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SURVEY OF CURRENT BUSINESS



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Federal Budget Estimates for Fiscal Year 2008

R&D Activities of U.S. Multinational Companies in 2004

Research Spotlight: Internal Markets of Multinational Firms

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

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SURVEY OF CURRENT BUSINESS

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1 GDP and the Economy: Preliminary Estimates for the Fourth Quarter of 2006

Real GDP increased 2.2 percent after increasing 2.0 percent, reflecting a downturn in imports and accelerations in consumer spending, in exports, and in Federal, state, and local government spending. Real disposable personal income increased 5.3 percent after increasing 3.2 percent.

10 Federal Budget Estimates for Fiscal Year 2008

Each year, BEA prepares estimates of Federal Government current receipts and expenditures that are based on the proposed *Budget of the U.S. Government*. The analysis of these translated estimates can be used to gauge the effects of the Federal budget on U.S. economic activity.

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22 Research and Development Activities of U.S. Multinational Companies: Preliminary Results From the 2004 Benchmark Survey

In 1999–2004, R&D expenditures of U.S. multinational companies grew at a 4-percent average annual rate after growing at a 7-percent rate in 1994–99. The R&D employment of these companies was 998,000 in 2004, up from 770,000 in 1999.

42 Research Spotlight: The Internal Markets of Multinational Firms

The authors summarized their recent studies of the internal markets of multinational corporations. Their research was based on BEA's firm-level international data, available through a program that allows researchers to work at BEA as special sworn employees.

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Looking Ahead . . .

Per Capita State Personal Income for 2006. These estimates, together with the estimates of state personal income for the fourth quarter, will be published in the April SURVEY.

U.S. International Transactions for 2006. The estimates of these transactions in the current account, the capital account, and the financial account will also be published in the April SURVEY.

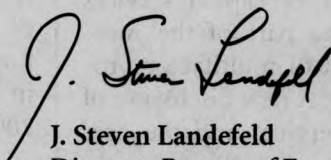
Director's Message

Providing improved data about research and development (R&D) is a high priority at BEA. And I am pleased to note an article in this month's SURVEY OF CURRENT BUSINESS that details R&D activity by U.S. multinational companies and their affiliates. This effort complements other initiatives at BEA, notably our R&D satellite account, the preliminary results of which were summarized in the December issue. I'd like to note also that the 2008 budget proposal, submitted by the President to Congress in February, includes a \$2.1 million request for an initiative to incorporate our measures of R&D into the national income and product accounts (NIPAs).

Speaking of the budget, another article translates the President's proposal into a government spending account that is consistent with the NIPAs. Economists and researchers often find this translation, published once a year, a useful tool for analyzing the economic consequences of the budget proposal.

This issue also includes a Research Spotlight on internal market activity at U.S. multinational companies. The article summarizes an impressive body of research by three professors—Mihir A. Desai, C. Fritz Foley, and James R. Hines Jr.—on a wide range of topical issues. The research was based largely on BEA's firm-level international data, which was made available through a program allowing researchers to work as unpaid special sworn employees of BEA. These special employees are granted access, for research purposes, to the rich store of microdata that BEA collects under the International Investment and Trade in Services Survey Act. We started publishing Research Spotlights a few years ago and are always on the lookout for outside research based on BEA data that can be similarly presented.

As always, the first article presents the most recent estimates of gross domestic product in an easy-to-view format.



J. Steven Landefeld
Director, Bureau of Economic Analysis

Taking Account...

BEA Contributes to New SNA Guidelines

The System of National Accounts (SNA) is a set of international guidelines for national accounts that was last updated in 1993. Since then, the Bureau of Economic Analysis (BEA) has used the SNA as a guide to improving its economic accounts.

Several major improvements to the national accounts that were outlined in the 1993 SNA include chain-type price and quantity indexes, capitalization of software, and the recognition of the implicit services provided by commercial banks.

Since 1993, however, the economy has changed significantly. Transactions that were not discussed in the 1993 SNA, such as employee stock options, have become more important. The world economy has become more interdependent. The importance of intangible assets, such as research and development, has become better understood. And national accounts users have asked for better information on pension funding and liabilities.

In 2003, the United Nations Statistical Commission called for an update to the SNA. BEA has actively participated in that process, helping to develop a set of final recommendations on 44 is-

ues. These recommendations were adopted by the U.N. Statistical Commission at its meeting in February–March 2007. BEA has already done considerable work on implementing key proposals and will do more. Recommendations to better account for the fast-changing economy include the following:

- Research and development (R&D) in principle should be treated as fixed investment. BEA has recently released a satellite R&D account and intends to treat R&D as investment in its core accounts by 2013.
- Employee stock options should be valued as compensation during the period between granting and vesting, and their valuation should be based on fair value. This treatment is similar to the latest standards adopted by the Financial Accounting Standards Board.
- For defined-benefit pension plans, the value of compensation should be based on the increase in the net present value of the employee's pension entitlement.
- Estimates of capital services should be part of the measurement of multifactor productivity. A new discussion of capital services and the user

cost formula will be included. Countries are encouraged to compile estimates of capital services and multifactor productivity.

- The updated SNA will include two recommendations that have already been adopted in BEA's accounts: A measure of insurance services that avoids large swings due to disasters, and the capitalization of military assets.
- The issue of whether to include a net return for the services of capital owned and used by government or non-profit institutions was placed on the research agenda.

Work will continue on the updated SNA, and BEA will continue to participate. The updated SNA will be released in two volumes, with the first volume containing the core of the system and integrating the 44 newly adopted proposals that are scheduled to be presented to the U.N. Statistical Commission for final approval in 2008.

BEA to Hold National Accounts User Meeting

The Bureau of Economic Analysis will host a meeting for users of the national income and product accounts at BEA's office in Washington, DC, on April 13, 2007.

GDP and the Economy

Preliminary Estimates for the Fourth Quarter of 2006

REAL gross domestic product (GDP) increased 2.2 percent after increasing 2.0 percent in the third quarter, according to the “preliminary” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The fourth-quarter growth rate was revised down 1.3 percentage points, an unusually large revision, from the “advance” estimate released in January (see “Revisions”).²

The small acceleration in real GDP growth in the fourth quarter primarily reflected a downturn in imports (subtracted in the derivation of GDP) and accelerations in consumer spending, in exports, and in Federal Government spending that were partly offset by downturns in inventory investment, in equipment and software investment, and in nonresidential structures investment.³

- Prices of goods and services purchased by U.S. residents increased 0.2 percent, following a 2.2-percent increase. Energy prices turned down sharply, and food prices decelerated.
- Real disposable personal income (DPI) increased 5.3 percent after increasing 3.2 percent (revised) in the third quarter. The acceleration reflected a downturn in the implicit price deflator used to adjust current-dollar DPI, which decelerated.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was -1.2 percent in the fourth quarter; in the third quarter, it was -1.4 percent (revised).

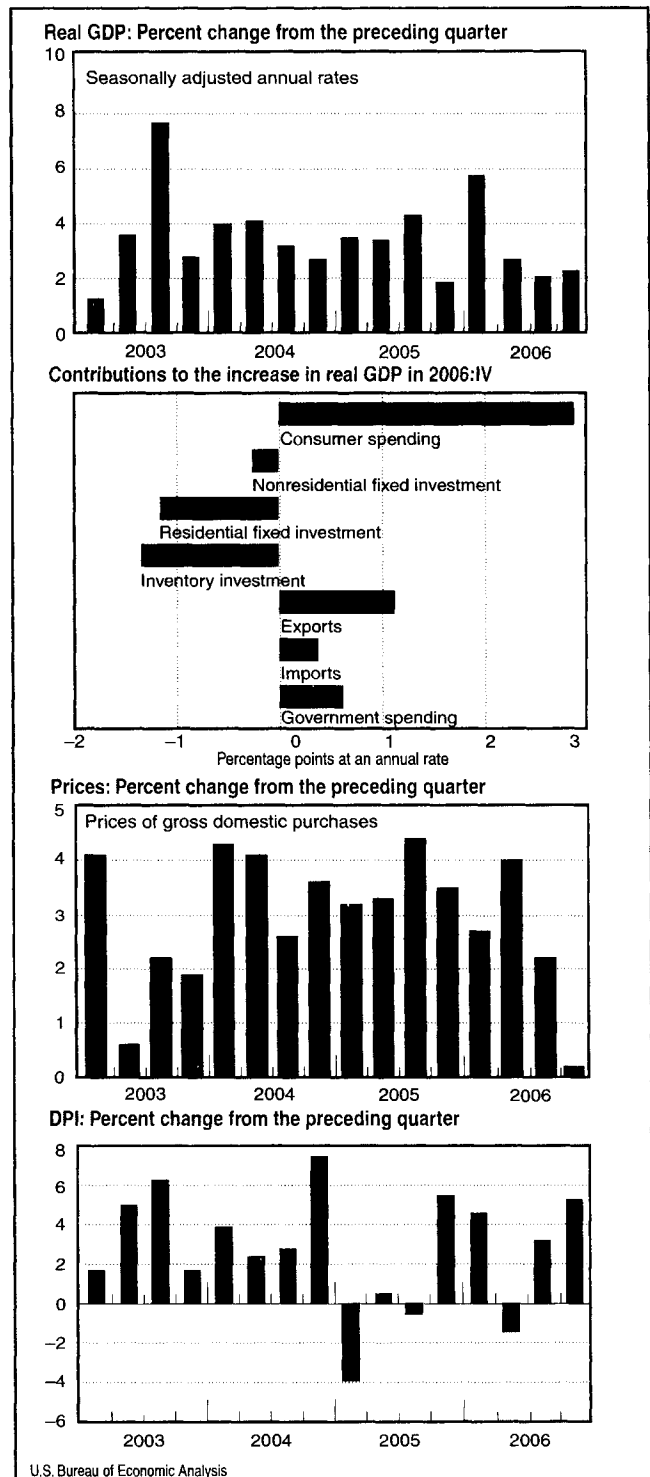
1. “Real” estimates are in chained (2000) dollars, and price indexes are chain-type measures.

2. Each GDP estimate for a quarter (advance, preliminary, and final) incorporates increasingly comprehensive and improved source data. More information can be found at <www.bea.gov/bea/about/infoqual.htm> and at <www.bea.gov/bea/faq/national/gdp_accuracy.htm>. Quarterly estimates are expressed at seasonally adjusted annual rates, which show the value of an activity if the quarterly rate were maintained for a year.

3. In this article, “consumer spending” refers to the NIPA series “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” “Federal Government spending” refers to “Federal Government consumption expenditures and gross investment,” and “state and local government spending” refers to “state and local government consumption expenditures and investment.”

Christopher Swann prepared this article.

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Real GDP Overview

Table 1. Real Gross Domestic Product and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)				
		2006					2006				
		IV	I	II	III	IV	I	II	III	IV	
Gross domestic product¹.....	100.0	5.6	2.6	2.0	2.2	5.6	2.6	2.0	2.2		
Personal consumption expenditures.....	70.1	4.8	2.6	2.8	4.2	3.38	1.81	1.96	2.88		
Durable goods.....	8.0	19.8	-0.1	6.4	4.4	1.50	-0.01	0.50	0.35		
Nondurable goods.....	20.3	5.9	1.4	1.5	6.0	1.20	0.30	0.32	1.19		
Services.....	41.7	1.6	3.7	2.8	3.2	0.67	1.52	1.14	1.34		
Gross private domestic investment.....	16.1	7.8	1.0	-0.8	-15.6	1.31	0.17	-0.13	-2.78		
Fixed investment.....	15.9	8.2	-1.6	-1.2	-8.5	1.34	-0.27	-0.19	-1.43		
Nonresidential.....	10.6	13.7	4.4	10.0	-2.4	1.36	0.45	1.01	-0.26		
Structures.....	3.2	8.7	20.3	15.7	-0.8	0.25	0.56	0.46	-0.03		
Equipment and software.....	7.4	15.6	-1.4	7.7	-3.2	1.11	-0.10	0.55	-0.24		
Residential.....	5.3	-0.3	-11.1	-18.7	-19.1	-0.02	-0.72	-1.20	-1.16		
Change in private inventories.....	0.1					-0.03	0.44	0.06	-1.35		
Net exports of goods and services.....	-5.2					-0.04	0.42	-0.19	1.50		
Exports.....	11.3	14.0	6.2	6.8	10.5	1.41	0.66	0.73	1.13		
Goods.....	8.0	17.3	6.0	9.4	8.5	1.20	0.45	0.71	0.65		
Services.....	3.3	6.7	6.7	0.8	15.5	0.21	0.21	0.03	0.48		
Imports.....	16.6	9.1	1.4	5.6	-2.2	-1.46	-0.24	-0.93	0.38		
Goods.....	13.9	9.4	-0.1	7.1	-3.8	-1.27	0.01	-1.00	0.56		
Services.....	2.7	7.4	9.9	-2.6	7.1	-0.19	-0.25	0.07	-0.18		
Government consumption expenditures and gross investment.....	19.1	4.9	0.8	1.7	3.3	0.94	0.16	0.32	0.62		
Federal.....	7.0	8.8	-4.5	1.3	4.4	0.61	-0.32	0.09	0.30		
National defense.....	4.7	8.9	-2.0	-1.2	12.3	0.41	-0.09	-0.06	0.54		
Nondefense.....	2.2	8.5	-9.3	6.5	-10.2	0.20	-0.23	0.15	-0.24		
State and local.....	12.2	2.7	4.0	1.9	2.6	0.33	0.48	0.23	0.32		

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)				
		2006					2006				
		IV	I	II	III	IV	I	II	III	IV	
Gross domestic product¹.....	100.0	5.6	2.6	2.0	2.2	5.6	2.6	2.0	2.2		
Final sales of domestic product.....	99.9	5.6	2.1	1.9	3.6	5.61	2.11	1.90	3.57		
Change in private inventories.....	0.1					-0.03	0.44	0.06	-1.35		
Goods.....	31.2	12.8	3.6	3.8	3.7	3.86	1.12	1.17	1.16		
Services.....	58.2	2.4	2.4	2.8	3.8	1.39	1.40	1.63	2.19		
Structures.....	10.6	2.9	0.3	-7.4	-10.1	0.33	0.04	-0.84	-1.14		
Addenda:											
Motor vehicle output.....	2.9	3.8	-9.4	27.4	-33.4	0.12	-0.31	0.76	-1.24		
GDP excluding motor vehicle output.....	97.1	5.6	3.0	1.2	3.6	5.46	2.87	1.20	3.46		
Final sales of computers.....	0.7	9.5	6.7	11.7	43.0	0.07	0.04	0.07	0.23		
GDP excluding final sales of computers.....	99.4	5.6	2.5	1.9	2.0	5.52	2.51	1.89	1.99		

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE: Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Consumer spending accelerated and contributed 2.88 percentage points to real GDP growth in the fourth quarter after adding 1.96 percentage points in the third quarter. Nondurable goods and services accelerated, while durable goods decelerated.

Nonresidential fixed investment turned down and subtracted 0.26 percentage point from real GDP growth after adding 1.01 percentage points. The downturn reflected downturns both in equipment and software and in structures.

Residential investment decreased about the same in the fourth quarter as in the third and subtracted 1.16 percentage points from real GDP growth after subtracting 1.20 percentage points.

Inventory investment turned down and subtracted 1.35 percentage points from real GDP growth after adding slightly to third-quarter growth.

Exports accelerated and contributed 1.13 percentage points to real GDP growth after adding 0.73 percentage point. A strong acceleration in services more than offset a slight deceleration in goods.

Imports turned down, reflecting a downturn in goods that more than offset an upturn in services, and added 0.38 percentage point to real GDP growth after subtracting 0.93 percentage point.

Federal Government spending picked up, reflecting an upturn in national defense spending that added 0.54 percentage point to real GDP growth. Nondefense spending turned down, reducing real GDP growth by 0.24 percentage point.

State and local government spending accelerated, primarily reflecting an upturn in investment.

Real final sales of domestic product, real GDP less inventory investment, accelerated, increasing 3.6 percent after increasing 1.9 percent.

Motor vehicle output turned down sharply, primarily reflecting downturns in both truck and auto output, and subtracted 1.24 percentage points from real GDP growth after adding 0.76 percentage point.

Final sales of computers accelerated, increasing 43.0 percent after increasing 11.7 percent.

Consumer Spending

Table 3. Real Personal Consumption Expenditures (PCE)
[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)					Contribution to percent change in real PCE (percentage points)				
		2006		2006			2006		2006		
		IV	I	II	III	IV	I	II	III	IV	
PCE¹	100.0	4.8	2.6	2.8	4.2	4.8	2.6	2.8	4.2		
Durable goods	11.5	19.8	-0.1	6.4	4.4	2.14	-0.01	0.72	0.50		
Motor vehicles and parts	4.7	18.9	-1.2	8.6	-4.4	0.85	-0.06	0.40	-0.21		
Furniture and household equipment	4.4	22.8	3.3	6.7	13.3	0.92	0.14	0.28	0.55		
Other ²	2.4	16.3	-3.7	1.6	7.2	0.37	-0.09	0.04	0.17		
Nondurable goods	29.0	5.9	1.4	1.5	6.0	1.71	0.42	0.46	1.73		
Food	13.9	6.7	2.0	-0.7	6.6	0.92	0.27	-0.10	0.90		
Clothing and shoes	3.9	8.6	-3.8	5.5	6.7	0.33	-0.15	0.21	0.26		
Gasoline, fuel oil, and other energy goods	3.3	-1.3	0.7	5.0	1.0	-0.05	0.03	0.19	0.04		
Other ³	8.0	6.4	3.4	2.0	6.9	0.51	0.27	0.15	0.54		
Services	59.5	1.6	3.7	2.8	3.2	0.96	2.17	1.64	1.94		
Housing	15.1	2.3	2.4	2.6	3.2	0.34	0.36	0.38	0.48		
Household operation	5.5	-14.0	8.4	9.7	3.9	-0.84	0.44	0.51	0.22		
Electricity and gas	2.3	-29.7	15.8	21.9	8.5	-0.83	0.34	0.46	0.19		
Other household operation	3.2	-0.1	3.4	1.6	0.7	0.00	0.11	0.05	0.02		
Transportation	3.6	4.0	1.7	1.3	3.5	0.15	0.06	0.05	0.13		
Medical care	17.2	4.3	2.6	2.1	3.1	0.74	0.44	0.36	0.53		
Recreation	4.1	3.1	0.8	3.0	2.6	0.13	0.03	0.12	0.11		
Other ⁴	14.0	3.2	6.1	1.6	3.4	0.45	0.83	0.22	0.48		

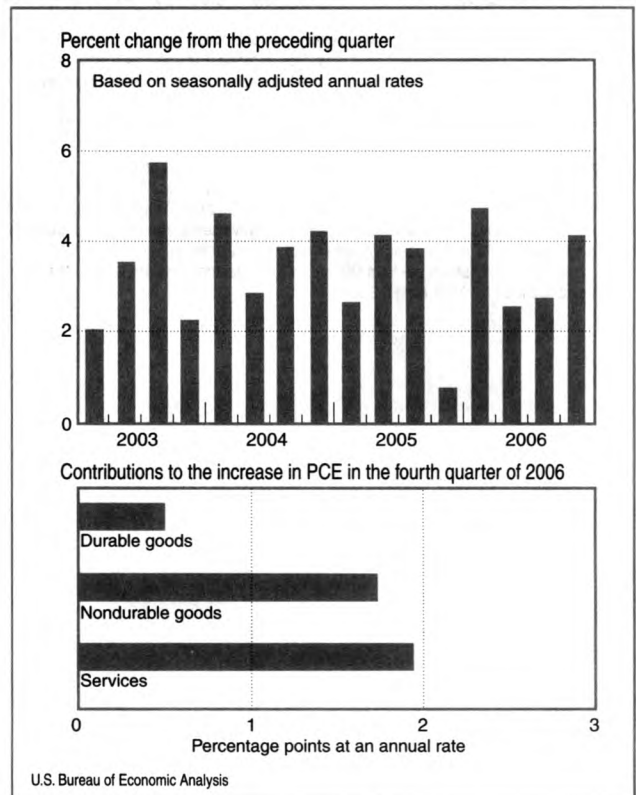
Spending for durable goods slowed in the fourth quarter, reflecting a downturn in motor vehicles and parts that was partly offset by accelerations in furniture and household equipment and in "other" durable goods.

Spending for nondurable goods accelerated and contributed 1.73 percentage points to the growth in real consumer spending. The acceleration mainly reflected an upturn in spending for food. Spending for "other" nondurable goods accelerated.

Spending for services accelerated and contributed 1.94 percentage points to the growth in real consumer spending. Accelerations in "other" services, in medical care, and in housing were the main contributors to the growth in real consumer spending for services. Spending for electricity and gas decelerated.

1. The estimates under the contribution columns are also percent changes.
 2. 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.
 3. 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.
 4. Includes personal care, personal business, education and research, religious and welfare activities, and net foreign travel.
 NOTE: Percent changes are from NIPA table 2.3.1, and contributions, from NIPA table 2.3.2; shares are calculated from NIPA table 2.3.5.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 4. Real Private Fixed Investment (PFI)
[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)					Contribution to percent change in real PFI (percentage points)			
		2006					2006			
		IV	I	II	III	IV	I	II	III	IV
Private fixed investment¹.....	100.0	8.2	-1.6	-1.2	-8.5	8.2	-1.6	-1.2	-8.5	
Nonresidential.....	66.4	13.7	4.4	10.0	-2.4	8.30	2.72	6.16	-1.56	
Structures.....	20.2	8.7	20.3	15.7	-0.8	1.50	3.34	2.79	-0.16	
Commercial and health care	7.5	7.1	11.7	25.6	-2.1	0.46	0.74	1.61	-0.15	
Manufacturing.....	1.4	-1.7	28.0	11.3	-9.7	-0.02	0.32	0.15	-0.14	
Power and communication....	2.1	14.3	4.9	16.0	-11.5	0.27	0.10	0.31	-0.25	
Mining exploration, shafts, and wells.....	5.3	2.0	28.0	10.0	3.7	0.09	1.16	0.48	0.19	
Other structures ²	3.8	23.6	35.1	7.3	5.5	0.71	1.03	0.25	0.20	
Equipment and software.....	46.2	15.6	-1.4	7.7	-3.2	6.80	-0.62	3.36	-1.41	
Information processing equipment and software....	22.8	21.8	-1.1	10.0	0.6	4.52	-0.24	2.13	0.13	
Computers and peripheral equipment.....	4.0	24.9	4.7	22.0	1.5	0.94	0.18	0.79	0.06	
Software ³	10.0	12.2	4.2	6.0	8.3	1.12	0.39	0.56	0.78	
Other ⁴	8.8	31.6	-9.0	9.3	-7.8	2.46	-0.82	0.78	-0.71	
Industrial equipment.....	8.0	-3.6	13.6	0.2	-5.4	-0.28	0.98	0.02	-0.42	
Transportation equipment.....	7.2	27.7	-22.8	13.6	-14.0	1.90	-1.91	0.92	-1.05	
Other equipment ⁵	8.2	8.5	7.4	3.8	-0.9	0.66	0.56	0.30	-0.07	
Residential.....	33.6	-0.3	-11.1	-18.7	-19.1	-0.11	-4.33	-7.31	-6.91	
Structures.....	33.1	-0.5	-11.2	-18.9	-19.3	-0.17	-4.32	-7.30	-6.91	
Permanent site.....	19.9	0.8	-17.6	-25.0	-29.7	0.19	-4.46	-6.28	-6.91	
Single family.....	17.1	-1.8	-19.2	-28.6	-34.5	-0.39	-4.39	-6.47	-7.23	
Multifamily.....	2.8	25.7	-2.6	7.8	12.3	0.58	-0.07	0.19	0.32	
Other structures ⁶	13.3	-2.7	1.1	-7.5	0.0	-0.36	0.14	-1.02	0.00	
Equipment.....	0.5	13.6	-2.9	-2.2	-1.3	0.06	-0.01	-0.01	-0.01	

1. The estimates of fixed investment under the contribution columns are also percent changes
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 3. Excludes software "embedded," or bundled, in computers and other equipment.
 4. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 5. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 6. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 NOTE: Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

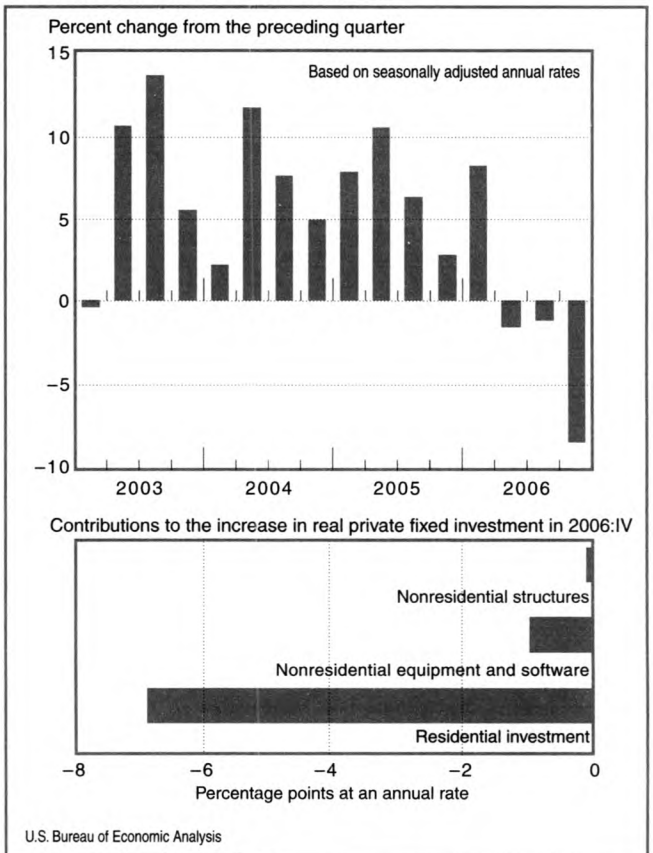
Real private fixed nonresidential investment turned down, reflecting downturns in business investment in equipment and software and in structures.

Investment in nonresidential structures turned down, mainly reflecting downturns in commercial and health care structures, power and communication structures, and manufacturing structures.

Investment in equipment and software turned down; a deceleration in information processing equipment and software and a downturn in transportation equipment were the main contributors.

Residential investment decreased about the same in the fourth quarter as in the third quarter. A larger decrease in single-family structures was offset by a upturn in "other" structures, notably brokers' commissions.

Chart 3. Real Private Fixed Investment



Inventory Investment

Table 5. Real Change in Private Inventories by Industry
 [Billions of chained (2000) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter				
	2005		2006			2006				
	IV	I	II	III	IV	I	II	III	IV	
Change in private inventories¹ ..	43.5	41.2	53.7	55.4	17.3	-2.3	12.5	1.7	-38.1	
Farm	4.8	4.3	1.9	2.5	2.4	-0.5	-2.4	0.6	-0.1	
Mining, utilities, and construction	-0.5	-2.0	5.4	1.6	1.0	-1.5	7.4	-3.8	-0.6	
Manufacturing	0.5	7.6	11.1	10.1	8.5	7.1	3.5	-1.0	-1.6	
Durable-goods industries	-1.3	-0.1	5.7	9.4	14.3	1.2	5.8	3.7	4.9	
Nondurable-goods industries	1.5	7.1	5.2	1.1	-4.8	5.6	-1.9	-4.1	-5.9	
Wholesale trade	13.3	15.0	19.3	33.7	8.1	1.7	4.3	14.4	-25.6	
Durable-goods industries	17.8	6.4	15.3	27.7	4.8	-11.4	8.9	12.4	-22.9	
Nondurable-goods industries	-3.3	8.2	4.5	6.9	3.2	11.5	-3.7	2.4	-3.7	
Retail trade	26.4	12.8	7.8	2.2	-7.9	-13.6	-5.0	-5.6	-10.1	
Motor vehicle and parts dealers	19.8	5.5	1.0	-7.2	-17.6	-14.3	-4.5	-8.2	-10.4	
Food and beverage stores	1.3	1.0	1.0	0.2	-0.2	-0.3	0.0	-0.8	-0.4	
General merchandise stores	1.1	-4.7	-0.5	4.8	4.7	-5.8	4.2	5.3	-0.1	
Other retail stores	5.1	10.8	6.1	3.6	3.5	5.7	-4.7	-2.5	-0.1	
Other industries	0.8	5.2	7.4	5.1	3.6	4.4	2.2	-2.3	-1.5	
Residual ²	-3.6	-0.5	0.7	-0.3	2.4	3.1	1.2	-1.0	2.7	
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales	2.42	2.40	2.40	2.41	2.39					
Nonfarm inventories to final sales	2.22	2.20	2.20	2.21	2.20					
Nonfarm inventories to final sales of goods and structures	3.55	3.48	3.50	3.52	3.50					

1. The levels are from NIPA table 5.6.6B.
 2. The residual is the difference between the first line and the sum of the most detailed lines. It reflects that chained-dollar estimates are usually not additive, because they are based on quantity indexes that use weights of more than one period.
 3. The ratios are from NIPA table 5.7.6B.

Real inventory investment turned down, decreasing \$38.1 billion; in contrast, in the third quarter, it increased \$1.7 billion.

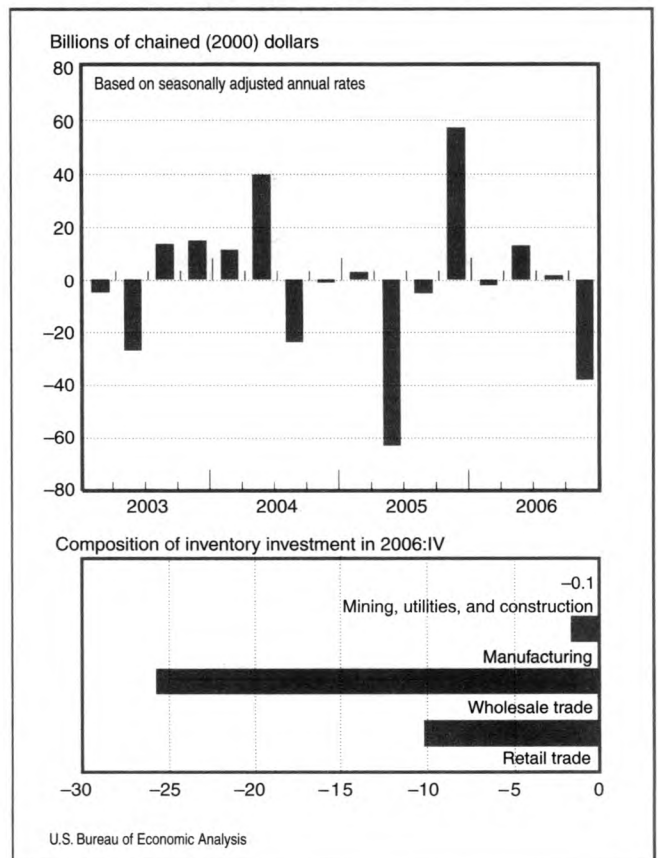
Inventory investment in the mining, utilities, and construction industries decreased \$0.6 billion after decreasing \$3.8 billion.

Inventory investment in manufacturing decreased \$1.6 billion in the fourth quarter after decreasing \$1.0 billion, reflecting a larger decrease in nondurable-goods industries that more than offset a step-up in durable-goods industries.

Inventory investment in wholesale trade turned down sharply. The downturn was widespread across both durable-goods and nondurable-goods industries.

Inventory investment in retail trade decreased more than in the third quarter, primarily reflecting a larger decrease in investment by retail motor vehicle and parts dealers.

Chart 4. Real Private Inventory Investment



Inventory Investment

The real change in private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or year. BEA does not always have complete data for every industry.

Exports and Imports

Table 6. Real Exports and Imports of Goods and Services
[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)					Contribution to percent change in real exports and imports (percentage points)			
		2006					2006			
		IV	I	II	III	IV	I	II	III	IV
Exports of goods and services¹	100.0	14.0	6.2	6.8	10.5	14.0	6.2	6.8	10.5	
Exports of goods²	70.8	17.3	6.0	9.4	8.5	11.92	4.22	6.58	6.05	
Foods, feeds, and beverages ..	4.5	15.8	20.7	13.2	-18.3	0.69	0.86	0.59	-0.93	
Industrial supplies and materials	18.3	26.5	14.4	3.1	9.5	4.36	2.48	0.58	1.73	
Capital goods, except automotive	28.5	16.3	6.6	5.6	15.0	4.59	1.85	1.58	4.11	
Automotive vehicles, engines, and parts	7.2	2.7	-4.6	26.9	-7.8	0.22	-0.35	1.81	-0.59	
Consumer goods, except automotive	9.0	15.7	1.1	15.2	14.9	1.39	0.10	1.29	1.28	
Other	3.4	20.5	-19.7	24.0	13.8	0.68	-0.72	0.73	0.45	
Exports of services²	29.2	6.7	6.7	0.8	15.5	2.07	1.97	0.25	4.43	
Imports of goods and services¹	100.0	9.1	1.4	5.6	-2.2	9.1	1.4	5.6	-2.2	
Imports of goods²	84.0	9.4	-0.1	7.1	-3.8	7.90	-0.05	5.98	-3.26	
Foods, feeds, and beverages ..	3.5	16.5	-4.8	10.4	-1.2	0.54	-0.16	0.33	-0.04	
Industrial supplies and materials, except petroleum and products	13.0	1.9	-1.2	14.2	-19.6	0.27	-0.15	1.77	-2.84	
Petroleum and products	11.9	-4.8	-18.3	7.1	-20.4	-0.67	-2.78	1.01	-3.01	
Capital goods, except automotive	19.2	16.1	11.6	13.5	-2.7	2.88	2.05	2.41	-0.51	
Automotive vehicles, engines, and parts	11.6	14.3	-1.3	-8.3	7.3	1.65	-0.15	-0.97	0.80	
Consumer goods, except automotive	21.1	8.4	5.7	15.2	18.2	1.64	1.07	2.80	3.39	
Other	3.8	44.1	1.9	-28.6	-23.9	1.61	0.08	-1.38	-1.04	
Imports of services²	16.0	7.4	9.9	-2.6	7.1	1.15	1.49	-0.40	1.07	
Addenda:										
Exports of agricultural goods ³	4.9	23.8	19.1	2.1	-17.9					
Exports of nonagricultural goods	65.8	16.8	5.1	10.0	10.8					
Imports of nonpetroleum goods	72.1	12.3	3.9	7.2	-0.4					

Real export growth accelerated, reflecting an acceleration in exports of services that more than offset a small deceleration in exports of goods.

The deceleration in exports of goods reflected downturns in automotive vehicles, engines, and parts and in foods, feeds, and beverages. The downturns were partly offset by step-ups in nonautomotive capital goods and in industrial supplies and materials.

Exports of services accelerated, primarily reflecting an upturn in travel and an acceleration in "other" private services.

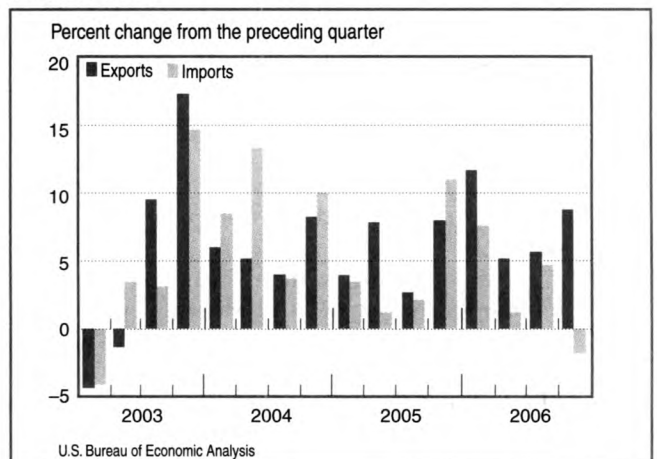
Real imports turned down, reflecting a downturn in imports of goods.

The downturn in imports of goods primarily reflected downturns in nonpetroleum industrial supplies and materials, in petroleum and products, and in nonautomotive capital goods.

Imports of services turned up, primarily reflecting an upturn in travel by U.S. citizens abroad and an acceleration in "other" private services.

1. The estimates under the contribution columns are also percent changes.
 2. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services.
 3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.
 Note. Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 7. Real Government Consumption Expenditures and Gross Investment (CEGI)

[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)				Contribution to percent change in real CEGI (percentage points)			
		2006				2006			
		IV	I	II	III	IV	I	II	III	IV
Government consumption expenditures and gross investment¹ ..	100.0	4.9	0.8	1.7	3.3	4.9	0.8	1.7	3.3
Consumption expenditures	82.9	4.4	-0.5	2.5	3.6	3.65	-0.41	2.06	2.98
Gross investment	17.1	7.6	7.4	-2.3	1.6	1.26	1.22	-0.39	0.28
Federal	36.4	8.8	-4.5	1.3	4.4	3.17	-1.69	0.47	1.58
National defense	24.7	8.9	-2.0	-1.2	12.3	2.15	-0.50	-0.30	2.86
Consumption expenditures	21.5	9.1	-4.1	-0.9	11.3	1.91	-0.91	-0.20	2.31
Gross investment	3.2	7.9	14.1	-3.1	19.0	0.24	0.41	-0.10	0.55
Nondefense	11.7	8.5	-9.3	6.5	-10.2	1.02	-1.19	0.77	-1.28
Consumption expenditures	10.3	8.1	-5.0	6.5	-9.1	0.85	-0.55	0.67	-0.99
Gross investment	1.5	10.8	-32.9	6.7	-17.3	0.18	-0.65	0.10	-0.28
State and local	63.6	2.7	4.0	1.9	2.6	1.74	2.50	1.20	1.69
Consumption expenditures	51.1	1.7	2.1	3.1	3.3	0.89	1.05	1.59	1.67
Gross investment	12.5	7.0	12.5	-3.1	0.1	0.85	1.46	-0.39	0.01

1. The estimates under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 3.9.1, contributions from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Real government spending picked up, reflecting an acceleration in consumption expenditures and an upturn in gross investment that was due to an upturn in investment in structures.

Federal Government spending accelerated, reflecting an upturn in national defense spending that more than offset a downturn in nondefense spending.

State and local government spending accelerated, reflecting an upturn in gross investment that primarily reflected a smaller decrease in structures than in the third quarter; consumption expenditures accelerated.

Government Spending

“Government consumption expenditures and gross investment,” or “government spending,” consists of two main components: (1) Consumption expenditures by Federal and by state and local governments and (2) gross investment by government and government-owned enterprises.

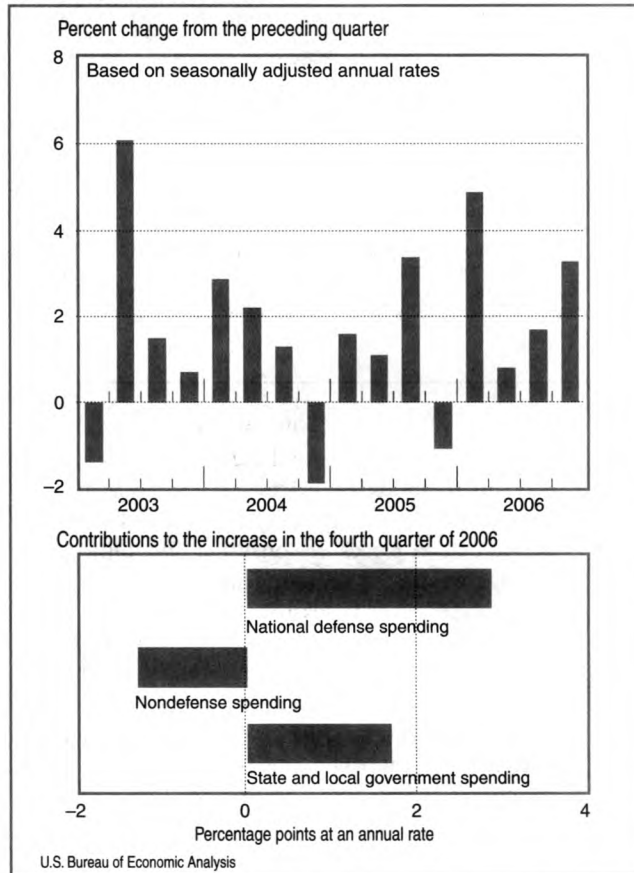
Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and capital services and for intermediate goods and services.¹

Gross investment consists of new and used structures (such as highways and dams) and equipment and software purchased or produced by government and government-owned enterprises.

Government consumption and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

1. Capital services is also known as consumption of fixed capital (depreciation) and represents a partial measure of the services provided by government-owned fixed capital.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 8. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2000=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2006				2006			
	I	II	III	IV	I	II	III	IV
Gross domestic purchases¹	2.7	4.0	2.2	0.2	2.7	4.0	2.2	0.2
Personal consumption expenditures	2.0	4.0	2.4	-0.9	1.35	2.66	1.55	-0.58
Durable goods	-1.0	-0.8	-1.1	-2.7	-0.07	-0.06	-0.08	-0.21
Nondurable goods	1.1	8.3	2.3	-7.7	0.21	1.58	0.46	-1.55
Services	3.1	2.9	3.0	3.0	1.22	1.15	1.18	1.18
Gross private domestic investment	3.7	3.1	0.6	3.2	0.58	0.50	0.10	0.49
Fixed investment	3.8	3.0	0.5	3.1	0.59	0.47	0.08	0.47
Nonresidential	3.7	3.0	0.9	2.5	0.36	0.30	0.09	0.26
Structures	12.4	10.7	5.3	5.4	0.32	0.29	0.15	0.16
Equipment and software	0.6	0.1	-0.9	1.5	0.04	0.01	-0.06	0.10
Residential	3.8	2.9	-0.1	4.1	0.23	0.17	-0.01	0.21
Change in private inventories					-0.01	0.03	0.02	0.02
Government consumption expenditures and gross investment	4.4	4.8	2.8	1.6	0.79	0.86	0.51	0.30
Federal	7.6	3.8	2.0	0.0	0.49	0.25	0.13	0.00
National defense	6.7	4.1	2.3	-0.3	0.29	0.18	0.10	-0.02
Nondefense	9.5	3.2	1.4	0.8	0.20	0.07	0.03	0.02
State and local	2.6	5.4	3.4	2.6	0.30	0.61	0.38	0.29
Addenda:								
Gross domestic purchases:								
Food	2.6	1.7	3.0	2.3	0.24	0.16	0.28	0.21
Energy goods and services	-2.4	30.6	0.6	-33.8	-0.11	1.37	0.03	-2.03
Excluding food and energy	3.0	2.9	2.2	2.4	2.59	2.49	1.85	2.03
Personal consumption expenditures (PCE):								
Food	2.8	1.7	2.9	1.9				
Energy goods and services	0.1	29.7	3.7	-36.0				
Excluding food and energy	2.1	2.7	2.2	1.9				
"Market-based" PCE	1.7	4.2	2.2	-1.6				
Excluding food and energy	1.6	2.7	1.9	1.6				
Gross domestic product	3.3	3.3	1.9	1.7				

1. The estimates under the contribution columns are also percent changes.

NOTE. All the percent changes except those for PCE for food and energy goods and services and for PCE excluding food and energy are from NIPA table 1.6.7; the changes for PCE excluding food and energy are from index numbers in NIPA table 2.3.4. The contributions are from NIPA table 1.6.8.

Inflation, as measured by the price index for gross domestic purchases, was 0.2 percent, compared with 2.2 percent in the third quarter. It was the slowest rate of inflation since the first quarter of 1998. Energy prices turned down sharply, decreasing 33.8 percent. Food prices decelerated. Excluding food and energy, inflation was 2.4 percent, compared with 2.2 percent in the third quarter.

Consumer prices, as measured by the PCE price index, turned down, reflecting a sharp downturn in energy prices and a deceleration in food prices.

Prices paid for nonresidential fixed investment accelerated, primarily reflecting an upturn in prices paid for transportation equipment.

Prices paid for residential investment turned up, increasing 4.1 percent after decreasing 0.1 percent.

Prices paid by government slowed. Prices paid by the Federal Government were unchanged after increasing 2.0 percent, and prices paid by state and local governments decelerated.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, slowed, increasing 1.9 percent after increasing 2.2 percent.

The "market-based" PCE price index decreased 1.6 percent; excluding food and energy, it increased 1.6 percent.

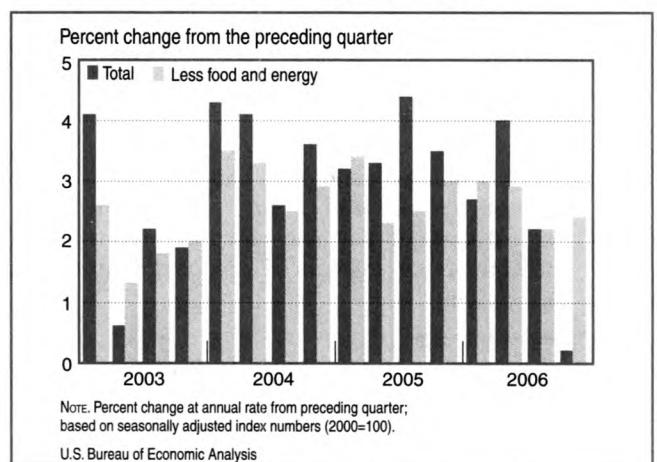
Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services purchased in the United States. It is derived from prices of consumer spending, private investment, government spending, and prices paid for imports.

The GDP price index measures the prices paid for all the goods and services produced in the United States, and it includes the prices of goods and services that are exported.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between the imports prices (included in the gross domestic purchases index) and the exports prices (included in the GDP price index).

