10	9:00 a.m.
U.S. International Trade in Goods and Services, April 2002*	June 20	8:30 a.m.
U.S. International Transactions, 1st quarter 2002	June 20	8:30 a.m.
Gross Domestic Product, 1st quarter 2002 (final) and Corporate Profits, 1st quarter 2002 (revised)	June 27	8:30 a.m.
Personal Income and Outlays, May 2002	June 28	8:30 a.m.
International Investment Position of the United States, 2002	June 28	10:00 a.m.

* Joint release by the Bureau of the Census and the Bureau of Economic Analysis (BEA)
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