Chart 7. Gross Domestic Purchases Prices



Revisions

Table 9. Advance and Preliminary Estimates for the Fourth Quarter of 2006

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Preliminary	Preliminary minus advance	Advance	Preliminary	Preliminary minus advance
Gross domestic product (GDP) ¹	3.5	2.2	-1.3	3.5	2.2	-1.3
Personal consumption expenditures	4.4	4.2	-0.2	2.13	2.88	0.75
Durable goods	6.0	4.4	-1.6	0.66	0.35	-0.31
Nondurable goods	6.9	6.0	-0.9	0.33	1.19	0.86
Services	2.9	3.2	0.3	1.15	1.34	0.19
Gross private domestic investment	-11.0	-15.6	-4.6	-0.34	-2.78	-2.44
Fixed investment	-7.3	-8.5	-1.2	-0.24	-1.43	-1.19
Nonresidential	-0.4	-2.4	-2.0	0.88	-0.26	-1.14
Structures	2.8	-0.8	-3.6	0.41	-0.03	-0.44
Equipment and software	-1.8	-3.2	-1.4	0.46	-0.24	-0.70
Residential	-19.2	-19.1	0.1	-1.12	-1.16	-0.04
Change in private inventories				-0.10	-1.35	-1.25
Net exports of goods and services				-0.58	1.50	2.08
Exports	10.0	10.5	0.5	0.70	1.13	0.43
Goods	8.8	8.5	-0.3	0.75	0.65	-0.10
Services	13.0	15.5	2.5	-0.05	0.48	0.53
Imports	-3.2	-2.2	1.0	-1.28	0.38	1.66
Goods	-5.0	-3.8	1.2	-1.31	0.56	1.87
Services	6.7	7.1	0.4	0.03	-0.18	-0.21
Government consumption expenditures and gross investment	3.7	3.3	-0.4	0.37	0.62	0.25
Federal	4.5	4.4	-0.1	0.12	0.30	0.18
National defense	11.9	12.3	0.4	-0.03	0.54	0.57
Nondefense	-9.3	-10.2	-0.9	0.15	-0.24	-0.39
State and local	3.3	2.6	-0.7	0.25	0.32	0.07
Addenda:						
Final sales of domestic product	4.2	3.6	-0.6	1.68	3.57	1.89
Gross domestic purchases price index	0.1	0.2	0.1			
GDP price index	1.5	1.7	0.2			

1. The estimates for GDP under the contribution columns are also percent changes.

The 2.2-percent preliminary estimate of real GDP growth is 1.3 percentage points less than the advance estimate. The average revision (without regard to sign) between the “advance” and “preliminary” estimates is 0.5 percentage point; only seven times in 30 years has the revision been 1.3 percentage points or more. The downward revision to the percent change in real GDP primarily reflected downward revisions to inventory investment and to consumer spending and an upward revision to imports of goods.

The downward revision to consumer spending reflected new Census Bureau retail data and new vehicle registration data. Downward revisions to nondurable goods and durable goods were widespread.

The downward revision to inventory investment reflected new Census Bureau data; a downward revision to wholesale trade inventories was partly offset by an upward revision to retail trade industries.

The upward revision to imports of goods reflected new Census Bureau goods data. Automotive vehicles, engines, and parts were revised up.

Source Data for the Preliminary Estimates

Personal consumption expenditures: Retail sales for November and December (revised). Motor vehicle registrations for October and November (revised) and December (new). Retail electricity sales for November (new) and natural gas sales for October (revised) and November (new).

Nonresidential fixed investment: Construction put in place for October and November (revised) and December (new). Manufacturers’ shipments of machinery and equipment for October–December (revised).

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

Change in private inventories: Manufacturers’ inventories for November and December (revised) and trade inventories for November (revised) and December (new).

Exports and imports of goods and services: International transactions for October and November (revised) and December (new).

Government consumption expenditures and gross investment: State and local construction put in place for October and November (revised) and December (new).

Personal Income for the Third Quarter

With the release of the preliminary estimates of GDP, BEA also releases revised estimates of various income-related series for the previous quarter. This revision reflects the incorporation of newly available, third-quarter tabulations from the quarterly census of employment and wages from the Bureau of Labor Statistics.

Wages and salaries increased \$46.7 billion in the third quarter, a downward revision of \$26.9 billion. Personal current taxes increased \$1.5 billion, a downward revision of \$3.7 billion. Contributions for government social insurance—a subtraction in calculating personal income—increased \$6.4 billion, a downward revision of \$3.7 billion. As a result of these revisions

- Personal income increased \$132.1 billion, a downward revision of \$25.1 billion.
- Disposable personal income increased \$130.8 billion, a downward revision of \$21.3 billion.
- Personal saving decreased \$2.2 billion, a downward revision of \$21.3 billion.
- The personal saving rate was -1.4 percent, a downward revision of 0.2 percentage point.

Federal Budget Estimates for Fiscal Year 2008

By Mary L. Roy and Andrew P. Cairns

ON February 5, 2007, the President submitted the *Federal Budget of the United States Government, Fiscal Year 2008* to Congress.¹ For fiscal year 2008, the Federal budget projects a \$239.4 billion deficit, a \$4.8 billion decrease from the \$244.2 billion deficit that is projected for fiscal year 2007. Fiscal year 2006 ended with a \$248.2 billion deficit.²

The budget is presented on a “unified budget” basis, in effect, on a cash basis. It is a financial plan for the Federal Government. Based on this proposed budget, the Bureau of Economic Analysis annually prepares estimates of Federal Government current receipts and expenditures. These translated estimates are consistent with the national income and product accounts (NIPAs), which are designed to broadly measure output and income from production (see the box “NIPA Estimates of the Federal Sector and the Federal Budget Estimates”). Because the estimates of receipts and expenditures are based on the budget estimates, they embody the same assumptions about unemployment, inflation, long-term interest rates, and other variables.³

This analysis thus provides a way to gauge the effects of the Federal budget on various aggregate measures of U.S. economic activity, such as the Federal Government’s impact on national saving. The results of the analysis include the following:

- NIPA net Federal Government saving for fiscal year 2008 is projected to be $-\$238.3$ billion, a $\$4.9$ billion decrease from net Federal Government saving of $-\$233.4$ billion that is projected for fiscal year 2007.
- Proposed legislative and program changes would add $\$201.2$ billion to the Federal budget deficit in fiscal year 2008; the increase mainly reflects a proposed appropriation to continue funding for the

global war on terror and a proposed extension of the alternative minimum tax relief for individuals.

The rest of this article is divided into four sections. First, the budget estimates are summarized, and the effects of the major legislative proposals and program changes on the budget are reviewed. Second, the budget projections and the NIPA estimates are compared. Third, annual and quarterly NIPA estimates for fiscal years 2007 and 2008 that are based on the budget are presented. Fourth, the methodology used to translate the budget projections into the NIPA framework is explained.

The Budget Estimates

Federal budget receipts in fiscal year 2008 are projected to increase $\$122.4$ billion, to $\$2,662.5$ billion, according to the President’s budget proposal (table 1). Federal budget receipts in fiscal year 2007 are estimated to be $\$2,540.1$ billion, a $\$132.8$ billion increase. The deceleration is more than accounted for by a deceleration in individual income taxes, which would increase $\$77.8$ billion in 2008 after increasing $\$124.9$ billion in 2007, and a continued decline in corporation income taxes, which would decrease $\$27.1$ billion after decreasing $\$11.9$ billion in 2007. The deceleration in budget receipts in 2008 is tempered by an acceleration in social insurance taxes and contributions, which would increase $\$53.8$ billion after increasing $\$35.6$ billion, and by an upturn in excise taxes, which would increase $\$11.0$ billion after decreasing $\$16.9$ billion.

Table 1. Budget Receipts by Source

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2005	2006	2007	2008	2006	2007	2008
Budget receipts	2,153.9	2,407.3	2,540.1	2,662.5	253.4	132.8	122.4
Individual income taxes.....	927.2	1,043.9	1,168.8	1,246.6	116.7	124.9	77.8
Corporation income taxes.....	278.3	353.9	342.1	314.9	75.6	-11.9	-27.1
Social insurance taxes and contributions.....	794.1	837.8	873.4	927.2	43.7	35.6	53.8
Excise taxes.....	73.1	74.0	57.1	68.1	0.9	-16.9	11.0
Estate and gift taxes.....	24.8	27.9	25.3	25.7	3.1	-2.6	0.4
Customs duties.....	23.4	24.8	26.8	29.2	1.4	2.0	2.5
Miscellaneous receipts.....	33.0	45.0	46.7	50.7	12.0	1.7	4.0

Source: *Budget of the United States Government, Fiscal Year 2008*.

1. Executive Office of the President, Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2008* (Washington, DC: U.S. Government Printing Office, 2007); <www.whitehouse.gov/omb/budget/fy2008/budget.html>.

2. These estimates of the Federal budget are derived from all Federal transactions; they are the difference between the unified budget receipts and the unified budget outlays. Other measures of the Federal budget that differ from these measures may present off-budget and on-budget transactions and trust funds surplus and Federal funds deficit.

3. See “Economic Assumptions,” in *Analytical Perspectives: Budget of the United States Government, Fiscal Year 2008*, 165–174.

NIPA Estimates of the Federal Sector and the Federal Budget 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 Federal budget, which is a financial plan of the Government, the NIPA Federal estimates are designed to facilitate macroeconomic analyses of the effects of Federal Government activity on national and personal income and on national saving.¹

Unlike the Federal budget estimates, the NIPAs distinguish current transactions from capital transactions. Current transactions for production, for income, and for consumption are presented in the summary NIPA accounts 1–5, and capital transactions for the acquisition and disposal of nonfinancial assets are presented in summary NIPA accounts 6 and 7.² Because of this organization, the following types of transactions are not included in NIPA Federal Government current receipts and current expenditures but are shown in account 6 and as addenda items in NIPA table 3.2:

- **Government investment in fixed assets.** In the NIPAs, government consumption expenditures exclude investment in fixed assets and include consumption of fixed capital, a depreciation charge on fixed assets that are used in production.
- **Transfers involving the acquisition or disposal of assets.** In the NIPAs, these transactions are classified as capital transfer receipts and payments and are presented in the domestic capital account.³ Capital transfers include certain investment grants-in-aid to state and local governments, investment subsidies to businesses, lump-sum payments to amortize the unfunded liability of the Uniformed Services Retiree Health Care Fund, and estate and gift taxes.
- **Transactions involving nonproduced assets.** In the NIPAs, purchases and sales of nonproduced assets, such as land and the radio spectrum, are reflected in “capital account transactions (net)” in the domestic capital account.

The NIPA estimates also differ from the budget estimates because of the scope and coverage of the Federal Government sector. Examples include the following:

- **Retirement plans.** Government employee contributions to retirement plans are included in budget receipts, but they are

excluded from NIPA current receipts because they are included in personal income as part of the income of employees. Similarly, Federal employee retirement benefits are included in budget outlays, but they are excluded from NIPA current expenditures because the benefits are paid from assets that represent equity belonging to the personal sector.

- **Other differences.** The NIPA Federal Government sector excludes certain transactions with the residents of Puerto Rico and the U.S. Territories and with the Federal Communication Commission Universal Service Fund.

Receipts

NIPA Federal Government current receipts differ from Federal budget receipts because of differences in coverage, netting and grossing, and timing.⁴ 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 current transfer receipts. (Personal and business current transfer receipts are classified as receipts in the NIPAs, but some are netted against outlays in the budget.)

Expenditures

NIPA Federal Government current expenditures differ from Federal budget outlays because of differences in coverage, netting and grossing, and timing. For most years, the differences between the two measures primarily reflect capital transfers paid, Federal employee retirement plan transactions, personal and business current transfer receipts, and net investment.

In the NIPAs, budget outlays for national defense and non-defense are reflected in both consumption expenditures and gross investment. For national defense, the budget outlays differ from the NIPA estimates for several reasons:

- The NIPA measure includes general government consumption of fixed capital.
- In the NIPAs, cash payments to amortize the unfunded liability for military and civilian retirement benefits are included as defense consumption expenditures; the budget records these payments as intergovernmental transactions.
- NIPA expenditures are recorded on a delivery (accrual) basis, and budget outlays are recorded on a cash basis; thus, in the NIPAs, all work in progress except ships and structures are included as part of change in private inventories.

1. For a comparison, see tables 4 and 5 and NIPA table 3.18B. See also “National Income and Product Accounts” in *Analytical Perspectives: Budget of the U.S. Government*, 203–208.

2. Current transactions are presented in the “Domestic Income and Product Account,” “Private Enterprise Income Account,” “Personal Income and Outlay Account,” “Government Receipts and Expenditures Account,” and “Foreign Transactions Current Account.” Capital transactions are presented in the “Domestic Capital Account” and the “Foreign Transactions Capital Account.” See “Summary National Income and Product Accounts,” *SURVEY OF CURRENT BUSINESS* 86 (August 2006): 38–39. The Federal Government components of the domestic capital account are often shown as addenda in tables presenting Federal Government current receipts and expenditures.

3. The flow of funds accounts of the Federal Reserve Board present detailed information on the acquisition and disposal of financial assets and liabilities by U.S. economic sectors, including the Federal Government.

4. The differences in coverage arise because certain transactions that are excluded from the NIPAs are included in the budget (and vice versa). The differences in netting and grossing arise because certain transactions are recorded as offsets to outlays in the budget, but they are recorded as receipts in the NIPAs (and vice versa). The differences in timing arise because in the budget, most receipts and outlays are recorded on a cash basis, and in the NIPAs, some transactions are recorded on an accrual basis.

Federal budget outlays in fiscal year 2008 are projected to increase \$117.6 billion, to \$2,901.9 billion (table 2). Federal budget outlays in fiscal year 2007 are estimated to be \$2,784.3 billion, a \$128.8 billion increase. The deceleration is accounted for by decelerations in outlays for the following functions: Medicare, national defense, social security, international affairs, health, and administration of justice. Downturns in outlays for natural resources and the environment and energy also contributed to the deceleration. The deceleration in budget outlays is moderated by smaller decreases in outlays for the following functions: Community and regional development; education, training, employment, and social services; agriculture; and commerce and housing credit. Outlays for net interest, veterans benefits and services, and income security would accelerate, and "undistributed offsetting receipts" would decrease less.

For Medicare, budget outlays would increase \$19.4 billion in 2008 after increasing \$42.4 billion in 2007. For national defense, budget outlays would increase \$34.7 billion after increasing \$50.0 billion. For social security, budget outlays would increase \$26.0 billion after increasing \$38.0 billion. For international affairs, budget outlays would increase \$1.1 billion after increasing \$5.5 billion. For natural resources and the environment, budget outlays would decrease \$2.3 billion after increasing \$2.1 billion.

For community and regional development, budget outlays would decrease \$8.0 billion in 2008 after de-

creasing \$21.9 billion in 2007. For education, training, employment, and social services, budget outlays would decrease \$11.2 billion after decreasing \$24.6 billion. For agriculture, budget outlays would decrease \$0.2 billion after decreasing \$5.9 billion. For commerce and housing credit, budget outlays would decrease \$2.3 billion after decreasing \$6.0 billion.

For net interest, budget outlays would increase \$22.1 billion after increasing \$12.6 billion. "Undistributed offsetting receipts" (negative outlays) would increase \$4.4 billion after increasing \$13.6 billion. For veterans benefits and services, budget outlays would increase \$11.0 billion after increasing \$2.6 billion. For income security, budget outlays would increase \$15.4 billion after increasing \$12.9 billion.

Proposed legislative and program changes

The budget for fiscal year 2008 proposes changes in legislation and in programs that would increase the Federal deficit \$58.9 billion in fiscal year 2007 and \$201.2 billion in fiscal year 2008 (table 3).⁴

Receipts. If proposed legislation is enacted, receipts would decrease \$9.6 billion in fiscal year 2007 and \$51.5 billion in fiscal year 2008, relative to the current-services baseline.

- A proposal to extend the amount of the alternative minimum tax (AMT) exemption and the use of nonrefundable personal tax credits to offset both the regular tax and the AMT would reduce receipts \$9.1 billion in fiscal year 2007 and \$47.9 billion in fiscal year 2008.
- A proposal to permanently extend the 20-percent tax credit for qualified research and experimentation expenses that are above specified amounts would reduce receipts \$3.2 billion in 2008.
- A proposal to provide enhanced expense-related tax benefits for small businesses would reduce receipts \$1.6 billion in 2008.
- A proposal to repeal the excise tax for local telephone service would reduce receipts \$0.6 billion in 2007 and \$0.5 billion in 2008. (See the box "New Transactions in the NIPA Federal Sector" on page 20.)
- A proposal to extend the unemployment insurance surtax that requires employers to continue to pay at a 0.8-percent tax rate for 5 more years before dropping back to a 0.6-percent rate would increase receipts \$1.1 billion in 2008.

Table 2. Budget Outlays by Function

[Billions of dollars]

	Level for fiscal year				Change from preceding year		
	2005	2006	2007	2008	2006	2007	2008
Budget outlays	2,472.2	2,655.4	2,784.3	2,901.9	183.2	128.8	117.6
National defense	495.3	521.8	571.9	606.5	26.5	50.0	34.7
International affairs	34.6	29.5	35.1	36.1	-5.0	5.5	1.1
General science, space, and technology	23.6	23.6	24.9	26.6	0.0	1.2	1.8
Energy	0.4	0.8	1.8	1.4	0.4	1.1	-0.4
Natural resources and environment	28.0	33.1	35.2	32.9	5.0	2.1	-2.3
Agriculture	26.6	26.0	20.1	19.9	-0.6	-5.9	-0.2
Commerce and housing credit	7.6	6.2	0.2	-2.0	-1.4	-6.0	-2.3
Transportation	67.9	70.2	74.6	79.3	2.3	4.4	4.7
Community and regional development	26.3	54.5	32.6	24.7	28.3	-21.9	-8.0
Education, training, employment, and social services	97.6	118.6	94.0	82.7	21.0	-24.6	-11.2
Health	250.6	252.8	268.5	280.6	2.2	15.8	12.1
Medicare	298.6	329.9	372.3	391.6	31.2	42.4	19.4
Income security	345.8	352.5	365.4	380.8	6.6	12.9	15.4
Social security	523.3	548.5	586.5	612.5	25.2	38.0	26.0
Veterans benefits and services	70.2	69.8	72.4	83.4	-0.3	2.6	11.0
Administration of justice	40.0	41.0	45.3	47.0	1.0	4.3	1.7
General government	17.0	18.2	18.8	20.7	1.2	0.5	2.0
Net interest	184.0	226.6	239.2	261.3	42.6	12.6	22.1
Allowances ¹			7.4	2.1			-5.4
Undistributed offsetting receipts ²	-65.2	-68.3	-81.8	-86.3	-3.0	-13.6	-4.4

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 that are not reflected in the program details.

2. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: 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 2008*.

4. The estimates of the proposed changes are the differences between the current-services estimates and the actual budget. The current-services estimates in the 2008 budget reflect certain proposed adjustments to the requirements for estimating the current-services baseline under the Budget Enforcement Act.

- A proposal to expand tax-free savings by replacing Individual Retirement Accounts (IRAs) with Lifetime Savings Accounts (LSAs) and Retirement Savings Accounts (RSAs) would increase receipts \$1.5 billion in 2008.⁵

Receipts proposals that are included in the current-services baseline would increase receipts \$0.2 billion in fiscal year 2007 and would decrease receipts \$0.7 billion in fiscal year 2008(table 3).

5. Under this proposal, individuals, regardless of age or income, could make annual nondeductible contributions to each of these accounts. For tax purposes, LSA distributions would be excluded from income, and RSA distributions would be excluded from income after the account holder is age 58 or in the event of disability or death.

Table 3. Proposed Legislative and Program Changes in the Budget

[Billions of dollars]

	Fiscal year	
	2007	2008
Receipts		
Current-services estimates ¹	2,549.7	2,714.0
Plus: Proposed legislation excluding proposals assumed in the baseline ²	-9.6	-51.5
Extend alternative minimum tax relief for individuals	-9.1	-47.9
Extend research and experimentation tax credit	0.0	-3.2
Increase expensing for small business	0.0	-1.6
Repeal excise tax on local telephone service	-0.6	-0.5
Improve unemployment insurance	0.0	1.1
Expand tax-free savings opportunities	0.0	1.5
Other	0.1	-0.9
Equals: The budget	2,540.1	2,662.5
Outlays		
Current-services estimates ¹	2,735.0	2,752.1
Plus: Program changes excluding proposals assumed in the baseline ²	49.3	149.7
National defense	36.8	137.2
Net interest	1.5	7.7
International affairs	2.3	4.1
Veterans benefits and services	0.0	3.9
Administration of justice	0.0	2.3
Allowances ³	7.4	2.1
Transportation	0.0	1.1
General science, space, and technology	0.0	1.0
Community and regional development	1.2	0.9
Income security	0.0	0.4
Agriculture	0.0	0.1
Commerce and housing credit	0.0	-0.1
Energy	0.0	-0.1
Natural resources and environment	0.1	-0.2
Undistributed offsetting receipts ⁴	-0.1	-0.5
Education, training, employment, and social services	0.0	-1.1
Health	0.0	-1.1
Medicare	0.0	-4.0
Other	0.1	-4.0
Equals: The budget	2,784.3	2,901.9
Current-services surplus or deficit (-)	-185.3	-38.2
Proposed changes, receipts less outlays	-58.9	-201.2
Administration budget surplus or deficit (-)	-244.2	-239.4
Addenda:		
Net effect of adjustments to the Budget Enforcement Act current-services baseline	0.2	43.0
Effect on receipts of proposals assumed in the baseline	0.2	-0.7
Make permanent certain provisions of the tax cuts enacted in 2001 and 2003:		
Repeal of estate and generation-skipping transfer taxes	-0.2	-1.4
Extend dividends tax rate structure	0.3	0.7
Adjustments to the baseline for outlays	0.0	-43.7
Adjustment for redefinition of emergencies		-40.3
Adjustment for cost of pay raises		-2.1
Other adjustments	0.0	-1.2

1. These current-services estimates reflect proposed adjustments to the Budget Enforcement Act current-services baseline. For information on these adjustments, see "Budget Reform Proposals" in the *Analytical Perspectives*.
 2. Consistent with the budget, the proposed legislation excludes budget reform proposals that are included in the baseline.
 3. 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.
 4. Undistributed offsetting receipts are two categories of collections that are governmental in nature and that are not credited to expenditure accounts: 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 2008.

- A proposal to permanently extend the repeal of estate taxes and generation-skipping transfer taxes would reduce receipts \$0.2 billion in 2007 and \$1.4 billion in 2008.

- A proposal to permanently extend the reduced tax rate on dividends would increase receipts \$0.3 billion in 2007 and \$0.7 billion in 2008.⁶

Outlays. The budget for fiscal year 2008 would increase total outlays \$49.3 billion in fiscal year 2007 and \$149.7 billion in 2008, relative to the current-services baseline.⁷ The increase in outlays in 2008 is accounted for by the following items:

- Outlays for national defense would increase \$137.2 billion, reflecting a \$48.3 billion increase in anticipated supplemental funding for the global war on terror. Proposed changes in discretionary spending on military operations and maintenance, on military personnel, and on procurement would also contribute to the increase in national defense outlays.
- Outlays for net interest would increase \$7.7 billion as a result of the increasing cost of financing the deficit.
- Outlays for international affairs would increase \$4.1 billion, reflecting an increase in outlays for reconstruction and economic support in Iraq and Afghanistan.
- Outlays for veterans benefits and services would increase \$3.9 billion, reflecting the increasing health care costs associated with the global war on terror and the aging veterans population.

The increase in outlays is partly offset by proposed decreases in outlays for Medicare, for education, training, employment, and social services, for health care, and for several other functions.

The adjustments to the baseline requirements of the Budget Enforcement Act would reduce current-services-baseline outlays \$43.7 billion in fiscal year 2008 (table 3).

- Outlays for national defense, for international aid, and for disaster assistance would decrease \$40.3 billion in order to exclude emergency funding from the baseline for years after the year of enactment.
- Outlays would decrease \$2.1 billion in order to correct the overstatement of the cost related to Federal pay raises in the baseline.⁸

6. The rate would be 15 percent for taxpayers in individual tax brackets that are above 15 percent and 5 percent for lower income taxpayers through 2007; the rate for lower income taxpayers would fall to zero in 2008.

7. Outlays for homeland security are spread throughout selected budget functions, including national defense, health, transportation, and the administration of justice.

8. As required by the Budget Enforcement Act, the baseline uses October as the effective date for Federal pay raises; the current-services estimates are based on the assumption that Federal pay raises are effective in January.

The Budget Estimates and the NIPA Estimates

The Bureau of Economic Analysis (BEA) adjusts the Federal budget's estimates of receipts and outlays in order to prepare estimates of Federal Government current receipts and current expenditures that are consistent with NIPA concepts and methods.

Receipts

For fiscal year 2008, NIPA current receipts would exceed budget receipts by \$104.9 billion as a result of netting and grossing, coverage, and timing adjustments (table 4).⁹ Netting and grossing adjustments would add \$133.7 billion to the budget estimates. "Other" netting and grossing adjustments—which include adjustments for Federal Government payments to the Old-Age, Survivors, and Disability Trust Funds—would add \$64.7 billion, and adjustments for payments for supplementary medical insurance premiums would add \$60.4 billion. Timing adjustments would add \$14.4 billion, which is accounted for by timing on taxes on corporate income. Coverage adjustments would subtract \$43.3 billion. Coverage adjust-

9. Netting and grossing adjustments arise because certain transactions are recorded as offsets to outlays in the budget, but they are recorded as receipts in the NIPAs (and vice versa).

Table 4. Relation of NIPA Federal Government Current Receipts to Budget Receipts
(Billions of dollars)

	Fiscal year		
	2006	2007	2008
Budget receipts	2,407.3	2,540.1	2,662.5
Less: Coverage differences.....	44.3	42.2	43.3
Geographic ¹	4.6	4.9	5.1
Contributions received by Federal employee retirement plans ²	4.4	4.7	4.7
Capital transfers received ³	27.7	25.0	25.5
Financial transactions.....	0.0	0.0	0.0
Other ⁴	7.6	7.5	8.0
Netting and grossing differences	-112.7	-121.7	-133.7
Supplementary medical insurance premiums.....	-48.3	-56.0	-60.4
Income receipts on assets.....	-10.7	-10.3	-10.2
Current surplus of government enterprises.....	3.6	2.0	1.6
Other ⁵	-57.4	-57.4	-64.7
Plus: Timing differences	-2.0	21.2	14.4
Taxes on corporate income.....	3.0	4.7	15.9
Federal and state unemployment insurance taxes.....	-0.2	0.0	-0.5
Withheld personal current tax and social security contributions.....	-5.8	5.2	-4.9
Excise taxes.....	4.0	14.6	7.1
Other.....	-3.1	-3.2	-3.1
Equals: NIPA Federal Government current receipts	2,473.6	2,640.9	2,767.4

1. Primarily consists 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. Primarily consists of Treasury receipts from sales of foreign currencies to Government agencies.
5. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs and some transactions that are not reflected in the budget but that are added to both NIPA receipts and expenditures.
Sources: *Budget of the United States Government, Fiscal Year 2008* and the Bureau of Economic Analysis.

ments for capital transfers received, which consists of estate and gift taxes, would subtract \$25.5 billion.

Expenditures and outlays

For fiscal year 2008, the NIPA estimate of Federal Government current expenditures would exceed the Federal budget estimate of outlays by \$103.7 billion (table 5). Netting and grossing adjustments would add \$133.7 billion to the budget estimates, timing adjustments would add \$0.7 billion, and coverage adjustments would subtract \$30.7 billion. Coverage adjustments for capital transfers paid, which includes capital grants to state and local governments and to businesses, would subtract \$55.8 billion, and adjustments for Federal employee retirement plan transactions would add \$47.4 billion.

Table 5. Relation of NIPA Federal Government Current Expenditures to Budget Outlays
(Billions of dollars)

	Fiscal year		
	2006	2007	2008
Budget outlays	2,655.4	2,784.3	2,901.9
Less: Coverage differences.....	66.6	40.6	30.7
Geographic ¹	15.2	16.4	16.9
Federal employee retirement plan transactions ²	-42.4	-44.4	-47.4
Interest received.....	-54.0	-56.4	-60.0
Contributions received (employer).....	-97.4	-103.7	-108.8
Benefits paid.....	108.7	115.6	121.2
Administrative expenses.....	0.2	0.2	0.2
Financing disbursements from credit programs ³	16.3	-16.9	-23.2
Other differences in funds covered ⁴	6.6	8.0	7.5
Net investment ⁵	10.1	17.6	8.5
Capital transfers paid ⁶	51.2	53.9	55.8
Financial transactions.....	9.6	19.7	25.8
Loan disbursements less loan repayments and sales.....	21.1	24.9	28.8
Deposit insurance.....	1.2	0.7	1.2
Net purchases of foreign currency.....	0.0	0.0	0.0
Other.....	-12.7	-5.8	-4.2
Net purchases of nonproduced assets.....	0.0	-13.7	-13.3
Outer Continental Shelf.....	-0.1	0.0	-1.1
Land and other ⁷	0.1	-13.7	-12.2
Other ⁸	0.0	0.0	0.0
Netting and grossing differences	-112.7	-121.7	-133.7
Supplementary medical insurance premiums.....	-48.3	-56.0	-60.4
Interest receipts.....	-10.7	-10.3	-10.2
Current surplus of government enterprises.....	3.6	2.0	1.6
Other ⁹	-57.4	-57.4	-64.7
Plus: Timing differences	-14.0	8.9	0.7
Purchases (increase in payables net of advances).....	1.1	3.7	-3.3
Interest.....	0.5	0.5	0.5
Current transfer payments.....	-0.8	5.8	0.3
Other timing.....	-14.8	-1.2	3.3
Equals: NIPA Federal Government current expenditures	2,687.5	2,874.3	3,005.6

1. Consists largely of government social benefits, 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 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 were not included in the budget in some periods.
5. Net investment is gross investment less consumption of fixed capital for general government and government enterprises.
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 United States, which are excluded from both budget outlays and NIPA current expenditures.
7. Consists of net sales of land other than the Outer Continental Shelf and, beginning in 1995, the auction of the radio spectrum.
8. Consists largely of net expenditures of foreign currencies.
9. Includes proprietary receipts that are netted against outlays in the budget and that are classified as receipts in the NIPAs. Also includes some transactions that are not reflected in the budget data but that are added to both receipts and expenditures in the NIPAs.
Sources: *Budget of the United States Government, Fiscal Year 2008* and the Bureau of Economic Analysis.

For fiscal year 2008, the NIPA estimate of national defense consumption expenditures would exceed the budget estimate of national defense outlays by \$10.7 billion (table 6). The estimates differ mainly because of the NIPA treatment of retirement funds for military and civilian employees and the addition of consumption of fixed capital.

Table 6. Relation of NIPA National Defense Consumption Expenditures and Gross Investment to National Defense Outlays
[Billions of dollars]

	Fiscal year		
	2006	2007	2008
Budget outlays for national defense	521.8	571.9	606.5
Department of Defense, military	499.4	548.9	583.3
Military personnel	127.5	128.8	135.7
Operation and maintenance	203.8	224.8	248.6
Procurement	89.8	104.3	110.8
Aircraft	23.2	27.5	27.3
Missiles	5.7	5.8	5.3
Ships	10.3	11.2	9.8
Weapons	5.9	7.0	8.4
Ammunition	2.0	2.3	2.5
Other ¹	42.7	50.6	57.6
Research, development, test, and evaluation	68.6	71.1	69.6
Other	9.6	20.0	18.5
Atomic energy and other defense-related activities	22.5	23.0	23.3
Plus: Consumption of general government fixed capital	70.8	74.2	77.2
Additional payments to military and civilian retirement funds	31.1	35.2	36.5
Timing difference	1.4	1.6	-1.9
Less: Grants-in-aid to state and local governments and net interest paid	3.6	3.6	3.4
Other differences	11.9	13.5	18.6
Equals: NIPA National defense consumption expenditures and gross investment	609.6	665.8	696.4
Less: National defense gross investment ²	76.9	86.7	79.1
Equals: NIPA National defense consumption expenditures	532.8	579.1	617.2

1. Other military outlays include outlays for military construction, family housing, and anticipated funding for the global war on terror.
2. Gross investment consists of general government expenditures for fixed assets; inventory investment is included in Federal Government consumption expenditures.
Sources: *Budget of the United States Government, Fiscal Year 2008* and the Bureau of Economic Analysis.

Net saving and the budget deficit

For fiscal year 2008, the NIPA estimate of net Federal Government saving is -\$238.3 billion; the comparable Federal budget estimate is -\$239.4 billion (table 7). The difference reflects coverage and timing adjustments. The coverage adjustments reduce both NIPA current receipts and NIPA current expenditures; the timing adjustments raise both NIPA current receipts and NIPA current expenditures. Netting and grossing adjustments affect NIPA current receipts and NIPA current expenditures equally, so these adjustments do not affect net Federal Government saving.

Annual and Quarterly NIPA Estimates

Fiscal year NIPA estimates

On a NIPA basis, net Federal Government saving would decrease \$4.9 billion in fiscal year 2008 after decreasing \$19.5 billion in fiscal year 2007 (table 7 and chart 1). The smaller decrease results from a larger de-

celeration in Federal Government current expenditures than in Federal Government current receipts.

Receipts. Total NIPA Federal Government current receipts would increase \$126.4 billion after increasing \$167.3 billion (table 8 and chart 2). The deceleration results from proposed legislation that would decrease receipts \$43.9 billion and from a deceleration in the tax base that would increase receipts \$163.8 billion. (The estimates of the tax base are based on the administration's economic assumptions and do not include the effects of proposed legislation.)

In current tax receipts, personal current taxes would decelerate, increasing \$80.0 billion after increasing

Chart 1. Federal Fiscal Position

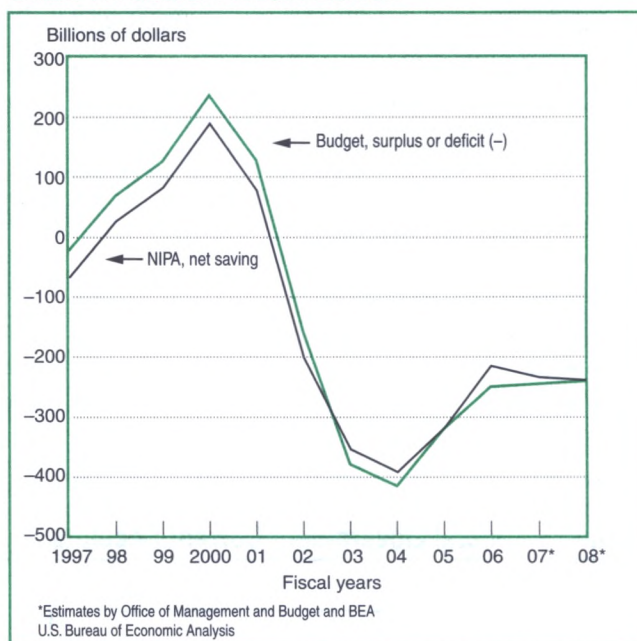


Table 7. Budget Receipts and Outlays and NIPA Federal Government Current Receipts and Expenditures
[Billions of dollars]

	Level for fiscal year			Change from preceding fiscal year	
	Actual	Estimates		2007	2008
	2006	2007	2008		
Budget:					
Receipts	2,407.3	2,540.1	2,662.5	132.8	122.4
Outlays	2,655.4	2,784.3	2,901.9	128.9	117.6
Surplus or deficit (-)	-248.2	-244.2	-239.4	4.0	4.8
NIPAs:					
Current receipts	2,473.6	2,640.9	2,767.4	167.3	126.4
Current expenditures	2,687.5	2,874.3	3,005.6	186.8	131.3
Net Federal Government saving	-213.9	-233.4	-238.3	-19.5	-4.9
	Differences				
Budget receipts less NIPA current receipts	-66.3	-100.8	-104.9	-34.5	-4.1
Budget outlays less NIPA current expenditures	-32.1	-90.0	-103.7	-57.9	-13.7
Budget deficit less NIPA net Federal Government saving	-34.2	-10.8	-1.1	23.5	9.7

Sources: *Budget of the United States, Fiscal Year 2008* and the Bureau of Economic Analysis.

\$122.9 billion, reflecting proposed legislation and a deceleration in the tax base. Taxes on production and imports would turn up, increasing \$5.6 billion after decreasing \$3.5 billion. Taxes on corporate income would decrease \$16.7 billion after decreasing \$7.1 billion, reflecting a decrease in the tax base. Contribu-

tions for government social insurance would increase \$51.0 billion after increasing \$54.5 billion, reflecting a deceleration in the tax base. Current transfer receipts would turn up, increasing \$4.9 billion after decreasing \$1.8 billion. The current surplus of government enterprises would increase \$0.4 billion after increasing \$1.7 billion.

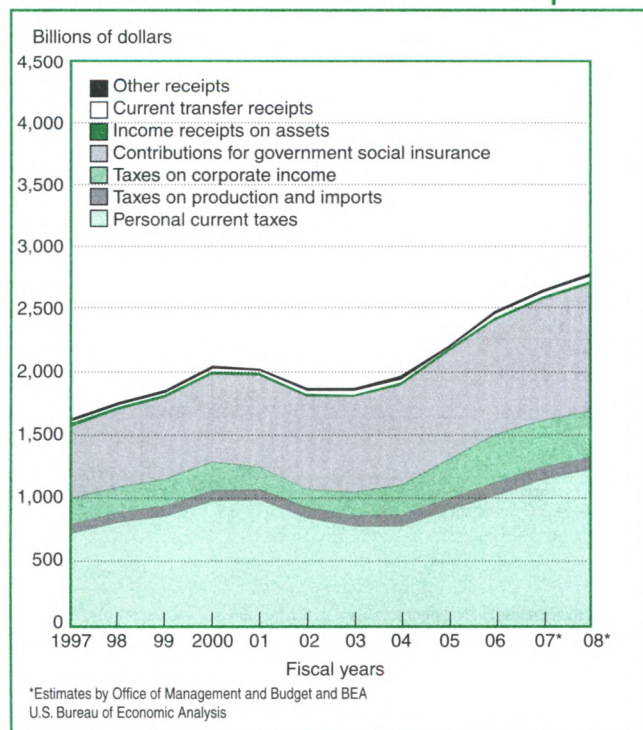
Table 8. Sources of Change in NIPA Federal Government Current Receipts

(Billions of dollars)

	Change from preceding fiscal year		
	2006	2007	2008
Total current receipts	275.0	167.3	126.4
Due to tax bases.....	243.5	176.1	163.8
Due to proposed legislation.....	0.0	-9.3	-43.9
Current tax receipts.....	203.3	112.6	68.9
Personal current taxes.....	119.6	122.9	80.0
Due to tax bases.....	119.6	131.8	119.2
Due to proposed legislation.....	0.0	-8.9	-39.2
Taxes on production and imports.....	6.4	-3.5	5.6
Due to tax bases.....	6.4	-2.8	6.1
Due to proposed legislation.....	0.0	-0.7	-0.5
Taxes on corporate income.....	77.3	-7.1	-16.7
Due to tax bases.....	77.3	-7.4	-12.5
Due to proposed legislation.....	0.0	0.3	-4.2
Taxes from the rest of the world.....	0.0	0.3	0.0
Contributions for government social insurance.....	40.2	54.5	51.0
Due to tax bases.....	40.2	54.5	51.0
Due to proposed legislation.....	0.0	0.0	0.0
Income receipts on assets.....	1.1	0.2	1.2
Current transfer receipts.....	28.6	-1.8	4.9
Current surplus of government enterprises.....	1.7	1.7	0.4

Sources: Budget of the United States Government, Fiscal Year 2008 and the Bureau of Economic Analysis.

Chart 2. Federal Government Current Receipts



Expenditures. Total NIPA Federal Government current expenditures would increase \$131.3 billion in fiscal year 2008 after increasing \$186.8 billion in fiscal year 2007 (table 9 and chart 3). The deceleration results from a deceleration in consumption expenditures, which would increase \$43.4 billion after increasing \$62.4 billion.

National defense consumption expenditures would decelerate, increasing \$38.2 billion after increasing \$46.3 billion. Nondefense consumption expenditures would decelerate, increasing \$5.2 billion after increasing \$16.1 billion. Current transfer payments would decelerate, increasing \$63.3 billion after increasing \$112.0 billion.

Table 9. Sources of Change in NIPA Federal Government Current Expenditures

(Billions of dollars)

	Change from preceding fiscal year		
	2006	2007	2008
Total current expenditures	171.2	186.8	131.3
Consumption expenditures.....	45.3	62.4	43.4
National defense.....	24.0	46.3	38.2
Pay raise and locality pay ¹	0.0	4.1	6.4
Other.....	24.0	42.2	31.8
Nondefense.....	21.3	16.1	5.2
Pay raise and locality pay ¹	0.0	1.7	2.8
Other.....	21.3	14.4	2.4
Current transfer payments.....	86.8	112.0	63.3
Government social benefits to persons.....	84.9	93.4	58.4
Social security.....	30.3	31.7	25.3
Medicare.....	40.3	54.9	23.6
Supplemental security income.....	2.3	2.8	1.6
Earned income and other tax credits.....	2.6	-0.2	0.5
Veterans benefits.....	1.2	4.6	2.3
Unemployment benefits.....	-0.1	0.7	2.2
Food Stamps.....	1.7	0.3	1.5
Other.....	6.8	-1.3	1.4
Government social benefits to the rest of the world.....	0.1	0.1	0.1
Grants-in-aid to state and local governments.....	1.9	12.5	3.4
Health and hospitals.....	2.3	0.5	0.0
Income support, social security, and welfare.....	-2.4	9.3	6.6
Medical care.....	-4.7	6.8	10.2
Welfare and social services.....	0.9	2.5	-1.5
Other income support.....	1.4	0.0	-2.0
Education.....	1.7	0.7	-2.9
Housing and community services.....	-0.3	2.8	0.2
Central executive, legislative, and judicial activities.....	-0.9	0.2	-0.1
Labor training and services.....	1.0	0.3	-0.5
Other.....	0.3	-1.3	0.0
Other current transfer payments to the rest of the world.....	-0.1	6.0	1.4
Federal interest paid.....	44.4	19.5	25.7
Subsidies.....	3.3	-7.1	-1.0
Agriculture subsidies.....	2.5	-6.8	-1.5
Housing subsidies.....	0.3	0.7	0.9
Other subsidies.....	0.5	-1.0	-0.4

1. Consists of pay raises and locality pay beginning in January 2007 and 2008. Source: Bureau of Economic Analysis.

Government social benefits to persons would increase \$58.4 billion after increasing \$93.4 billion; the deceleration is mostly attributable to decelerations in Medicare and social security. Grants-in-aid to state and local governments would increase \$3.4 billion after increasing \$12.5 billion; the deceleration is mostly attributable to downturns in grants for welfare and social services and for education.

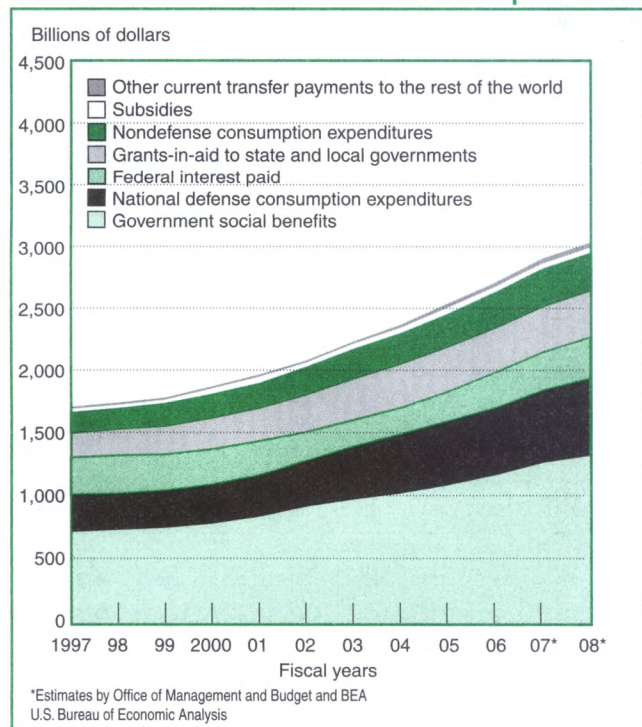
“Other current transfer payments to the rest of the world” would decelerate, increasing \$1.4 billion after increasing \$6.0 billion. Federal interest payments would accelerate, increasing \$25.7 billion after increasing \$19.5 billion. Subsidies would decrease \$1.0 billion after decreasing \$7.1 billion; the smaller decrease is attributable to agricultural subsidies.

Investment. Total Federal Government gross investment would turn down, decreasing \$4.9 billion after increasing \$10.8 billion (table 10). This downturn is mostly accounted for by a downturn in gross investment for national defense.

Other items. Capital transfer receipts would turn up and capital transfer payments would turn down. Net borrowing would turn down, decreasing \$4.5 billion after increasing \$24.2 billion.¹⁰

10. “Net lending or net borrowing (–),” the financing requirement of the government sector, is an alternative measure of the government fiscal position and is derived as net government saving plus the consumption of fixed capital and “capital transfers received (net)” less gross investment and net purchases of nonproduced assets.

Chart 3. Federal Government Current Expenditures



Quarterly pattern

BEA prepares seasonally adjusted quarterly NIPA estimates of Federal Government current receipts and current expenditures that are consistent with the Federal budget (table 10).

The quarterly estimates presented here are extrapolated from the preliminary estimates for the fourth quarter of 2006, which were released on February 28, 2007. In general, because of the limited information available to estimate quarterly patterns, the estimates should be viewed as approximations that will be superseded by more reliable quarterly estimates that will be published in NIPA table 3.2.¹¹

Receipts. The NIPA estimates of current receipts reflect the quarterly pattern of estimates that would result from enacted and proposed legislation, based on the administration’s projected pattern of wages. The NIPA estimates also reflect BEA’s methodology for deriving quarterly estimates of income tax payments and of “final settlements less refunds.”¹²

Expenditures. The quarterly NIPA estimates of Federal Government current expenditures reflect the quarterly pattern that would result from enacted and proposed legislation that would adjust pay for Federal Government employees and that would provide cost-of-living increases in social security and other programs.

Net saving. Net Federal government saving decreased from –\$147.0 billion in the first quarter of 2006 to –\$147.9 billion in the fourth quarter. In the first three quarters of 2007, net saving is projected to decrease, reflecting a projected increase in current expenditures that would exceed the increase in current receipts. The increase in current expenditures stems from projected increases in government social benefits and in defense and nondefense consumption expenditures and from a step-up in current transfer payments to the rest of the world and in grants-in-aid to state and local governments.

In the fourth quarter of 2007, net saving is projected to increase as a result of a projected increase in current receipts that would exceed the increase in current expenditures. National defense consumption expenditures are projected to decelerate. Grants for income support, social security, and welfare are projected to turn down, and grants to the rest of the world are projected to show a larger decline.

In the first quarter of 2008, net Federal Government

11. The average of the fiscal year quarters may not be equal to the fiscal year value.

12. For details about the methodology, see Eugene P. Seskin, “Annual Revision of the National Income and Product Accounts,” SURVEY OF CURRENT BUSINESS 78 (August 1998): 29–31.

decrease in the third and fourth quarters; in 2008, it is projected to decrease in all the quarters. The quarterly pattern for investment primarily reflects the pattern of defense investment.

Capital transfer receipts and payments. Capital transfer receipts decreased from \$28.8 billion in the first quarter of 2006 to \$27.1 billion in the fourth quarter. In 2007, capital transfer receipts are projected to decrease in the first and second quarters and then to remain relatively unchanged in the third and fourth quarters. In 2008, capital transfer receipts are projected to increase in all the quarters.

Capital transfer payments decreased from \$72.0 billion in the first quarter of 2006 to \$69.2 billion in the fourth quarter. In 2007, capital transfer payments are projected to increase in the first three quarters and then to decrease in the fourth quarter. (For more information on NIPA capital transfers see the box “New Transactions in the NIPA Federal Sector.”)

Net borrowing. This measure decreased from -\$206.1 billion in the first quarter of 2006 to -\$152.1 billion in the fourth quarter. In 2007, net borrowing is projected to increase in the first, second, and third quarters and then to decrease in the fourth quarter. In

2008, net borrowing is projected to increase in the first quarter and then to decrease in the last three quarters.

Translation of Budget Data into a NIPA Framework

BEA uses a detailed analytical process to translate Federal budget receipts and outlays into a NIPA framework.

Receipts

Fiscal year budget data for receipts are supplemented by information on the effects of budget proposals from the Department of the Treasury’s Office of Tax Analysis and information included in the budget’s *Appendix*.¹³ These data are analyzed for their effects on the following major components of the NIPA Federal Government current receipts: Current tax receipts, contributions for government social insurance, income receipts on assets, current transfer receipts, and current surplus of government enterprises. Quarterly projections are based on the economic assumptions

13. See *Appendix: Budget of the United States Government, Fiscal Year 2008*.

New Transactions in the NIPA Federal Sector

As a result of legislation enacted and litigation settled in 2006, new transactions are included in the national income and product accounts (NIPAs). These transactions affect capital transfers from the government sector to the household sector, personal current taxes, and taxes on corporate income.

Postal service retiree health benefits fund. As a result of the Postal Accountability and Enhancement Act, enacted on December 20, 2006, the Postal Service Retiree Health Benefits Fund was created. This new fund will be established with a transfer of \$23.0 billion from the Civil Service Retirement and Disability Fund and with \$3.0 billion from the Postal Service from the required escrow account that was abolished as a result of the act.

In the NIPAs, the new fund will be considered an asset of the household sector, and the \$23 billion payment from the Civil Service Retirement and Disability Fund will be considered an intrasectoral transfer because this fund is already treated as an asset in the household sector. The \$3.0 billion payment (and subsequent payments from 2007 to 2017) from the Postal Service will be treated as capital transfers from the government sector to the household sector.

Telephone excise tax refunds. According to statute, a 3-percent tax could be charged on calls for which the toll was based on the distance and the elapsed time of each call. However, the Internal Revenue Service (IRS) had contended that the tax could be charged on calls for which the toll was based on either the distance or the elapsed time. In 2004, corporations began to sue the Department of the Treasury, claiming that the tax was illegal because many individuals and businesses are now charged a flat fee rather than a rate based on distance or elapsed time. In May 2006, after a string of losses in circuit and appeals courts throughout the country, the Treasury Department declared that it would no longer collect the tax on toll calls and that it would refund about \$15 billion to taxpayers. The refunds are being paid through the Federal income tax system.

In the NIPAs, these refunds, like other income tax refunds, will be recorded as either refunds of personal current taxes or as refunds of taxes on corporate income. The total amount of the annual telephone tax refunds will be recorded in the first quarter of 2007, and the monthly and quarterly estimates will be held at that level for the rest of the year.

from the Federal budget. When monthly and quarterly NIPA estimates are released by BEA, these initial quarterly projections of receipts are reevaluated and revised to incorporate newly available data from the Department of the Treasury.

Outlays

Fiscal year budget outlays are organized by appropriation in the Federal budget's *Appendix*. These data and supplemental data from the Office of Management and Budget are used to allocate Federal budget outlays to the following NIPA categories: Current transfer payments, interest payments, subsidies, and consumption expenditures and gross investment.¹⁴ The quarterly projections are mainly derived by interpolation from fiscal year projections.

When BEA releases its quarterly NIPA estimates, the fiscal year relationships derived from the budget data are used to allocate the spending that is detailed in the *Monthly Treasury Statement of Receipts and Outlays of the United States Government*.¹⁵ Supplemental data are

14. Outlays by program are first adjusted for coverage (for example, for geographical adjustments) and for netting and grossing (for example, supplemental medical insurance premiums).

15. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement* (Washington, DC: U.S. Government Printing Office) <www.fms.treas.gov/mts>.

also used. A detailed reconciliation of defense consumption expenditures and gross investment with outlays is prepared, using extensive financial, delivery, and other information from the Department of Defense. In order to prepare seasonally adjusted estimates of non-defense consumption expenditures and gross investment, data from the budget are used to extrapolate portions of nondefense expenditures (for durable goods, for "other nondurable goods," for "other services," and for equipment) for which there are no quarterly source data. These extrapolated estimates of expenditures incorporate quarterly data for certain expenditures, such as those for construction from the Census Bureau and for compensation from the Office of Personnel Management and the Bureau of Labor Statistics.

Updated estimates

BEA's initial quarterly projections of Federal Government receipts and expenditures will likely differ from later estimates. The initial estimates are prepared from budget data, which are based on various economic assumptions about the budget year. These estimates are then updated during the year as new laws are enacted, as actual spending occurs, as economic conditions change, and as more source data become available.

Research and Development Activities of U.S. Multinational Companies

Preliminary Results From the 2004 Benchmark Survey

By Daniel R. Yorgason

THE Bureau of Economic Analysis (BEA) has embarked on a long-term effort to provide more extensive economic data and analysis about research and development activity and its effects on the economy. In keeping with this goal, this article on the research and development (R&D) activities of U.S. multinational companies (MNCs) has been prepared to supplement an earlier article summarizing other general results from BEA's 2004 benchmark survey of U.S. direct investment abroad.¹ The benchmark survey is more comprehensive than BEA's annual surveys in its coverage of companies and in the information gathered on R&D activities.

The information presented here complements other BEA research on the effects of R&D activity on economic growth. Last September, BEA released a new R&D satellite account developed in conjunction with the National Science Foundation.² The satellite account recognizes that R&D is actually a form of investment—investment that produces an intangible asset, knowledge. In order to measure the effect of R&D activity on investment, saving, and the gross domestic product (GDP), the satellite account modifies the accounting conventions used in GDP accounts and treats R&D spending as investment rather than as an expense. The MNC R&D data, and related BEA research on R&D and other innovation-related activities of

MNCs, will assist in the further development of the R&D satellite account. Two goals for this work are to determine how to introduce an international dimension into the satellite account and to assess the extent to which R&D data from U.S. MNCs can be used in improving the estimates of domestic R&D (see the box “Multinational Companies and R&D: Other Issues”).

In furtherance of these goals, BEA, the National Science Foundation (NSF), and the Census Bureau (which conducts an R&D survey on behalf of NSF) are currently engaged in a project linking data from their surveys to provide a more complete picture of R&D associated with U.S. and foreign MNCs. Results from this project are scheduled to be published later this year.³ The data link will provide information on the types of R&D conducted by MNCs (basic research, applied research, and development) and the location, by state, of their R&D conducted in the United States.

In addition to the international aspects, work on the R&D satellite account will continue in several other areas, including improving output measures and input deflators, better identifying the owners and location of use of R&D assets, and estimating capital services for R&D.⁴ Work on the satellite account also will examine ways to incorporate aspects of BEA's industry and regional accounts.

Highlights

In 1999–2004, current-dollar R&D expenditures of U.S. MNCs grew at an average annual rate of 4 percent, to \$179.9 billion in 2004 (table A, chart 1).⁵ This rate of growth for MNCs was about the same as the rate of growth for MNC value added. The roughly equal growth rates reflects the offsetting effects of (1) an increase in the share of MNC R&D expenditures

1. A MNC comprises a U.S. parent company and its foreign affiliates. This analysis of R&D activities of U.S. MNCs focuses exclusively on data for majority-owned foreign affiliates (MOFAs) rather than on data for all foreign affiliates because the data items necessary for this analysis are only collected for MOFAs. Conceptually, many data users prefer the data for majority-owned affiliates because such affiliates are unambiguously under U.S. control; foreign affiliates that are minority owned by a U.S. resident could also be under the influence or control of foreign investors. In addition, most foreign affiliates are majority owned. For example, in 2004, MOFAs accounted for 86 percent of the employment by all nonbank foreign affiliates.

Raymond J. Mataloni Jr. and Daniel R. Yorgason, “Operations of U.S. Multinational Companies: Preliminary Results From the 2004 Benchmark Survey,” *SURVEY OF CURRENT BUSINESS* 86 (November 2006): 37–68. For more information on the benchmark survey, see the appendix to that article.

2. The full release is accessible on BEA's Web site at <www.bea.gov/bea/newsrelarchive/2006/rdspend06.htm>. An article 3 months later discusses the same topic: Sumiye Okubo, Carol A. Robbins, Carol E. Moylan, Brian K. Sliker, Laura I. Schultz, and Lisa S. Mataloni, “BEA's 2006 Research and Development Satellite Account: Preliminary Estimates of R&D for 1959–2002 and Effect on GDP and Other Measures,” *SURVEY* 86 (December 2006): 14–44.

3. A report examining the feasibility of this data link project is available on BEA's Web site at <www.bea.gov/bea/di/FinalReportpublic.pdf>.

4. Okubo, et al., 22–23.

5. Data on R&D expenditures are collected on both a performer basis and funder basis in the benchmark survey. In the annual surveys, expenditure data are only collected on a performer basis. Unless otherwise noted, in this article, “R&D expenditures” are the expenditures for R&D that is performed by the MNC rather than for the R&D that is funded by the MNC. This treatment is consistent with the performance-based estimates published by NSF and with the data from BEA's annual surveys.

accounted for by foreign affiliates, whose R&D was lower in relation to value added than that of their parents, and (2) more rapid growth of R&D expenditures than of value added for both U.S. parents and their foreign affiliates.

Of the \$179.9 billion in R&D expenditures of U.S. MNCs in 2004, 85 percent was accounted for by U.S. parents and 15 percent was accounted for by their foreign affiliates. The parents' 85-percent share was higher than their 73-percent share of MNC value

added. The large R&D share of U.S. parents partly reflects the relative abundance of U.S. scientific and technical resources, including highly educated workers, in the United States. It may also reflect U.S. companies' efforts to limit the diffusion of their strategic technologies in order to preserve their competitive position among international companies. Also, because of scale economies in R&D and because information generated by R&D in one location can often be shared with far-flung operating units at low or zero marginal cost,

Table A. R&D Expenditures of Nonbank U.S. Multinational Companies for 1994, 1999, and 2004

	R&D performed by U.S. MNCs			Addenda	
	MNC total	U.S. parents	MOFAs	Ratio of U.S.-parent R&D expenditures to R&D expenditures of all U.S. businesses (percent) ¹	MOFAs as a percentage of MNC total ((column 3 / column 1) x 100)
	(1)	(2)	(3)	(4)	(5)
	Millions of dollars			Percent	
1994					
Total	103,451	91,574	11,877	76.6	11.5
Type:					
For themselves	84,574	75,673	8,901	n.a.	10.5
For others ²	18,876	15,900	2,976	n.a.	15.8
Of which:					
For the Federal Government	n.a.	13,267	n.a.	59.1	n.a.
Addendum: Performed by others on behalf of the MNC	7,105	5,561	1,544	n.a.	21.7
1999					
Total	144,435	126,291	18,144	69.1	12.6
Type:					
For themselves	124,252	111,008	13,244	n.a.	10.7
For others ²	20,183	15,283	4,900	n.a.	24.3
Of which:					
For the Federal Government	n.a.	7,810	n.a.	34.7	n.a.
Addendum: Performed by others on behalf of the MNC	11,726	10,344	1,382	n.a.	11.8
2004					
Total	179,914	152,384	27,529	73.2	15.3
Type:					
For themselves	166,330	141,877	24,453	n.a.	14.7
For affiliated businesses ³	4,313	1,835	2,479	n.a.	57.5
For unaffiliated entities	9,270	8,673	597		6.4
Of which:					
For the Federal Government	n.a.	6,049	n.a.	29.9	n.a.
Addendum: Performed by others on behalf of the MNC	7,794	6,338	1,456	n.a.	18.7
Addenda					
		Percent			
1994					
Total	100.0	100.0	100.0		
Type:					
For themselves	81.8	82.6	74.9		
For others ²	18.2	17.4	25.1		
Of which:					
For Federal Government	n.a.	14.5	n.a.		
1999					
Total	100.0	100.0	100.0		
Type:					
For themselves	86.0	87.9	73.0		
For others ²	14.0	12.1	27.0		
Of which:					
For the Federal Government	n.a.	6.2	n.a.		
2004					
Total	100.0	100.0	100.0		
Type:					
For themselves	92.4	93.1	88.8		
For affiliated businesses ³	2.4	1.2	9.0		
For unaffiliated entities	5.2	5.7	2.2		
Of which:					
For the Federal Government	n.a.	4.0	n.a.		

n.a. Not available

1. These estimates are computed using data from the National Science Foundation's Web site at <http://www.nsf.gov/statistics/infbrief/nsf07304/>.

2. Information of the portion of R&D performed by the MNC for affiliated and for unaffiliated entities was separately collected in 2004, but this split was not collected in 1994 and 1999.

3. In the case of U.S. parents, affiliated businesses consist of their foreign affiliates. In the case of

MOFAs, affiliated businesses consist of the U.S. parent and all other foreign affiliates belonging to the same U.S. parent.

MNC Multinational company
MOFA Majority-owned foreign affiliate
R&D Research and development

it may be easier and more efficient for MNCs to concentrate R&D activities in the United States rather than some other activities, such as production or distribution.

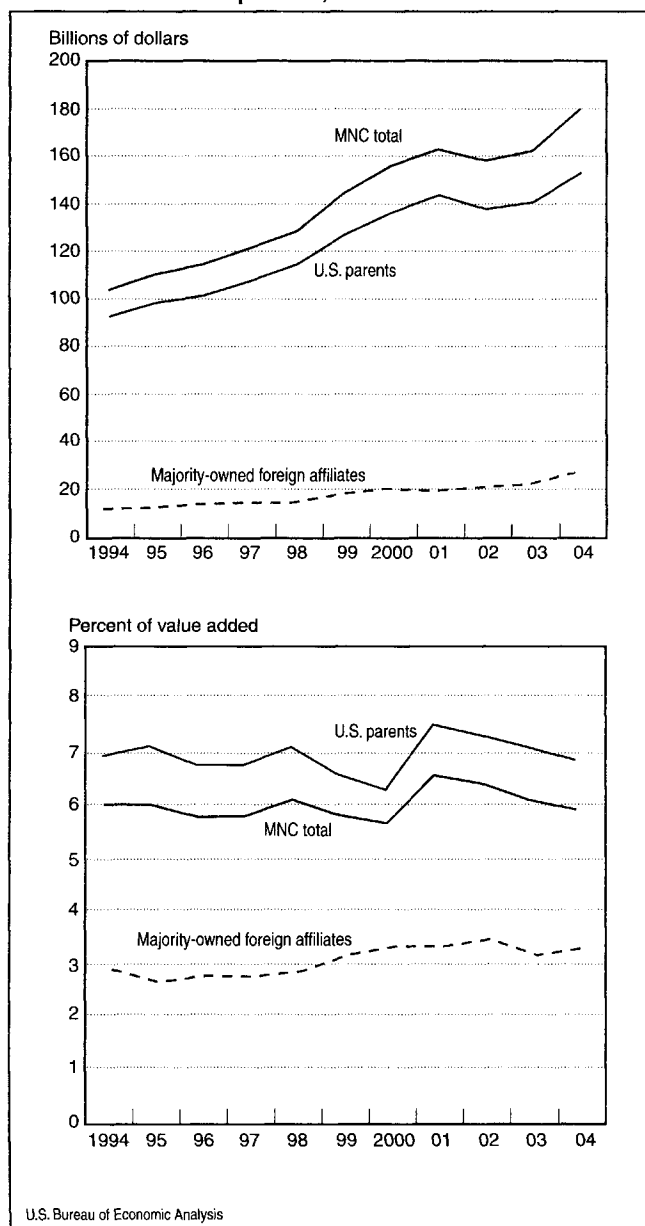
The 15-percent share of R&D expenditures accounted for by foreign affiliates was 2 percentage points higher than in 1999 and 3 percentage points higher than in 1994. The rise coincided with a general rise in the importance of foreign affiliates in U.S.-MNC operations; the share of MNC value added accounted for by foreign affiliates rose to 27 percent in 2004 from 23 percent in 1999. R&D also became more broadly diffused among affiliates in 1999–2004. The number of affiliates participating in R&D as a share of

all affiliates increased by more than a third, and the number of countries hosting R&D-performing affiliates increased from 66 to 73 (for more information on which entities perform R&D, see the appendix “R&D: What Is It and Who Conducts It?”).

Other key results of the R&D activities of U.S. multinational companies from the 2004 benchmark survey include the following:

- The 4-percent average annual growth rate of R&D expenditures in 1999–2004 was down from a 7-percent rate in 1994–99; the slower growth coincided with lower value-added growth (4-percent average annual growth in 1999–2004, compared with 8-percent growth in 1994–99).
 - R&D employment of MNCs was 998,000 in 2004, up from 770,000 in 1999.⁶ The average annual rate of R&D employment growth was 5 percent. U.S. parents, with R&D employment of 819,000, accounted for 82 percent of the total in 2004, compared with 84 percent in 1999.
 - R&D by MNCs was performed primarily, and increasingly, for themselves. In 2004, 92 percent of R&D expenditures reflected work performed by the parent or by the affiliate for themselves (“own-account” spending), up from 86 percent in 1999 and 82 percent in 1994.
 - The share of R&D performed under contract for affiliated businesses—2 percent—was relatively small. Foreign affiliates performed more R&D under contract for affiliated businesses than did U.S. parents.
 - U.S. parents accounted for 73 percent of R&D expenditures by all U.S. businesses in 2004, an increase from the 69-percent share in 1999 but less than the 77-percent share in 1994.
 - R&D expenditures by foreign affiliates were highest in the United Kingdom, Germany, and Canada. Expenditures by foreign affiliates in these three countries totaled \$12.9 billion or 47 percent of all R&D spending by all affiliates. This share fell from 50 percent in 1999, reflecting an increase in the geographic dispersion of affiliates’ R&D.
- The remainder of this article is composed of two sections and an appendix. The first section focuses on the R&D expenditures and R&D employment of U.S. parents in 2004. The second section examines the R&D expenditures and R&D employment of their majority-owned foreign affiliates. The appendix provides additional detail on the types of activities included in R&D, and compares selected characteristics of MNCs that conduct R&D with those of MNCs that do not.

Chart 1. R&D Expenditures of Nonbank U.S. Multinational Companies, 1994–2004



6. In the text, employment data are rounded to the nearest thousand. In the tables, they are rounded to the nearest hundred.

R&D by U.S. Parents

In 2004, R&D expenditures by U.S. parents were \$152.4 billion, up from \$126.3 billion in 1999. Of the 2004 total, \$141.9 billion, or 93 percent, was own-account spending, \$6.0 billion, or 4 percent, was for projects funded by the Federal Government, \$2.6 billion, or 2 percent, was for projects funded by other unaffiliated entities, and \$1.8 billion, or 1 percent, was spending for projects funded by the parents' foreign affiliates. The 93-percent share of own-account spending was 5 percentage points higher than in 1999 and 10 percentage points higher than in 1994. The declines in non-own-account spending largely reflect declines in the share of federally funded R&D; the 4-percent share was down from 6 percent in 1999 and 15 percent

in 1994.

Just as U.S. parents performed some R&D for others, they also had some R&D performed for them by others. R&D performed for parents by others totaled \$6.3 billion. Of total R&D funded by MNCs, the share performed by others was 4 percent, only half the share in 1999.⁷ R&D performed by others typically supplemented rather than replaced R&D performed by parents for themselves; only 11 out of 2,267 parents had

7. The estimates of R&D expenditures of U.S. MNCs on a funder basis follow financial accounting standards and are typically treated as an expense on firms' income statements. If a change were to be made to follow the definitions underlying the R&D satellite account, R&D expenditures on this basis would be capitalized, and the depreciation of the R&D stock would be treated as an expense. This alternative treatment would raise the estimates of value added by MNCs.

Multinational Companies and R&D: Other Issues

The benchmark and annual surveys of U.S. direct investment abroad are the primary resources for assessing the size and scope of research and development (R&D) activities of U.S. multinational companies (MNCs). The main text of this article addresses several basic issues related to MNCs and R&D, such as the division of performance between U.S. parents and foreign affiliates, parents' performance relative to that of all U.S. businesses, the geographic (for foreign affiliates) and industry distributions of R&D performers, and the extent to which MNCs perform R&D for others or fund R&D by others. However, it leaves several other issues unaddressed.¹ Some of these other issues might be addressed by more detailed or technical analyses of data collected in the benchmark and annual surveys, and others might require data from other sources or data that are not currently available. Several issues of particular interest are grouped below according to whether they relate to firm-level behavior and performance, measurement of R&D, or the effect of R&D on national economic performance:

R&D and the firm

- What factors lead an MNC to conduct R&D?
- Does R&D lead a company to grow more quickly than it otherwise would? How does R&D affect other measures of parent and affiliate performance, such as productivity and profitability?
- Does R&D by a company's competitors put it at a relative disadvantage?
- How does an MNC determine whether to conduct its R&D in the United States or abroad? If abroad, what determines

1. However, these other issues may have been (or may be currently being) addressed by other research, but most of the questions listed continue to be largely unresolved. For recent examples of research touching on some of these issues, see United Nations Conference on Trade and Development, *World Investment Report 2005: Transnational Corporations and the Internationalization of R&D* (New York and Geneva: United Nations, 2005), or Jerry Thursby and Marie Thursby, National Academy of Sciences, National Academy of Engineering, and Institute of Medicine, *Here or There? A Survey of Factors in Multinational R&D Location* (Washington DC: The National Academies Press, 2006).

the particular location? To what extent do factors such as taxes or protection of intellectual property rights affect MNC decisions on where within the MNC to locate the ownership of R&D results?

- To what extent can U.S.-parent R&D spending complement, or be substituted for, foreign-affiliate R&D spending?
- How does R&D by parents affect the productivity and other measures of foreign-affiliate performance?
- To what extent are R&D findings shared with the various entities of an MNC? Are the findings of parents more readily shared than those of affiliates? Does the location of an affiliate determine whether it receives R&D output from the parent or other affiliates or how much it receives?

Measurement of R&D

- How are R&D results valued by MNCs, and how should they be valued by statistical agencies (for example, for use in satellite accounts)? Are market values available, or are cost-based estimates the only option?
- To what extent, if any, should R&D capital be viewed as accruing to R&D performers rather than, or in addition to, R&D funders?
- To what extent should the lags and risks associated with R&D affect the measurement of R&D capital?
- How quickly does R&D capital depreciate, and are there important differences in depreciation rates over industries and countries?

R&D and national performance

- What role does R&D by MNCs play in generating spillovers (externalities) in the United States, in the host countries of R&D-performing affiliates, or in the host countries of R&D-using affiliates?
- Does the increasing share of R&D performed by foreign affiliates imply that the United States is losing its comparative advantage in R&D?
- What factors promote the selection of affiliates located in low-wage host countries to perform R&D?

R&D performed for them but were not themselves also R&D performers.

U.S. parents constitute a major portion of all R&D performance in the United States; in 2004, they accounted for 73 percent of the R&D performed by all U.S. businesses. The importance of parents in R&D is attributable partly to their industry distribution; for example, parents account for a particularly large share of U.S. economic activity in manufacturing, an industry sector with relatively high levels of R&D. Size may also contribute; companies with overseas operations tend to be larger than other U.S. businesses. The share of U.S.-business R&D accounted for by parents rose from that in 1999 but was still smaller in 2004 than in 1994. MNCs' share of R&D performed for the Federal Government was much smaller—30 percent of all federally funded R&D—and was smaller than it was in 1999 and 1994.

R&D expenditures: Industry distribution and intensity

R&D by U.S. parents tends to be highly concentrated in specific industries. This concentration partly results from the definition of R&D; R&D only includes certain activities within the set of all innovative or knowledge-generating activities (see the appendix "R&D: What is It and Who Conducts It?"). Industry characteristics

such as type of product or industry maturity may also be factors.

R&D expenditures in three industry sectors—manufacturing (\$120.9 billion), information (\$14.0 billion), and professional, scientific, and technical services (\$12.8 billion)—accounted for 97 percent of all R&D expenditures by U.S. parents in 2004 (tables B and 1, chart 2). Manufacturing accounted for 79 percent of all R&D expenditures. Within the three sectors, R&D expenditures were unevenly distributed. In manufacturing, three industries—chemicals, computers and electronic products, and transportation equipment—accounted for 84 percent of R&D expenditures, well above their 48-percent share of value added (chart 3). In information, R&D expenditures were concentrated in publishing industries, mostly because of the software publishing subindustry. In professional, scientific, and technical services, they were concentrated in computer systems design and related services.

The concentration of U.S.-parent R&D expenditures in the three major R&D-performing sectors closely matched the concentration of R&D of all U.S. businesses (95 percent).⁸ However, the distribution of parent R&D expenditures among these three sectors

8. The similarity of industry concentration is not surprising given U.S. parents' 73-percent share of R&D expenditures by all U.S. businesses.

Table B. R&D Expenditures of Nonbank U.S. Multinational Companies and All U.S. Businesses by Selected Industry of U.S. Parent, 2004¹

	R&D expenditures (millions of dollars)			MOFA share of total MNC (percent)	R&D expenditures of all U.S. R&D businesses (millions of dollars) ²	Ratio of U.S.-parent R&D expenditures to R&D expenditures of all U.S. businesses (percent)
	MNC total	U.S. parents	MOFAs			
All industries³	179,913	152,384	27,529	15.3	208,301	73.2
Manufacturing	145,122	120,851	24,271	16.7	147,288	82.1
<i>Of which:</i>						
Petroleum and coal products.....	1,326	1,251	75	5.7	1,603	78.0
Chemicals.....	47,274	40,270	7,004	14.8	(D)	(D)
<i>Of which:</i>						
Basic chemicals.....	2,075	1,881	194	9.4	2,393	78.6
Resins and synthetic rubber, fibers, and filaments.....	2,681	2,392	289	10.8	2,096	114.1
Pharmaceuticals and medicines.....	37,000	31,046	5,954	16.1	31,477	98.6
Machinery.....	6,656	5,780	876	13.2	6,579	87.9
Computers and electronic products.....	41,468	35,810	5,658	13.6	48,296	74.1
<i>Of which:</i>						
Computers and peripheral equipment.....	7,562	7,371	191	2.5	5,734	128.6
Electrical equipment, appliances, and components.....	1,476	1,266	210	14.2	2,664	47.5
Transportation equipment.....	33,862	25,795	8,067	23.8	(D)	(D)
<i>Of which:</i>						
Motor vehicles, bodies and trailers, and parts.....	21,954	14,662	7,292	33.2	15,677	93.5
Miscellaneous manufacturing.....	4,975	4,397	578	11.6	4,388	100.2
Information	15,193	14,003	1,190	7.8	22,593	62.0
Professional, scientific, and technical services	14,438	12,787	1,651	11.4	28,709	44.5
<i>Of which:</i>						
Architectural, engineering, and related services.....	(D)	91	(D)	(D)	4,265	2.1
Computer systems design and related services.....	10,087	8,689	1,398	13.9	11,575	75.1
Other⁴	5,160	4,743	417	8.1	9,711	48.8
<i>Of which:</i>						
Construction.....	3	3	0	0	1,481	0.2
Retail trade.....	57	53	4	7.0	1,596	3.3

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

1. In this table, MOFA's R&D expenditures are classified by the industry of their U.S. parent. In table 2, MOFA's R&D expenditures are classified by their own industry.

2. Data are from the National Science Foundation's Web site at <<http://www.nsf.gov/statistics/infbrief/nsf07304/>>.

3. "All industries" includes agricultural industries in the benchmark survey of U.S. direct investment abroad. In NSF's survey of all U.S. businesses, agricultural industries are excluded.

4. "Other" in this table is a catch-all category and does not correspond to the "other industries" category used in other tables in this article or in other reports on the results from BEA's surveys of MNCs by industry. "Other" also includes agricultural industries for the survey of U.S. direct investment abroad but not for the survey of all U.S. businesses. See footnote 3.

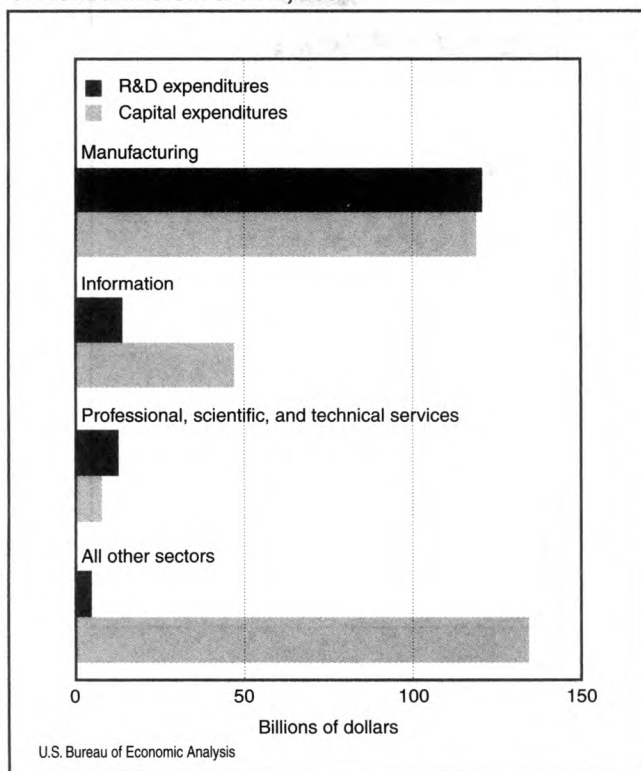
MNC Multinational company
MOFA Majority-owned foreign affiliate
R&D Research and development

differed somewhat from that of R&D expenditures by all U.S. businesses. U.S.-parent R&D expenditures were more concentrated in manufacturing (parents' 82 percent of all-U.S.-business R&D in manufacturing was significantly higher than their 73-percent share at the all-industries level) and were less concentrated in information (62 percent of all-U.S.-business R&D) and in professional, scientific, and technical services (45 percent).

Among other industries, the proportion of all-U.S.-business R&D accounted for by U.S. parents varied widely, ranging from close to zero (for example, in construction) to over 100 percent (for example, in computers and peripheral equipment).⁹ Parents' R&D spending was particularly notable, both in absolute and relative terms, in pharmaceuticals and medicines in chemicals manufacturing and in "motor vehicles, bodies and trailers, and parts" in transportation equipment manufacturing. In pharmaceuticals and medicines, R&D expenditures accounted for 99 percent of the all-U.S.-business total, and in "motor vehicles, bodies and trailers, and parts," parents' spending accounted for 94 percent of the all-U.S.-business total.

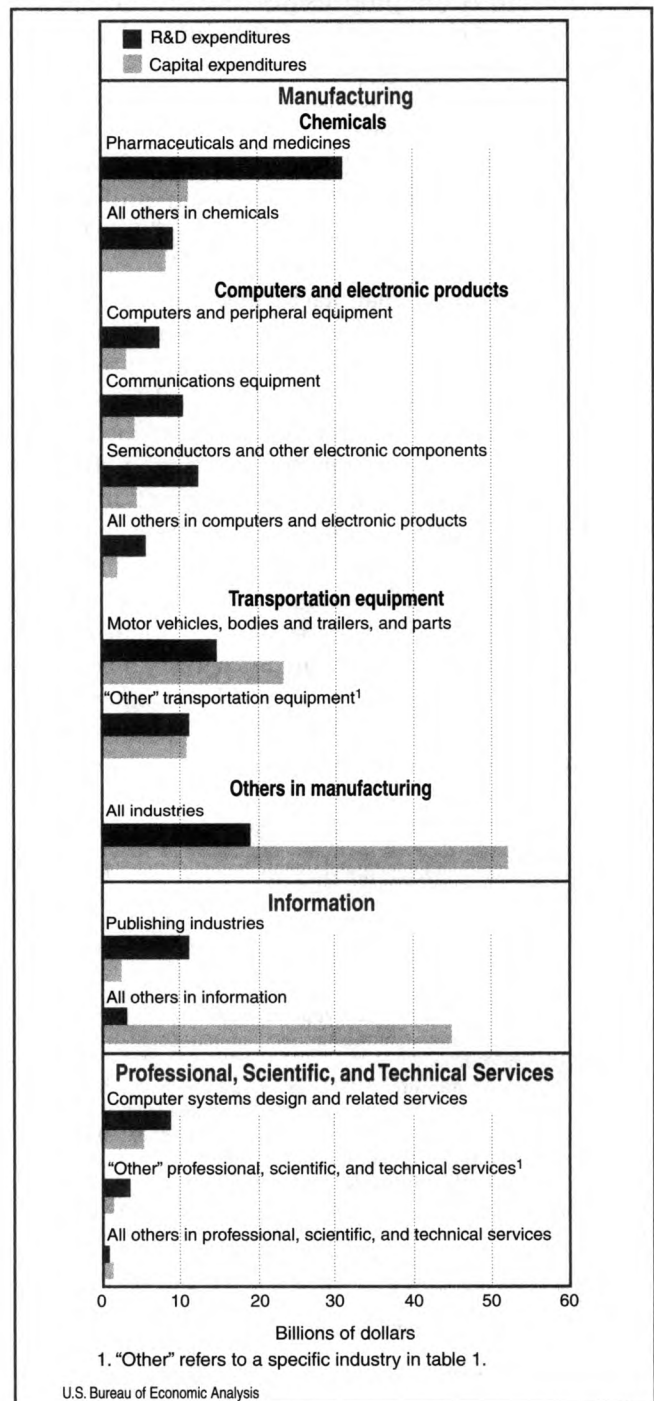
9. Differences in industry classification and geographic coverage of the BEA data for MNCs and the NSF data for all U.S. businesses may partly explain instances in which the proportion exceeds 100 percent. For instance, Puerto Rico is excluded in NSF's surveys of R&D, but it is included in BEA's surveys of direct investment.

Chart 2. R&D Expenditures and Capital Expenditures of Nonbank U.S. Parents, 2004



R&D expenditures relate to the accumulation of intangible assets; charts 2 and 3 also show data on parents' capital expenditures—that is, expenditures for property, plant and equipment—which relate to the accumulation of tangible assets. The R&D expenditures of U.S. parents were approximately half those of their capital expenditures (\$308.7 billion), but the size of R&D expenditures relative to capital expenditures

Chart 3. R&D Expenditures and Capital Expenditures of Nonbank U.S. Parents, Selected Industries, 2004



varied markedly across sectors. In both manufacturing and professional, scientific, and technical services, U.S. parents' R&D expenditures exceeded their capital expenditures. In most other industries, however, R&D expenditures were markedly smaller than capital expenditures.

Table 1 not only documents the industry concentration of parents' R&D expenditures discussed above, but it also provides information on the "intensity" of those expenditures—measured as the ratio of the level of R&D expenditures to the level of value added.¹⁰ This measure allows the propensities of firms in different industries that conduct R&D to be examined, abstracting from differences in industry size (see also chart 4). By this measure, the intensity of U.S.-parent R&D expenditures was 7 percent.¹¹

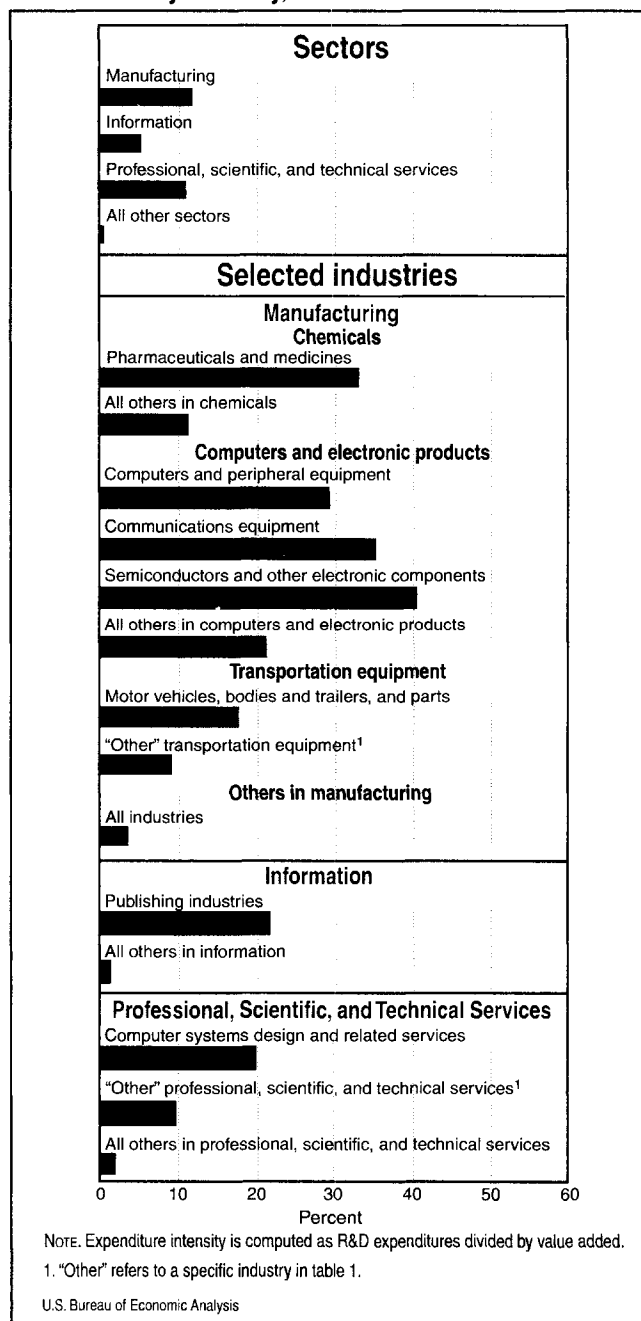
For the three major R&D-performing industry sectors—manufacturing; information; and professional, scientific, and technical services—parents' R&D intensities were 12 percent, 5 percent, and 11 percent, respectively. Within manufacturing, intensities were particularly high in semiconductors and other electronic components (41 percent), communications equipment (36 percent), pharmaceuticals and medicines (33 percent), computers and peripheral equipment (30 percent), and motor vehicles, bodies and trailers, and parts (18 percent). In information, the intensity was particularly high in publishing industries (22 percent, mostly due to the software publishing subindustry). In professional, scientific, and technical services, the intensity was particularly high in computer systems design and related services (20 percent).

Industry patterns of U.S.-parent R&D expenditures have changed since the 1999 survey. The share of the information sector in U.S.-parent R&D expenditures

rose to 9 percent in 2004 from 5 percent in 1999, primarily because of sharply higher spending by parents in publishing industries. The share of professional, scientific, and technical services rose to 8 percent from 7 percent. The share of manufacturing fell to 79 percent from 83 percent, primarily because of a decrease in spending by parents in transportation equipment (and despite an increase in pharmaceuticals).

Overall, the R&D expenditure intensity for U.S. parents increased only slightly from 1999 to 2004—from

Chart 4. R&D Expenditure Intensities of Nonbank U.S. Parents by Industry, 2004



10. This measure is also used by the NSF in many of its studies of R&D and allows analysts to focus on the output originating in firms in a specific industrial sector by subtracting the cost of services and materials purchased from other firms in that sector or in other sectors. Nonetheless, other measures of R&D intensity are also useful in the analysis of R&D, including the ratio of R&D expenditures to sales, the ratio of R&D employment to total employment, or either of these intensity measures computed just for R&D-performing firms. Other measures may relate more closely to the results of R&D, such as the number of patent applications or the number of patents granted. In some cases, the conclusions reached may differ, depending on the particular measure used.

11. An alternative measure of R&D expenditure intensity is shown in table 1—the ratio of R&D expenditures to the value added of R&D-performing parents. Because a minority of parents (and affiliates) had R&D expenditures, the ratio of expenditures to value added was substantially different, at both the all-industry level and at the detailed-industry level, depending on which of these two measures is used. Thus, this alternative is useful in showing the impact of nonperformers on detailed industry and higher level ratios. In the aggregate, this measure is nearly twice as high as the measure discussed in the text (13 percent versus 7 percent), but for individual industries, its size relative to that of the measure discussed in the text varies substantially. For example, it is only slightly higher in manufacturing (13 percent versus 12 percent), but it is much higher in information (21 percent versus 5 percent), reflecting particularly high R&D intensity by a number of software publishers.

6.6 percent to 6.9 percent. However, there were sizable changes in intensity in several industries. In semiconductors and other electronic components manufacturing and in publishing industries, the intensity nearly doubled. In “other” chemicals, in contrast, the intensity fell sharply.

R&D employment: Industry distribution and intensity

R&D employment is one aspect of MNC R&D activity for which data are collected only in the benchmark survey. U.S. parents employed 819,000 R&D workers in 2004 (table 1). In conjunction with total R&D expenditures, this R&D employment total implies that R&D spending per R&D employee was approximately \$186,000 (table C). In the industries with high intensity of R&D expenditures, R&D spending per R&D employee was particularly high in chemicals (approximately \$251,000), and it was particularly low in professional, scientific, and technical services (approximately \$153,000).¹²

Industry distributions of R&D employment were similar to those of R&D expenditures. Together, the three major R&D-performing industry sectors—manufacturing (633,000 R&D employees), professional, scientific, and technical services (84,000), and information (67,000)—accounted for about the same share of R&D employment (96 percent) as the share of R&D expenditures (97 percent).

In 2004, 4 percent of U.S. parents’ employees worked in R&D (this share can also be viewed as an “intensity” as shown for 2004 in the right column of table 1). The share of employees employed in R&D was

relatively high in manufacturing (8 percent) and professional, scientific, and technical services (9 percent).

The combined share of R&D employment by parents in the three major industry sectors increased, rising 2 percentage points from 1999 to 2004. The share of parents in manufacturing rose to 77 percent in 2004 from 75 percent in 1999, and the share in information edged up to just over 8 percent from just under 8 percent. However, the share of parents in professional, scientific, and technical services edged down to 10 percent from 11 percent.

R&D by Foreign Affiliates

In 2004, R&D expenditures by the foreign affiliates of U.S. parents was \$27.5 billion, or 15 percent of R&D expenditures by MNCs. In 1999, affiliate spending was \$18.1 billion, or 13 percent of MNC expenditures. In 2004, the intensity of R&D expenditures by foreign affiliates, at 3 percent, was less than the 7-percent intensity of their parents. R&D expenditures of foreign affiliates were also small relative to their capital expenditures. The value of the R&D expenditures of foreign affiliates was less than a fourth of the value of their capital expenditures (\$123.1 billion); for parents, the value of R&D expenditures was half of that of their capital expenditures.

Of all the affiliate R&D performed in 2004, \$24.5 billion, or 89 percent, was own-account R&D, \$2.5 billion, or 9 percent, was for affiliated businesses, and \$0.6 billion, or 2 percent, was for unaffiliated entities. The affiliate share of own-account R&D was a little lower than the parent share (93 percent). It increased 16 percentage points from 1999 to 2004. The 9-percent share of R&D for affiliated businesses—consisting of the U.S. parent and other foreign affiliates of the U.S. parent—was substantially larger than the 1-percent share of parent R&D conducted for their foreign affiliates. However, foreign affiliates may often benefit, directly or indirectly, from the R&D conducted by their parents, even if they are not funding or directing that R&D work. In dollar terms, the \$2.5 billion in R&D expenditures by foreign affiliates for affiliated businesses exceeded the spending by U.S. parents (\$1.8 billion) for their foreign affiliates.¹³ R&D expenditures for affiliated businesses were particularly high for foreign affiliates in the publishing industry and in the computers and electronics products manufacturing industry, especially in computers and peripheral equipment and in semiconductors and other electronic components.

As with U.S. parents, the 2004 R&D performed for foreign affiliates by others (\$1.5 billion) was less than

12. For several industries with low intensities, spending per R&D employee was below \$153,000.

Table C. R&D Expenditures Per R&D Employee by Selected Industry, 2004
[Dollars]

	U.S. parents	MOFAs
All industries	186,129	153,518
Manufacturing.....	191,080	154,455
Chemicals.....	251,243	233,019
<i>Of which:</i>		
Pharmaceuticals and medicines.....	258,232	284,518
Computers and electronic products.....	179,786	132,707
<i>Of which:</i>		
Computers and peripheral equipment.....	149,879	205,329
Communications equipment.....	159,839	128,908
Semiconductors and other electronic components.....	199,694	132,591
Transportation equipment.....	168,656	137,359
Motor vehicles, bodies and trailers, and parts.....	170,432	138,303
Other.....	166,372	126,674
Information.....	208,806	179,300
<i>Of which:</i>		
Publishing industries.....	239,160	188,570
Professional, scientific, and technical services.....	152,700	139,396
<i>Of which:</i>		
Computer systems design and related services.....	160,678	130,763
Other.....	179,036	155,812

MOFAs Majority-owned foreign affiliates
R&D Research and development

13. Information on R&D expenditures for affiliated businesses was collected for the first time on the 2004 benchmark survey, so no comparison can be made with data for earlier years.

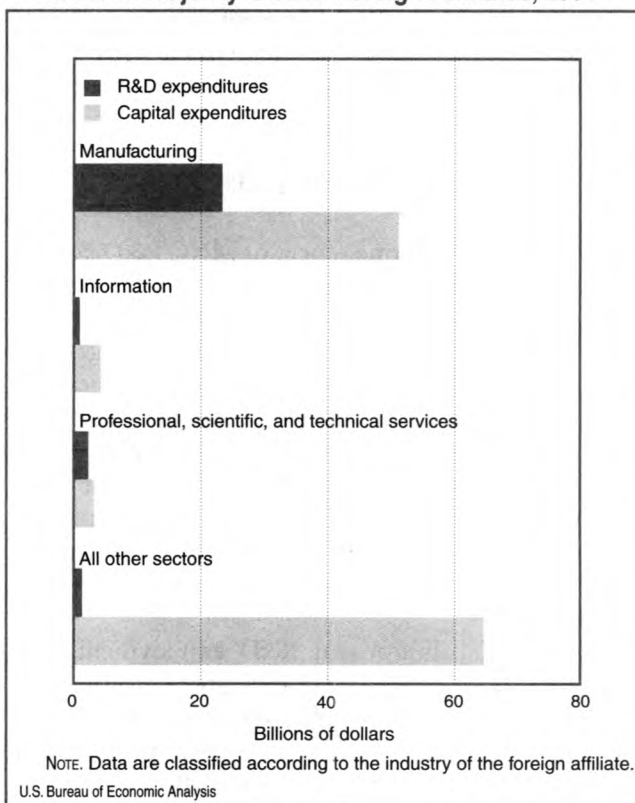
the R&D performed for others by the affiliates (\$2.1 billion). Of the total R&D funded by foreign affiliates, 6 percent was performed by others, compared with the 4-percent share of parent-funded R&D performed by others.

R&D expenditures: Industry distribution and intensity

By industry of U.S. parent, foreign affiliates' share of MNC R&D expenditures was slightly higher in manufacturing (17 percent) than the 15-percent share of all industries (table B). Within manufacturing, the foreign-affiliate share of MNC R&D expenditures was particularly high in transportation equipment—especially in motor vehicles, bodies and trailers, and parts—where the \$7.3 billion of expenditures represented a third of the MNC total.

By industry of foreign affiliate, the three sectors—manufacturing; professional, scientific, and technical services; and information—that accounted for nearly all (97 percent) of R&D expenditures by U.S. parents accounted for 95 percent of R&D expenditures by foreign affiliates (table 2, chart 5). Affiliates' expenditures were highest in manufacturing (\$23.3 billion), followed by professional, scientific, and technical services (\$2.1 billion), and information (\$0.8 billion).

Chart 5. R&D Expenditures and Capital Expenditures of Nonbank Majority-Owned Foreign Affiliates, 2004



Key Terms

The following key terms are used to describe U.S. multinational companies (MNCs).¹

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

U.S. parent. A person, resident in the United States, that 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 or not organized 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. 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.

This article focuses on the operations of **majority-owned foreign affiliates** of U.S. parents; for these affiliates, the combined ownership of all U.S. parents exceeds 50 percent. In 2004, these affiliates accounted for 86 percent of the employment of all foreign affiliates of U.S. MNCs, up from 84 percent in 1999.

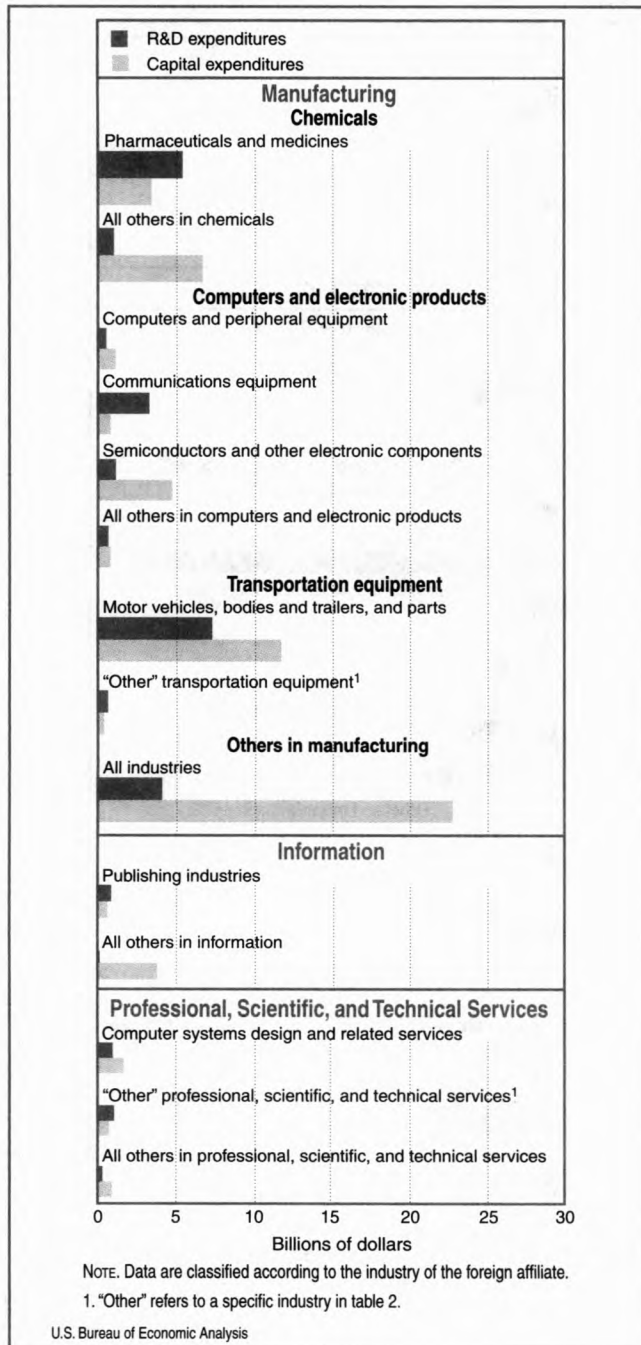
1. For a more comprehensive discussion of the terms and the concepts used to describe U.S. MNCs and their operations, see Raymond J. Mataloni Jr., "A Guide to BEA Statistics on U.S. Multinational Companies," SURVEY 75 (March 1995): 38–55. Data on the operations of U.S. MNCs cover the survey respondent's fiscal year ending in the reference year of the data.

Manufacturing alone accounted for 85 percent of total foreign affiliate R&D expenditures. At a more detailed level, affiliates in one subindustry in manufacturing—motor vehicles, bodies and trailers, and parts—had R&D expenditures of \$7.2 billion, or 30 percent of the all-industry total (chart 6).

In contrast to the parents' R&D expenditures, affiliates' R&D expenditures in wholesale trade (\$1.2 billion) were larger than those in information, mainly

because wholesale trade is a more important industry for foreign affiliates than for their parents; this industry accounted for 15 percent of foreign affiliates' value

Chart 6. R&D Expenditures and Capital Expenditures of Nonbank Majority-Owned Foreign Affiliates, Selected Industries, 2004



Availability of Data on U.S. Direct Investment Abroad

BEA collects two broad sets of data on U.S. direct investment abroad: (1) Financial and operating data of U.S. multinational companies (MNCs) and (2) international transactions and direct investment position data. The first data set provides 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 second data set covers a foreign affiliate's transactions with its U.S. parent(s), focusing on the U.S. parent's share, or interest, in its affiliate rather than on the affiliate's size or level of operations.¹

The preliminary estimates of the worldwide research and development (R&D) activities of MNCs for 2004—one aspect collected among many in the financial and operating data set—are presented in this article. Preliminary estimates related to other aspects of the operations of MNCs for 2004 and final estimates for 2003 were published in November 2006.² These estimates, along with more detailed estimates of MNC R&D activities, are available on BEA's Web site. The estimates are based on the 2003 Annual Survey of U.S. Direct Investment Abroad and the 2004 Benchmark Survey of U.S. Direct Investment Abroad.

The final estimates of U.S. MNC operations for 1977 and for 1982–2003, along with international transactions and direct investment position data, are available in publications or in files that can be downloaded for free from BEA's Web site at <www.bea.gov>. For more information on these products and how to obtain them, go to <www.bea.gov/bea/ai/iidguide.htm>.

BEA has also recently launched a free service on its Web site that allows users to access interactively detailed data on the operations of U.S. multinational companies, on the operations of foreign-owned companies in the United States, and on other aspects of U.S. direct investment abroad and foreign direct investment in the United States. For an introductory guide to this service, see Ned G. Howenstine, "Primer: Accessing BEA Direct Investment Data Interactively," SURVEY 86 (May 2006): 61–64.

1. Jennifer L. Koncz and Daniel R. Yorgason, "Direct Investment Positions for 2005: Country and Industry Detail," SURVEY 86 (July 2006); and Jeffrey H. Lowe, "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 2003–2005," SURVEY 86 (September 2006): 87–129.

2. Raymond J. Mataloni Jr. and Daniel R. Yorgason, "Operations of U.S. Multinational Companies: Preliminary Results From the 2004 Benchmark Survey," SURVEY 86 (November 2006): 37–68.

added, compared with only 5 percent of the parents' value added. The R&D expenditures by wholesale trade affiliates may also reflect secondary activities of these affiliates in industries, such as manufacturing, that are more typically associated with R&D activity.

The concentration of R&D expenditures is also evident in the intensity of R&D expenditures. Affiliates' R&D intensity in manufacturing (6 percent) and in professional, scientific, and technical services (5 percent) exceeded the 3-percent intensity at the all-industry level (chart 7). In all the other sectors, including information (with the next largest intensity of 2 percent), intensities were less than 3 percent.

As noted, the 3-percent affiliate intensity at the all-industry level was less than the 7-percent parent intensity. Affiliate intensities were also generally lower at more detailed industry levels. For example, in the computers and electronic products manufacturing industry, affiliate intensities for all but one subindustry were less than 9 percent, but parent intensities for all the subindustries shown in chart 4 were at least 21 percent.¹⁴

The industry pattern of affiliate R&D expenditures has changed since the 1999 benchmark survey. The share of these expenditures accounted for by manufacturing declined in 1999–2004, to 85 percent from 90 percent. The shares rose for wholesale trade; information; and professional, scientific, and technical services. In information, shares roughly tripled (though from a small base), rising to 3 percent in 2004 from 1 percent in 1999. In wholesale trade, shares were up by over half.

The average intensity of R&D expenditures of foreign affiliates increased only minimally (0.1 percentage point) in 1999–2004. In information, however, the intensity increased 1.5 percentage points. At a more disaggregated level, in computers and electronic products manufacturing, the intensity was up, particularly because of an increase in communications equipment. Despite the small increase at the aggregate level, intensities for all of the large R&D-performing sectors increased. The small increase in intensity at the aggregate level may have partly reflected a shift in the sectoral composition of value added away from manufacturing, which had the highest intensity in both 1999 and 2004, and toward other sectors in which R&D was less significant.¹⁵

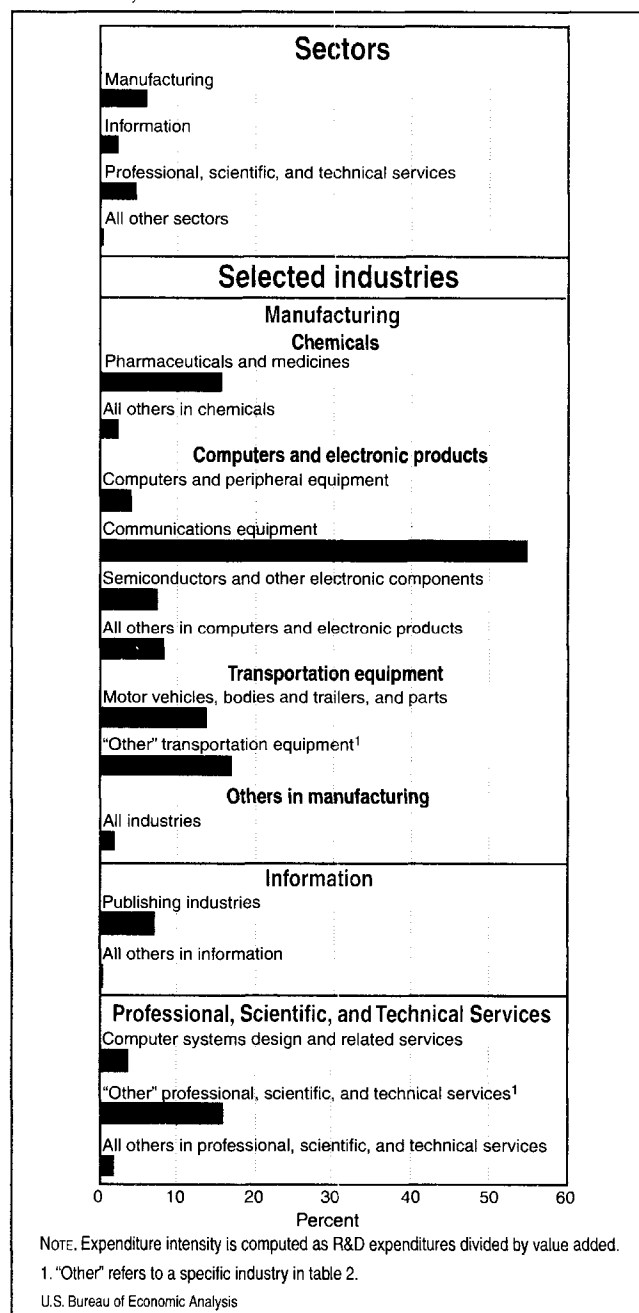
14. The one exception, communications equipment, had an affiliate intensity of 55 percent. Very high intensities such as this can result from situations where value added—the denominator in the intensity calculation—is unusually low, which might occur when startups constitute a large segment of a particular industry. In such situations, the share of employees in R&D may be a more informative intensity measure for many purposes.

15. Affiliates in manufacturing were responsible for 56 percent of foreign affiliates' value added in 1999 but for only 47 percent in 2004.

As foreign affiliates' share of MNC value added increased from 1999 to 2004 (rising to 27 percent from 23 percent), so did their share of the R&D activities of MNCs in several industries.¹⁶ In particular, in both information and wholesale trade, foreign affiliates' shares of MNC R&D expenditures were up strongly. In

16. Note that these shares differ from those shown in table B, because affiliates are classified by their own industry, but, in table B, they are classified by the industry of their U.S. parent.

Chart 7. R&D Expenditure Intensities of Nonbank Majority-Owned Foreign Affiliates by Industry of Affiliate, 2004



information, affiliates' share of R&D expenditures more than doubled, growing to 5.7 percent from 2.3 percent.

R&D employment: Industry distribution and intensity

In 2004, foreign affiliates had 179,000 R&D employees, or 2 percent of total employment by foreign affiliates. These workers represent 18 percent of all R&D workers employed by MNCs. By industry of affiliate, affiliates' shares of MNC R&D employment were particularly high in wholesale trade (32 percent) and were particularly low in information (7 percent). R&D expenditures per R&D employee was approximately \$154,000, roughly \$32,000 less than the \$186,000 per employee for parents (table C).¹⁷ R&D spending per R&D employee was particularly high in pharmaceuticals (\$285,000) and was particularly low in communications equipment (\$129,000).

Manufacturing affiliates employed 151,000 R&D workers, or 84 percent of all affiliate R&D workers. Within manufacturing, transportation equipment accounted for the most of the employees—56,000, or nearly a third of all R&D workers of foreign affiliates.

The share of R&D employment of affiliates in manufacturing declined in 1999–2004, to 84 percent from 88 percent in 1999, similar to the drop in these affiliates' share of R&D expenditures. Like their shares of R&D expenditures, affiliates' employment shares rose in wholesale trade, information, and professional, scientific, and technical services.

At the aggregate level, R&D employment intensity increased to 2.1 percent from 1.6 percent. That increase was larger than the increase in expenditure intensity. In manufacturing, R&D employment intensity rose to 3.6 percent from 2.5 percent.

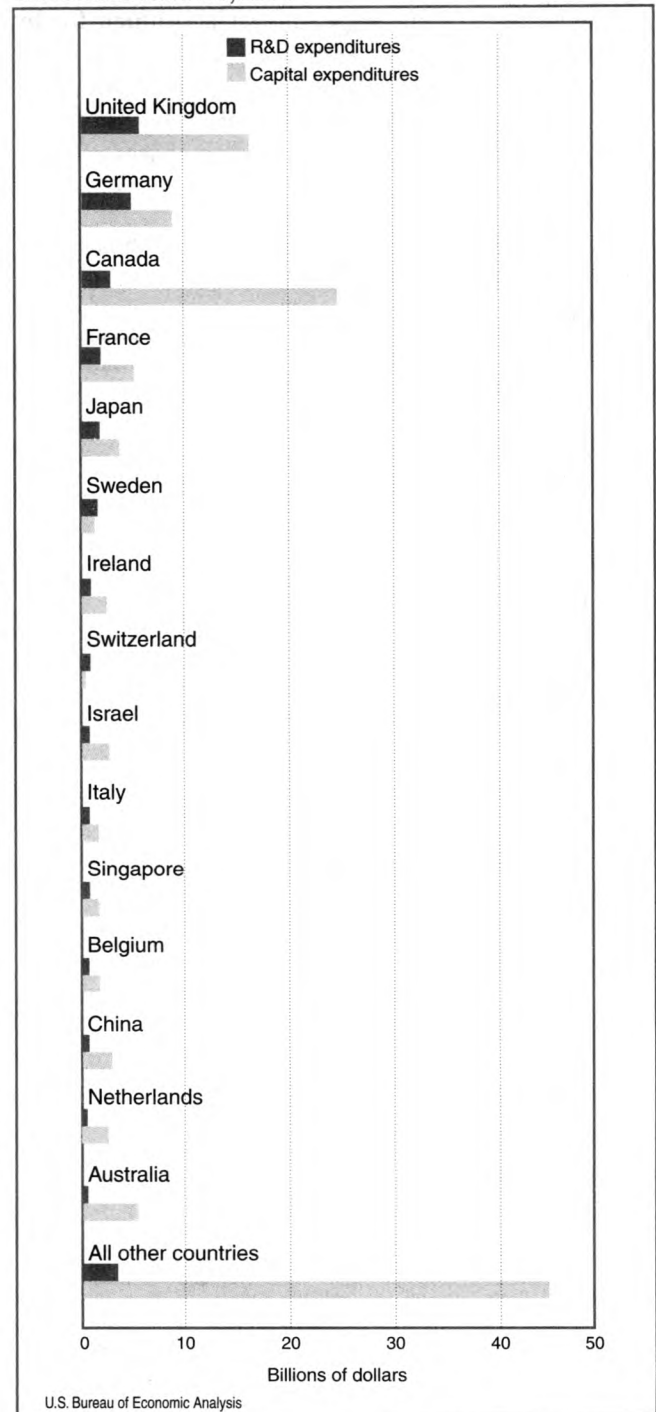
R&D expenditures: Geographic distribution and intensity

Of the foreign affiliates' \$27.5 billion in R&D expenditures in 2004, \$18.1 billion (66 percent) was by affiliates in Europe, \$4.9 billion (18 percent) was by affiliates in Asia and Pacific, and \$2.7 billion (10 percent) was by affiliates in Canada (table 3). Europe's leading position reflected both its relative importance in production by foreign affiliates and its relatively high R&D expenditure intensity (4 percent); among major regions, only the Middle East (11 percent) had a higher intensity, reflecting R&D in Israel.

By country, the largest affiliate R&D expenditures

were in the United Kingdom (\$5.5 billion), Germany (\$4.7 billion), and Canada (\$2.7 billion) (chart 8). Expenditures also exceeded \$1.0 billion in France, Japan, and Sweden. R&D expenditure intensities in all of these countries except Canada were greater than the

Chart 8. R&D Expenditures and Capital Expenditures of Nonbank Majority-Owned Foreign Affiliates, Selected Countries, 2004

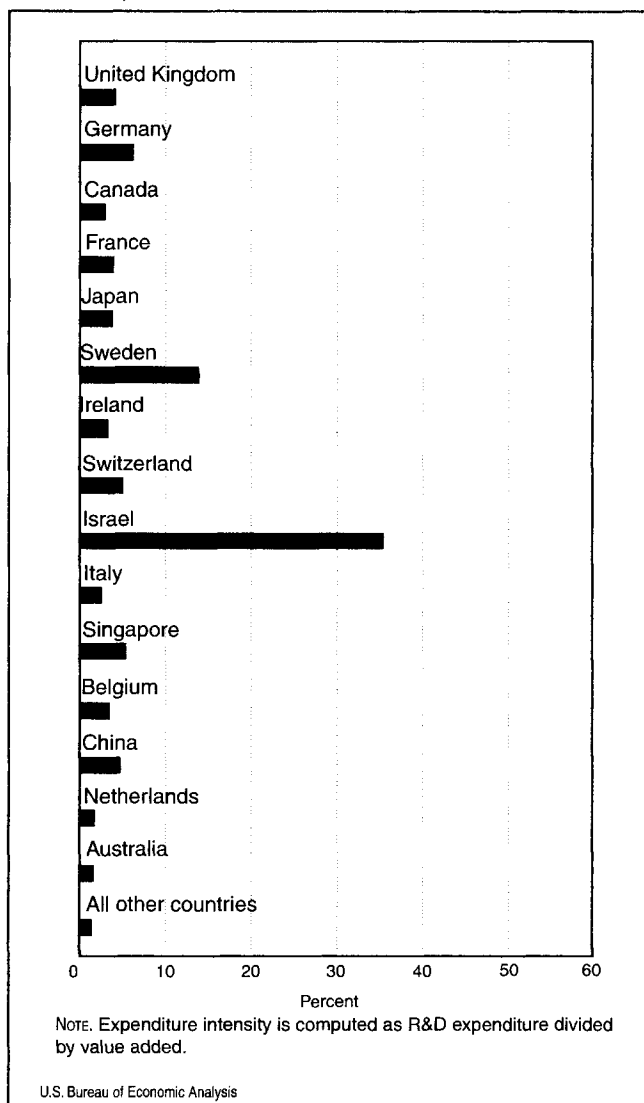


17. By comparison, average employee compensation for each worker was \$20,000 less for affiliates than for parents (\$38,000 versus \$58,000).

3-percent worldwide intensity (chart 9). Germany's intensity was 6 percent, and Sweden's was 14 percent. Among the other countries shown in chart 8, intensities were particularly high in Israel (35 percent) and in Singapore, Switzerland, and China (5 percent in each). In Israel, much of the R&D expenditures were in computers and electronic products manufacturing—particularly in computer and peripheral equipment and communications equipment—and in professional, scientific, and technical services.

The shares of R&D expenditures accounted for by affiliates in Europe fell 1 percentage point to 66 percent in 2004, and their share of R&D employment fell 3 percentage points to 64 percent. Balancing the fall in the European share, R&D expenditure shares of Can-

Chart 9. R&D Expenditure Intensities of Nonbank Majority-Owned Foreign Affiliates, Selected Countries, 2004



ada and the Middle East both rose slightly, to 10 percent and 3 percent, respectively.

The share of R&D expenditures accounted for by affiliates in the United Kingdom, the top R&D-performing country, fell 2 percentage points in 1999–2004, to 20 percent. Shares of affiliates in Germany, France, and Japan also fell. R&D activities became somewhat more broadly dispersed during this period, as the combined R&D expenditure share of the top six R&D-performing countries—using the 2004 rankings—fell 7 percentage points to 65 percent.

R&D employment: Geographic distribution and intensity

For R&D employment, the 2004 ranking of the top six countries—the United Kingdom, Germany, Canada, France, Japan, and Sweden—was the same as the ranking by R&D expenditures. However, Israel, with over 6,000 R&D employees, was seventh, ahead of Ireland and Switzerland. Israel also had the highest R&D employment intensity (R&D employment as a share of total employment), 18 percent. Sweden's employment intensity (9 percent) was also relatively high.

Appendix

R&D: What Is It and Who Conducts It?

R&D, as generally defined and as used in this article covers many, but not all, innovative activities. This appendix compares several popular definitions of R&D with a particular emphasis on the definition used in this article. It then discusses the characteristics of U.S. MNCs that conduct R&D.

R&D: What is it?

The *Frascati Manual*, one of two international standards for R&D statistics, provides the following basic definition of R&D:

Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.¹⁸

The *Frascati Manual* provides additional specific guidance in identifying which activities constitute R&D and which do not, and it includes the requirement that R&D activities be classified as basic research, applied research, or development. The other international standard is the *System of National Accounts 1993*

18. Organisation for Economic Co-operation and Development (OECD), *Frascati Manual 2002: Proposed Standard Practice for Surveys on Research and Experimental Development* (Paris: OECD Publications, 2002): 30.

(SNA).¹⁹ Broadly, this standard differs from that in the *Frascati Manual* by placing less emphasis on novelty or the resolution of scientific or technological uncertainty and more emphasis on activities that result in products being brought to market. The SNA definition of R&D includes some activities excluded by the *Frascati* definition (for example, market research and quality control) and excludes others included by the *Frascati* definition (for example, activities that increase knowledge without affecting economic activity).

The National Science Foundation (NSF) is primarily responsible for data collection on U.S. domestic R&D, and in its surveys, it closely follows the *Frascati* definition of R&D.²⁰ BEA has adopted the NSF definition for its surveys of MNCs. In practice, the definitions used in the NSF and BEA surveys are somewhat more restrictive than the *Frascati* definition, focusing on work in the natural sciences and engineering and excluding work in the social sciences and humanities.

The three types of R&D activities are described in the instructions for BEA's benchmark survey of U.S. direct investment abroad as follows:

Basic research is the pursuit of new scientific knowledge or understanding that does not have specific immediate commercial objectives, although it may be in fields of present or potential commercial interest.

Applied research applies the findings of basic research or other existing knowledge toward discovering new scientific knowledge that has specific commercial objectives with respect to new products, services, processes, or methods.

Development is the systematic use of the knowledge or understanding gained from research or practical experience directed toward the production or significant improvement of useful products, services, processes, or methods, including the design and development of prototypes, materials, devices, and systems.²¹

19. Commission of the European Communities—Eurostat, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, and World Bank, *System of National Accounts 1993* (Brussels/Luxembourg, New York, Paris, Washington, DC, 1993). The revised SNA, due out in 2008, will likely recommend the capitalization of R&D in satellite accounts, as noted in United Nations, "Report of the Intersecretariat Working Group on National Accounts" (E/CN.3/2007/7, distributed December 19, 2006). BEA recently released several different estimates of the capitalized value of domestic expenditures on R&D, and demonstrated the effect of these estimates on GDP, in its R&D satellite account (Okubo, et al.).

20. As noted, the Census Bureau collects the data on behalf of NSF.

21. The survey is available on BEA's Web site at <www.bea.gov/surveys/diasurv.htm>. Data on the three types of R&D are not collected separately in BEA's surveys, but a breakout will be available for U.S. parents in the forthcoming project linking BEA's and NSF's R&D data. For more information on the linking project, see the introduction to this article and footnote 3.

R&D: Who conducts it?

R&D is performed by a subset of U.S. parents and foreign affiliates. However, these firms tend to be among the largest in the MNC data set. Additionally, R&D performance tends to be persistent (that is, individual firms tend to maintain their status as R&D performers or as nonperformers). The following details are based on data from the 2004 benchmark survey of U.S. direct investment abroad and changes since the 1999 benchmark survey.

Incidence of R&D performance. Only about a third of U.S. parents, and an even smaller share of foreign affiliates, performed R&D in 2004.

- In 2004, 34 percent of parents and 9 percent of affiliates performed R&D.
- Parents and affiliates both performed R&D in 17 percent of MNCs, only parents performed R&D in 17 percent of MNCs, and only affiliates performed R&D in 3 percent of MNCs.
- In manufacturing, 52 percent of U.S. parents and 21 percent of foreign affiliates performed R&D. Parents and affiliates both performed R&D in 29 percent of the manufacturing MNCs, only parents performed R&D in 23 percent, and only affiliates performed R&D in 4 percent.

Size of R&D performers. R&D activity tends to be concentrated among the larger firms. However, among R&D-performing firms, a relation between R&D intensity and firm size is more difficult to confirm; the differences in size among firms grouped by their R&D intensities are small and may be positive or negative, depending on the indicator used for size.

- The average value added of R&D-performing parents was 232 percent of the average value added of nonperforming parents.
- Of R&D-performing parents, the average value added of the half with the highest R&D employment intensities was 124 percent of the average value added of R&D-performing parents with the lowest intensities.²² However, most of this difference is attributable to the largest parents tending to be high-intensity R&D performers; the difference between the average value added of low-intensity performers and high-intensity performers substantially narrows when the top 1 percent of value-added-generating parents are excluded

22. R&D employment intensity is defined as R&D employment as a share of total employment. R&D employment intensities are used here rather than R&D expenditure intensities because the expenditure intensity calculation uses value added in its denominator. Because value added—particularly at the firm level—can be very small (or negative) relative to R&D expenditures, generating meaningful firm-level intensity comparisons is difficult. Nonetheless, if expenditure intensities are used, the results are similar.

from the analysis.²³

- Using a different indicator of size—ranking by average value-added percentile rather than average amount of value added—the results change somewhat.²⁴ By this alternative measure, R&D performers ranked substantially above nonperformers, but high-intensity performers were similar to low-intensity performers. Parents with no R&D were, on average, in the 44th percentile of value added. R&D performing parents were ranked much higher on average; high-intensity parents were in the 67th percentile, and low-intensity parents were in the 69th.²⁵
- The average value added of R&D-performing affiliates was 436 percent of the average value added of nonperforming affiliates.
 - The average value added of R&D-performing affiliates with high-intensity performance was 116 percent of that of R&D-performing affiliates with

23. “High-intensity group” (or variants of this term) refers to the half of R&D performers with the highest R&D employment intensities, and “low-intensity group” refers to the half of R&D performers with the lowest R&D employment intensities.

24. There are multiple similar, but not identical, definitions of percentile. The value-added percentiles used here are constructed by ranking the parents according to their value added and dividing the set of parents into 100 groups, each with equal numbers of parents. The group consisting of the parents with the highest levels of value added are in the 100th percentile and the group consisting of the parents with the lowest levels of value added are in the 1st percentile.

25. Slightly more sophisticated calculations that excluded parents or affiliates in industries with little R&D or that adjusted for parent or affiliate industry (or that did both) did not considerably change the results.

low-intensity performance. Like the parents, the difference between the two groups is largely driven by the top 1 percent of value-added-generating affiliates.

- The average ranking by value-added percentile of affiliates with no R&D employment was 25 points less than that of both affiliates with high R&D employment intensities and affiliates with low intensities.

Persistence of R&D performance. MNCs that perform R&D tend to continue performing; firms that do not perform tend to continue not performing.²⁶

- Of the MNCs that reported in both the 1999 and 2004 benchmark surveys, 33 percent performed R&D in both years, 55 percent performed no R&D in either year, 6 percent performed R&D only in 1999, and 7 percent performed R&D only in 2004.
- Of the U.S. parents that reported in both the 1999 and 2004 benchmark surveys, 31 percent performed R&D in both years, 57 percent performed no R&D in either year, 7 percent performed R&D only in 1999, and 5 percent performed R&D only in 2004.

26. The unit of observation is the MNC or the U.S. parent. Foreign affiliates are not considered as units of observation because verifying the continuity of a given affiliate from one benchmark survey to the next is more problematic for an individual foreign affiliate than it is for an individual parent or for a group of all affiliates of the same parent.

Tables 1–3 follow.

Table 3. R&D Expenditures, Employment, and Intensities of Nonbank Majority-Owned Foreign Affiliates by Country, 1999 and 2004

	R&D expenditures (millions of dollars)		R&D employment (thousands of employees)		R&D intensity (percent)					
	1999	2004	1999	2004	Ratio of R&D expenditures to value added		Ratio of R&D expenditures to value added of R&D-performing MOFAs		Ratio of R&D employment to total employment	
					1999	2004	1999	2004	1999	2004
All countries	18,144	27,529	123.5	179.3	3.2	3.3	9.2	11.0	1.6	2.1
Canada	1,681	2,702	7.9	18.4	2.6	2.9	6.8	9.9	0.8	1.7
Europe	12,217	18,148	83.1	113.8	3.8	3.9	9.6	12.0	2.4	2.9
Austria.....	82	134	0.6	0.8	2.4	2.9	9.8	10.7	1.8	2.3
Belgium.....	375	628	2.2	2.4	2.8	3.4	15.1	14.8	1.8	2.0
Czech Republic.....	6	20	0.1	(*)	0.5	0.7	5.1	3.6	0.2	(*)
Denmark.....	57	143	0.5	0.8	1.9	2.6	11.4	13.1	1.6	2.2
Finland.....	59	106	0.5	0.9	2.6	3.7	11.0	14.7	3.5	4.7
France.....	1,452	1,854	10.8	10.5	3.9	3.9	8.9	11.6	2.0	1.9
Germany.....	3,377	4,693	25.3	32.6	5.5	6.3	11.6	12.2	3.9	5.4
Greece.....	6	8	0.1	(*)	0.6	(*)	3.0	5.7	0.4	(*)
Hungary.....	13	25	0.2	(*)	1.1	1.1	3.4	6.0	0.4	(*)
Ireland.....	251	876	1.3	4.7	1.7	3.2	3.9	6.8	1.5	5.7
Italy.....	504	727	3.8	5.9	2.3	2.5	8.9	8.2	2.0	2.5
Luxembourg.....	(D)	101	0.7	0.8	(D)	n.m.	(D)	17.1	7.4	7.7
Netherlands.....	374	533	3.8	4.1	2.0	1.9	5.7	7.7	2.3	2.3
Norway.....	26	33	0.2	(*)	0.4	(*)	0.9	1.2	0.5	1.0
Poland.....	34	38	0.1	(*)	2.9	0.8	10.1	5.9	0.2	(*)
Portugal.....	14	9	0.1	(*)	0.6	(*)	4.1	1.9	0.2	(*)
Russia.....	1	17	(*)	(*)	0.9	0.6	n.m.	4.5	(*)	(*)
Spain.....	(D)	327	1.8	2.3	(D)	2.2	(D)	6.1	1.1	1.2
Sweden.....	1,036	1,525	1.7	8.6	16.7	13.8	45.6	37.1	2.3	8.5
Switzerland.....	231	868	1.5	4.1	2.6	4.9	7.8	14.1	2.8	6.1
Turkey.....	6	12	(*)	(*)	0.3	(*)	2.7	5.2	0.1	(*)
United Kingdom.....	4,000	5,462	27.7	33.5	3.9	4.1	9.0	14.5	2.6	2.9
Other.....	1	14	0.1	(*)	0.1	(*)	1.7	1.2	0.2	(*)
Latin America and Other Western Hemisphere	613	882	9.0	8.3	1.0	1.1	4.4	4.9	0.6	0.5
South America.....	366	394	6.3	5.1	1.1	1.0	4.0	3.6	1.0	0.8
Argentina.....	26	23	0.3	(*)	0.4	(*)	2.2	1.0	0.3	(*)
Brazil.....	288	340	5.4	4.6	1.7	1.9	4.2	4.7	1.5	1.3
Chile.....	4	9	0.1	(*)	0.1	(*)	3.7	3.2	0.1	(*)
Colombia.....	6	4	0.1	(*)	0.3	(*)	1.5	0.8	0.3	(*)
Ecuador.....	(*)	0	0.0	(*)	0.0	(*)	0.0	0.0	0.5	0.0
Peru.....	2	2	0.1	(*)	0.1	(*)	2.1	1.6	0.3	(*)
Venezuela.....	40	14	0.4	(*)	1.3	(*)	7.5	3.7	0.7	(*)
Other.....	(*)	1	0.0	(*)	0.0	(*)	0.2	0.7	(*)	0.0
Central America.....	240	(D)	2.7	3.3	1.2	(D)	5.3	(D)	0.3	(*)
Costa Rica.....	2	5	0.0	(*)	0.4	0.7	n.m.	2.8	0.1	(*)
Honduras.....	0	1	0.0	(*)	0.0	(*)	0.0	2.9	0.0	0.8
Mexico.....	238	(D)	2.7	3.0	1.4	(D)	5.3	(D)	0.3	(*)
Panama.....	(*)	(*)	0.0	(*)	(*)	(*)	1.0	1.0	0.0	(*)
Other.....	(*)	(*)	0.0	(*)	0.0	(*)	1.0	(*)	0.0	(*)
Other Western Hemisphere.....	6	(D)	0.0	(*)	0.1	(D)	6.1	(D)	0.0	(*)
Barbados.....	(*)	(D)	0.0	(*)	(*)	(D)	n.m.	(D)	0.0	(*)
Bermuda.....	1	0	0.0	0.0	0.1	0.0	n.m.	0.0	0.0	0.0
Dominican Republic.....	1	(*)	0.0	(*)	0.1	(*)	26.1	2.6	0.1	(*)
United Kingdom Islands, Caribbean.....	4	0	0.0	0.0	0.2	0.0	3.6	0.0	0.1	0.0
Other.....	0	1	0.0	0.0	0.0	(*)	0.0	1.3	0.0	0.0
Africa	18	36	0.2	(*)	0.2	(*)	3.6	1.4	0.1	(*)
Egypt.....	3	3	0.0	(*)	0.3	(*)	2.6	8.1	0.3	(*)
Nigeria.....	0	(*)	0.0	(*)	0.0	(*)	0.0	(*)	0.0	(*)
South Africa.....	14	30	0.1	(*)	0.8	0.7	4.5	3.5	0.2	(*)
Other.....	1	2	0.0	(*)	0.0	(*)	1.0	1.9	0.0	(*)
Middle East	389	826	2.6	6.4	7.3	10.8	56.5	51.0	4.9	11.8
Israel.....	389	824	2.6	6.4	23.4	35.4	60.3	53.2	7.8	17.6
Saudi Arabia.....	(*)	(*)	0.0	(*)	0.0	(*)	0.2	(*)	0.0	(*)
United Arab Emirates.....	0	2	0.0	(*)	0.0	(*)	0.0	3.6	0.0	(*)
Other.....	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia and Pacific	3,226	4,934	20.8	32.0	3.2	3.1	11.0	10.1	1.4	1.7
Australia.....	294	471	3.2	3.5	1.5	1.6	4.5	6.9	1.3	1.3
China.....	319	622	2.0	6.2	8.1	4.7	23.6	18.0	0.8	1.5
Hong Kong.....	214	220	1.2	1.2	2.7	2.6	32.1	20.3	1.3	1.0
India.....	20	163	0.2	1.6	1.8	4.1	6.3	15.6	0.3	1.0
Indonesia.....	1	4	0.0	(*)	0.0	(*)	0.4	2.1	0.0	(*)
Japan.....	1,523	1,742	7.5	9.3	5.0	3.7	14.9	7.1	3.6	4.1
Korea, Republic of.....	101	246	1.0	2.1	3.1	3.6	11.1	9.0	2.2	2.6
Malaysia.....	161	301	0.8	3.2	3.4	4.6	11.9	15.9	(D)	3.3
New Zealand.....	9	25	0.1	(*)	0.4	0.8	1.3	2.1	0.3	(*)
Philippines.....	31	44	0.5	0.7	1.1	1.4	3.1	5.9	0.6	0.8
Singapore.....	426	711	2.6	3.1	4.3	5.3	9.2	25.9	2.3	2.8
Taiwan.....	122	363	0.9	0.6	2.0	6.1	9.9	24.8	1.2	0.8
Thailand.....	7	23	0.1	(*)	0.2	(*)	3.4	2.5	0.1	(*)
Other.....	(*)	(*)	(D)	(*)	(*)	(*)	1.2	1.3	(D)	(*)

* Less than \$500,000, fewer than 50 employees, or less than 0.05 percent (+/-).
D Suppressed to avoid disclosure of data of individual companies.
n.m. Not meaningful

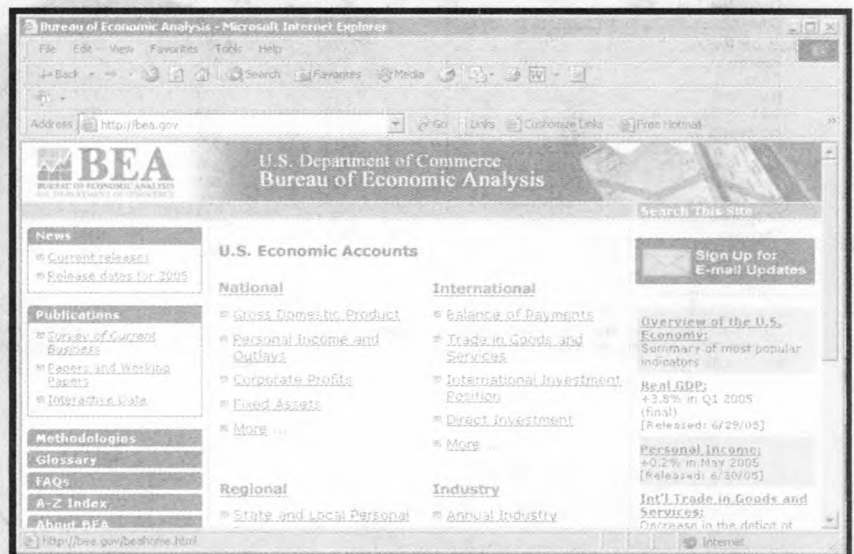
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Research Spotlight

The Internal Markets of Multinational Firms

By Mihir A. Desai, C. Fritz Foley, and James R. Hines Jr.

THE rising economic importance of multinational firms has been accompanied by significant changes in their structure and functioning. Multinational firms, historically characterized as webs of autonomous subsidiaries spread across countries, now represent globally integrated production systems serving worldwide customers. These changes are manifest in the rising significance of intrafirm trade and financial flows for these firms. While there is extensive analysis of aggregate patterns in intrafirm flows of goods and capital, few firm-based studies examine the workings of the internal markets of multinational firms, largely because of the difficulty in accessing the necessary data.

A number of our recent projects investigated the internal markets of U.S. multinational firms. Our research demonstrates that internal market operations represent a critical aspect of firm responses to costly external finance, capital controls, and currency fluctuations. Our research also shows that the changing nature of internal markets has influenced how firms operate and finance themselves around the world. An important insight emerging from this research is that firms use internal markets opportunistically, particularly in response to distortions in local markets. This Research Spotlight summarizes this body of work.

Our research is based on work conducted at the U.S. Bureau of Economic Analysis (BEA) through a special program that provides access to the agency's rich store of confidential firm-level data on multinational companies for analytical purposes (see the box "BEA Program for Outside Researchers"). The firm-level data

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collected in BEA's surveys of international direct investment are used by BEA to produce aggregated tabular data on multinational-company operations for release to the general public. In its benchmark and annual surveys of U.S. direct investment abroad, BEA collects the most comprehensive and reliable available data on the activities of U.S. multinational firms.¹

Several notable features of BEA's direct investment abroad surveys distinguish them from other data sources. First, BEA's firm-level data include balance sheets and income statements for all of a multinational firm's affiliates, offering considerably finer firm-level detail than the aggregated geographic or industry segment data available through public financial records. Also, aggregation in public financial statements and the differential reporting standards of firms in different countries can hinder comparisons across firms. Second, the BEA filings provide details on intrafirm transactions, such as intrafirm borrowing, intrafirm dividends, and intrafirm trade. Without access to such detailed information, previous studies were forced to infer aspects of intrafirm transactions (such as capital reallocations across divisions) from observed outcomes. The variety of operating information for parent companies and their affiliates also allows for analysis that controls for a variety of potentially confounding factors.

This rich data source creates two distinct research opportunities. First, new insights regarding financing and operating decisions can be obtained by analyzing decisionmaking in different institutional settings. Second, examining the internal markets of multinational firms promises to generate new insights into how firms structure their worldwide operations and how policies can impact those decisions. The remainder of this article summarizes our research on the internal markets of

1. For a discussion of the most recent data collected, see Raymond J. Mataloni Jr. and Daniel R. Yorgason, "Operations of U.S. Multinational Companies: Preliminary Results From the 2004 Benchmark Survey," *SURVEY OF CURRENT BUSINESS* 86 (November 2006): 37–68. For general information on the statistics that are available on U.S. multinational firms, see Raymond J. Mataloni Jr., "A Guide to BEA Statistics on U.S. Multinational Companies," *SURVEY* 65 (March 1995): 38–55.

multinational firms in the following areas:

- Ownership decisions
- Weak investor protection and shallow capital markets
- Dividend policies
- Capital controls
- Currency depreciations

Ownership Decisions

One of the most fundamental decisions firms face when expanding abroad is whether to organize foreign operations as joint ventures or as wholly owned affiliates. Multinational firms frequently have the option to own 100 percent, majority, or minority shares of foreign entities. It is widely believed that the forces of globalization make the use of joint ventures particularly attractive, but this presumption rests on aspects of the ownership decisions of American multinational firms that, until recently, were not rigorously examined.

“The Costs of Shared Ownership: Evidence From International Joint Ventures” provides a comprehensive review of U.S. overseas affiliate activity from 1982 to 1997, offering evidence that over time American multinational firms have become less inclined to organize their foreign operations as joint ventures. In 1982–97, the share of all affiliates that were wholly owned increased from 72 percent to 80 percent, and the share of minority-owned affiliates fell from 18 percent to 11 percent. Whole ownership affords the parent

company the ability to control the operation and destiny of a foreign affiliate. The growing use of whole ownership suggests an increased appetite for control by multinational parents, one that appears to be related to rising costs of employing the joint venture organizational form.

We identify three sources of rising costs to joint ventures by analyzing the factors that influence ownership shares. First, joint ventures limit a firm’s ability to structure its worldwide operations in a tax-efficient manner. This is the inevitable byproduct of divided interests, as joint venture partners are concerned with local profits while multinational parents are concerned with the profits of their global operations. Second, the attractiveness of transferring intellectual property to overseas operations is reduced by the prospect of potential appropriation of that technology by joint venture partners. Third, the desire to decentralize worldwide production through greater intrafirm trade creates the potential for conflict with local partners over sourcing decisions and transfer pricing. Because multinational firms increasingly rely on worldwide tax planning, global technology transfer, and production decentralization, they face growing incentives to avoid sharing ownership with local partners.

Wholly owned foreign affiliates of U.S. companies have considerably greater financial and commercial ties to their U.S. parent companies than do partially owned foreign affiliates. However, this cross-sectional evidence that whole ownership is associated with close coordination of parent and affiliate activity does not prove that ownership decisions are functions of coordination costs. Another possibility is that both ownership and operational decisions are responses to other unmeasured factors. In distinguishing these two interpretations of the same evidence, we identify exogenous changes in ownership levels and trace their effects on intrafirm transactions. By principles of symmetry (implied by the theory of the firm), any effects of ownership on intrafirm transactions should be mirrored by equal effects of intrafirm transactions on ownership decisions. Our analysis examines two changes in government policy that affected the relative costs of sharing ownership—the liberalization of foreign ownership restrictions and tax penalties on joint ventures featured in the U.S. Tax Reform Act of 1986. Our results indicate that affiliates operating in liberalizing countries and firms whose joint ventures would be subject to tax penalties after 1986 both engaged in greater intrafirm transactions after the reforms.

These reactions imply that the increased desire to coordinate parent and affiliate trade, technology transfers, and tax planning that has been evident over the

BEA Program for Outside Researchers

Recognizing that some research requires data at a more detailed level than that provided in its publicly disseminated tabulations, the Bureau of Economic Analysis maintains a program that permits outside researchers to work on site as unpaid special sworn employees of BEA for the purpose of conducting analytical and statistical studies using the microdata that it collects under the International Investment and Trade in Services Survey Act.

This work is conducted under strict guidelines and procedures that protect the confidentiality of company-specific data, as required by law. Because the program exists for the express purpose of advancing scientific knowledge and because of legal requirements that limit the use of the data to analytical and statistical purposes, appointment to special-sworn-employee status under this program is limited to researchers. Appointments are not extended to persons affiliated with organizations that collect taxes, enforce regulations, or make policy.

last 20 years contributed to the rising appetite for control over worldwide operations. Our estimates imply that between one-fifth and three-fifths of the decline in the use of partial ownership by multinational firms over the sample period is attributable to the increased importance of intrafirm transactions. These findings indicate that the forces of globalization have diminished rather than accelerated the use of shared ownership.

Weak Investor Protection and Shallow Capital Markets

Capital market conditions differ markedly around the world. Some countries offer legal protections and supportive regulation that produce liquid capital markets of the type found in the United States, whereas others have legal structures or regulatory policies that produce extremely shallow capital markets. These differences influence the capital structure choices that firms make. Empirical attempts to study these issues face significant challenges. Recent efforts using cross-country samples of local firms exploit the rich variation that international comparisons offer, but these efforts have faced problems associated with nonstandardized measurement across countries and limited statistical power because of small sample sizes. An alternative approach is to analyze the financing choices of local affiliates of multinational firms. This approach affords the prospect of comparing the financing decisions of affiliates of the same multinational firm operating in different institutional settings. Furthermore, an analysis of multinational firm responses to capital market conditions illuminates the workings of internal capital markets, as multinational firms may be able to substitute internal capital reallocations for external financing when it is most costly.

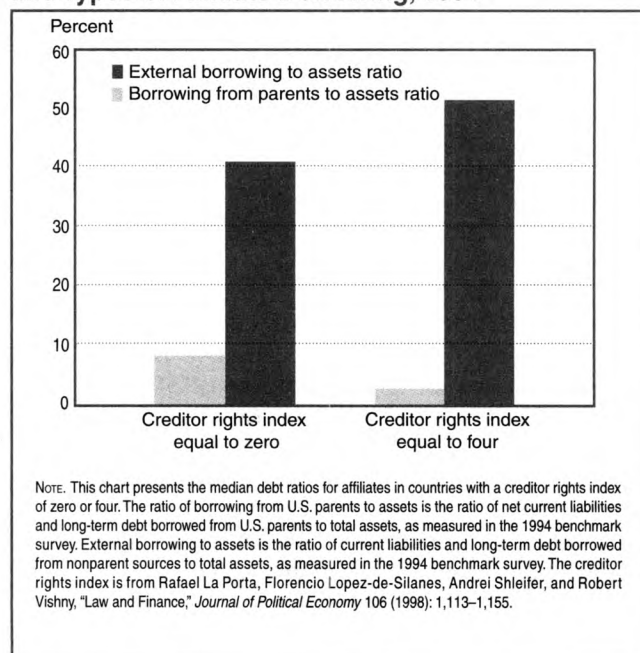
In "A Multinational Perspective on Capital Structure Choice and Internal Capital Markets," we study BEA's firm-level data and find that both the level and the composition of leverage of multinational affiliates are strongly influenced by capital market conditions. Analysis of these data illuminates the mechanisms by which weak capital markets affect external and internal financing choices. Our findings indicate that interest rates paid by U.S.-owned affiliates are significantly higher in countries with underdeveloped credit markets and weak creditor rights. This interest-rate difference very likely reflects the default premium that lenders demand in countries where legal institutions make it difficult or costly to use bankruptcy procedures to recover unpaid loans and the price premium paid for capital in countries with thin capital markets. In addition, the difference between the costs of bor-

rowing from external lenders and parent companies is larger for affiliates in these weaker institutional environments. In response to these differences, multinational firms borrow less from external sources and more from internal sources in settings with weak credit markets. These differences are manifest in a simple comparison of the internal and external borrowing decisions of affiliates in countries where creditor rights are very weak and very strong (chart 1). Regression analysis indicates that greater internal borrowing offsets approximately three-quarters of the reduction in external borrowing arising from adverse local credit market conditions.

The tests in our paper control for other determinants of financing choices, including political risk, inflation, and tax rates. Greater political risk is associated with higher affiliate leverage. Higher inflation is associated with more external borrowing and less internal borrowing. Finally, higher corporate tax rates are associated with higher leverage. The analysis also reveals that borrowing from parent companies responds more sharply to tax rate differences than borrowing from external sources, suggesting that firms are better able to exploit internal capital markets than external capital markets when structuring optimal financing in response to tax differences.

In general, we found that firms use internal capital markets opportunistically when external finance is costly and when there are tax planning opportunities.

Chart 1. Relationship Between Creditor Rights and Types of Affiliate Borrowing, 1994



The results suggest that internal capital markets may give multinational firms an advantage over local firms in countries with poorly developed credit markets. Local firms that borrow from external sources face high costs of debt in countries with shallow capital markets or weak creditor rights. Although weak credit markets also reduce external borrowing by multinational firms, these firms can draw on resources from internal capital markets to obtain needed financing.

Dividend Policies

Dividend payments from U.S.-owned foreign affiliates to U.S. parent companies represent sizable financial flows. In 1999, public U.S. corporations had after-tax earnings of \$516 billion and paid \$198 billion in dividends to common shareholders.² In the same year, foreign affiliates of U.S. multinational firms had after-tax earnings of \$182 billion and paid \$97 billion to the their parents as dividends. Indeed, the partial tax holiday featured in the 2004 American Jobs Creation Act was motivated by the prospect that large dividend payments from the foreign affiliates of U.S.-owned multinational firms would have favorable macroeconomic consequences for the U.S. economy.³ “Dividend Policy Inside the Multinational Firm” identifies three main determinants of dividend policy within the multinational firm: The taxation of dividend income, domestic financing and investment needs, and agency problems inside firms.

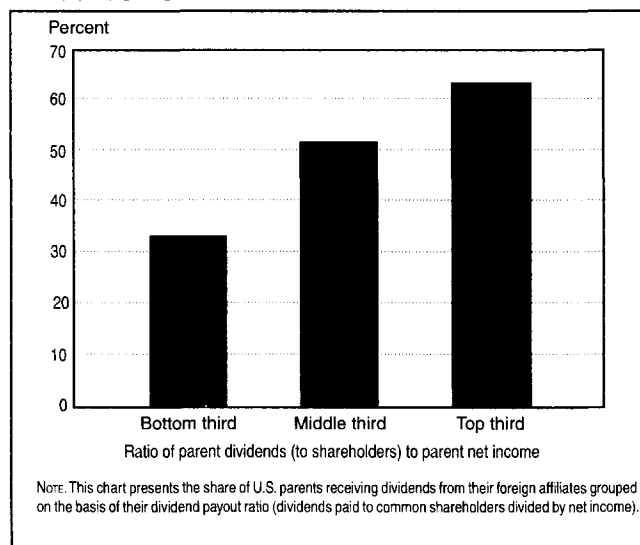
Dividends include payments to multinational parent firms declared out of the income of foreign subsidiaries, but they do not include flows related to invested equity. Tax considerations alone would suggest that dividend payments inside the firm would be irregular and lumpy, since the tax implications of dividend payments often differ sharply between years, reflecting a firm’s changing tax situation. However, dividend payments from the foreign affiliates of U.S. multinational firms are regular and can be characterized by a process of partial adjustment that was first described by John Lintner.⁴ Multinational firms behave as though they select target payouts for their foreign affiliates, gradually adjusting payouts over time in response to changes in affiliate earnings. Dividends paid by affiliates rise by roughly \$0.40 for every additional dollar of their after-

tax profits. Our regression evidence indicates that this pattern of persistent payouts is not an artifact of other regularized investment or financing decisions at the affiliate level.

Further analysis presented in our paper provides additional evidence that tax minimization only partially explains observed dividend policies; incorporated and unincorporated foreign affiliates, which face sharply differing tax consequences of paying dividends, nonetheless exhibit only modest differences in their dividend policies. Similarly, some firms simultaneously pay dividends and invest new equity in the same affiliate, a practice that is hard to reconcile with tax minimization.

Circumstances may lead parent companies to seek cash dividends from their foreign affiliates to satisfy domestic financing and investment needs. A simple comparison of multinational firms illustrates such a motivation for dividend policies within multinational firms. Chart 2 displays shares of parent companies receiving dividend payments from their foreign affiliates, where parent companies are grouped according to their ratios of dividend payouts to external shareholders (as a fraction of after-tax earnings). The heights of the bars in chart 2 measure fractions of parent companies receiving dividends from their affiliates. Parent companies with the highest external dividend payout ratios are the most likely to receive dividends from their foreign affiliates. This simple association also appears in a regression analysis that controls for various confounding factors. Parent companies require cash to pay dividends to external shareholders and foreign affiliates often represent ready sources of cash, ones that

Chart 2. Share of Parents Receiving Dividends from Affiliates



2. Gustavo Grullon and Roni Michaely, “Dividends, Share Repurchases, and the Substitution Hypothesis,” *Journal of Finance* 57 (2002): 1,649–1,684.

3. For an assessment of the effects of this act on affiliate dividend payments, see Ralph Kozlow and Patricia Abaroa, “U.S. Multinational Firms, Dividends, and Taxes” (paper presented at the International Association for Official Statistics, Ottawa, September 6–8, 2006).

4. John Lintner, “Distribution of Incomes of Corporations Among Dividends, Retained Earnings, and Taxes,” *American Economic Review* 61 (1956): 97–113.

are particularly attractive to firms that would face high costs of raising funds externally. The analysis also reveals that financially constrained parents in industries with attractive investment opportunities are particularly likely to receive dividends from foreign affiliates. Hence, it seems that dividend payments from foreign affiliates are often used to satisfy parent company cash needs.

Finally, dividend payments from foreign affiliates appear to play a role in monitoring the activities of foreign managers. Regular dividend payments can restrict the financial discretion of foreign managers, mitigating whatever agency problems may exist within firms. Conflicts of interest between managers of foreign affiliates and managers of parent companies are likely to be most pronounced when the parent company owns only a fractional share of the affiliate, as other owners may be tempted to transact with the affiliate at non-market prices. Consequently, parent companies have incentives to require steady flows of dividend payments in order to limit the scope of potential malfeasance by foreign affiliates. Indeed, the evidence indicates that regularized dividend payments are most common when affiliates are partially owned, even when such payments are explicitly tax penalized. This finding suggests that at least some of the regularization of dividend repatriations is a consequence of control considerations inside the firm.

The foreign affiliates of U.S. multinational corporations follow well-defined repatriation policies featuring gradual adjustment of payouts to target ratios that depend on current earnings and the tax costs of repatriating dividends. In addition to taxation, costly external finance and agency problems—motivations that are typically emphasized with respect to arm's-length financing decisions—also appear to influence the internal capital markets of multinational firms.

Capital Controls

Countries concerned about the economic instability that may be associated with exposure to world capital markets are often tempted to impose controls on short-term international capital movements. These controls can take many forms, and their effect on economic growth and firm performance is hotly debated. Countries imposing capital controls are typically also eager to attract foreign direct investment, but the potential inconsistency of attempting to control capital movements while also attracting inbound foreign direct investment has hitherto received limited attention.

“Capital Controls, Liberalizations, and Foreign Direct Investment” analyzes the effects of capital controls

on the operations of the foreign affiliates of U.S. multinational firms. Evidence indicates that foreign affiliates located in countries imposing capital controls face borrowing rates that average 5.25 percentage points more than those faced by other affiliates of the same multinational parent companies.

Multinational firms operating in countries with capital controls have incentives to use their internal product and capital markets to mitigate the effects of capital controls by limiting local profits that are subject to such controls. Similar incentives are created by high tax rates, and it is possible to compare the effects of capital controls with the effects of high income tax rates. Our results indicate that multinational firms distort their reported profitability and their dividend repatriations in order to mitigate the impact of capital controls. Affiliates in countries imposing capital controls have 5.2-percent lower reported profit rates than comparable affiliates in countries without capital controls, reflecting in part trade and financing practices that reallocate income within a firm. The distortions to reported profitability are comparable with those that stem from a 27-percent difference in corporate tax rates. Dividend repatriations are also regularized to facilitate the extraction of profits from countries imposing capital controls.

Evidence of the impact of removing capital controls is consistent with the comparisons of foreign affiliates located in countries with and without capital controls. U.S.-owned foreign affiliates in countries with capital controls experience 6.9-percent faster annual growth of property, plant, and equipment investment after the liberalization of controls, indicating that capital controls impose significant burdens on foreign investors. There is, however, no discernible effect of the imposition or removal of capital controls on the volatility of affiliate profitability or the volatility of affiliate growth rates. Hence, it appears that capital controls are responsible for slow growth of U.S.-owned affiliates, and local reported profit rates significantly below those reported elsewhere.

Currency Depreciations

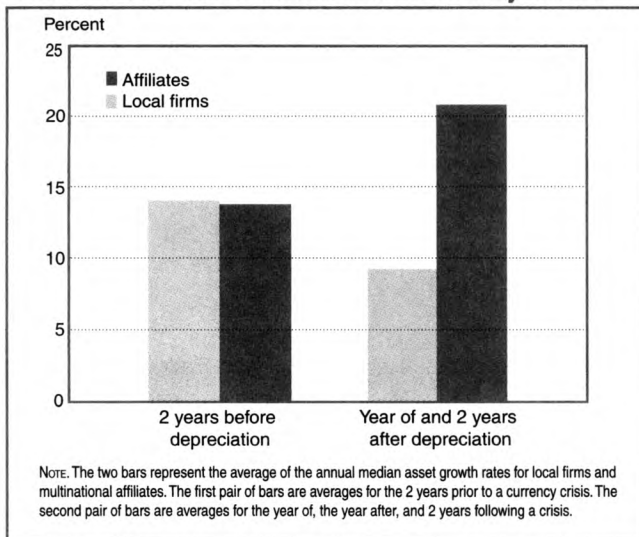
Settings where investment opportunities and financial constraints move in identifiable ways provide valuable opportunities to study the impact of financial constraints on firm growth. Because firms typically incur some costs in local currency terms, currency depreciations are hypothesized to provide improved investment opportunities. Firms differ, however, in their access to financial resources at the time of the depreciation. A comparison of the investment responses to

currency depreciations by firms with differential access to financial resources can illustrate the degree to which financial constraints can limit growth. This comparison, given its setting, can also help explain why hypothesized benefits of depreciations are often not manifest.

In the paper “Financial Constraints and Growth: Multinational and Local Firm Responses to Currency Depreciations,” the effects of sharp currency depreciations on the behavior of U.S.-owned affiliates and local firms in the tradable sectors of emerging markets are compared.⁵ The differential response of local firms and multinational affiliates is manifest in the simple comparison provided in chart 3. In this chart, the bars represent annual growth rates in assets in the year prior to a sharp depreciation and subsequent years for local firms and multinational affiliates. This basic difference between local firms and multinational affiliates is robust. Regression analysis demonstrates that U.S.-owned affiliates increase sales 5.4 percent, and assets 7.5 percent, more than local firms after currency depreciations. The improved relative performance of U.S.-owned affiliates is even more striking in investment. Capital expenditures are 34.5 percent higher for U.S.-owned firms than for local firms in the aftermath of large currency depreciations. Our analysis investigates the sources of this distinctive performance, with

5. Unlike the other papers described in this spotlight, this paper was written by Mihir A. Desai, C. Fritz Foley, and Kristin J. Forbes. The other papers were written by Mihir A. Desai, C. Fritz Foley, and James R. Hines Jr. See the references.

Chart 3. Asset Growth of Local Firms and Affiliates of Multinationals After Currency Crises



particular emphasis on the possible role of differential operating exposures and financing capabilities.

Differential changes in investment opportunities could give rise to distinctive investment opportunities for local firms and multinational affiliates. For example, multinational affiliates may export more of their output to countries with undepreciated currencies. In order to consider this possibility, we compared multinational and local firms with similar product and input market exposures. We also computed measures of the operating exposures of firms in order to investigate whether differences in operating exposures explain differences in the behavior of U.S.-owned affiliates and local firms.

Our tests offered little evidence that the relative growth of multinational affiliates after sharp currency depreciations can be traced to differential investment opportunities. Multinational affiliates that are more reliant on exports prior to depreciations increase investment by larger amounts, but affiliates that exclusively serve the local market increase investment by considerably more than local firms. Large differences in the investment responses of affiliates and local firms persist after including measures of operating exposure as controls.

Given the evidence on the opportunistic use of internal capital markets by multinational firms discussed above, it is possible that a superior ability to overcome financing constraints is the reason for the better post-depreciation performance of U.S.-owned affiliates. Tests reveal that financing constraints play a decisive role in explaining the differential investment response of multinational affiliates and local firms. Following currency depreciations, the leverage of local firms increases more than the leverage of multinational affiliates, in part reflecting the tendency of local firms to borrow in foreign currency terms. Local firms with the most leverage and with the shortest term debt reduce investment the most. The examination of the internal capital markets of multinationals shows that multinational parents provide additional financing in response to sharp currency depreciations. These results indicate that multinational firms overcome the negative consequences of large depreciations by avoiding the financial constraints that handicap local firms.

In addition to offering a test of how financial constraints influence investment, this evidence illustrates an effect of foreign direct investment not previously emphasized. The internal capital markets of multinational firms allow their affiliates to expand output after severe currency depreciations, precisely when economies are fragile and prone to severe economic contrac-

tions. As a consequence, multinational affiliates may be able to mitigate some of the aggregate effects of currency crises. This analysis does not consider the long-run distributional consequences of the differential impact of currency crises on multinational affiliates. Increased multinational activity during crises may help support local firms through spillover effects, such as increased demand for local inputs or improved access to technology or trade credit. However, multinationals could also use crises to expand at the expense of local firms with potentially persistent effects. While the internal capital markets of multinational firms appear to mitigate the contractionary output effects of severe currency depreciations, the longer term effects on local firms remain an open question.

Conclusion

The data collected by BEA in its surveys of interna-

tional direct investment provide a unique window on the internal markets of U.S. multinational firms.

Our analyses of BEA's firm-level data reveal that the increased importance of internal capital markets has reduced the use of joint ventures; that multinational firms respond opportunistically to cross-country differences in capital markets, capital controls, and taxes; that the set of factors that influence dividend payouts by U.S.-owned foreign affiliates are similar to those that influence dividends paid to external shareholders; and that multinationals access their internal capital markets to overcome financial constraints associated with currency depreciations.

As more firms expand their global activities, BEA's work in collecting these data will become even more critical to policymakers, business leaders, and others seeking to make informed policy decisions and business choices.

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Mihir A. Desai, C. Fritz Foley and Kristen J. Forbes. "Financial Constraints and Growth: Multinational and Local Firm Responses to Currency Depreciations" *Review of Financial Studies* (forthcoming).

Mihir A. Desai, C. Fritz Foley and James R. Hines Jr. "Capital Controls, Liberalizations, and Foreign Direct Investment," *Review of Financial Studies* 19, no. 4 (Winter 2006): 1,433–1,464.

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BEA Current and Historical Data

A selection of estimates from the national, industry, international, and regional accounts of the Bureau of Economic Analysis (BEA) are presented in this section. BEA's estimates are not copyrighted and may be reprinted without BEA's permission. Citing the SURVEY OF CURRENT BUSINESS and BEA as the source is appreciated.

More detailed estimates from BEA's accounts are available on BEA's Web site at <www.bea.gov>. These estimates are available in a variety of formats. In addition, news releases, articles, and other information, including methodologies and working papers, are available.

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

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National Data

A. Selected NIPA Tables

The selected set of NIPA tables presents the most recent estimates of gross domestic product (GDP) and its components, which were released on February 28, 2007. These estimates include the "preliminary" estimates for the fourth quarter of 2006 and revised estimates of wages and salaries and of affected income-side series for the third quarter of 2006.

The selected set presents quarterly estimates that are updated monthly. Annual estimates are presented in most of the tables.

The GDP news release is available on BEA's Web site within minutes after the release. To receive an e-mail notification of the release, go to <www.bea.gov> and subscribe. The "Selected NIPA Tables" are available later that day.

1. Domestic Product and Income

Table 1.1.1. Percent Change From Preceding Period in Real Gross Domestic Product
[Percent]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Gross domestic product	1	3.2	3.3	1.8	5.6	2.6	2.0	2.2
Personal consumption expenditures	2	3.5	3.2	0.8	4.8	2.6	2.8	4.2
Durable goods.....	3	5.5	5.0	-12.3	19.8	-0.1	6.4	4.4
Nondurable goods.....	4	4.5	3.7	3.9	5.9	1.4	1.5	6.0
Services.....	5	2.6	2.6	2.0	1.6	3.7	2.8	3.2
Gross private domestic investment	6	5.4	4.2	16.2	7.8	1.0	-0.8	-15.6
Fixed investment.....	7	7.5	2.9	2.8	8.2	-1.6	-1.2	-8.5
Nonresidential.....	8	6.8	7.3	5.2	13.7	4.4	10.0	-2.4
Structures.....	9	1.1	8.8	12.0	8.7	20.3	15.7	-0.8
Equipment and software.....	10	8.9	6.6	2.8	15.6	-1.4	7.7	-3.2
Residential.....	11	8.6	-4.2	-0.9	-0.3	-11.1	-18.7	-19.1
Change in private inventories.....	12							
Net exports of goods and services	13							
Exports.....	14	6.8	8.9	9.6	14.0	6.2	6.8	10.5
Goods.....	15	7.5	10.5	11.5	17.3	6.0	9.4	8.5
Services.....	16	5.1	5.4	5.5	6.7	6.7	0.8	15.5
Imports.....	17	6.1	5.8	13.2	9.1	1.4	5.6	-2.2
Goods.....	18	6.7	5.9	14.1	9.4	-0.1	7.1	-3.8
Services.....	19	2.8	5.3	8.3	7.4	9.9	-2.6	7.1
Government consumption expenditures and gross investment	20	0.9	2.1	-1.1	4.9	0.8	1.7	3.3
Federal.....	21	1.5	2.0	-4.6	8.8	-4.5	1.3	4.4
National defense.....	22	1.7	1.9	-9.9	8.9	-2.0	-1.2	12.3
Nondefense.....	23	1.1	2.1	7.1	8.5	-9.3	6.5	-10.2
State and local.....	24	0.5	2.1	1.0	2.7	4.0	1.9	2.6

Table 1.1.2. Contributions to Percent Change in Real Gross Domestic Product

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Percent change at annual rate:								
Gross domestic product	1	3.2	3.3	1.8	5.6	2.6	2.0	2.2
Percentage points at annual rates:								
Personal consumption expenditures	2	2.44	2.24	0.53	3.38	1.81	1.96	2.88
Durable goods.....	3	0.45	0.41	-1.08	1.50	-0.01	0.50	0.35
Nondurable goods.....	4	0.90	0.77	0.79	1.20	0.30	0.32	1.19
Services.....	5	1.09	1.06	0.83	0.67	1.52	1.14	1.34
Gross private domestic investment	6	0.87	0.70	2.51	1.31	0.17	-0.13	-2.78
Fixed investment.....	7	1.17	0.48	0.46	1.34	-0.27	-0.19	-1.43
Nonresidential.....	8	0.67	0.74	0.52	1.36	0.45	1.01	-0.26
Structures.....	9	0.03	0.26	0.31	0.25	0.56	0.46	-0.03
Equipment and software.....	10	0.64	0.48	0.21	1.11	-0.10	0.55	-0.24
Residential.....	11	0.50	-0.26	-0.06	-0.02	-0.72	-1.20	-1.16
Change in private inventories.....	12	-0.30	0.22	2.05	-0.03	0.44	0.06	-1.35
Net exports of goods and services	13	-0.26	-0.03	-1.07	-0.04	0.42	-0.19	1.50
Exports.....	14	0.68	0.93	0.97	1.41	0.66	0.73	1.13
Goods.....	15	0.52	0.76	0.80	1.20	0.45	0.71	0.65
Services.....	16	0.16	0.17	0.17	0.21	0.21	0.03	0.48
Imports.....	17	-0.94	-0.96	-2.04	-1.46	-0.24	-0.93	0.38
Goods.....	18	-0.87	-0.82	-1.84	-1.27	0.01	-1.00	0.56
Services.....	19	-0.07	-0.14	-0.20	-0.19	-0.25	0.07	-0.18
Government consumption expenditures and gross investment	20	0.17	0.40	-0.21	0.94	0.16	0.32	0.62
Federal.....	21	0.11	0.14	-0.33	0.61	-0.32	0.09	0.30
National defense.....	22	0.08	0.09	-0.49	0.41	-0.09	-0.06	0.54
Nondefense.....	23	0.03	0.05	0.16	0.20	-0.23	0.15	-0.24
State and local.....	24	0.06	0.26	0.13	0.33	0.48	0.23	0.32

Table 1.1.7. Percent Change From Preceding Period in Prices for Gross Domestic Product [Percent]

Table 1.1.7: Percent Change From Preceding Period in Prices for Gross Domestic Product. Columns: Line, 2005, 2006, 2005, 2006 (I-IV). Rows include Gross domestic product, Personal consumption expenditures, Gross private domestic investment, Net exports of goods and services, Government consumption expenditures and gross investment, and Addendum.

Table 1.1.8. Contributions to Percent Change in the Gross Domestic Product Price Index

Table 1.1.8: Contributions to Percent Change in the Gross Domestic Product Price Index. Columns: Line, 2005, 2006, 2005, 2006 (I-IV). Rows include Percent change at annual rate, Percentage points at annual rates, Net exports of goods and services, Government consumption expenditures and gross investment, and Addendum.

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product [Index numbers, 2000=100]

Table 1.1.9: Implicit Price Deflators for Gross Domestic Product. Columns: Line, 2005, 2006, 2005, 2006 (I-IV). Rows include Gross domestic product, Personal consumption expenditures, Gross private domestic investment, Net exports of goods and services, Government consumption expenditures and gross investment, and Addendum.

Table 1.1.10. Percentage Shares of Gross Domestic Product [Percent]

Table 1.1.10: Percentage Shares of Gross Domestic Product. Columns: Line, 2005, 2006, 2005, 2006 (I-IV). Rows include Gross domestic product, Personal consumption expenditures, Gross private domestic investment, Net exports of goods and services, Government consumption expenditures and gross investment, and Addendum.

Table 1.3.4. Price Indexes for Gross Value Added by Sector
[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
					IV	I	II	III	IV
Gross domestic product	1	112.744	116.061	114.048	114.967	115.905	116.446	116.924
Business ¹	2	110.324	113.206	111.581	112.325	113.179	113.518	113.801
Nonfarm ²	3	110.268	113.244	111.582	112.379	113.320	113.518	113.715
Farm	4	116.270	109.536	111.773	106.945	98.811	109.258	123.132
Households and institutions	5	117.960	122.795	119.389	120.628	122.104	123.536	124.914
Households	6	114.495	118.896	115.448	116.397	118.148	119.842	121.196
Nonprofit institutions serving households ³	7	122.437	127.841	124.508	126.142	127.233	128.292	129.699
General government ⁴	8	124.718	129.768	126.237	128.170	129.182	130.338	131.380
Federal	9	129.479	134.357	129.782	133.763	134.390	134.579	134.694
State and local	10	122.735	127.857	124.764	125.844	127.015	128.572	129.997
Addendum:								
Gross housing value added	11	114.694	119.134	115.764	116.716	118.361	120.032	121.429

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
2. Equals gross domestic business value added excluding gross farm value added.
3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
4. Equals compensation of general government employees plus general government consumption of fixed capital.

Table 1.3.5. Gross Value Added by Sector
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Gross domestic product	1	12,455.8	13,244.6	12,730.5	13,008.4	13,197.3	13,322.6	13,449.9
Business ¹	2	9,613.4	10,234.9	9,837.9	10,065.4	10,210.4	10,287.7	10,376.1
Nonfarm ²	3	9,517.5	10,140.9	9,745.0	9,973.6	10,124.8	10,194.0	10,271.2
Farm	4	95.9	94.0	92.9	91.8	85.6	93.7	104.9
Households and institutions	5	1,419.6	1,519.1	1,448.2	1,479.0	1,508.3	1,534.0	1,554.9
Households	6	793.7	857.7	808.8	830.2	850.9	869.0	880.7
Nonprofit institutions serving households ³	7	625.8	661.4	639.4	648.8	657.4	665.0	674.2
General government ⁴	8	1,422.9	1,490.6	1,444.5	1,464.0	1,478.6	1,500.8	1,518.9
Federal	9	436.7	451.6	438.4	447.9	449.9	454.1	454.5
State and local	10	986.2	1,039.0	1,006.0	1,016.2	1,028.7	1,046.7	1,064.4
Addendum:								
Gross housing value added	11	982.6	1,058.2	999.2	1,025.0	1,049.6	1,071.8	1,086.7

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
2. Equals gross domestic business value added excluding gross farm value added.
3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
4. Equals compensation of general government employees plus general government consumption of fixed capital.

Table 1.3.6. Real Gross Value Added by Sector, Chained Dollars

[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Gross domestic product	1	11,048.6	11,413.6	11,163.8	11,316.4	11,388.1	11,443.5	11,506.5
Business ¹	2	8,717.5	9,046.1	8,821.0	8,965.6	9,026.4	9,068.2	9,124.2
Nonfarm ²	3	8,634.9	8,959.7	8,737.8	8,879.6	8,939.5	8,981.8	9,037.9
Farm	4	82.4	86.4	83.3	86.1	86.9	86.4	86.3
Households and institutions	5	1,200.5	1,234.0	1,210.1	1,223.1	1,232.3	1,238.8	1,241.8
Households	6	693.2	721.3	700.6	713.2	720.2	725.2	726.7
Nonprofit institutions serving households ³	7	508.3	514.4	510.7	511.5	513.8	515.5	516.9
General government ⁴	8	1,140.9	1,148.6	1,144.3	1,142.3	1,144.6	1,151.5	1,156.2
Federal	9	337.3	336.1	337.8	334.8	334.8	337.4	337.4
State and local	10	803.5	812.6	806.4	807.5	810.0	814.1	818.8
Residual	11	-11.0	-16.9	-12.8	-16.3	-17.1	-16.9	-17.5
Addendum:								
Gross housing value added	12	856.7	888.2	863.2	878.2	886.8	892.9	894.9

1. Equals gross domestic product excluding gross value added of households and institutions and of general government.
 2. Equals gross domestic business value added excluding gross farm value added.
 3. Equals compensation of employees of nonprofit institutions, the rental value of nonresidential fixed assets owned and used by nonprofit institutions serving households, and rental income of persons for tenant-occupied housing owned by nonprofit institutions.
 4. Equals compensation of general government employees plus general government consumption of fixed capital.
- NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 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 1.4.1. Percent Change From Preceding Period in Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Percent]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Gross domestic product	1	3.2	3.3	1.8	5.6	2.6	2.0	2.2
Less: Exports of goods and services	2	6.8	8.9	9.6	14.0	6.2	6.8	10.5
Plus: Imports of goods and services	3	6.1	5.8	13.2	9.1	1.4	5.6	-2.2
Equals: Gross domestic purchases	4	3.3	3.1	2.7	5.3	2.0	2.0	0.7
Less: Change in private inventories	5							
Equals: Final sales to domestic purchasers	6	3.6	2.9	0.7	5.4	1.6	2.0	2.0
Addendum:								
Final sales of domestic product	7	3.5	3.1	-0.3	5.6	2.1	1.9	3.6

Table 1.4.3. Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers, Quantity Indexes
[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
				IV	I	II	III	IV
Gross domestic product	1	112.546	116.264	113.719	115.274	116.004	116.569	117.210
Less: Exports of goods and services	2	109.105	118.831	112.054	115.783	117.536	119.495	122.510
Plus: Imports of goods and services	3	123.007	130.197	126.377	129.146	129.608	131.378	130.654
Equals: Gross domestic purchases	4	114.351	117.946	115.657	117.161	117.746	118.341	118.537
Less: Change in private inventories	5							
Equals: Final sales to domestic purchasers	6	114.755	118.128	115.825	117.345	117.810	118.390	118.967
Addendum: Final sales of domestic product	7	112.958	116.444	113.883	115.455	116.060	116.609	117.650

Table 1.4.4. Price Indexes for Gross Domestic Product, Gross Domestic Purchases, and Final Sales to Domestic Purchasers
[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
				IV	I	II	III	IV
Gross domestic product	1	112.744	116.061	114.048	114.967	115.905	116.446	116.924
Less: Exports of goods and services	2	108.949	112.540	110.108	110.737	112.400	113.631	113.390
Plus: Imports of goods and services	3	111.268	116.048	114.117	113.918	116.608	118.143	115.522
Equals: Gross domestic purchases	4	112.981	116.497	114.541	115.313	116.455	117.080	117.142
Less: Change in private inventories	5							
Equals: Final sales to domestic purchasers	6	113.021	116.551	114.594	115.371	116.510	117.133	117.189
Addendum: Final sales of domestic product	7	112.783	116.114	114.101	115.025	115.961	116.498	116.972

Table 1.4.5. Relation of Gross Domestic Product, Gross Domestic Purchases, and Final Sales to Domestic Purchasers
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
Gross domestic product	1	12,455.8	13,244.6	12,730.5	13,008.4	13,197.3	13,322.6	13,449.9
Less: Exports of goods and services	2	1,303.1	1,466.1	1,352.4	1,405.4	1,448.1	1,488.3	1,522.7
Plus: Imports of goods and services	3	2,019.9	2,229.4	2,127.8	2,170.6	2,229.8	2,290.1	2,226.9
Equals: Gross domestic purchases	4	13,172.5	14,007.8	13,505.9	13,773.6	13,979.1	14,124.3	14,154.2
Less: Change in private inventories	5	21.3	48.1	48.6	47.2	62.3	64.2	18.7
Equals: Final sales to domestic purchasers	6	13,151.3	13,959.7	13,457.3	13,726.4	13,916.8	14,060.1	14,135.5
Addendum: Final sales of domestic product	7	12,434.6	13,196.5	12,681.9	12,961.2	13,135.1	13,258.4	13,431.2

Table 1.4.6. Relation of Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers, Chained Dollars
[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
Gross domestic product	1	11,048.6	11,413.6	11,163.8	11,316.4	11,388.1	11,443.5	11,506.5
Less: Exports of goods and services	2	1,196.1	1,302.7	1,228.4	1,269.3	1,288.5	1,310.0	1,343.1
Plus: Imports of goods and services	3	1,815.3	1,921.4	1,865.0	1,905.9	1,912.7	1,938.8	1,928.1
Equals: Gross domestic purchases	4	11,659.7	12,026.3	11,792.9	11,946.3	12,005.9	12,066.6	12,086.6
Less: Change in private inventories	5	19.6	41.9	43.5	41.2	53.7	55.4	17.3
Equals: Final sales to domestic purchasers	6	11,636.1	11,978.1	11,744.6	11,898.7	11,945.9	12,004.7	12,063.2
Addendum: Final sales of domestic product	7	11,025.2	11,365.4	11,115.5	11,269.0	11,328.0	11,381.6	11,483.2

Note: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 1.7.5. Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Gross domestic product	1	12,455.8	13,244.6	12,730.5	13,008.4	13,197.3	13,322.6	13,449.9
Plus: Income receipts from the rest of the world	2	513.3		564.9	603.3	661.4	682.3	
Less: Income payments to the rest of the world	3	481.5		552.4	574.3	638.6	665.7	
Equals: Gross national product	4	12,487.7		12,743.0	13,037.4	13,220.1	13,339.2	
Less: Consumption of fixed capital	5	1,604.8	1,576.2	1,562.5	1,548.0	1,572.8	1,582.0	1,602.1
Private	6	1,352.6	1,310.6	1,307.5	1,288.9	1,309.8	1,314.4	1,329.0
Domestic business	7	1,059.1	1,050.4	1,044.4	1,035.1	1,050.4	1,053.0	1,063.3
Capital consumption allowances	8	953.1	966.4	941.5	960.7	964.3	968.3	972.4
Less: Capital consumption adjustment	9	-106.1	-84.0	-102.9	-74.4	-86.1	-84.7	-90.9
Households and institutions	10	293.5	260.1	263.1	253.8	259.5	261.4	265.7
Government	11	252.2	265.7	255.0	259.1	262.9	267.6	273.0
General government	12	207.2	221.5	212.4	216.1	219.2	223.1	227.5
Government enterprises	13	45.1	44.2	42.6	43.0	43.7	44.5	45.5
Equals: Net national product	14	10,882.9		11,180.5	11,489.4	11,647.3	11,757.3	
Less: Statistical discrepancy	15	71.0		74.3	-61.9	35.8	23.5	
Equals: National income	16	10,811.8		11,106.2	11,551.3	11,611.5	11,733.7	
Less: Corporate profits with inventory valuation and capital consumption adjustments	17	1,330.7		1,393.5	1,569.1	1,591.8	1,653.3	
Taxes on production and imports less subsidies	18	865.1	912.2	874.2	897.4	914.0	916.8	920.8
Contributions for government social insurance	19	880.6	944.5	898.9	936.7	938.8	945.2	957.2
Net interest and miscellaneous payments on assets	20	483.4	510.6	490.0	514.8	513.2	498.6	515.9
Business current transfer payments (net)	21	74.2	93.1	99.1	93.8	93.1	92.8	92.8
Current surplus of government enterprises	22	-15.4	-9.9	-13.3	-9.2	-9.4	-10.2	-10.9
Wage accruals less disbursements	23	0.0	12.5	0.0	0.0	0.0	0.0	50.0
Plus: Personal income receipts on assets	24	1,519.4	1,657.6	1,580.2	1,602.3	1,647.7	1,683.6	1,696.9
Personal current transfer receipts	25	1,526.6	1,602.3	1,539.8	1,570.4	1,589.7	1,618.6	1,630.2
Equals: Personal income	26	10,239.2	10,884.0	10,483.7	10,721.4	10,807.3	10,939.4	11,067.9
Addenda:								
Gross domestic income	27	12,384.8		12,656.2	13,070.3	13,161.6	13,299.1	
Gross national income	28	12,416.6		12,668.7	13,099.3	13,184.3	13,315.7	
Gross national factor income ¹	29	11,492.7		11,708.6	12,117.4	12,186.5	12,316.3	
Net domestic product	30	10,851.0	11,668.3	11,168.0	11,460.3	11,624.6	11,740.6	11,847.9
Net domestic income	31	10,780.0		11,093.8	11,522.2	11,588.8	11,717.1	
Net national factor income ²	32	9,887.9		10,146.2	10,569.3	10,613.7	10,734.3	

1. Consists of compensation of employees, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, corporate profits with IVA and CCAdj, net interest and miscellaneous payments, and consumption of fixed capital.
 2. Consists of gross national factor income less consumption of fixed capital.

Table 1.7.6. Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product, Chained Dollars

[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Gross domestic product	1	11,048.6	11,413.6	11,163.8	11,316.4	11,388.1	11,443.5	11,506.5
Plus: Income receipts from the rest of the world	2	456.9		496.1	526.4	571.4	586.5	
Less: Income payments to the rest of the world	3	427.2		483.8	499.7	550.3	570.9	
Equals: Gross national product	4	11,077.9		11,175.6	11,342.7	11,408.5	11,458.5	
Less: Consumption of fixed capital	5	1,496.6	1,431.6	1,437.4	1,419.4	1,427.6	1,435.7	1,443.6
Private	6	1,270.1	1,201.2	1,211.7	1,191.7	1,198.2	1,204.5	1,210.4
Government	7	227.0	230.1	225.8	227.5	229.1	230.9	232.9
General government	8	187.8	193.2	189.5	191.0	192.4	193.9	195.4
Government enterprises	9	39.0	36.9	36.3	36.4	36.7	37.1	37.4
Equals: Net national product	10	9,586.6		9,740.0	9,922.8	9,980.4	10,022.5	
Addenda:								
Gross domestic income ¹	11	10,985.6		11,098.7	11,370.3	11,357.2	11,423.3	
Gross national income ²	12	11,014.9		11,110.5	11,396.5	11,377.7	11,438.3	
Net domestic product	13	9,557.2	9,981.5	9,727.9	9,896.5	9,959.8	10,007.3	10,062.4
Net domestic income ³	14	9,494.7		9,663.2	9,949.9	9,929.2	9,987.3	

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.
 3. Net domestic income deflated by the implicit price deflator for net domestic product.
 Note: Except as noted in footnotes 1, 2 and 3, chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 1.8.3. Command-Basis Real Gross National Product, Quantity Indexes

[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005		2006		
				IV	I	II	III	IV
Gross national product	1	112.399		113.390	115.085	115.753	116.260	
Less: Exports of goods and services and income receipts from the rest of the world	2	111.906		116.793	121.636	126.043	128.530	
Plus: Command-basis exports of goods and services and income receipts from the rest of the world ¹	3	110.121		113.619	119.044	122.488	124.638	
Equals: Command-basis gross national product	4	112.131		112.914	114.696	115.219	115.676	
Addendum:								
Percent change from preceding period in command-basis real gross national product	5	2.8		0.3	6.5	1.8	1.6	

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

Table 1.8.6. Command-Basis Real Gross National Product, Chained Dollars

[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Gross national product	1	11,077.9		11,175.6	11,342.7	11,408.5	11,458.5	
Less: Exports of goods and services and income receipts from the rest of the world	2	1,655.0		1,727.3	1,798.9	1,864.1	1,900.9	
Plus: Command-basis exports of goods and services and income receipts from the rest of the world ¹	3	1,628.6		1,680.4	1,760.6	1,811.6	1,843.4	
Equals: Command-basis gross national product	4	11,051.5		11,128.7	11,304.4	11,356.0	11,401.0	
Addendum:								
Terms of trade ²	5	98.406		97.286	97.872	97.183	96.975	

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 (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 1.10. Gross Domestic Income by Type of Income
 [Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Gross domestic income	1	12,384.8		12,656.2	13,070.3	13,161.6	13,299.1	
Compensation of employees, paid	2	7,036.6	7,495.7	7,190.7	7,406.6	7,431.8	7,495.6	7,648.7
Wage and salary accruals	3	5,671.1	6,041.4	5,793.3	5,976.4	5,987.2	6,033.9	6,168.1
Disbursements	4	5,671.1	6,028.9	5,793.3	5,976.4	5,987.2	6,033.9	6,118.1
To persons	5	5,661.9		5,784.0	5,967.2	5,978.0	6,024.7	
To the rest of the world	6	9.2		9.3	9.2	9.2	9.2	
Wage accruals less disbursements	7	0.0	12.5	0.0	0.0	0.0	0.0	50.0
Supplements to wages and salaries	8	1,365.5	1,454.3	1,397.4	1,430.3	1,444.5	1,461.6	1,480.6
Taxes on production and imports	9	922.4	964.8	937.3	952.5	966.4	968.6	971.7
Less: Subsidies	10	57.3	52.5	63.1	55.1	52.3	51.8	51.0
Net operating surplus	11	2,878.2		3,028.8	3,218.2	3,243.0	3,304.7	
Private enterprises	12	2,893.6		3,042.1	3,227.4	3,252.3	3,314.9	
Net interest and miscellaneous payments, domestic industries	13	642.3		667.5	705.5	724.0	710.2	
Business current transfer payments (net)	14	74.2	93.1	99.1	93.8	93.1	92.8	92.8
Proprietors' income with inventory valuation and capital consumption adjustments	15	970.7	1,015.0	996.8	1,008.3	1,011.9	1,014.8	1,025.1
Rental income of persons with capital consumption adjustment	16	72.8	76.7	81.5	76.8	71.4	78.3	80.5
Corporate profits with inventory valuation and capital consumption adjustments, domestic industries	17	1,133.7		1,197.2	1,343.0	1,351.9	1,418.7	
Taxes on corporate income	18	399.3		424.6	456.9	476.1	490.6	
Profits after tax with inventory valuation and capital consumption adjustments	19	734.4		772.6	886.1	875.9	928.1	
Net dividends	20	338.7		234.9	528.1	549.4	569.8	
Undistributed corporate profits with inventory valuation and capital consumption adjustments	21	395.7		537.7	357.9	326.5	358.3	
Current surplus of government enterprises	22	-15.4	-9.9	-13.3	-9.2	-9.4	-10.2	-10.9
Consumption of fixed capital	23	1,604.8	1,576.2	1,562.5	1,548.0	1,572.8	1,582.0	1,602.1
Private	24	1,352.6	1,310.6	1,307.5	1,288.9	1,309.8	1,314.4	1,329.0
Government	25	252.2	265.7	255.0	259.1	262.9	267.6	273.0
Addendum:								
Statistical discrepancy	26	71.0		74.3	-61.9	35.8	23.5	

Table 1.12. National Income by Type of Income
 [Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
National income	1	10,811.8		11,106.2	11,551.3	11,611.5	11,733.7	
Compensation of employees	2	7,030.3	7,489.4	7,184.4	7,400.3	7,425.5	7,489.3	7,642.4
Wage and salary accruals	3	5,664.8	6,035.1	5,787.0	5,970.1	5,980.9	6,027.6	6,161.8
Government	4	977.7	1,013.9	988.1	998.1	1,005.9	1,020.5	1,030.9
Other	5	4,687.1	5,021.2	4,798.9	4,972.0	4,975.0	5,007.1	5,130.9
Supplements to wages and salaries	6	1,365.5	1,454.3	1,397.4	1,430.3	1,444.5	1,461.6	1,480.6
Employer contributions for employee pension and insurance funds	7	933.2	992.7	956.1	971.6	985.7	1,000.1	1,013.6
Employer contributions for government social insurance	8	432.3	461.5	441.3	458.7	458.9	461.5	467.0
Proprietors' income with IVA and CCAAdj	9	970.7	1,015.0	996.8	1,008.3	1,011.9	1,014.8	1,025.1
Farm	10	30.2	22.6	28.7	23.9	17.5	21.7	27.4
Nonfarm	11	940.4	992.4	968.1	984.4	994.3	993.2	997.8
Rental income of persons with CCAAdj	12	72.8	76.7	81.5	76.8	71.4	78.3	80.5
Corporate profits with IVA and CCAAdj	13	1,330.7		1,393.5	1,569.1	1,591.8	1,653.3	
Taxes on corporate income	14	399.3		424.6	456.9	476.1	490.6	
Profits after tax with IVA and CCAAdj	15	931.4		968.9	1,112.1	1,115.7	1,162.7	
Net dividends	16	576.9	642.2	601.0	615.7	631.1	650.4	671.4
Undistributed profits with IVA and CCAAdj	17	354.5		367.9	496.4	484.6	512.4	
Net interest and miscellaneous payments	18	483.4	510.6	490.0	514.8	513.2	498.6	515.9
Taxes on production and imports	19	922.4	964.8	937.3	952.5	966.4	968.6	971.7
Less: Subsidies	20	57.3	52.5	63.1	55.1	52.3	51.8	51.0
Business current transfer payments (net)	21	74.2	93.1	99.1	93.8	93.1	92.8	92.8
To persons (net)	22	45.7	35.3	39.0	34.5	35.0	35.5	36.0
To government (net)	23	30.1	57.1	49.4	55.6	56.7	57.9	58.1
To the rest of the world (net)	24	-1.6	0.8	10.7	3.7	1.4	-0.6	-1.3
Current surplus of government enterprises	25	-15.4	-9.9	-13.3	-9.2	-9.4	-10.2	-10.9
Cash flow:								
Net cash flow with IVA and CCAAdj	26	1,211.3		1,223.9	1,349.2	1,350.3	1,380.5	
Undistributed profits with IVA and CCAAdj	27	354.5		367.9	496.4	484.6	512.4	
Consumption of fixed capital	28	856.8	865.9	856.0	852.8	865.6	868.2	877.0
Less: Inventory valuation adjustment	29	-32.6		-39.2		-58.9		-38.2
Equals: Net cash flow	30	1,243.9		1,263.2	1,372.1	1,409.2	1,418.8	
Addenda:								
Proprietors' income with IVA and CCAAdj	31	970.7	1,015.0	996.8	1,008.3	1,011.9	1,014.8	1,025.1
Farm	32	30.2	22.6	28.7	23.9	17.5	21.7	27.4
Proprietors' income with IVA	33	36.8	29.2	35.4	30.5	24.3	28.2	33.9
Capital consumption adjustment	34	-6.5	-6.6	-6.7	-6.6	-6.7	-6.6	-6.5
Nonfarm	35	940.4	992.4	968.1	984.4	994.3	993.2	997.8
Proprietors' income (without IVA and CCAAdj)	36	866.2	897.9	887.7	891.1	904.7	897.7	898.1
Inventory valuation adjustment	37	-5.1	-3.5	-6.2	-2.4	-6.9	-3.7	-1.1
Capital consumption adjustment	38	79.3	98.0	86.5	95.7	96.5	99.1	100.8
Rental income of persons with CCAAdj	39	72.8	76.7	81.5	76.8	71.4	78.3	80.5
Rental income of persons (without CCAAdj)	40	96.2	91.7	98.6	91.6	86.5	93.1	95.4
Capital consumption adjustment	41	-23.4	-14.9	-17.1	-14.8	-15.1	-14.8	-14.9
Corporate profits with IVA and CCAAdj	42	1,330.7		1,393.5	1,569.1	1,591.8	1,653.3	
Corporate profits with IVA	43	1,486.1		1,559.1	1,717.7	1,752.6	1,815.8	
Profits before tax (without IVA and CCAAdj)	44	1,518.7		1,598.3	1,740.6	1,811.5	1,854.0	
Taxes on corporate income	45	399.3		424.6	456.9	476.1	490.6	
Profits after tax (without IVA and CCAAdj)	46	1,119.4		1,173.7	1,283.7	1,335.4	1,363.4	
Net dividends	47	576.9	642.2	601.0	615.7	631.1	650.4	671.4
Undistributed profits (without IVA and CCAAdj)	48	542.5		572.7	668.0	704.3	713.0	
Inventory valuation adjustment	49	-32.6		-39.2	-22.9	-58.9	-38.2	
Capital consumption adjustment	50	-155.5	-160.5	-165.6	-148.6	-160.8	-162.4	-170.2

IVA Inventory valuation adjustment
 CCAAdj Capital consumption adjustment

Table 1.14. Gross Value Added of Domestic Corporate Business in Current Dollars and Gross Value Added of Nonfinancial Domestic Corporate Business in Current and Chained Dollars

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Gross value added of corporate business ¹	1	7,357.0		7,539.4	7,823.0	7,865.8	7,971.8	
Consumption of fixed capital	2	856.8	865.9	856.0	852.8	865.6	868.2	877.0
Net value added	3	6,500.2		6,683.4	6,970.2	7,000.2	7,103.6	
Compensation of employees	4	4,612.5	4,938.0	4,723.2	4,884.1	4,894.9	4,930.7	5,042.5
Wage and salary accruals	5	3,761.0	4,028.8	3,850.6	3,989.3	3,991.7	4,017.5	4,116.7
Supplements to wages and salaries	6	851.5	909.3	872.6	894.8	903.1	913.2	925.8
Taxes on production and imports less subsidies	7	604.9	633.3	614.8	625.0	634.4	635.7	638.0
Net operating surplus	8	1,282.7		1,345.4	1,461.1	1,470.9	1,537.3	
Net interest and miscellaneous payments	9	56.3		57.1	60.9	62.8	62.6	
Business current transfer payments	10	92.7	56.2	91.2	57.1	56.1	56.0	55.6
Corporate profits with IVA and CCAAdj	11	1,133.7		1,197.2	1,343.0	1,351.9	1,418.7	
Taxes on corporate income	12	399.3		424.6	456.9	476.1	490.6	
Profits after tax with IVA and CCAAdj	13	734.4		772.6	886.1	875.9	928.1	
Net dividends	14	338.7		234.9	528.1	549.4	569.8	
Undistributed profits with IVA and CCAAdj	15	395.7		537.7	357.9	326.5	358.3	
Gross value added of financial corporate business ¹	16	987.3		1,004.5	1,034.9	1,075.8	1,072.9	
Gross value added of nonfinancial corporate business ¹	17	6,369.7		6,534.8	6,788.2	6,790.0	6,898.9	
Consumption of fixed capital	18	739.7	744.5	737.2	733.7	744.4	746.3	753.6
Net value added	19	5,630.1		5,797.6	6,054.5	6,045.7	6,152.6	
Compensation of employees	20	4,099.7	4,389.0	4,198.0	4,341.0	4,350.6	4,382.5	4,481.8
Wage and salary accruals	21	3,335.1	3,572.5	3,414.5	3,537.5	3,539.7	3,562.5	3,650.5
Supplements to wages and salaries	22	764.6	816.5	783.5	803.5	811.0	820.0	831.4
Taxes on production and imports less subsidies	23	558.1	584.3	567.2	576.7	585.3	586.5	588.6
Net operating surplus	24	972.2		1,032.4	1,136.8	1,109.7	1,183.7	
Net interest and miscellaneous payments	25	156.6		165.1	175.1	180.0	177.2	
Business current transfer payments	26	51.4	62.1	60.9	60.9	61.7	62.5	63.2
Corporate profits with IVA and CCAAdj	27	764.2		806.4	900.9	868.1	943.9	
Taxes on corporate income	28	251.4		266.4	280.9	283.3	299.6	
Profits after tax with IVA and CCAAdj	29	512.9		540.0	620.0	584.8	644.3	
Net dividends	30	228.5		120.1	377.7	392.8	407.5	
Undistributed profits with IVA and CCAAdj	31	284.4		419.9	242.3	192.0	236.8	
Addenda:								
Corporate business:								
Profits before tax (without IVA and CCAAdj)	32	1,321.7		1,402.0	1,514.6	1,571.6	1,619.3	
Profits after tax (without IVA and CCAAdj)	33	922.4		977.4	1,057.6	1,095.6	1,128.7	
Inventory valuation adjustment	34	-32.6		-39.2	-22.9	-58.9	-38.2	
Capital consumption adjustment	35	-155.5	-160.5	-165.6	-148.6	-160.8	-162.4	-170.2
Nonfinancial corporate business:								
Profits before tax (without IVA and CCAAdj)	36	932.6		988.7	1,050.6	1,063.5	1,119.2	
Profits after tax (without IVA and CCAAdj)	37	681.3		722.3	769.7	780.2	819.6	
Inventory valuation adjustment	38	-32.6		-39.2	-22.9	-58.9	-38.2	
Capital consumption adjustment	39	-135.8	-135.8	-143.0	-126.8	-136.5	-137.1	-143.0
Value added, in billions of chained (2000) dollars								
Gross value added of nonfinancial corporate business ²	40	5,852.9		5,927.8	6,111.2	6,069.0	6,158.9	
Consumption of fixed capital ³	41	681.6	670.5	670.5	666.1	669.2	672.0	674.6
Net value added ⁴	42	5,171.2		5,257.3	5,445.0	5,399.8	5,486.9	

1. Estimates for financial corporate business and nonfinancial corporate business for 2000 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).

2. The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

3. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

4. Chained-dollar net value added of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

IVA Inventory valuation adjustment
CCAAdj Capital consumption adjustment

Table 1.15. Price, Costs, and Profit Per Unit of Real Gross Value Added of Nonfinancial Domestic Corporate Business

[Dollars]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
					IV	I	II	III	IV
Price per unit of real gross value added of nonfinancial corporate business ¹	1	1.088		1.102	1.111	1.119	1.120	
Compensation of employees (unit labor cost)	2	0.700		0.708	0.710	0.717	0.712	
Unit nonlabor cost	3	0.257		0.258	0.253	0.260	0.255	
Consumption of fixed capital	4	0.126		0.124	0.120	0.123	0.121	
Taxes on production and imports less subsidies plus business current transfer payments	5	0.104		0.106	0.104	0.107	0.105	
Net interest and miscellaneous payments	6	0.027		0.028	0.029	0.030	0.029	
Corporate profits with IVA and CCAAdj (unit profits from current production)	7	0.131		0.136	0.147	0.143	0.153	
Taxes on corporate income	8	0.043		0.045	0.046	0.047	0.049	
Profits after tax with IVA and CCAAdj	9	0.088		0.091	0.101	0.096	0.105	

1. The implicit price deflator for gross value added of nonfinancial corporate business divided by 100. Estimates for nonfinancial corporate business for 2000 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: The current-dollar gross value added is deflated using the gross value added chain-type price index for nonfinancial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

IVA Inventory valuation adjustment
CCAAdj Capital consumption adjustment

2. Personal Income and Outlays

Table 2.1. Personal Income and Its Disposition

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
Personal income	1	10,239.2	10,884.0	10,483.7	10,721.4	10,807.3	10,939.4	11,067.9
Compensation of employees, received.....	2	7,030.3	7,476.9	7,184.4	7,400.3	7,425.5	7,489.3	7,592.4
Wage and salary disbursements.....	3	5,664.8	6,022.6	5,787.0	5,970.1	5,980.9	6,027.6	6,111.8
Private industries.....	4	4,687.1	5,008.7	4,798.9	4,972.0	4,975.0	5,007.1	5,080.9
Government.....	5	977.7	1,013.9	988.1	998.1	1,005.9	1,020.5	1,030.9
Supplements to wages and salaries.....	6	1,365.5	1,454.3	1,397.4	1,430.3	1,444.5	1,461.6	1,480.6
Employer contributions for employee pension and insurance funds.....	7	932.2	992.7	956.1	971.6	985.7	1,000.1	1,013.6
Employer contributions for government social insurance.....	8	432.3	461.5	441.3	458.7	458.9	461.5	467.0
Proprietors' income with inventory valuation and capital consumption adjustments.....	9	970.7	1,015.0	996.8	1,008.3	1,011.9	1,014.8	1,025.1
Farm.....	10	30.2	22.6	28.7	23.9	17.5	21.7	27.4
Nonfarm.....	11	940.4	992.4	968.1	984.4	994.3	993.2	997.8
Rental income of persons with capital consumption adjustment.....	12	72.8	76.7	81.5	76.8	71.4	78.3	80.5
Personal income receipts on assets.....	13	1,519.4	1,657.6	1,580.2	1,602.3	1,647.7	1,683.6	1,696.9
Personal interest income.....	14	945.0	1,018.1	981.7	989.1	1,019.2	1,035.8	1,028.1
Personal dividend income.....	15	574.4	639.6	598.5	613.2	628.5	647.8	668.8
Personal current transfer receipts.....	16	1,526.6	1,602.3	1,539.8	1,570.4	1,589.7	1,618.6	1,630.2
Government social benefits to persons.....	17	1,480.9	1,567.0	1,500.8	1,536.0	1,554.7	1,583.1	1,594.2
Old-age, survivors, disability, and health insurance benefits.....	18	844.9	931.4	854.6	909.9	928.1	936.7	950.7
Government unemployment insurance benefits.....	19	31.3	27.3	31.6	27.8	27.0	27.3	27.1
Veterans benefits.....	20	36.8	40.0	37.2	39.1	39.8	40.2	40.8
Family assistance ¹	21	18.3	18.8	18.8	18.6	18.8	18.9	19.0
Other.....	22	549.4	549.5	558.8	540.6	541.0	560.0	556.5
Other current transfer receipts, from business (net).....	23	45.7	35.3	39.0	34.5	35.0	35.5	36.0
Less: Contributions for government social insurance.....	24	880.6	944.5	898.9	936.7	938.8	945.2	957.2
Less: Personal current taxes	25	1,203.1	1,360.9	1,247.6	1,332.6	1,361.0	1,362.5	1,387.4
Equals: Disposable personal income	26	9,036.1	9,523.1	9,236.1	9,388.8	9,446.2	9,577.0	9,680.5
Less: Personal outlays	27	9,070.9	9,625.2	9,264.5	9,418.5	9,577.0	9,710.0	9,795.3
Personal consumption expenditures.....	28	8,742.4	9,269.0	8,927.8	9,079.2	9,228.1	9,346.7	9,422.1
Personal interest payments ²	29	209.4	229.9	214.9	218.5	222.9	235.5	242.7
Personal current transfer payments.....	30	119.2	126.3	121.8	120.9	126.0	127.8	130.5
To government.....	31	72.0	78.0	74.2	75.7	77.3	79.0	80.0
To the rest of the world (net).....	32	47.1	48.3	47.6	45.2	48.7	48.8	50.4
Equals: Personal saving	33	-34.8	-102.1	-28.5	-29.7	-130.8	-133.0	-114.8
Personal saving as a percentage of disposable personal income	34	-0.4	-1.1	-0.3	-0.3	-1.4	-1.4	-1.2
Addenda:								
Disposable personal income:								
Total, billions of chained (2000) dollars ³	35	8,104.6	8,312.9	8,183.3	8,276.8	8,245.4	8,311.0	8,419.1
Per capita:								
Current dollars.....	36	30,473	31,805	31,029	31,470	31,590	31,946	32,210
Chained (2000) dollars.....	37	27,332	27,763	27,492	27,743	27,574	27,723	28,013
Population (midperiod, thousands).....	38	296,524	299,424	297,660	298,338	299,025	299,789	300,543
Percent change from preceding period:								
Disposable personal income, current dollars.....	39	4.1	5.4	8.6	6.8	2.5	5.7	4.4
Disposable personal income, chained (2000) dollars.....	40	1.2	2.6	5.5	4.6	-1.5	3.2	5.3

1. Consists of aid to families with dependent children and, beginning with 1996, assistance programs operating under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

2. Consists of nonmortgage interest paid by households.

3. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Table 2.2B. Wage and Salary Disbursements by Industry

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
Wage and salary disbursements	1	5,664.8	6,022.6	5,787.0	5,970.1	5,980.9	6,027.6	6,111.8
Private industries	2	4,687.1	5,008.7	4,798.9	4,972.0	4,975.0	5,007.1	5,080.9
Goods-producing industries.....	3	1,101.3	1,175.5	1,124.9	1,177.3	1,173.0	1,171.5	1,180.1
Manufacturing.....	4	704.7	734.0	715.0	742.8	732.8	729.1	731.4
Services-producing industries.....	5	3,585.8	3,833.3	3,673.9	3,794.7	3,802.0	3,835.6	3,900.9
Trade, transportation, and utilities.....	6	937.2	993.7	954.9	983.6	990.8	995.6	1,004.7
Other services-producing industries ¹	7	2,648.5	2,839.6	2,719.0	2,811.0	2,811.2	2,840.0	2,896.1
Government	8	977.7	1,013.9	988.1	998.1	1,005.9	1,020.5	1,030.9

1. Other services-producing industries consists of information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises, administrative and support and waste management and remediation services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services.

NOTE: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

Table 2.3.5. Personal Consumption Expenditures by Major Type of Product
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2006				
				IV	I	II	III	IV
Personal consumption expenditures	1	8,742.4	9,269.0	8,927.8	9,079.2	9,228.1	9,346.7	9,422.1
Durable goods	2	1,033.1	1,070.3	1,019.6	1,064.1	1,061.8	1,075.5	1,079.8
Motor vehicles and parts.....	3	448.2	444.7	421.6	442.7	441.7	451.3	443.3
Furniture and household equipment.....	4	377.2	404.6	386.0	402.3	401.3	403.2	411.5
Other.....	5	207.7	221.0	212.0	219.1	218.8	221.0	225.0
Nondurable goods	6	2,539.3	2,715.0	2,613.5	2,658.2	2,721.4	2,747.7	2,732.7
Food.....	7	1,201.4	1,281.2	1,233.7	1,262.3	1,274.0	1,280.7	1,307.6
Clothing and shoes.....	8	341.8	358.6	349.1	355.4	355.1	358.7	365.3
Gasoline, fuel oil, and other energy goods.....	9	302.1	338.3	322.1	316.2	359.1	369.4	308.5
Gasoline and oil.....	10	280.2	315.6	299.1	295.1	335.6	346.3	285.4
Fuel oil and coal.....	11	21.9	22.7	23.0	21.1	23.5	23.2	23.1
Other.....	12	694.0	736.9	708.6	724.2	733.3	738.9	751.4
Services	13	5,170.0	5,483.7	5,294.7	5,356.8	5,444.9	5,523.5	5,609.6
Housing.....	14	1,304.1	1,382.2	1,326.6	1,345.4	1,370.1	1,394.2	1,419.2
Household operation.....	15	483.0	506.5	506.1	494.8	499.1	512.3	519.7
Electricity and gas.....	16	199.8	212.7	219.9	206.2	206.9	216.6	220.9
Other household operation.....	17	283.2	293.8	286.2	288.6	292.2	295.7	298.8
Transportation.....	18	320.4	337.1	325.9	330.4	335.9	339.5	342.4
Medical care.....	19	1,493.4	1,588.4	1,534.0	1,557.2	1,578.2	1,597.5	1,620.6
Recreation.....	20	360.6	379.2	367.7	372.4	377.2	382.7	384.5
Other.....	21	1,208.4	1,290.3	1,234.4	1,256.5	1,284.3	1,297.3	1,323.2
Addenda:								
Energy goods and services ¹	22	501.9	551.0	542.0	522.4	566.0	586.1	529.4
Personal consumption expenditures excluding food and energy.....	23	7,039.1	7,436.9	7,152.1	7,294.4	7,388.1	7,479.9	7,585.2

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

Table 2.3.6. Real Personal Consumption Expenditures by Major Type of Product, Chained Dollars
[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2006				
				IV	I	II	III	IV
Personal consumption expenditures	1	7,841.2	8,091.1	7,910.2	8,003.8	8,055.0	8,111.2	8,194.4
Durable goods	2	1,145.3	1,202.9	1,137.9	1,190.5	1,190.3	1,208.8	1,221.9
Motor vehicles and parts.....	3	452.9	447.4	426.3	445.1	443.7	452.9	447.9
Furniture and household equipment.....	4	490.6	550.6	511.5	538.5	542.9	551.7	569.2
Other.....	5	212.6	224.4	216.3	224.6	222.5	223.4	227.3
Nondurable goods	6	2,276.8	2,362.1	2,309.6	2,342.8	2,351.1	2,360.1	2,394.6
Food.....	7	1,065.7	1,110.9	1,085.7	1,103.4	1,108.8	1,106.8	1,124.6
Clothing and shoes.....	8	372.7	392.5	383.1	391.1	387.4	392.6	399.1
Gasoline, fuel oil, and other energy goods.....	9	199.5	197.6	196.6	196.0	196.3	198.7	199.3
Gasoline and oil.....	10	185.9	185.1	183.9	183.9	183.5	186.6	186.3
Fuel oil and coal.....	11	13.7	12.6	12.8	12.2	12.9	12.3	13.0
Other.....	12	643.9	671.3	652.4	662.6	668.3	671.5	682.7
Services	13	4,436.6	4,550.0	4,476.7	4,494.5	4,535.4	4,566.6	4,603.3
Housing.....	14	1,122.6	1,148.7	1,131.2	1,137.6	1,144.5	1,151.7	1,160.8
Household operation.....	15	418.0	416.3	419.8	404.3	412.5	422.1	426.2
Electricity and gas.....	16	153.8	150.2	154.7	141.7	147.0	154.4	157.6
Other household operation.....	17	264.1	267.1	264.9	264.8	267.0	268.1	268.5
Transportation.....	18	284.4	288.3	283.5	286.3	287.5	288.5	290.9
Medical care.....	19	1,260.9	1,304.7	1,279.0	1,292.6	1,300.9	1,307.6	1,317.5
Recreation.....	20	313.1	319.6	315.1	317.5	318.1	320.4	322.5
Other.....	21	1,036.2	1,071.1	1,046.5	1,054.9	1,070.6	1,074.8	1,083.9
Residual.....	22	-31.9	-53.4	-36.7	-53.0	-50.6	-52.1	-57.4
Addenda:								
Energy goods and services ¹	23	353.1	347.2	350.8	338.0	343.1	352.2	355.6
Personal consumption expenditures excluding food and energy.....	24	6,424.9	6,641.1	6,477.6	6,572.7	6,612.3	6,658.7	6,720.7

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

NOTE. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 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.

3. Government Current Receipts and Expenditures

Table 3.1. Government Current Receipts and Expenditures

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Current receipts	1	3,586.3		3,712.5	3,895.1	3,961.6	3,990.3	
Current tax receipts.....	2	2,520.7		2,604.8	2,736.2	2,796.5	2,815.1	
Personal current taxes.....	3	1,203.1	1,360.9	1,247.6	1,332.6	1,361.0	1,362.5	1,387.4
Taxes on production and imports.....	4	922.4	964.8	937.3	952.5	966.4	968.6	971.7
Taxes on corporate income.....	5	384.4		408.4	440.7	458.2	472.7	
Taxes from the rest of the world.....	6	10.8	11.2	11.4	10.4	10.9	11.3	12.2
Contributions for government social insurance.....	7	880.6	944.5	898.9	936.7	938.8	945.2	957.2
Income receipts on assets.....	8	98.3	102.5	98.5	100.0	101.6	103.3	105.2
Interest and miscellaneous receipts.....	9	95.8	99.9	96.1	97.5	99.0	100.7	102.6
Dividends.....	10	2.4	2.6	2.5	2.5	2.6	2.6	2.6
Current transfer receipts.....	11	102.1	135.1	123.6	131.4	134.1	136.9	138.1
From business (net).....	12	30.1	57.1	49.4	55.6	56.7	57.9	58.1
From persons.....	13	72.0	78.0	74.2	75.7	77.3	79.0	80.0
Current surplus of government enterprises.....	14	-15.4	-9.9	-13.3	-9.2	-9.4	-10.2	-10.9
Current expenditures	15	3,898.8	4,119.2	3,993.3	4,029.3	4,098.6	4,173.5	4,175.3
Consumption expenditures.....	16	1,975.7	2,096.0	2,014.5	2,059.7	2,083.0	2,109.1	2,132.0
Current transfer payments.....	17	1,517.8	1,593.2	1,542.8	1,561.2	1,581.2	1,610.2	1,620.3
Government social benefits.....	18	1,484.0	1,570.2	1,504.0	1,539.2	1,558.0	1,586.2	1,597.3
To persons.....	19	1,480.9	1,567.0	1,500.8	1,536.0	1,554.7	1,583.1	1,594.2
To the rest of the world.....	20	3.1	3.2	3.2	3.2	3.3	3.1	3.1
Other current transfer payments to the rest of the world (net).....	21	33.9	23.0	38.9	22.0	23.2	24.0	22.9
Interest payments.....	22	348.0	377.5	372.9	353.3	382.0	402.4	372.1
To persons and business.....	23	234.4		247.6	218.5	236.9	253.8	
To the rest of the world.....	24	113.6		125.3	134.8	145.1	148.6	
Subsidies.....	25	57.3	52.5	63.1	55.1	52.3	51.8	51.0
Less: Wage accruals less disbursements.....	26	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving	27	-312.5		-280.8	-134.3	-136.9	-183.3	
Social insurance funds.....	28	65.4	51.4	75.3	62.3	48.4	47.6	47.2
Other.....	29	-377.9		-356.0	-196.6	-185.3	-230.8	
Addenda:								
Total receipts	30	3,616.5		3,744.0	3,928.8	3,994.1	4,021.4	
Current receipts.....	31	3,586.3		3,712.5	3,895.1	3,961.6	3,990.3	
Capital transfer receipts.....	32	30.2	32.3	31.4	33.7	32.5	31.1	31.6
Total expenditures	33	4,072.8	4,301.9	4,175.5	4,223.6	4,294.4	4,368.8	4,320.7
Current expenditures.....	34	3,898.8	4,119.2	3,993.3	4,029.3	4,098.6	4,173.5	4,175.3
Gross government investment.....	35	397.1	431.2	409.1	419.9	430.9	433.0	441.1
Capital transfer payments.....	36	18.3	18.3	16.1	21.3	18.1	16.8	16.9
Net purchases of nonproduced assets.....	37	10.9	-1.1	11.8	12.2	9.8	13.1	-39.7
Less: Consumption of fixed capital.....	38	252.2	265.7	255.0	259.1	262.9	267.6	273.0
Net lending or net borrowing (-)	39	-456.3		-431.5	-294.8	-300.3	-347.4	

Table 3.2. Federal Government Current Receipts and Expenditures

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Current receipts	1	2,246.8	2,349.8	2,490.9	2,523.2	2,557.2		
Current tax receipts.....	2	1,366.2	1,428.4	1,524.9	1,553.2	1,579.2		
Personal current taxes.....	3	927.9	1,059.8	968.4	1,039.2	1,049.9	1,085.5	
Taxes on production and imports...	4	101.1	100.9	101.6	101.1	103.0	98.2	
Excise taxes.....	5	75.8	74.2	75.9	75.4	75.9	71.6	
Customs duties.....	6	25.3	26.7	25.7	25.7	27.1	26.5	
Taxes on corporate income.....	7	326.4	347.1	374.3	389.4	401.8		
Federal Reserve banks.....	8	21.5	24.6	25.0	27.3	29.0		
Other.....	9	304.9	322.5	349.3	362.1	372.8		
Taxes from the rest of the world....	10	10.8	11.2	11.4	10.4	10.9	12.2	
Contributions for government social insurance.....	11	855.3	919.7	873.8	911.9	914.1	932.4	
Income receipts on assets.....	12	22.9	24.9	22.3	23.3	24.2	26.7	
Interest receipts.....	13	15.9	16.0	15.3	15.0	15.3	17.5	
Rents and royalties.....	14	7.1	8.9	6.9	8.3	8.9	9.3	
Current transfer receipts.....	15	7.1	32.9	30.6	32.2	32.8	33.0	
From business.....	16	-6.6	17.6	16.3	17.5	17.7	17.5	
From persons.....	17	13.8	15.3	14.3	14.7	15.2	15.5	
Current surplus of government enterprises.....	18	-4.9	-1.4	-5.4	-1.4	-1.1	-1.5	
Current expenditures	19	2,555.9	2,692.2	2,613.3	2,637.9	2,686.2	2,730.2	
Consumption expenditures.....	20	768.6	808.0	771.1	803.6	802.3	809.1	
Current transfer payments.....	21	1,476.7	1,551.6	1,502.4	1,522.0	1,546.6	1,572.9	
Government social benefits.....	22	1,081.7	1,170.5	1,096.7	1,148.8	1,166.4	1,191.8	
To persons.....	23	1,078.6	1,167.3	1,093.5	1,145.5	1,163.1	1,188.7	
To the rest of the world.....	24	3.1	3.2	3.2	3.2	3.3	3.1	
Other current transfer payments.....	25	395.0	381.0	405.7	373.3	380.3	381.1	
Grants-in-aid to state and local governments.....	26	361.1	358.0	366.8	351.3	357.0	358.2	
To the rest of the world (net).....	27	33.9	23.0	38.9	22.0	23.2	24.0	
Interest payments.....	28	253.8	280.4	277.1	257.5	285.4	304.9	
To persons and business.....	29	140.3	151.8	122.7	140.3	156.3		
To the rest of the world.....	30	113.6	125.3	134.8	145.1	148.6		
Subsidies.....	31	56.9	52.1	62.7	54.7	51.9	50.6	
Less: Wage accruals less disbursements.....	32	0.0	0.0	0.0	0.0	0.0	0.0	
Net Federal Government saving	33	-309.2	-263.6	-147.0	-163.1	-173.0		
Social insurance funds.....	34	58.1	45.7	68.5	56.2	42.6	41.8	
Other.....	35	-367.3	-332.0	-203.2	-205.7	-215.1		
Addenda:								
Total receipts	36	2,271.7	2,376.1	2,519.7	2,550.9	2,583.7		
Current receipts.....	37	2,246.8	2,349.8	2,490.9	2,523.2	2,557.2		
Capital transfer receipts.....	38	25.0	27.5	26.3	28.8	27.7	27.1	
Total expenditures	39	2,633.0	2,763.1	2,692.7	2,725.8	2,766.9	2,814.1	
Current expenditures.....	40	2,555.9	2,692.2	2,613.3	2,637.9	2,686.2	2,730.2	
Gross government investment... capital transfer payments.....	41	109.8	118.4	115.1	118.2	117.4	118.1	
Capital transfer payments.....	42	67.0	70.1	64.8	72.0	69.2	70.1	
Net purchases of nonproduced assets.....	43	-0.6	-13.3	0.0	0.2	-2.3	0.8	
Less: Consumption of fixed capital.....	44	99.0	104.3	100.7	102.4	103.7	105.1	
Net lending or net borrowing (-)	45	-361.3	-316.6	-206.1	-216.0	-230.4		

Table 3.3. State and Local Government Current Receipts and Expenditures

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Current receipts	1	1,700.6	1,729.6	1,755.4	1,795.5	1,798.7		
Current tax receipts.....	2	1,154.4	1,176.3	1,211.3	1,243.3	1,235.9		
Personal current taxes.....	3	275.2	301.1	279.3	293.4	311.1	297.8	
Income taxes.....	4	250.9	275.7	254.3	268.3	285.6	272.4	
Other.....	5	24.4	25.4	25.0	25.1	25.5	25.6	
Taxes on production and imports...	6	821.2	863.9	835.7	851.4	863.3	867.2	
Sales taxes.....	7	394.1	413.4	397.2	407.9	413.2	415.0	
Property taxes.....	8	350.4	369.3	358.1	363.2	366.6	371.3	
Other.....	9	76.7	81.2	80.5	80.3	81.5	81.0	
Taxes on corporate income.....	10	58.0	61.3	66.4	68.8	70.9		
Contributions for government social insurance.....	11	25.3	24.8	25.2	24.8	24.7	24.8	
Income receipts on assets.....	12	75.3	77.6	76.3	76.7	77.4	77.9	
Interest receipts.....	13	63.4	64.6	64.0	64.1	64.5	64.8	
Dividends.....	14	2.4	2.6	2.5	2.5	2.6	2.6	
Rents and royalties.....	15	9.5	10.4	9.8	10.1	10.3	10.6	
Current transfer receipts.....	16	456.1	460.2	459.8	450.5	458.3	468.8	
Federal grants-in-aid.....	17	361.1	358.0	366.8	351.3	357.0	365.6	
From business (net).....	18	36.7	39.5	33.1	38.2	39.1	39.9	
From persons.....	19	58.3	62.8	59.9	61.0	62.2	63.3	
Current surplus of government enterprises.....	20	-10.5	-8.5	-7.9	-7.8	-8.2	-8.7	
Current expenditures	21	1,703.9	1,785.0	1,746.8	1,742.7	1,769.4	1,808.9	
Consumption expenditures.....	22	1,207.2	1,287.9	1,243.4	1,256.2	1,280.7	1,300.0	
Government social benefit payments to persons.....	23	402.3	399.7	407.3	390.4	391.7	411.0	
Interest payments.....	24	94.2	97.0	95.8	95.8	96.6	97.5	
Subsidies.....	25	0.4	0.4	0.4	0.4	0.4	0.4	
Less: Wage accruals less disbursements.....	26	0.0	0.0	0.0	0.0	0.0	0.0	
Net state and local government saving	27	-3.3	-17.2	12.7	26.1	-10.2		
Social insurance funds.....	28	7.3	5.7	6.8	6.2	5.8	5.3	
Other.....	29	-10.6	-24.0	6.5	20.4	-15.7		
Addenda:								
Total receipts	30	1,754.6	1,783.4	1,811.1	1,851.5	1,856.6		
Current receipts.....	31	1,700.6	1,729.6	1,755.4	1,795.5	1,798.7		
Capital transfer receipts.....	32	53.9	56.6	53.8	55.6	58.0	56.9	
Total expenditures	33	1,849.6	1,948.6	1,898.3	1,899.7	1,935.8	1,973.6	
Current expenditures.....	34	1,703.9	1,785.0	1,746.8	1,742.7	1,769.4	1,808.9	
Gross government investment... capital transfer payments.....	35	287.3	312.8	294.0	301.7	313.5	315.0	
Capital transfer payments.....	36							
Net purchases of nonproduced assets.....	37	11.6	12.2	11.8	12.0	12.2	12.3	
Less: Consumption of fixed capital.....	38	153.2	161.4	154.3	156.7	159.2	162.5	
Net lending or net borrowing (-)	39	-95.0	-114.9	-88.7	-84.3	-117.0		

Table 3.9.1. Percent Change From Preceding Period in Real Government Consumption Expenditures and Gross Investment [Percent]

Table with columns: Line, 2005, 2006, and Seasonally adjusted at annual rates (2005, 2006). Rows include Government consumption expenditures and gross investment, Federal, National defense, Nondefense, and State and local.

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

Table 3.9.2. Contributions to Percent Change in Real Government Consumption Expenditures and Gross Investment

Table with columns: Line, 2005, 2006, and Seasonally adjusted at annual rates (2005, 2006). Rows include Percent change at annual rate and Percentage points at annual rates.

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

Table 3.9.3. Real Government Consumption Expenditures and Gross Investment, Quantity Indexes [Index numbers, 2000=100]

Table with columns: Line, 2005, 2006, and Seasonally adjusted (2005, 2006). Rows include Government consumption expenditures and gross investment, Federal, National defense, Nondefense, and State and local.

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

Table 3.9.4. Price Indexes for Government Consumption Expenditures and Gross Investment [Index numbers, 2000=100]

Table with columns: Line, 2005, 2006, and Seasonally adjusted (2005, 2006). Rows include Government consumption expenditures and gross investment, Federal, National defense, Nondefense, and State and local.

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

Table 3.9.5. Government Consumption Expenditures and Gross Investment
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Government consumption expenditures and gross investment	1	2,372.8	2,527.2	2,423.6	2,479.6	2,513.9	2,542.1	2,573.1
Consumption expenditures ¹	2	1,975.7	2,096.0	2,014.5	2,059.7	2,083.0	2,109.1	2,132.0
Gross investment ²	3	397.1	431.2	409.1	419.9	430.9	433.0	441.1
Structures	4	248.9	273.5	257.3	263.7	273.2	274.5	282.4
Equipment and software	5	148.1	157.8	151.8	156.1	157.7	158.6	158.7
Federal	6	878.3	926.4	886.2	921.7	919.7	927.2	937.2
Consumption expenditures	7	768.6	808.0	771.1	803.6	802.3	809.1	817.1
Gross investment	8	109.8	118.4	115.1	118.2	117.4	118.1	120.1
Structures	9	15.4	16.3	17.5	17.0	15.1	15.3	17.8
Equipment and software	10	94.4	102.1	97.6	101.2	102.3	102.8	102.3
National defense	11	589.3	621.0	590.9	613.5	616.5	618.1	635.7
Consumption expenditures	12	516.9	542.0	516.9	537.7	537.7	539.3	553.2
Gross investment	13	72.4	79.0	74.1	75.8	78.8	78.8	82.5
Structures	14	5.2	5.7	5.4	5.2	5.1	5.2	7.5
Equipment and software	15	67.2	73.2	68.6	70.6	73.7	73.6	75.1
Nondefense	16	289.0	305.5	295.3	308.2	303.2	309.0	301.5
Consumption expenditures	17	251.7	266.0	254.2	265.9	264.6	269.8	263.9
Gross investment	18	37.4	39.4	41.1	42.4	38.6	39.3	37.5
Structures	19	10.2	10.5	12.1	11.8	10.0	10.1	10.3
Equipment and software	20	27.1	28.9	29.0	30.6	28.6	29.2	27.3
State and local	21	1,494.4	1,600.7	1,537.4	1,557.9	1,594.2	1,614.9	1,635.9
Consumption expenditures	22	1,207.2	1,287.9	1,243.4	1,256.2	1,280.7	1,300.0	1,314.9
Gross investment	23	287.3	312.8	294.0	301.7	313.5	315.0	321.0
Structures	24	233.5	257.2	239.8	246.8	258.1	259.2	264.7
Equipment and software	25	53.8	55.6	54.2	54.9	55.4	55.8	56.4

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

Table 3.9.6. Real Government Consumption Expenditures and Gross Investment, Chained Dollars
[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Government consumption expenditures and gross investment	1	1,958.0	1,998.3	1,963.5	1,987.1	1,991.2	1,999.4	2,015.5
Consumption expenditures ¹	2	1,609.3	1,635.8	1,611.2	1,628.6	1,626.6	1,636.7	1,651.2
Gross investment ²	3	348.5	362.8	352.2	358.6	365.1	363.0	364.5
Structures	4	198.4	204.1	198.6	201.3	206.2	203.9	205.2
Equipment and software	5	153.4	162.8	157.5	161.7	162.7	163.4	163.4
Federal	6	727.5	741.8	729.6	745.1	736.6	738.9	746.8
Consumption expenditures	7	620.8	629.4	618.9	632.0	624.9	627.2	633.6
Gross investment	8	107.9	114.4	112.6	115.1	113.6	113.6	115.2
Structures	9	12.6	12.5	14.0	13.3	11.7	11.7	13.3
Equipment and software	10	95.8	102.8	99.1	102.5	103.1	103.1	102.6
National defense	11	483.6	492.8	481.4	491.8	489.3	487.8	502.2
Consumption expenditures	12	413.3	418.1	410.0	419.0	414.7	413.7	424.9
Gross investment	13	71.2	76.4	72.6	74.0	76.5	75.9	79.2
Structures	14	4.2	4.4	4.3	4.1	3.9	4.0	5.6
Equipment and software	15	67.3	72.3	68.6	70.3	73.0	72.3	73.7
Nondefense	16	243.7	248.8	248.0	253.1	247.0	250.9	244.3
Consumption expenditures	17	207.3	211.2	208.7	212.8	210.1	213.4	208.4
Gross investment	18	36.7	38.1	40.1	41.1	37.2	37.8	36.1
Structures	19	8.4	8.1	9.7	9.3	7.7	7.7	7.7
Equipment and software	20	28.6	30.5	30.6	32.3	30.1	30.9	28.9
State and local	21	1,230.4	1,256.3	1,233.7	1,242.0	1,254.4	1,260.3	1,268.5
Consumption expenditures	22	988.0	1,005.9	991.9	996.1	1,001.2	1,009.0	1,017.2
Gross investment	23	242.1	250.2	241.6	245.7	251.1	251.1	251.1
Structures	24	185.7	191.6	184.7	188.0	194.5	192.2	191.9
Equipment and software	25	57.3	59.7	58.1	58.9	59.3	60.0	60.6
Residual	26	-2.1	-3.5	-3.1	-3.7	-3.3	-3.8	-3.4

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

Note. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 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 3.10.1. Percent Change From Preceding Period in Real Government Consumption Expenditures and General Government Gross Output
[Percent]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Government consumption expenditures ¹	1	0.9	1.6	-2.1	4.4	-0.5	2.5	3.6
Gross output of general government	2	1.1	1.7	-1.5	3.9	0.2	2.4	3.1
Value added	3	0.9	0.7	0.9	-0.7	0.8	2.4	1.6
Compensation of general government employees	4	0.6	0.3	0.7	-1.4	0.5	2.3	1.3
Consumption of general government fixed capital ²	5	2.6	2.8	2.3	3.4	2.8	3.1	3.3
Intermediate goods and services purchased ³	6	1.3	3.3	-5.3	11.5	-0.9	2.3	5.5
Durable goods	7	2.5	4.2	6.1	-5.2	0.0	16.2	12.6
Nondurable goods	8	1.2	1.5	0.8	3.8	-0.4	4.3	-3.2
Services	9	1.3	3.9	-8.4	16.3	-1.1	0.4	8.2
Less: Own-account investment ⁴	10	1.4	4.2	5.0	3.7	8.9	-0.1	5.0
Sales to other sectors	11	2.3	1.8	1.6	1.0	3.6	1.8	0.0
Federal consumption expenditures ¹	12	0.9	1.4	-6.7	8.7	-4.4	1.5	4.1
Gross output of general government	13	1.1	1.3	-6.7	8.1	-3.9	1.3	3.0
Value added	14	0.6	-0.3	1.5	-3.5	-0.1	3.2	0.0
Compensation of general government employees	15	0.1	-1.1	1.2	-5.1	-0.7	3.5	-0.5
Consumption of general government fixed capital ²	16	2.6	2.5	2.6	2.6	2.3	2.1	2.0
Intermediate goods and services purchased ³	17	1.8	3.3	-16.0	24.4	-8.3	-1.1	6.9
Durable goods	18	3.1	5.7	9.3	-10.2	-2.0	27.3	19.5
Nondurable goods	19	0.7	-6.5	-1.4	2.2	-22.3	5.9	-38.1
Services	20	1.8	4.4	-20.4	32.6	-7.1	-4.8	12.4
Less: Own-account investment ⁴	21	-0.2	1.0	4.0	-8.8	2.5	8.1	-1.3
Sales to other sectors	22	37.2	-7.9	-17.0	-33.1	60.9	-19.2	-66.4
Defense consumption expenditures ¹	23	1.2	1.2	-10.8	9.1	-4.1	-0.9	11.3
Gross output of general government	24	1.3	1.2	-11.5	9.8	-3.3	-1.4	10.1
Value added	25	0.8	-0.7	0.9	-4.7	-0.7	3.7	0.9
Compensation of general government employees	26	0.3	-1.6	0.4	-6.9	-1.6	4.3	0.6
Consumption of general government fixed capital ²	27	2.5	2.3	2.4	2.4	2.1	1.9	1.7
Intermediate goods and services purchased ³	28	1.8	3.5	-24.0	29.6	-6.2	-6.9	21.6
Durable goods	29	2.4	5.8	9.8	-12.3	-1.1	29.8	22.7
Nondurable goods	30	-3.0	-11.6	-22.7	-0.6	-29.8	7.1	-53.5
Services	31	2.2	4.9	-28.6	42.1	-4.1	-12.9	32.4
Less: Own-account investment ⁴	32	-5.5	1.5	5.5	-3.9	2.1	4.1	2.8
Sales to other sectors	33	21.7	13.2	-81.3	316.1	195.8	-46.2	-82.5
Nondefense consumption expenditures ¹	34	0.1	1.8	2.4	8.1	-5.0	6.5	-9.1
Gross output of general government	35	0.9	1.4	3.6	4.7	-4.9	6.7	-9.8
Value added	36	0.3	0.3	2.7	-1.2	1.1	2.4	-1.6
Compensation of general government employees	37	-0.2	-0.2	2.6	-2.1	0.8	2.4	-2.4
Consumption of general government fixed capital ²	38	2.7	3.0	2.9	3.3	3.0	2.6	2.7
Intermediate goods and services purchased ³	39	1.7	2.9	5.0	13.6	-12.9	13.0	-20.3
Durable goods	40	11.8	4.1	3.1	17.8	-11.7	1.1	-14.6
Nondurable goods	41							
Commodity Credit Corporation inventory change	42							
Other nondurable goods	43	2.2	-2.0	10.9	15.5	-18.9	6.3	-15.0
Services	44	0.8	3.3	0.2	14.9	-13.1	14.9	-21.5
Less: Own-account investment ⁴	45	4.3	0.6	2.9	-12.6	2.8	11.4	-4.4
Sales to other sectors	46	48.1	-19.7	71.8	-74.5	-4.9	16.9	-46.2
State and local consumption expenditures ¹	47	0.9	1.8	1.0	1.7	2.1	3.1	3.3
Gross output of general government	48	1.0	1.9	1.3	1.9	2.3	2.9	3.2
Value added	49	1.0	1.1	0.7	0.6	1.2	2.1	2.3
Compensation of general government employees	50	0.8	0.9	0.5	0.1	0.9	1.8	2.1
Consumption of general government fixed capital ²	51	2.6	3.2	2.0	4.0	3.3	3.9	4.4
Intermediate goods and services purchased ³	52	1.0	3.3	2.2	4.2	4.1	4.4	4.6
Durable goods	53	1.7	2.1	1.8	2.2	2.8	2.2	3.1
Nondurable goods	54	1.3	3.0	1.3	4.1	4.1	4.0	4.2
Services	55	0.9	3.5	2.8	4.4	4.1	4.8	5.0
Less: Own-account investment ⁴	56	1.8	5.0	5.3	7.0	10.4	-1.9	6.6
Sales to other sectors	57	1.5	2.1	2.2	2.1	2.4	2.4	2.5
Tuition and related educational charges	58	-0.1	2.4	4.6	2.0	2.4	2.4	2.4
Health and hospital charges	59	0.8	1.5	0.1	2.0	2.4	2.4	2.4
Other sales	60	4.0	2.8	3.8	2.4	2.5	2.4	2.7

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).
 2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.
 3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.
 4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

**Table 3.10.3. Real Government Consumption Expenditures and
General Government Gross Output, Quantity Indexes**

[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
					IV	I	II	III	IV
Government consumption expenditures ¹	1	113.564	115.432	113.700	114.925	114.784	115.495	116.522
Gross output of general government	2	113.382	115.305	113.618	114.712	114.756	115.431	116.321
Value added	3	106.666	107.390	106.982	106.795	107.014	107.659	108.093
Compensation of general government employees	4	105.633	105.960	105.844	105.475	105.601	106.206	106.558
Consumption of general government fixed capital ²	5	112.885	116.099	113.863	114.812	115.621	116.506	117.458
Intermediate goods and services purchased ³	6	125.958	130.130	126.054	129.540	129.256	129.989	131.736
Durable goods	7	121.957	127.103	125.453	123.777	123.767	128.501	132.366
Nondurable goods	8	118.582	120.390	118.964	120.087	119.971	121.238	120.265
Services	9	128.934	133.950	128.568	133.507	133.128	133.250	135.913
Less: Own-account investment ⁴	10	108.787	113.377	110.242	111.243	113.632	113.615	115.018
Sales to other sectors	11	112.623	114.694	113.391	113.676	114.697	115.203	115.201
Federal consumption expenditures ¹	12	124.339	126.061	123.952	126.577	125.156	125.614	126.896
Gross output of general government	13	124.079	125.666	123.736	126.160	124.925	125.317	126.261
Value added	14	106.947	106.579	107.121	106.167	106.148	106.997	107.002
Compensation of general government employees	15	106.928	105.748	106.867	105.465	105.274	106.196	106.055
Consumption of general government fixed capital ²	16	107.277	109.927	108.320	109.028	109.659	110.238	110.781
Intermediate goods and services purchased ³	17	153.353	158.470	152.088	160.611	157.173	156.732	159.362
Durable goods	18	132.188	139.736	138.132	134.476	133.782	142.107	148.578
Nondurable goods	19	149.585	139.856	148.933	149.736	140.591	142.615	126.481
Services	20	157.103	163.956	154.720	166.028	163.015	161.011	165.770
Less: Own-account investment ⁴	21	115.435	116.578	117.699	115.007	115.717	117.980	117.609
Sales to other sectors	22	110.081	101.418	111.937	101.235	114.020	108.103	82.315
Defense consumption expenditures ¹	23	128.551	130.044	127.544	130.343	128.981	128.681	132.171
Gross output of general government	24	128.619	130.202	127.446	130.460	129.366	128.921	132.059
Value added	25	108.048	107.300	108.206	106.903	106.707	107.674	107.917
Compensation of general government employees	26	109.389	107.608	109.277	107.336	106.895	108.014	108.186
Consumption of general government fixed capital ²	27	104.858	107.257	105.838	106.467	107.024	107.539	107.998
Intermediate goods and services purchased ³	28	163.094	168.841	159.574	170.275	167.587	164.630	172.871
Durable goods	29	129.812	137.387	135.799	131.412	131.040	139.881	147.216
Nondurable goods	30	141.149	124.728	138.197	137.986	126.313	128.497	106.114
Services	31	173.189	181.656	167.614	182.994	181.077	174.913	187.641
Less: Own-account investment ⁴	32	143.678	145.795	145.681	144.245	145.007	146.455	147.474
Sales to other sectors	33	131.580	148.898	100.221	143.135	187.707	160.775	103.973
Nondefense consumption expenditures ¹	34	116.593	118.747	117.362	119.666	118.137	120.006	117.179
Gross output of general government	35	115.974	117.575	117.140	118.495	117.004	118.914	115.886
Value added	36	104.998	105.311	105.200	104.874	105.173	105.810	105.387
Compensation of general government employees	37	103.165	102.935	103.184	102.635	102.838	103.451	102.817
Consumption of general government fixed capital ²	38	114.097	117.478	115.322	116.260	117.111	117.875	118.668
Intermediate goods and services purchased ³	39	135.352	139.313	138.237	142.770	137.929	142.201	134.354
Durable goods	40	163.760	170.547	168.987	176.035	170.628	171.082	164.442
Nondurable goods	41							
Commodity Credit Corporation inventory change	42							
Other nondurable goods	43	182.531	178.962	179.923	186.530	177.024	179.729	172.565
Services	44	131.001	135.260	133.788	138.511	133.728	138.457	130.344
Less: Own-account investment ⁴	45	100.285	100.892	102.699	99.301	99.986	102.713	101.567
Sales to other sectors	46	101.312	81.328	117.558	83.558	82.507	85.783	73.463
State and local consumption expenditures ¹	47	107.655	109.602	108.074	108.536	109.095	109.944	110.833
Gross output of general government	48	108.625	110.698	109.116	109.622	110.234	111.034	111.901
Value added	49	106.536	107.741	106.915	107.065	107.389	107.944	108.565
Compensation of general government employees	50	105.152	106.062	105.468	105.499	105.748	106.231	106.772
Consumption of general government fixed capital ²	51	118.215	121.939	119.137	120.303	121.272	122.433	123.748
Intermediate goods and services purchased ³	52	112.652	116.355	113.354	114.528	115.678	116.940	118.272
Durable goods	53	109.924	112.276	110.576	111.177	111.953	112.553	113.422
Nondurable goods	54	114.080	117.545	114.608	115.776	116.955	118.112	119.337
Services	55	112.139	116.077	112.945	114.163	115.323	116.696	118.124
Less: Own-account investment ⁴	56	107.398	112.786	108.670	110.519	113.298	112.758	114.568
Sales to other sectors	57	112.737	115.116	113.474	114.077	114.768	115.453	116.167
Tuition and related educational charges	58	105.537	108.033	106.533	107.065	107.709	108.354	109.004
Health and hospital charges	59	113.985	115.748	114.140	114.711	115.399	116.092	116.789
Other sales	60	116.208	119.479	117.672	118.381	119.112	119.817	120.606

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

Table 3.10.4. Price Indexes for Government Consumption Expenditures and General Government Gross Output
[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
					IV	I	II	III	IV
Government consumption expenditures ¹	1	122.768	128.134	125.034	126.480	128.065	128.869	129.121
Gross output of general government	2	122.760	128.078	125.031	126.402	127.905	128.809	129.194
Value added	3	124.718	129.768	126.237	128.170	129.182	130.338	131.380
Compensation of general government employees	4	127.425	132.606	128.881	130.995	132.042	133.203	134.184
Consumption of general government fixed capital ²	5	110.292	114.652	112.121	113.134	113.965	115.085	116.423
Intermediate goods and services purchased ³	6	119.320	125.030	122.728	123.245	125.475	125.998	125.403
Durable goods	7	104.161	106.255	104.587	105.113	106.044	106.642	107.222
Nondurable goods	8	130.408	140.653	138.589	136.627	144.244	143.337	138.405
Services	9	117.323	121.924	119.469	120.800	121.416	122.398	123.081
Less: Own-account investment ⁴	10	119.277	124.079	120.962	122.470	123.723	124.714	125.409
Sales to other sectors	11	122.920	128.014	125.310	126.196	127.211	128.726	129.923
Federal consumption expenditures ¹	12	123.792	128.378	124.594	127.152	128.391	129.007	128.961
Gross output of general government	13	123.771	128.303	124.640	127.083	128.312	128.927	128.890
Value added	14	129.479	134.357	129.782	133.763	134.390	134.579	134.694
Compensation of general government employees	15	137.416	142.929	137.540	142.519	143.102	143.038	143.058
Consumption of general government fixed capital ²	16	106.480	109.550	107.295	108.456	109.199	110.085	110.460
Intermediate goods and services purchased ³	17	116.145	120.275	117.673	118.384	120.254	121.333	121.127
Durable goods	18	102.688	104.253	102.780	103.098	104.131	104.650	105.134
Nondurable goods	19	127.253	136.268	133.584	131.526	139.058	139.961	134.525
Services	20	116.691	120.596	117.848	118.935	120.289	121.461	121.701
Less: Own-account investment ⁴	21	124.946	129.692	125.626	128.460	129.596	130.047	130.667
Sales to other sectors	22	118.928	119.191	126.346	118.459	118.899	119.483	119.924
Defense consumption expenditures ¹	23	125.071	129.642	126.061	128.327	129.681	130.375	130.186
Gross output of general government	24	125.063	129.614	126.044	128.300	129.649	130.343	130.164
Value added	25	131.671	136.430	132.009	135.894	136.388	136.686	136.751
Compensation of general government employees	26	141.713	147.045	141.844	146.796	147.173	147.120	147.090
Consumption of general government fixed capital ²	27	107.623	111.014	108.456	109.818	110.581	111.688	111.970
Intermediate goods and services purchased ³	28	116.727	121.004	118.382	118.923	121.112	122.204	121.778
Durable goods	29	103.728	105.582	103.896	104.288	105.421	106.015	106.603
Nondurable goods	30	137.758	151.970	148.658	144.162	156.904	158.739	148.074
Services	31	117.386	121.236	118.490	119.505	121.022	122.144	122.274
Less: Own-account investment ⁴	32	126.127	131.609	127.119	130.097	131.602	131.987	132.749
Sales to other sectors	33	122.661	123.143	121.976	122.008	122.699	123.573	124.292
Nondefense consumption expenditures ¹	34	121.381	125.995	121.810	124.944	125.958	126.422	126.658
Gross output of general government	35	121.351	125.877	122.035	124.838	125.836	126.298	126.537
Value added	36	125.685	130.774	125.929	130.080	130.937	130.937	131.141
Compensation of general government employees	37	130.947	136.744	131.059	136.088	136.985	136.904	137.001
Consumption of general government fixed capital ²	38	103.518	105.755	104.285	104.924	105.616	105.932	106.549
Intermediate goods and services purchased ³	39	114.981	118.779	116.232	117.305	118.476	119.526	119.809
Durable goods	40	91.303	89.984	90.620	90.214	90.280	90.040	89.400
Nondurable goods	41							
Commodity Credit Corporation inventory change	42							
Other nondurable goods	43	115.953	119.446	117.371	117.844	120.175	120.132	119.632
Services	44	115.631	119.655	116.899	118.138	119.148	120.430	120.906
Less: Own-account investment ⁴	45	123.897	128.067	124.336	127.055	127.901	128.402	128.912
Sales to other sectors	46	116.681	117.334	127.844	116.921	117.159	117.501	117.756
State and local consumption expenditures ¹	47	122.177	128.035	125.365	126.112	127.916	128.838	129.275
Gross output of general government	48	122.293	128.002	125.267	126.097	127.740	128.788	129.383
Value added	49	122.735	127.857	124.764	125.844	127.015	128.572	129.997
Compensation of general government employees	50	123.913	128.977	125.841	126.948	128.157	129.745	131.059
Consumption of general government fixed capital ²	51	113.684	119.170	116.399	117.285	118.192	119.517	121.688
Intermediate goods and services purchased ³	52	121.419	128.188	126.080	126.468	128.939	129.097	128.248
Durable goods	53	106.072	108.942	106.986	107.816	108.600	109.313	110.038
Nondurable goods	54	130.870	141.359	139.407	137.466	145.093	143.859	139.019
Services	55	117.817	122.995	120.797	122.333	122.317	123.139	124.190
Less: Own-account investment ⁴	56	117.826	122.700	119.808	121.008	122.287	123.398	124.109
Sales to other sectors	57	123.047	128.219	125.236	126.372	127.402	128.944	130.159
Tuition and related educational charges	58	143.186	152.809	146.403	148.838	151.492	154.238	156.670
Health and hospital charges	59	121.443	125.835	123.593	124.394	125.142	126.441	127.362
Other sales	60	113.066	116.797	114.703	115.580	116.090	117.288	118.231

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).
2. Consumption of fixed capital, or depreciation, is included in government gross output as a partial measure of the services of general government fixed assets; the use of depreciation assumes a zero net return on these assets.
3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.
4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

Table 3.10.5. Government Consumption Expenditures and General Government Gross Output
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Government consumption expenditures ¹	1	1,975.7	2,096.0	2,014.5	2,059.7	2,083.0	2,109.1	2,132.0
Gross output of general government	2	2,313.8	2,455.0	2,361.4	2,410.3	2,439.9	2,471.6	2,498.1
Value added	3	1,422.9	1,490.6	1,444.5	1,464.0	1,478.6	1,500.8	1,518.9
Compensation of general government employees	4	1,215.7	1,269.1	1,232.1	1,247.9	1,259.4	1,277.8	1,291.4
Consumption of general government fixed capital ²	5	207.2	221.5	212.4	216.1	219.2	223.1	227.5
Intermediate goods and services purchased ³	6	890.9	964.4	917.0	946.3	961.3	970.8	979.2
Durable goods	7	56.0	59.6	57.8	57.4	57.9	60.4	62.6
Nondurable goods	8	224.7	246.0	239.5	238.4	251.4	252.5	241.8
Services	9	610.2	658.8	619.6	650.5	652.0	657.9	674.8
Less: Own-account investment ⁴	10	23.5	25.5	24.1	24.7	25.4	25.6	26.1
Sales to other sectors	11	314.6	333.6	322.8	325.9	331.5	336.9	340.0
Federal consumption expenditures ¹	12	768.6	808.0	771.1	803.6	802.3	809.1	817.1
Gross output of general government	13	781.9	820.9	785.2	816.3	816.1	822.6	828.6
Value added	14	436.7	451.6	438.4	447.9	449.9	454.1	454.5
Compensation of general government employees	15	343.5	353.3	343.6	351.4	352.2	355.1	354.7
Consumption of general government fixed capital ²	16	93.2	98.3	94.8	96.5	97.7	99.0	99.9
Intermediate goods and services purchased ³	17	345.2	369.3	346.8	368.5	366.3	368.5	374.1
Durable goods	18	32.6	35.0	34.1	33.3	33.5	35.7	37.5
Nondurable goods	19	36.0	36.0	37.6	37.3	37.0	37.8	32.2
Services	20	276.6	298.3	275.1	297.9	295.8	295.0	304.3
Less: Own-account investment ⁴	21	4.7	4.9	4.8	4.8	4.8	5.0	5.0
Sales to other sectors	22	8.7	8.0	9.4	7.9	9.0	8.6	6.5
Defense consumption expenditures ¹	23	516.9	542.0	516.9	537.7	537.7	539.3	553.2
Gross output of general government	24	522.1	547.7	521.4	543.2	544.4	545.4	557.9
Value added	25	283.4	291.6	284.5	289.3	289.9	293.1	293.9
Compensation of general government employees	26	215.4	219.9	215.4	218.9	218.6	220.8	221.1
Consumption of general government fixed capital ²	27	68.0	71.7	69.1	70.4	71.3	72.3	72.8
Intermediate goods and services purchased ³	28	238.7	256.2	236.9	253.9	254.5	252.3	264.0
Durable goods	29	30.0	32.3	31.4	30.5	30.8	33.0	34.9
Nondurable goods	30	20.3	19.7	21.3	20.6	20.6	21.2	16.3
Services	31	188.5	204.2	184.1	202.8	203.2	198.1	212.7
Less: Own-account investment ⁴	32	2.1	2.2	2.1	2.1	2.2	2.2	2.2
Sales to other sectors	33	3.1	3.6	2.4	3.4	4.5	3.9	2.5
Nondefense consumption expenditures ¹	34	251.7	266.0	254.2	265.9	264.6	269.8	263.9
Gross output of general government	35	259.8	273.2	263.9	273.1	271.8	277.2	270.7
Value added	36	153.3	160.0	153.9	158.5	160.0	161.0	160.6
Compensation of general government employees	37	128.1	133.5	128.2	132.4	133.6	134.3	133.6
Consumption of general government fixed capital ²	38	25.2	26.6	25.7	26.1	26.4	26.7	27.0
Intermediate goods and services purchased ³	39	106.5	113.2	109.9	114.6	111.8	116.3	110.1
Durable goods	40	2.6	2.7	2.7	2.8	2.7	2.7	2.6
Nondurable goods	41	15.7	16.4	16.3	16.6	16.4	16.6	15.9
Commodity Credit Corporation inventory change	42	-0.5	-0.1	0.1	-0.3	0.1	0.0	0.0
Other nondurable goods	43	16.3	16.4	16.2	16.9	16.4	16.6	15.9
Services	44	88.1	94.1	90.9	95.1	92.6	96.9	91.6
Less: Own-account investment ⁴	45	2.6	2.7	2.7	2.6	2.7	2.8	2.7
Sales to other sectors	46	5.5	4.4	7.0	4.5	4.5	4.7	4.0
State and local consumption expenditures ¹	47	1,207.2	1,287.9	1,243.4	1,256.2	1,280.7	1,300.0	1,314.9
Gross output of general government	48	1,531.9	1,634.1	1,576.2	1,594.0	1,623.8	1,649.0	1,669.5
Value added	49	986.2	1,039.0	1,006.0	1,016.2	1,028.7	1,046.7	1,064.4
Compensation of general government employees	50	872.3	915.8	888.5	896.5	907.2	922.7	936.8
Consumption of general government fixed capital ²	51	113.9	123.2	117.6	119.6	121.5	124.1	127.7
Intermediate goods and services purchased ³	52	545.7	595.1	570.1	577.8	595.0	602.3	605.1
Durable goods	53	23.4	24.5	23.7	24.0	24.4	24.7	25.0
Nondurable goods	54	188.7	210.0	201.9	201.1	214.4	214.7	209.7
Services	55	333.6	360.5	344.5	352.6	356.2	362.8	370.4
Less: Own-account investment ⁴	56	18.8	20.6	19.4	19.9	20.6	20.7	21.1
Sales to other sectors	57	306.0	325.6	313.4	318.0	322.5	328.3	333.5
Tuition and related educational charges	58	67.0	73.2	69.1	70.6	72.3	74.1	75.7
Health and hospital charges	59	146.1	153.7	148.8	150.6	152.4	154.9	156.9
Other sales	60	92.9	98.7	95.5	96.8	97.8	99.4	100.9

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

Table 3.10.6. Real Government Consumption Expenditures and General Government Gross Output, Chained Dollars

[Billions of chained (2000) dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Government consumption expenditures ¹	1	1,609.3	1,635.8	1,611.2	1,628.6	1,626.6	1,636.7	1,651.2
Gross output of general government	2	1,884.8	1,916.8	1,888.8	1,906.9	1,907.7	1,918.9	1,933.7
Value added	3	1,140.9	1,148.6	1,144.3	1,142.3	1,144.6	1,151.5	1,156.2
Compensation of general government employees	4	954.1	957.0	956.0	952.7	953.8	959.3	962.4
Consumption of general government fixed capital ²	5	187.8	193.2	189.5	191.0	192.4	193.9	195.4
Intermediate goods and services purchased ³	6	746.7	771.4	747.2	767.9	766.2	770.6	780.9
Durable goods	7	53.8	56.0	55.3	54.6	54.6	56.7	58.4
Nondurable goods	8	172.3	174.9	172.9	174.5	174.3	176.2	174.7
Services	9	520.1	540.3	518.6	538.6	537.0	537.5	548.3
Less: Own-account investment ⁴	10	19.7	20.5	20.0	20.1	20.6	20.6	20.8
Sales to other sectors	11	255.9	260.6	257.6	258.3	260.6	261.7	261.7
Federal consumption expenditures ¹	12	620.8	629.4	618.9	632.0	624.9	627.2	633.6
Gross output of general government	13	631.8	639.9	630.0	642.4	636.1	638.1	642.9
Value added	14	337.3	336.1	337.8	334.8	334.8	337.4	337.4
Compensation of general government employees	15	250.0	247.2	249.8	246.5	246.1	248.2	247.9
Consumption of general government fixed capital ²	16	87.5	89.7	88.4	89.0	89.5	90.0	90.4
Intermediate goods and services purchased ³	17	297.2	307.1	294.8	311.3	304.6	303.8	308.9
Durable goods	18	31.8	33.6	33.2	32.3	32.1	34.1	35.7
Nondurable goods	19	28.3	26.5	28.2	28.3	26.6	27.0	23.9
Services	20	237.0	247.4	233.4	250.5	245.9	242.9	250.1
Less: Own-account investment ⁴	21	3.7	3.8	3.8	3.7	3.7	3.8	3.8
Sales to other sectors	22	7.3	6.7	7.4	6.7	7.5	7.2	5.5
Defense consumption expenditures ¹	23	413.3	418.1	410.0	419.0	414.7	413.7	424.9
Gross output of general government	24	417.5	422.6	413.7	423.4	419.9	418.4	428.6
Value added	25	215.2	213.7	215.5	212.9	212.5	214.5	214.9
Compensation of general government employees	26	152.0	149.5	151.8	149.1	148.5	150.1	150.3
Consumption of general government fixed capital ²	27	63.2	64.6	63.7	64.1	64.5	64.8	65.0
Intermediate goods and services purchased ³	28	204.5	211.7	200.1	213.5	210.2	206.5	216.8
Durable goods	29	28.9	30.6	30.2	29.3	29.2	31.1	32.8
Nondurable goods	30	14.7	13.0	14.4	14.4	13.2	13.4	11.1
Services	31	160.6	168.4	155.4	169.7	167.9	162.2	174.0
Less: Own-account investment ⁴	32	1.6	1.7	1.7	1.6	1.6	1.7	1.7
Sales to other sectors	33	2.6	2.9	2.0	2.8	3.7	3.1	2.0
Nondefense consumption expenditures ¹	34	207.3	211.2	208.7	212.8	210.1	213.4	208.4
Gross output of general government	35	214.1	217.0	216.2	218.7	216.0	219.5	213.9
Value added	36	122.0	122.4	122.2	121.9	122.2	122.9	122.4
Compensation of general government employees	37	97.8	97.6	97.8	97.3	97.5	98.1	97.5
Consumption of general government fixed capital ²	38	24.4	25.1	24.6	24.8	25.0	25.2	25.4
Intermediate goods and services purchased ³	39	92.6	95.3	94.6	97.7	94.3	97.3	91.9
Durable goods	40	2.9	3.0	3.0	3.1	3.0	3.0	2.9
Nondurable goods	41	13.4	13.7	13.9	14.1	13.7	13.8	13.3
Commodity Credit Corporation inventory change	42	-0.6	0.0	0.1	-0.2	0.1	0.0	0.0
Other nondurable goods	43	14.0	13.8	13.8	14.3	13.6	13.8	13.3
Services	44	76.2	78.7	77.8	80.5	77.8	80.5	75.8
Less: Own-account investment ⁴	45	2.1	2.1	2.2	2.1	2.1	2.2	2.1
Sales to other sectors	46	4.7	3.8	5.5	3.9	3.9	4.0	3.4
State and local consumption expenditures ¹	47	988.0	1,005.9	991.9	996.1	1,001.2	1,009.0	1,017.2
Gross output of general government	48	1,252.7	1,276.6	1,258.3	1,264.2	1,271.2	1,280.4	1,290.4
Value added	49	803.5	812.6	806.4	807.5	810.0	814.1	818.8
Compensation of general government employees	50	703.9	710.0	706.0	706.3	707.9	711.2	714.8
Consumption of general government fixed capital ²	51	100.2	103.4	101.0	102.0	102.8	103.8	104.9
Intermediate goods and services purchased ³	52	449.5	464.2	452.3	456.9	461.5	466.6	471.9
Durable goods	53	22.1	22.5	22.2	22.3	22.5	22.6	22.8
Nondurable goods	54	144.2	148.6	144.9	146.3	147.8	149.3	150.8
Services	55	283.2	293.1	285.2	288.3	291.2	294.7	298.3
Less: Own-account investment ⁴	56	16.0	16.8	16.2	16.4	16.8	16.8	17.0
Sales to other sectors	57	248.7	253.9	250.3	251.6	253.1	254.6	256.2
Tuition and related educational charges	58	46.8	47.9	47.2	47.4	47.7	48.0	48.3
Health and hospital charges	59	120.3	122.1	120.4	121.0	121.8	122.5	123.2
Other sales	60	82.2	84.5	83.2	83.7	84.3	84.8	85.3
Residual	61	-2.1	-4.3	-2.3	-4.1	-4.0	-4.0	-5.5

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software in table 3.9.5.

Note. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 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 3.11.1. Percent Change From Preceding Period in Real National Defense Consumption Expenditures and Gross Investment by Type
[Percent]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
National defense consumption expenditures and gross investment	1	1.7	1.9	-9.9	8.9	-2.0	-1.2	12.3
Consumption expenditures ¹	2	1.2	1.2	-10.8	9.1	-4.1	-0.9	11.3
Gross output of general government	3	1.3	1.2	-11.5	9.8	-3.3	-1.4	10.1
Value added	4	0.8	-0.7	0.9	-4.7	-0.7	3.7	0.9
Compensation of general government employees	5	0.3	-1.6	0.4	-6.9	-1.6	4.3	0.6
Military	6	-0.6	-2.4	1.3	-8.5	-2.3	5.0	-1.1
Civilian	7	2.3	0.0	-1.6	-3.5	-0.1	2.6	4.3
Consumption of general government fixed capital ²	8	2.5	2.3	2.4	2.4	2.1	1.9	1.7
Intermediate goods and services purchased ³	9	1.8	3.5	-24.0	29.6	-6.2	-6.9	21.6
Durable goods	10	2.4	5.8	9.8	-12.3	-1.1	29.8	22.7
Aircraft	11	-10.2	-0.6	14.4	-22.9	-15.8	26.8	81.0
Missiles	12	24.0	5.9	100.3	-37.8	25.2	-21.9	32.5
Ships	13	-5.9	5.6	-67.6	89.5	4.7	85.0	-49.2
Vehicles	14	37.7	27.7	12.8	21.5	-0.9	62.6	-23.1
Electronics	15	26.1	15.9	7.7	-17.0	5.4	70.6	0.7
Other durable goods	16	-1.7	3.9	-0.9	5.6	3.1	20.0	6.6
Nondurable goods	17	-3.0	-11.6	-22.7	-0.6	-29.8	7.1	-53.5
Petroleum products	18	-4.7	-11.5	-37.1	1.0	-20.0	6.2	-68.1
Ammunition	19	5.6	-4.7	-2.9	-14.8	-42.3	41.9	19.3
Other nondurable goods	20	-5.8	-14.8	-0.5	7.5	-37.1	-11.3	-57.3
Services	21	2.2	4.9	-28.6	42.1	-4.1	-12.9	32.4
Research and development	22	-0.9	7.3	-40.5	94.8	0.4	-21.3	21.3
Installation support	23	-0.8	-1.9	-17.2	6.8	-16.2	-7.6	26.8
Weapons support	24	-0.1	2.8	-49.5	71.3	-22.7	-33.3	114.9
Personnel support	25	8.4	9.4	-23.1	28.6	7.4	-4.2	29.3
Transportation of material	26	-2.2	2.9	9.4	10.2	-1.3	3.8	18.9
Travel of persons	27	11.1	-2.1	7.2	5.0	-5.4	5.2	26.8
Less: Own-account investment ⁴	28	-5.5	1.5	5.5	-3.9	2.1	4.1	2.8
Sales to other sectors	29	21.7	13.2	-81.3	316.1	195.8	-46.2	-82.5
Gross investment ⁵	30	5.5	7.2	-3.1	7.9	14.1	-3.1	19.0
Structures	31	-3.5	3.8	11.3	-19.0	-10.7	4.6	288.2
Equipment and software	32	6.2	7.5	-4.1	10.2	16.1	-3.6	7.7
Aircraft	33	21.6	4.4	-4.9	18.0	0.9	-14.6	-26.3
Missiles	34	6.4	13.2	314.3	-38.2	83.7	-80.7	410.1
Ships	35	-8.5	1.1	-50.0	15.5	64.8	-24.5	-2.0
Vehicles	36	44.9	20.6	-44.9	33.2	38.5	81.4	-44.1
Electronics and software	37	13.5	11.2	7.8	-6.9	9.8	32.8	6.0
Other equipment	38	-2.9	6.6	0.1	24.8	-1.4	12.3	20.3

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

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

Table 3.11.5. National Defense Consumption Expenditures and Gross Investment by Type

(Billions of dollars)

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
National defense consumption expenditures and gross investment	1	589.3	621.0	590.9	613.5	616.5	618.1	635.7
Consumption expenditures¹	2	516.9	542.0	516.9	537.7	537.7	539.3	553.2
Gross output of general government	3	522.1	547.7	521.4	543.2	544.4	545.4	557.9
Value added	4	283.4	291.6	284.5	289.3	289.9	293.1	293.9
Compensation of general government employees	5	215.4	219.9	215.4	218.9	218.6	220.8	221.1
Military	6	146.9	148.8	146.6	148.6	147.8	149.6	149.2
Civilian	7	68.4	71.0	68.8	70.3	70.8	71.2	72.0
Consumption of general government fixed capital ²	8	68.0	71.7	69.1	70.4	71.3	72.3	72.8
Intermediate goods and services purchased ³	9	238.7	256.2	236.9	253.9	254.5	252.3	264.0
Durable goods	10	30.0	32.3	31.4	30.5	30.8	33.0	34.9
Aircraft	11	10.7	10.9	11.0	10.3	10.0	10.7	12.5
Missiles	12	3.3	3.6	3.8	3.4	3.7	3.5	3.7
Ships	13	1.4	1.5	1.2	1.4	1.4	1.7	1.4
Vehicles	14	1.3	1.7	1.5	1.6	1.6	1.8	1.7
Electronics	15	5.5	6.5	6.2	5.9	6.0	7.0	7.0
Other durable goods	16	7.7	8.2	7.7	7.8	8.0	8.4	8.6
Nondurable goods	17	20.3	19.7	21.3	20.6	20.6	21.2	16.3
Petroleum products	18	10.2	10.3	11.2	10.4	11.3	11.7	7.6
Ammunition	19	4.0	4.1	4.2	4.1	3.7	4.2	4.4
Other nondurable goods	20	6.1	5.3	5.9	6.1	5.5	5.3	4.3
Services	21	188.5	204.2	184.1	202.8	203.2	198.1	212.7
Research and development	22	56.3	62.7	52.7	62.8	63.7	60.5	63.8
Installation support	23	38.9	39.5	38.9	40.0	38.7	38.4	40.8
Weapons support	24	20.2	21.3	19.2	22.1	20.9	19.0	23.2
Personnel support	25	55.2	62.1	55.6	59.8	61.4	61.2	65.8
Transportation of material	26	9.0	9.5	9.0	9.2	9.4	9.6	9.7
Travel of persons	27	9.1	9.2	8.8	8.9	9.1	9.3	9.5
Less: Own-account investment ⁴	28	2.1	2.2	2.1	2.1	2.2	2.2	2.2
Sales to other sectors	29	3.1	3.6	2.4	3.4	4.5	3.9	2.5
Gross investment⁵	30	72.4	79.0	74.1	75.8	78.8	78.8	82.5
Structures	31	5.2	5.7	5.4	5.2	5.1	5.2	7.5
Equipment and software	32	67.2	73.2	68.6	70.6	73.7	73.6	75.1
Aircraft	33	13.5	13.9	13.9	14.3	14.4	14.0	12.8
Missiles	34	4.2	4.7	5.2	4.6	5.3	3.6	5.3
Ships	35	9.8	10.8	9.2	9.8	11.4	11.0	10.9
Vehicles	36	3.9	4.7	4.0	4.3	4.7	5.3	4.7
Electronics and software	37	12.8	14.1	13.5	13.3	13.6	14.6	14.8
Other equipment	38	23.0	25.1	22.8	24.3	24.3	25.2	26.5

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

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

Table 3.11.6. Real National Defense Consumption Expenditures and Gross Investment by Type, Chained Dollars

(Billions of chained (2000) dollars)

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
National defense consumption expenditures and gross investment	1	483.6	492.8	481.4	491.8	489.3	487.8	502.2
Consumption expenditures¹	2	413.3	418.1	410.0	419.0	414.7	413.7	424.9
Gross output of general government	3	417.5	422.6	413.7	423.4	419.9	418.4	428.6
Value added	4	215.2	213.7	215.5	212.9	212.5	214.5	214.9
Compensation of general government employees	5	152.0	149.5	151.8	149.1	148.5	150.1	150.3
Military	6	100.3	97.9	100.0	97.8	97.2	98.4	98.2
Civilian	7	51.7	51.7	51.8	51.4	51.4	51.7	52.3
Consumption of general government fixed capital ²	8	63.2	64.6	63.7	64.1	64.5	64.8	65.0
Intermediate goods and services purchased ³	9	204.5	211.7	200.1	213.5	210.2	206.5	216.8
Durable goods	10	28.9	30.6	30.2	29.3	29.2	31.1	32.8
Aircraft	11	10.2	10.2	10.5	9.8	9.4	10.0	11.6
Missiles	12	3.2	3.3	3.6	3.2	3.4	3.2	3.5
Ships	13	1.3	1.4	1.1	1.3	1.3	1.5	1.3
Vehicles	14	1.1	1.4	1.3	1.4	1.4	1.5	1.4
Electronics	15	5.9	6.8	6.6	6.3	6.4	7.3	7.3
Other durable goods	16	7.4	7.7	7.3	7.4	7.5	7.9	8.0
Nondurable goods	17	14.7	13.0	14.4	14.4	13.2	13.4	11.1
Petroleum products	18	5.5	4.9	5.4	5.4	5.1	5.2	3.9
Ammunition	19	3.6	3.4	3.8	3.6	3.1	3.4	3.6
Other nondurable goods	20	5.6	4.8	5.5	5.6	4.9	4.8	3.9
Services	21	160.6	168.4	155.4	169.7	167.9	162.2	174.0
Research and development	22	48.5	52.1	44.8	53.0	53.0	49.9	52.4
Installation support	23	32.5	31.9	32.3	32.8	31.4	30.8	32.7
Weapons support	24	17.6	18.1	16.6	19.0	17.8	16.1	19.5
Personnel support	25	47.3	51.7	47.4	50.5	51.4	50.8	54.2
Transportation of material	26	7.2	7.4	7.2	7.3	7.3	7.4	7.7
Travel of persons	27	7.5	7.3	7.1	7.2	7.1	7.2	7.7
Less: Own-account investment ⁴	28	1.6	1.7	1.7	1.6	1.6	1.7	1.7
Sales to other sectors	29	2.6	2.9	2.0	2.8	3.7	3.1	2.0
Gross investment⁵	30	71.2	76.4	72.6	74.0	76.5	75.9	79.2
Structures	31	4.2	4.4	4.3	4.1	3.9	4.0	5.6
Equipment and software	32	67.3	72.3	68.6	70.3	73.0	72.3	73.7
Aircraft	33	15.6	16.3	16.2	16.8	16.9	16.2	15.0
Missiles	34	4.1	4.6	5.1	4.5	5.3	3.5	5.2
Ships	35	8.3	8.4	7.6	7.9	9.0	8.3	8.3
Vehicles	36	4.0	4.8	4.0	4.3	4.7	5.4	4.7
Electronics and software	37	14.3	15.9	15.3	15.0	15.4	16.5	16.7
Other equipment	38	21.7	23.2	21.4	22.6	23.2	24.3	24.3
Residual	39	-4.0	-6.8	-4.8	-6.1	-6.8	-6.4	-8.1

1. National defense consumption expenditures are defense services produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

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

3. Includes general government intermediate inputs for goods and services sold to other sectors and for own-account investment.

4. Own-account investment is measured in current dollars by compensation of general government employees and related expenditures for goods and services and is classified as investment in structures and in software.

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

Note. Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 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.

4. Foreign Transactions

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

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Current receipts from the rest of the world	1	1,816.5		1,917.3	2,008.7	2,109.5	2,170.7	
Exports of goods and services	2	1,303.1	1,466.1	1,352.4	1,405.4	1,448.1	1,488.3	1,522.7
Goods ¹	3	907.5	1,035.5	944.3	989.3	1,019.1	1,055.8	1,077.6
Durable.....	4	625.6	717.7	662.5	689.1	705.0	726.8	749.9
Nondurable.....	5	281.9	317.8	281.8	300.3	314.1	329.0	327.7
Services ¹	6	395.6	430.7	408.1	416.0	429.0	432.5	445.1
Income receipts	7	513.3		564.9	603.3	661.4	682.3	
Wage and salary receipts.....	8	2.9		3.0	2.9	2.9	2.9	
Income receipts on assets.....	9	510.4		561.9	600.4	658.5	679.4	
Interest.....	10	172.4		201.3	224.1	256.5	270.5	
Dividends.....	11	320.0		453.3	150.7	150.8	162.2	
Reinvested earnings on U.S. direct investment abroad.....	12	18.0		-92.8	225.6	251.2	246.6	
Current payments to the rest of the world	13	2,587.9		2,785.4	2,824.8	2,952.0	3,037.6	
Imports of goods and services	14	2,019.9	2,229.4	2,127.8	2,170.6	2,229.8	2,290.1	2,226.9
Goods ¹	15	1,699.0	1,880.0	1,799.3	1,832.6	1,879.0	1,938.8	1,869.7
Durable.....	16	1,017.5	1,124.9	1,049.9	1,095.8	1,112.2	1,143.7	1,147.9
Nondurable.....	17	681.5	755.1	749.4	736.8	766.8	795.1	721.7
Services ¹	18	320.9	349.3	328.5	338.1	350.8	351.3	357.2
Income payments	19	481.5		552.4	574.3	638.6	665.7	
Wage and salary payments.....	20	9.2		9.3	9.2	9.2	9.2	
Income payments on assets.....	21	472.2		543.1	565.1	629.4	656.4	
Interest.....	22	331.2		378.9	414.8	467.3	482.2	
Dividends.....	23	81.8		87.3	63.1	69.0	81.6	
Reinvested earnings on foreign direct investment in the United States.....	24	59.2		77.0	87.1	93.1	92.6	
Current taxes and transfer payments to the rest of the world (net)	25	86.6	81.9	105.2	79.9	83.5	81.9	82.1
From persons (net).....	26	47.1	48.3	47.6	45.2	48.7	48.8	50.4
From government (net).....	27	26.1	15.0	30.6	14.9	15.6	15.8	13.8
From business (net).....	28	13.3	18.6	26.9	19.9	19.3	17.3	17.8
Balance on current account, NIPAs	29	-771.4		-868.2	-816.1	-842.6	-867.0	
Addenda:								
Net lending or net borrowing (-), NIPAs.....	30	-775.8		-870.2	-823.1	-846.1	-868.7	
Balance on current account, NIPAs.....	31	-771.4		-868.2	-816.1	-842.6	-867.0	
Less: Capital account transactions (net) ²	32	4.4		2.1	7.0	3.5	1.7	

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

2. Consists of capital transfers and the acquisition and disposal of nonproduced nonfinancial assets.

5. Saving and Investment

Table 5.1. Saving and Investment
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Gross saving	1	1,612.0	1,621.2	1,880.5	1,789.7	1,778.1		
Net saving	2	7.2	58.7	332.4	216.9	196.1		
Net private saving.....	3	319.7	339.5	466.7	353.9	379.3		
Personal saving.....	4	-34.8	-102.1	-28.5	-29.7	-130.8	-114.8	
Undistributed corporate profits with inventory valuation and capital consumption adjustments.....	5	354.5	367.9	496.4	484.6	512.4		
Undistributed profits.....	6	542.5	572.7	668.0	704.3	713.0		
Inventory valuation adjustment.....	7	-32.6	-39.2	-22.9	-58.9	-38.2		
Capital consumption adjustment.....	8	-155.5	-160.5	-165.6	-148.6	-162.4	-170.2	
Wage accruals less disbursements.....	9	0.0	12.5	0.0	0.0	0.0	50.0	
Net government saving.....	10	-312.5	-280.8	-134.3	-136.9	-183.3		
Federal.....	11	-309.2	-263.6	-147.0	-163.1	-173.0		
State and local.....	12	-3.3	-17.2	12.7	26.1	-10.2		
Consumption of fixed capital	13	1,604.8	1,576.2	1,562.5	1,548.0	1,572.8	1,582.0	
Private.....	14	1,352.6	1,310.6	1,307.5	1,288.9	1,309.8	1,314.4	
Domestic business.....	15	1,059.1	1,050.4	1,044.4	1,035.1	1,050.4	1,053.0	
Households and institutions.....	16	293.5	260.1	263.1	253.8	259.5	261.4	
Government.....	17	252.2	265.7	255.0	259.1	262.9	267.6	
Federal.....	18	99.0	104.3	100.7	102.4	103.7	105.1	
State and local.....	19	153.2	161.4	154.3	156.7	159.2	162.5	
Gross domestic investment, capital account transactions, and net lending, NIPAs	20	1,683.1	1,695.4	1,818.6	1,825.5	1,801.6		
Gross domestic investment.....	21	2,454.5	2,642.8	2,563.6	2,634.7	2,668.0	2,600.1	
Gross private domestic investment.....	22	2,057.4	2,211.6	2,154.5	2,214.8	2,237.1	2,235.5	
Gross government investment.....	23	397.1	431.2	409.1	419.9	430.9	433.0	
Capital account transactions (net) ¹	24	4.4		2.1	7.0	3.5	1.7	
Net lending or net borrowing (-), NIPAs.....	25	-775.8	-870.2	-823.1	-846.1	-868.7		
Statistical discrepancy	26	71.0	74.3	-61.9	35.8	23.5		
Addenda:								
Gross private saving.....	27	1,672.3	1,647.0	1,755.7	1,663.7	1,693.7		
Gross government saving.....	28	-60.2	-25.8	124.8	126.0	84.4		
Federal.....	29	-210.1	-162.9	-44.6	-59.4	-67.9		
State and local.....	30	149.9	137.1	169.4	185.4	152.3		
Net domestic investment.....	31	849.7	1,066.6	1,001.1	1,086.7	1,095.2	998.0	
Gross saving as a percentage of gross national income	32	13.0	12.8	14.4	13.6	13.4		
Net saving as a percentage of gross national income	33	0.1	0.5	2.5	1.6	1.5		

1. Consists of capital transfers and the acquisition and disposal of nonproduced nonfinancial assets.

Table 5.3.1. Percent Change From Preceding Period in Real Private Fixed Investment by Type
[Percent]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Private fixed investment	1	7.5	2.9	2.8	8.2	-1.6	-1.2	-8.5
Nonresidential	2	6.8	7.3	5.2	13.7	4.4	10.0	-2.4
Structures	3	1.1	8.8	12.0	8.7	20.3	15.7	-0.8
Commercial and health care.....	4	-0.8	6.8	3.2	7.1	11.7	25.6	-2.1
Manufacturing.....	5	21.1	12.4	32.0	-1.7	28.0	11.3	-9.7
Power and communication.....	6	-6.7	2.8	12.4	14.3	4.9	16.0	-11.5
Mining exploration, shafts, and wells.....	7	11.0	11.1	22.4	2.0	28.0	10.0	3.7
Other structures ¹	8	-5.2	13.0	11.1	23.6	35.1	7.3	5.5
Equipment and software	9	8.9	6.6	2.8	15.6	-1.4	7.7	-3.2
Information processing equipment and software.....	10	8.5	9.0	7.0	21.8	-1.1	10.0	0.6
Computers and peripheral equipment.....	11	17.9	16.6	27.1	24.9	4.7	22.0	1.5
Software ²	12	5.8	6.7	2.8	12.2	4.2	6.0	8.3
Other ³	13	7.2	8.0	3.0	31.6	-9.0	9.3	-7.8
Industrial equipment.....	14	8.1	6.0	16.2	-3.6	13.6	0.2	-5.4
Transportation equipment.....	15	12.9	0.4	-21.8	27.7	-22.8	13.6	-14.0
Other equipment ⁴	16	7.0	6.6	6.6	8.5	7.4	3.8	-0.9
Residential	17	8.6	-4.2	-0.9	-0.3	-11.1	-18.7	-19.1
Structures	18	8.6	-4.3	-1.1	-0.5	-11.2	-18.9	-19.3
Permanent site.....	19	10.6	-5.5	5.6	0.8	-17.6	-25.0	-29.7
Single family.....	20	10.3	-7.6	4.8	-1.8	-19.2	-28.6	-34.5
Multifamily.....	21	14.1	12.4	12.5	25.7	-2.6	7.8	12.3
Other structures ⁵	22	5.3	-2.2	-11.6	-2.7	1.1	-7.5	0.0
Equipment	23	5.0	4.7	9.9	13.6	-2.9	-2.2	-1.3
Addenda:								
Private fixed investment in structures.....	24	6.3	-0.1	2.8	2.4	-1.8	-8.0	-12.9
Private fixed investment in equipment and software.....	25	8.9	6.6	2.9	15.6	-1.4	7.6	-3.1
Private fixed investment in new structures ⁶	26	6.1	1.2	7.9	3.9	-1.7	-6.2	-14.0
Nonresidential structures.....	27	1.0	8.7	11.9	8.6	20.2	15.6	-0.9
Residential structures.....	28	8.9	-3.0	5.9	1.5	-12.3	-17.7	-21.9

1. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

Table 5.3.2. Contributions to Percent Change in Real Private Fixed Investment by Type

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
					IV	I	II	III	IV
Percent change at annual rate:								
Private fixed investment	1	7.5	2.9	2.8	8.2	-1.6	-1.2	-8.5
Percentage points at annual rates:								
Nonresidential	2	4.28	4.51	3.19	8.30	2.72	6.16	-1.56
Structures	3	0.19	1.56	1.92	1.50	3.34	2.79	-0.16
Commercial and health care	4	-0.06	0.46	0.21	0.46	0.74	1.61	-0.15
Manufacturing	5	0.22	0.15	0.34	-0.02	0.32	0.15	-0.14
Power and communication	6	-0.15	0.06	0.23	0.27	0.10	0.31	-0.25
Mining exploration, shafts, and wells	7	0.36	0.48	0.81	0.09	1.16	0.48	0.19
Other structures ¹	8	-0.18	0.42	0.33	0.71	1.03	0.25	0.20
Equipment and software	9	4.09	2.95	1.27	6.80	-0.62	3.36	-1.41
Information processing equipment and software	10	1.95	1.95	1.50	4.52	-0.24	2.13	0.13
Computers and peripheral equipment	11	0.75	0.64	0.98	0.94	0.18	0.79	0.06
Software ²	12	0.57	0.63	0.26	1.12	0.39	0.56	0.78
Other ³	13	0.63	0.68	0.25	2.46	-0.82	0.78	-0.71
Industrial equipment	14	0.62	0.46	1.16	-0.28	0.98	0.02	-0.42
Transportation equipment	15	0.98	0.04	-1.89	1.90	-1.91	0.92	-1.05
Other equipment ⁴	16	0.55	0.51	0.50	0.66	0.56	0.30	-0.07
Residential	17	3.19	-1.60	-0.36	-0.11	-4.33	-7.31	-6.91
Structures	18	3.17	-1.62	-0.40	-0.17	-4.32	-7.30	-6.91
Permanent site	19	2.44	-1.32	1.30	0.19	-4.46	-6.28	-6.91
Single family	20	2.12	-1.62	1.02	-0.39	-4.39	-6.47	-7.23
Multifamily	21	0.31	0.29	0.29	0.58	-0.07	0.19	0.32
Other structures ⁵	22	0.74	-0.30	-1.70	-0.36	0.14	-1.02	0.00
Equipment	23	0.02	0.02	0.04	0.06	-0.01	-0.01	-0.01
Addenda:								
Private fixed investment in structures	24	3.36	-0.06	1.52	1.33	-0.98	-4.51	-7.06
Private fixed investment in equipment and software	25	4.11	2.97	1.31	6.86	-0.63	3.35	-1.41
Private fixed investment in new structures ⁶	26	2.98	0.56	3.76	1.98	-0.85	-3.18	-7.11
Nonresidential structures	27	0.18	1.54	1.90	1.48	3.31	2.76	-0.17
Residential structures	28	2.81	-0.98	1.87	0.50	-4.16	-5.94	-6.94

1. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

Table 5.3.3. Real Private Fixed Investment by Type, Quantity Indexes
 [Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005	2006			
					IV	I	II	III	IV
Private fixed investment	1	109.708	112.901	111.811	114.033	113.570	113.240	110.760
Nonresidential	2	99.326	106.565	101.308	104.606	105.738	108.292	107.623
Structures	3	80.302	87.404	81.174	82.893	86.819	90.044	89.860
Commercial and health care	4	75.875	81.040	75.888	77.193	79.366	84.017	83.583
Manufacturing	5	61.759	69.442	66.082	65.797	69.992	71.895	70.083
Power and communication	6	71.479	73.451	69.626	71.989	72.859	75.619	73.339
Mining exploration, shafts, and wells	7	134.078	148.969	139.450	140.128	149.062	152.640	154.044
Other structures ¹	8	74.770	84.496	74.755	78.828	84.988	86.500	87.669
Equipment and software	9	107.180	114.241	109.653	113.704	113.313	115.434	114.514
Information processing equipment and software	10	118.169	128.755	121.307	127.437	127.088	130.156	130.340
Computers and peripheral equipment	11	163.269	190.344	173.913	183.839	185.956	195.437	196.143
Software ²	12	117.072	124.878	118.920	122.383	123.658	125.468	128.004
Other ³	13	101.880	110.064	103.947	111.339	108.753	111.205	108.958
Industrial equipment	14	90.147	95.575	94.468	93.602	96.640	96.691	95.366
Transportation equipment	15	90.382	90.771	89.030	94.635	88.698	91.571	88.180
Other equipment ⁴	16	112.290	119.678	115.224	117.597	119.702	120.837	120.578
Residential	17	136.050	130.344	138.495	138.391	134.368	127.601	121.015
Structures	18	136.160	130.306	138.599	138.440	134.378	127.535	120.871
Permanent site	19	141.681	133.820	146.307	146.598	139.692	129.985	119.005
Single family	20	142.013	131.291	146.396	145.741	138.160	127.013	114.252
Multifamily	21	138.770	155.909	145.525	154.078	153.066	155.956	160.538
Other structures ⁵	22	127.527	124.772	126.591	125.738	126.070	123.635	123.646
Equipment	23	128.239	134.292	131.261	135.523	134.514	133.778	133.351
Addenda:								
Private fixed investment in structures	24	112.707	112.643	114.497	115.170	114.647	112.280	108.476
Private fixed investment in equipment and software	25	107.352	114.404	109.829	113.882	113.485	115.582	114.667
Private fixed investment in new structures ⁶	26	109.439	110.745	111.947	113.031	112.543	110.754	106.652
Nonresidential structures	27	80.287	87.303	81.141	82.832	86.729	89.924	89.728
Residential structures	28	133.472	129.459	137.357	137.880	133.419	127.079	119.460

1. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

Table 5.3.4. Price Indexes for Private Fixed Investment by Type
[Index numbers, 2000=100]

	Line	2005	2006	Seasonally adjusted				
				2005		2006		
				IV	I	II	III	IV
Private fixed investment	1	110.542	114.161	112.194	113.238	114.074	114.224	115.109
Nonresidential	2	103.428	106.359	104.510	105.471	106.266	106.501	107.198
Structures	3	134.647	149.967	141.476	145.684	149.432	151.372	153.380
Commercial and health care	4	127.001	136.647	131.210	133.482	135.627	137.311	140.165
Manufacturing.....	5	122.924	131.931	126.615	129.037	131.133	132.536	135.019
Power and communication ..	6	123.233	129.052	124.987	126.637	128.151	129.733	131.686
Mining exploration, shafts, and wells	7	209.732	265.523	236.244	252.697	267.060	271.460	270.873
Other structures ¹	8	123.118	131.176	126.442	128.550	130.395	131.753	134.006
Equipment and software	9	94.134	93.889	93.754	93.887	93.920	93.704	94.046
Information processing equipment and software ..	10	82.218	80.541	81.313	80.940	80.737	80.438	80.048
Computers and peripheral equipment	11	51.407	44.818	48.634	47.125	45.443	43.889	42.817
Software ²	12	94.067	94.986	94.009	94.430	95.005	95.354	95.155
Other ³	13	90.492	90.569	90.343	90.186	90.523	90.737	90.832
Industrial equipment	14	108.064	111.068	108.973	109.659	110.544	111.715	112.355
Transportation equipment.....	15	108.882	108.530	107.933	108.867	109.257	106.894	109.103
Other equipment ⁴	16	108.174	110.318	109.100	109.841	109.608	110.339	111.486
Residential	17	126.714	131.774	129.536	130.765	131.696	131.655	132.981
Structures	18	127.205	132.306	130.063	131.293	132.236	132.182	133.513
Permanent site	19	128.285	133.223	130.869	132.247	133.034	132.781	134.832
Single family	20	128.918	133.762	131.398	132.782	133.572	133.318	135.377
Multifamily	21	122.984	128.240	125.973	127.300	128.058	127.814	129.788
Other structures ⁵	22	125.627	131.024	128.948	129.920	131.133	131.404	131.638
Equipment	23	96.852	99.297	97.347	98.518	98.710	99.454	100.505
Addenda:								
Private fixed investment in structures.....	24	129.651	137.836	133.679	135.796	137.602	138.195	139.751
Private fixed investment in equipment and software	25	94.156	93.937	93.785	93.928	93.962	93.755	94.103
Private fixed investment in new structures ⁶	26	130.078	138.724	134.145	136.448	138.434	139.107	140.905
Nonresidential structures.....	27	134.842	150.268	141.714	145.953	149.726	151.683	153.712
Residential structures.....	28	127.366	132.643	130.072	131.433	132.510	132.478	134.150

Table 5.3.5. Private Fixed Investment by Type
[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005		2006		
				IV	I	II	III	IV
Private fixed investment	1	2,036.2	2,163.5	2,105.8	2,167.7	2,174.8	2,171.4	2,140.2
Nonresidential	2	1,265.7	1,396.4	1,304.3	1,359.2	1,384.3	1,420.8	1,421.3
Structures	3	338.6	410.8	359.7	378.2	406.3	426.9	431.7
Commercial and health care	4	132.5	152.4	137.0	141.7	148.1	158.7	161.2
Manufacturing.....	5	24.1	29.1	26.6	27.0	29.2	30.3	30.1
Power and communication ..	6	41.2	44.4	40.7	42.7	43.7	45.9	45.2
Mining exploration, shafts, and wells	7	76.4	107.3	89.3	96.0	107.9	112.3	113.1
Other structures ¹	8	64.3	77.5	66.1	70.8	77.4	79.6	82.1
Equipment and software	9	927.1	985.6	944.7	981.0	977.9	994.0	989.6
Information processing equipment and software ..	10	454.3	485.0	461.3	482.4	479.9	489.6	487.9
Computers and peripheral equipment	11	85.1	86.6	85.9	88.0	85.9	87.2	85.3
Software ²	12	194.0	209.0	196.9	203.6	207.0	210.8	214.6
Other ³	13	175.2	189.4	178.4	190.8	187.1	191.7	188.1
Industrial equipment	14	155.1	169.0	163.9	163.4	170.1	172.0	170.6
Transportation equipment.....	15	158.3	158.5	154.6	165.7	155.9	157.5	154.8
Other equipment ⁴	16	159.4	173.2	164.9	169.4	172.1	174.9	176.3
Residential	17	770.4	767.1	801.5	808.5	790.6	750.5	719.0
Structures	18	761.3	757.3	792.1	798.7	780.8	740.7	709.1
Permanent site	19	481.7	472.1	507.3	513.7	492.4	457.3	425.1
Single family	20	433.5	415.6	455.5	458.2	437.0	401.0	366.2
Multifamily	21	48.2	56.5	51.8	55.4	55.4	56.3	58.9
Other structures ⁵	22	279.6	285.2	284.8	285.0	288.4	283.5	284.0
Equipment	23	9.1	9.8	9.4	9.8	9.8	9.8	9.9
Addenda:								
Private fixed investment in structures.....	24	1,099.9	1,168.1	1,151.8	1,176.9	1,187.1	1,167.6	1,140.8
Private fixed investment in equipment and software	25	936.2	995.4	954.1	990.8	987.7	1,003.7	999.5
Private fixed investment in new structures ⁶	26	992.4	1,070.4	1,046.5	1,074.8	1,085.7	1,073.7	1,047.3
Nonresidential structures.....	27	337.9	409.7	358.9	377.4	405.3	425.8	430.5
Residential structures.....	28	654.5	660.6	687.6	697.4	680.4	647.9	616.8

1. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

1. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 2. Excludes software "embedded," or bundled, in computers and other equipment.
 3. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 4. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 5. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 6. Excludes net purchases of used structures and brokers' commissions on the sale of structures.

6. Income and Employment by Industry

Table 6.1D. National Income Without Capital Consumption Adjustment by Industry

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
National income without capital consumption adjustment	1	10,917.9		11,209.1	11,625.7	11,697.6	11,818.4	
Domestic industries	2	10,886.0		11,196.6	11,596.6	11,674.8	11,801.8	
Private industries	3	9,574.6		9,865.6	10,245.2	10,311.4	10,419.4	
Agriculture, forestry, fishing, and hunting.....	4	87.6		86.9	87.4	82.2	88.3	
Mining.....	5	158.9		184.4	188.0	187.2	199.8	
Utilities.....	6	176.7		187.5	192.1	201.0	207.1	
Construction.....	7	604.2		628.1	652.5	650.3	635.3	
Manufacturing.....	8	1,365.8		1,392.2	1,472.8	1,457.4	1,497.6	
Durable goods.....	9	746.0		759.9	815.7	790.8	826.2	
Nondurable goods.....	10	619.8		632.3	657.0	666.6	671.4	
Wholesale trade.....	11	689.3		713.8	732.9	733.0	764.2	
Retail trade.....	12	825.3		852.6	866.1	869.2	881.2	
Transportation and warehousing.....	13	306.3		310.4	327.0	341.7	344.8	
Information.....	14	417.1		430.8	447.8	443.2	443.6	
Finance, insurance, real estate, rental, and leasing.....	15	1,832.9		1,897.2	1,975.5	2,002.6	1,986.4	
Professional and business services ¹	16	1,510.4		1,560.2	1,623.4	1,635.5	1,664.9	
Educational services, health care, and social assistance.....	17	938.2		954.4	981.7	1,000.4	1,001.9	
Arts, entertainment, recreation, accommodation, and food services.....	18	394.2		394.2	420.7	426.3	422.5	
Other services, except government.....	19	267.6		272.9	277.5	281.2	281.7	
Government	20	1,311.4		1,331.1	1,351.4	1,363.4	1,382.3	
Rest of the world	21	31.9		12.5	29.1	22.7	16.7	

1. Consists of professional, scientific, and technical services; management of companies and enterprises; and administrative and waste management services.
 Note: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

Table 6.16D. Corporate Profits by Industry

[Billions of dollars]

	Line	2005	2006	Seasonally adjusted at annual rates				
				2005	2006			
				IV	I	II	III	IV
Corporate profits with inventory valuation and capital consumption adjustments	1	1,330.7		1,393.5	1,569.1	1,591.8	1,653.3	
Domestic industries	2	1,133.7		1,197.2	1,343.0	1,351.9	1,418.7	
Financial ¹	3	369.4		390.8	442.2	483.9	474.8	
Nonfinancial.....	4	764.2		806.4	900.9	868.1	943.9	
Rest of the world	5	197.0		196.3	226.1	239.9	234.6	
Receipts from the rest of the world.....	6	338.0		360.6	376.3	402.0	408.9	
Less: Payments to the rest of the world.....	7	141.0		164.2	150.2	162.1	174.2	
Corporate profits with inventory valuation adjustment	8	1,486.1		1,559.1	1,717.7	1,752.6	1,815.8	
Domestic industries	9	1,289.1		1,362.8	1,491.6	1,512.7	1,581.1	
Financial.....	10	389.0		413.3	463.9	508.2	500.1	
Federal Reserve banks.....	11	26.6		30.4	30.9	33.7	35.8	
Other financial ²	12	362.5		382.9	433.0	474.4	464.3	
Nonfinancial.....	13	900.1		949.4	1,027.7	1,004.5	1,081.0	
Utilities.....	14	30.3		38.3	39.7	46.8	52.8	
Manufacturing.....	15	254.8		258.9	300.7	289.9	331.9	
Durable goods.....	16	73.8		72.9	102.2	78.7	115.9	
Fabricated metal products.....	17	20.6		21.2	25.7	24.1	24.8	
Machinery.....	18	13.8		15.0	19.1	18.3	18.5	
Computer and electronic products.....	19	3.9		8.0	12.3	13.1	13.2	
Electrical equipment, appliances, and components.....	20	5.7		5.6	8.4	6.8	10.3	
Motor vehicles, bodies and trailers, and parts.....	21	-17.9		-25.3	-18.2	-25.4	-16.8	
Other durable goods ³	22	47.7		48.5	54.9	41.9	65.7	
Nondurable goods.....	23	181.0		186.0	198.5	211.2	216.0	
Food and beverage and tobacco products.....	24	28.5		28.6	29.6	29.5	34.4	
Petroleum and coal products.....	25	70.4		76.0	74.5	92.4	101.1	
Chemical products.....	26	45.3		44.4	54.1	53.6	46.6	
Other nondurable goods ⁴	27	36.8		37.0	40.1	35.7	33.9	
Wholesale trade.....	28	97.6		105.9	107.2	98.3	125.1	
Retail trade.....	29	113.7		129.1	123.0	121.2	131.3	
Transportation and warehousing.....	30	21.0		19.0	27.3	38.6	39.6	
Information.....	31	77.5		83.6	89.8	85.9	83.3	
Other nonfinancial ⁵	32	305.2		314.6	340.1	323.9	317.1	
Rest of the world	33	197.0		196.3	226.1	239.9	234.6	

1. Consists of finance and insurance and bank and other holding companies.
 2. Consists of credit intermediation and related activities; securities, commodity contracts, and other financial investments and related activities; insurance carriers and related activities; funds, trusts, and other financial vehicles; and bank and other holding companies.
 3. Consists of wood products; nonmetallic mineral products; primary metals; other transportation equipment; furniture and related products; and miscellaneous manufacturing.
 4. Consists of textile mills and textile product mills; apparel; leather and allied products; paper products; printing and related support activities; and plastics and rubber products.
 5. Consists of agriculture, forestry, fishing, and hunting; mining; construction; real estate and rental and leasing; professional, scientific, and technical services; administrative and waste management services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services, except government.
 Note: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

7. Supplemental Tables

Table 7.1. Selected Per Capita Product and Income Series in Current and Chained Dollars

Line	[Dollars]		Seasonally adjusted at annual rates					
	2005	2006	2005		2006			
			IV	I	II	III	IV	
Current dollars:								
Gross domestic product	1	42,006	44,233	42,769	43,603	44,135	44,440	44,752
Gross national product	2	42,114	44,233	42,810	43,700	44,211	44,495	44,752
Personal income	3	34,531	36,350	35,220	35,937	36,142	36,490	36,826
Disposable personal income	4	30,473	31,805	31,029	31,470	31,590	31,946	32,210
Personal consumption expenditures:								
Personal consumption expenditures	5	29,483	30,956	29,993	30,432	30,861	31,178	31,350
Durable goods	6	3,484	3,575	3,425	3,567	3,551	3,587	3,593
Non-durable goods	7	8,564	9,067	8,780	8,910	9,101	9,165	9,093
Services	8	17,435	18,314	17,788	17,955	18,209	18,425	18,665
Chained (2000) dollars:								
Gross domestic product	9	37,260	38,119	37,505	37,932	38,084	38,172	38,286
Gross national product	10	37,359	38,119	37,545	38,019	38,152	38,222	38,286
Disposable personal income	11	27,332	27,763	27,492	27,743	27,574	27,723	28,013
Personal consumption expenditures:								
Personal consumption expenditures	12	26,444	27,022	26,575	26,828	26,937	27,056	27,265
Durable goods	13	3,863	4,017	3,823	3,990	3,980	4,032	4,066
Non-durable goods	14	7,678	7,889	7,759	7,853	7,863	7,873	7,967
Services	15	14,962	15,196	15,040	15,065	15,167	15,233	15,317
Population (midperiod, thousands)	16	296,524	299,424	297,660	298,338	299,025	299,789	300,543

Table 7.2.1B. Percent Change from Preceding Period in Real Motor Vehicle Output

Line	[Percent]		Seasonally adjusted at annual rates					
	2005	2006	2005		2006			
			IV	I	II	III	IV	
Motor vehicle output								
Motor vehicle output	1	5.9	-1.8	-19.1	3.8	-9.4	27.4	-33.4
Auto output	2	14.1	-0.6	9.4	-6.7	-12.5	7.3	-7.6
Truck output	3	1.8	-2.5	-31.9	10.7	-7.5	40.3	-45.0
Final sales of domestic product	4	7.1	-1.4	-44.1	19.9	-4.0	31.1	-17.5
Personal consumption expenditures								
Personal consumption expenditures	5	-0.5	-1.4	-40.1	20.7	1.0	12.3	-7.4
New motor vehicles	6	-1.7	-4.8	-54.1	20.6	2.1	13.0	-4.5
Autos	7	5.2	0.5	-28.5	6.1	21.6	-2.6	-10.1
Light trucks (including utility vehicles)	8	-5.8	-8.4	-66.5	32.9	-10.9	26.9	0.0
Net purchases of used autos and used light trucks	9	2.2	5.8	6.4	20.8	-0.9	11.1	-12.7
Used autos	10	2.1	2.7	-3.8	17.9	-1.3	4.9	-4.7
Used light trucks (including utility vehicles)	11	2.4	8.8	17.5	23.7	-0.6	17.2	-19.6
Private fixed investment								
Private fixed investment	12	20.9	3.7	-11.8	14.2	-16.6	18.8	-8.8
New motor vehicles	13	12.7	5.7	-4.5	28.9	-24.6	11.9	-0.2
Autos	14	7.5	-0.4	0.4	-1.5	-23.5	7.6	9.5
Trucks	15	15.6	8.9	-6.9	47.4	-25.1	14.0	-4.6
Light trucks (including utility vehicles)	16	13.5	8.6	-16.6	59.2	-32.0	19.9	-13.3
Other	17	21.5	9.5	23.9	21.2	-4.7	0.8	19.1
Net purchases of used autos and used light trucks	18	-1.5	9.8	12.3	62.5	-37.7	-0.6	19.2
Used autos	19	-0.4	4.2	26.3	14.8	-36.1	19.8	19.2
Used light trucks (including utility vehicles)	20	-2.6	15.5	0.0	125.3	-39.0	-16.1	19.1
Gross government investment								
Gross government investment	21	4.2	16.5	-34.0	62.1	8.2	11.4	9.9
Autos	22	7.4	0.1	-27.4	-13.4	64.4	-0.5	28.9
Trucks	23	3.3	21.4	-35.7	90.0	-2.1	14.6	5.5
Net exports								
Net exports	24	18.6	13.1	7.5	30.8	-14.5	69.6	-32.2
Exports	25	23.0	18.7	23.5	36.5	-14.9	81.3	-21.8
Autos	26	15.0	8.2	-4.7	25.8	-14.2	59.3	-41.1
Trucks	27	1.0	9.1	25.6	23.3	-6.7	-10.6	14.2
Imports	28	-3.6	10.8	22.9	11.8	-4.8	24.2	13.3
Autos	29	5.6	7.7	28.1	34.5	-8.2	-34.2	15.1
Trucks	30							
Change in private inventories								
Change in private inventories	31							
Autos	32							
New	33							
Domestic	34							
Foreign	35							
Used	36							
Trucks	37							
New	38							
Domestic	39							
Foreign	40							
Used ¹	41							
Addenda:								
Final sales of motor vehicles to domestic purchasers	42	4.5	0.4	-33.4	20.0	-3.8	13.9	-7.2
Private fixed investment in new autos and new light trucks	43	11.0	4.8	-9.9	30.7	-28.7	14.8	-4.6
Domestic output of new autos ²	44	12.5	0.1	26.1	-1.7	-21.9	7.6	-19.0
Sales of imported new autos ³	45	2.9	5.1	-12.4	-6.5	17.9	14.5	6.3

1. Consists of used light 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.

C. Historical Measures

This table is derived from the "Selected NIPA Tables" that are published in this issue and from the "GDP and Other Major NIPA Series" tables that were published in the August 2006 issue. (The changes in prices are calculated from indexes expressed to three decimal places.)

Table C.1. GDP and Other Major NIPA Aggregates—Continues

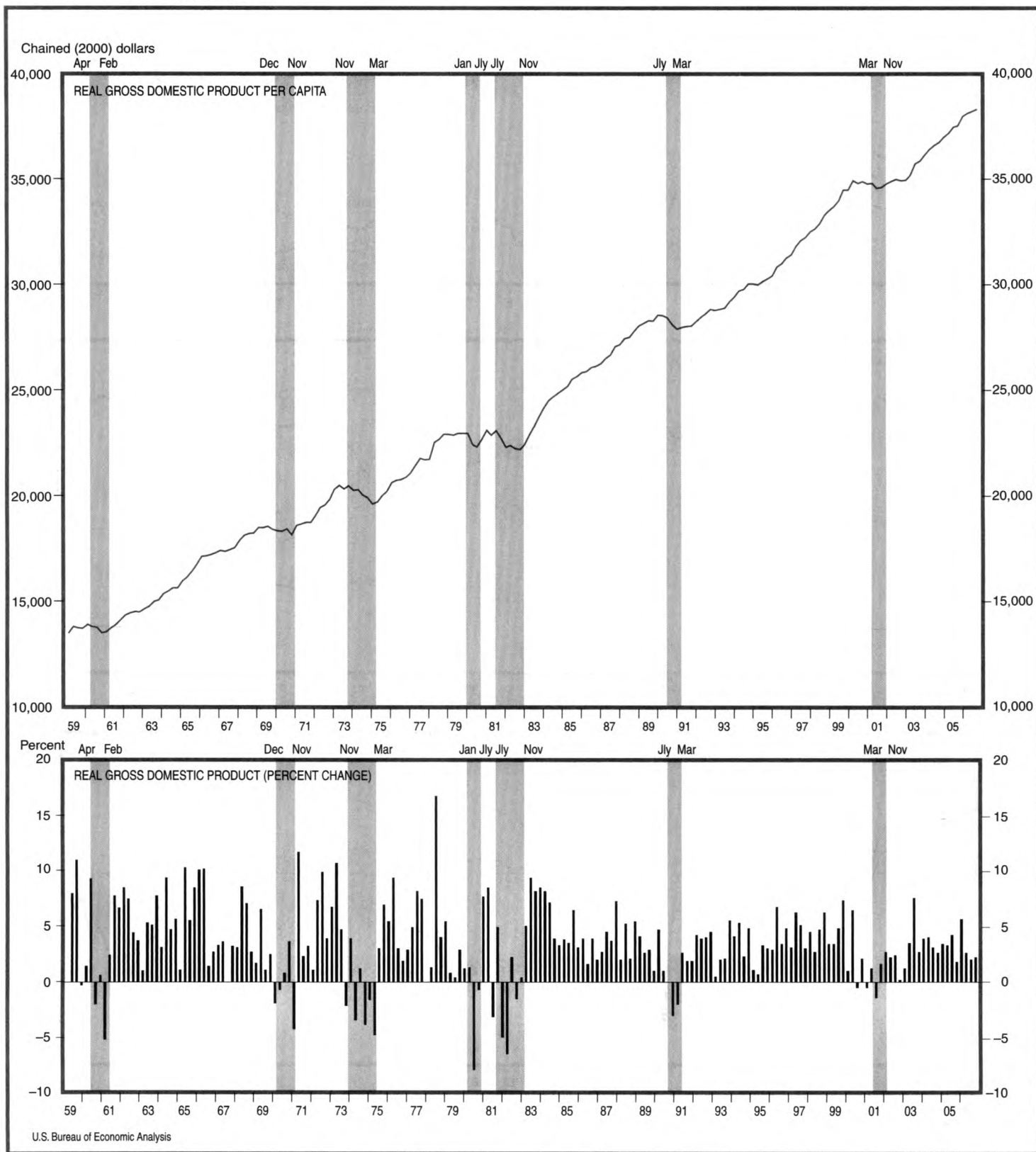
[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (2000) dollars			Percent change from preceding period		Chain-type price indexes [2000=100]		Implicit price deflators [2000=100]		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959	2,441.3	2,442.7	2,457.4	7.1	6.2	20.754	20.365	20.751	20.727	1.2	1.2	1.2	1.2
1960	2,501.8	2,506.8	2,519.4	2.5	2.6	21.044	20.646	21.041	21.018	1.4	1.4	1.4	1.4
1961	2,560.0	2,566.8	2,579.3	2.3	2.4	21.281	20.865	21.278	21.255	1.1	1.1	1.1	1.1
1962	2,715.2	2,708.5	2,736.9	6.1	5.5	21.572	21.139	21.569	21.547	1.4	1.3	1.4	1.4
1963	2,834.0	2,830.3	2,857.2	4.4	4.5	21.801	21.385	21.798	21.777	1.1	1.2	1.1	1.1
1964	2,998.6	2,999.9	3,023.6	5.8	6.0	22.134	21.725	22.131	22.111	1.5	1.6	1.5	1.5
1965	3,191.1	3,173.8	3,217.3	6.4	5.8	22.538	22.102	22.535	22.516	1.8	1.7	1.8	1.8
1966	3,399.1	3,364.8	3,423.7	6.5	6.0	23.180	22.724	23.176	23.158	2.8	2.8	2.8	2.9
1967	3,484.6	3,467.6	3,510.1	2.5	3.1	23.897	23.389	23.893	23.874	3.1	2.9	3.1	3.1
1968	3,652.7	3,640.3	3,680.0	4.8	5.0	24.916	24.380	24.913	24.893	4.3	4.2	4.3	4.3
1969	3,765.4	3,753.7	3,792.0	3.1	3.1	26.153	25.580	26.149	26.127	5.0	4.9	5.0	5.0
1970	3,771.9	3,787.7	3,798.2	0.2	0.9	27.538	26.964	27.534	27.512	5.3	5.4	5.3	5.3
1971	3,898.6	3,893.4	3,927.8	3.4	2.8	28.916	28.351	28.911	28.889	5.0	5.1	5.0	5.0
1972	4,105.0	4,098.6	4,136.2	5.3	5.3	30.171	29.619	30.166	30.145	4.3	4.5	4.3	4.3
1973	4,341.5	4,315.9	4,383.6	5.8	5.3	31.854	31.343	31.849	31.830	5.6	5.8	5.6	5.6
1974	4,319.6	4,305.5	4,367.5	-0.5	-0.2	34.721	34.546	34.725	34.699	9.0	10.2	9.0	9.0
1975	4,311.2	4,352.5	4,348.4	-0.2	1.1	38.007	37.761	38.002	37.976	9.5	9.3	9.4	9.4
1976	4,540.9	4,522.3	4,585.3	5.3	3.9	40.202	39.938	40.196	40.175	5.8	5.8	5.8	5.8
1977	4,750.5	4,721.6	4,800.3	4.6	4.4	42.758	42.634	42.752	42.731	6.4	6.8	6.4	6.4
1978	5,015.0	4,981.6	5,064.4	5.6	5.5	45.762	45.663	45.757	45.737	7.0	7.1	7.0	7.0
1979	5,173.4	5,161.2	5,240.1	3.2	3.6	49.553	49.669	49.548	49.527	8.3	8.8	8.3	8.3
1980	5,161.7	5,196.7	5,227.6	-0.2	0.7	54.062	54.876	54.043	54.015	9.1	10.5	9.1	9.1
1981	5,291.7	5,265.1	5,349.7	2.5	1.3	59.128	59.896	59.119	59.095	9.4	9.1	9.4	9.4
1982	5,189.3	5,233.4	5,249.7	-1.9	-0.6	62.738	63.296	62.726	62.699	6.1	5.7	6.1	6.1
1983	5,423.8	5,454.0	5,482.5	4.5	4.2	65.214	65.515	65.207	65.184	3.9	3.5	4.0	4.0
1984	5,813.6	5,739.2	5,869.3	7.2	5.2	67.664	67.822	67.655	67.631	3.8	3.5	3.8	3.8
1985	6,053.7	6,042.1	6,093.4	4.1	5.3	69.724	69.760	69.713	69.695	3.0	2.9	3.0	3.1
1986	6,263.6	6,271.8	6,290.6	3.5	3.8	71.269	71.338	71.250	71.227	2.2	2.3	2.2	2.2
1987	6,475.1	6,457.2	6,500.9	3.4	3.0	73.204	73.527	73.196	73.181	2.7	3.1	2.7	2.7
1988	6,742.7	6,734.5	6,775.2	4.1	4.3	75.706	76.049	75.694	75.679	3.4	3.4	3.4	3.4
1989	6,981.4	6,962.2	7,015.4	3.5	3.4	78.569	78.934	78.556	78.549	3.8	3.8	3.8	3.8
1990	7,112.5	7,108.5	7,155.2	1.9	2.1	81.614	82.144	81.590	81.589	3.9	4.1	3.9	3.9
1991	7,100.5	7,115.0	7,136.8	-0.2	0.1	84.457	84.836	84.444	84.440	3.5	3.3	3.5	3.5
1992	7,336.6	7,331.1	7,371.8	3.3	3.0	86.402	86.828	86.385	86.375	2.3	2.3	2.3	2.3
1993	7,532.7	7,522.3	7,568.6	2.7	2.6	88.390	88.730	88.381	88.382	2.3	2.2	2.3	2.3
1994	7,835.5	7,777.8	7,864.2	4.0	3.4	90.265	90.583	90.259	90.262	2.1	2.1	2.1	2.1
1995	8,031.7	8,010.2	8,069.8	2.5	3.0	92.115	92.483	92.106	92.114	2.0	2.1	2.0	2.1
1996	8,328.9	8,306.5	8,365.3	3.7	3.7	93.859	94.145	93.852	93.863	1.9	1.8	1.9	1.9
1997	8,703.5	8,636.6	8,737.5	4.5	4.0	95.415	95.440	95.414	95.420	1.7	1.4	1.7	1.7
1998	9,066.9	8,997.6	9,088.7	4.2	4.2	96.475	96.060	96.472	96.475	1.1	0.6	1.1	1.1
1999	9,470.3	9,404.0	9,504.7	4.5	4.5	97.868	97.556	97.868	97.869	1.4	1.6	1.4	1.4
2000	9,817.0	9,760.5	9,855.9	3.7	3.8	100.000	100.000	100.000	100.000	2.2	2.5	2.2	2.2
2001	9,890.7	9,920.9	9,933.6	0.8	1.6	102.402	101.994	102.399	102.396	2.4	2.0	2.4	2.4
2002	10,048.8	10,036.5	10,079.0	1.6	1.2	104.193	103.583	104.187	104.179	1.7	1.6	1.7	1.7
2003	10,301.0	10,285.1	10,355.3	2.5	2.5	106.409	105.966	106.404	106.396	2.1	2.3	2.1	2.1
2004	10,703.5	10,648.3	10,746.8	3.9	3.5	109.429	109.210	109.426	109.416	2.8	3.1	2.8	2.8
2005	11,048.6	11,025.2	11,077.9	3.2	3.5	112.744	112.981	112.737	112.726	3.0	3.5	3.0	3.0
2006	11,413.6	11,365.4		3.3	3.1	116.061	116.497	116.042		2.9	3.1	2.9	

D. Charts

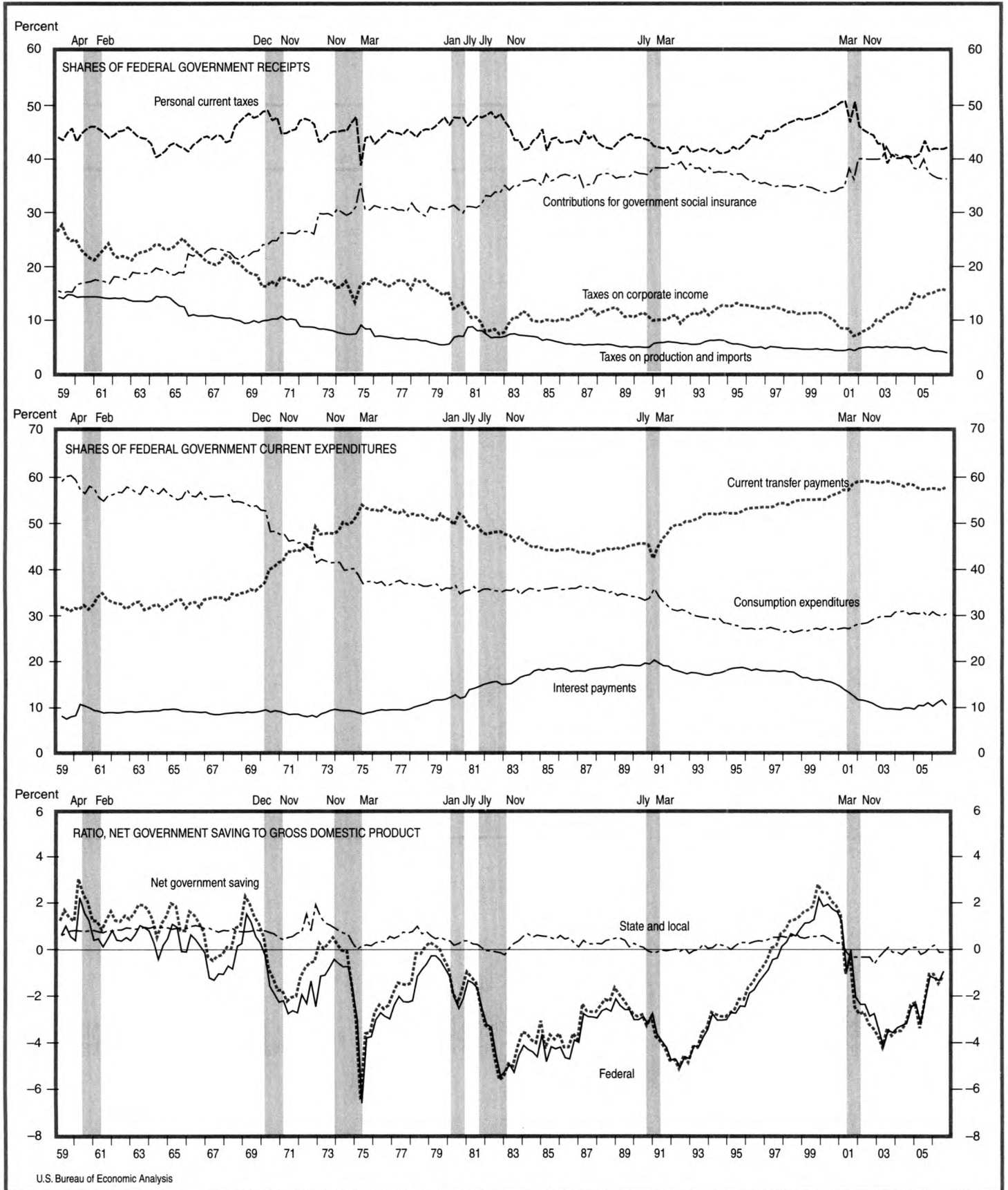
The percent changes shown are based on quarter-to-quarter changes and are expressed at seasonally adjusted annual rates. The levels of series are also expressed at seasonally adjusted annual rates as appropriate.

SELECTED NIPA SERIES

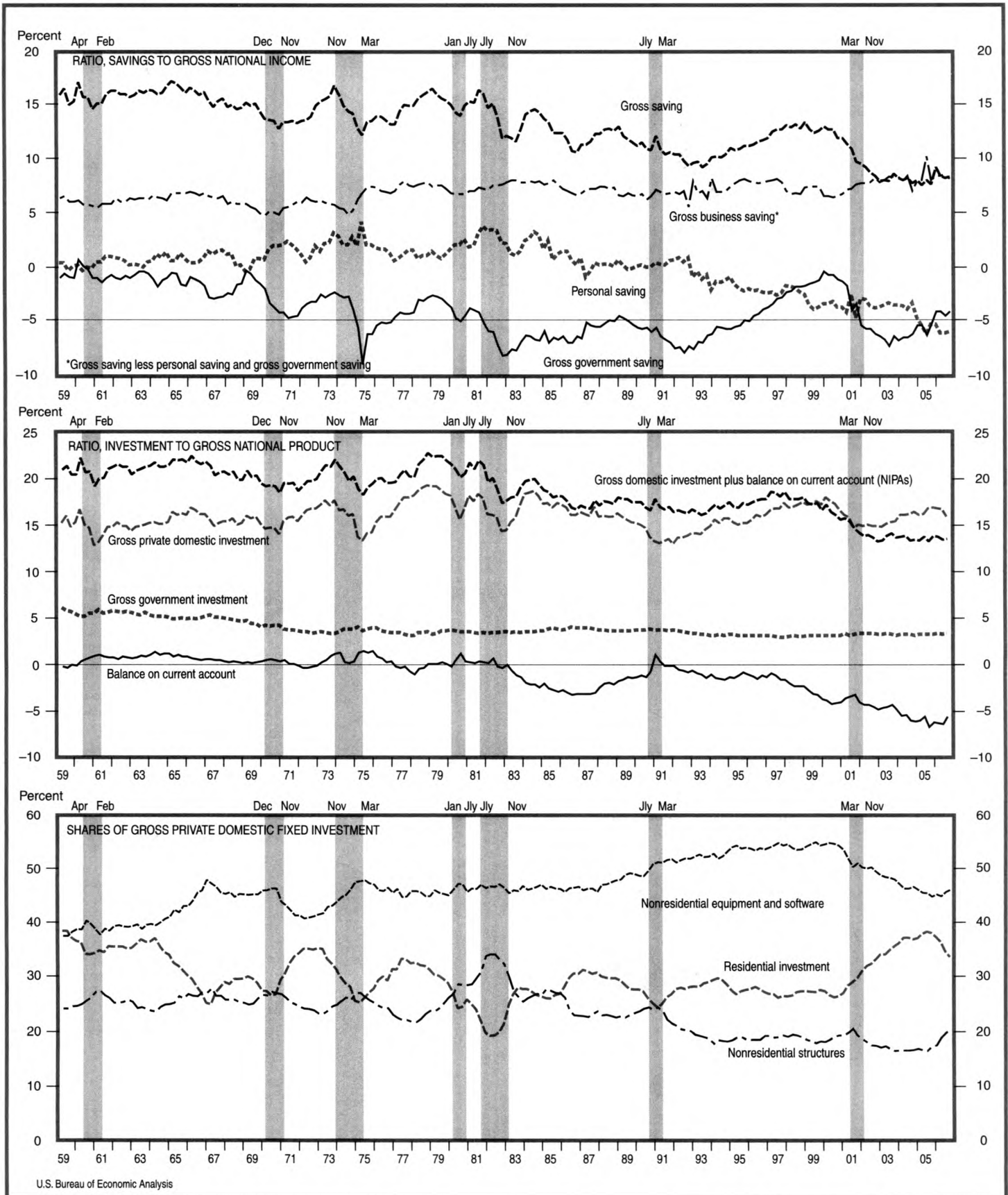


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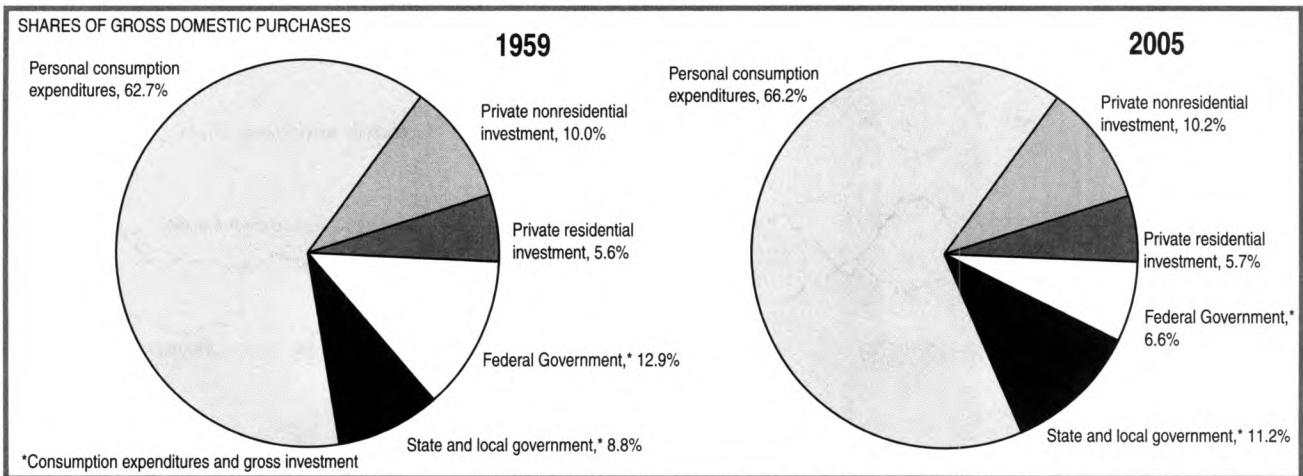
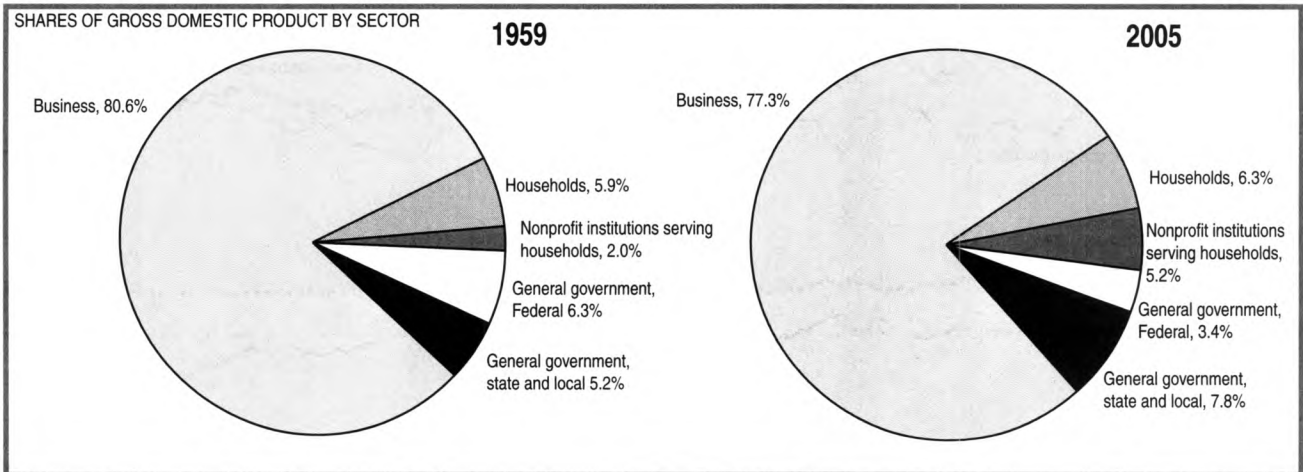
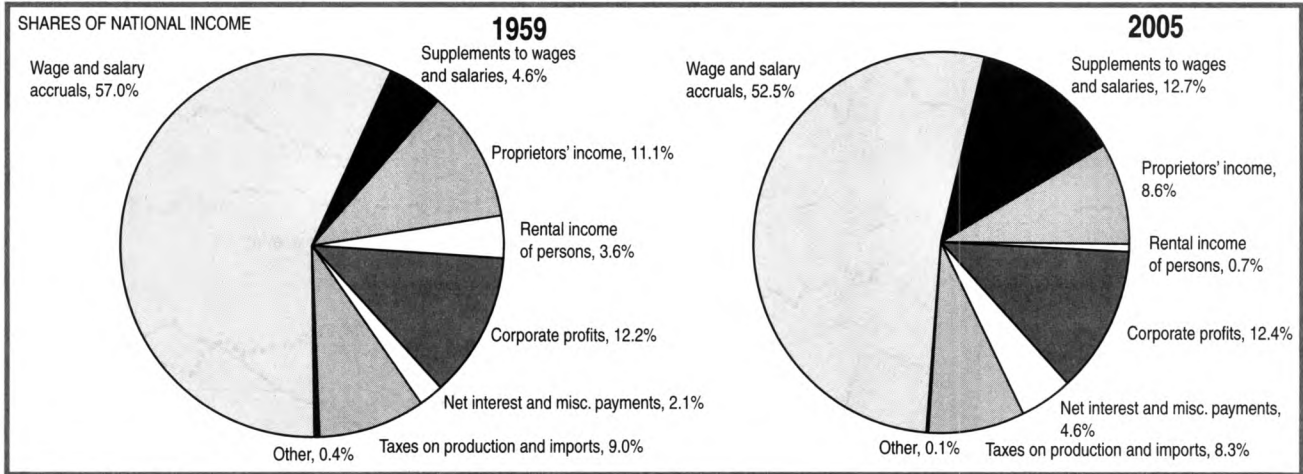
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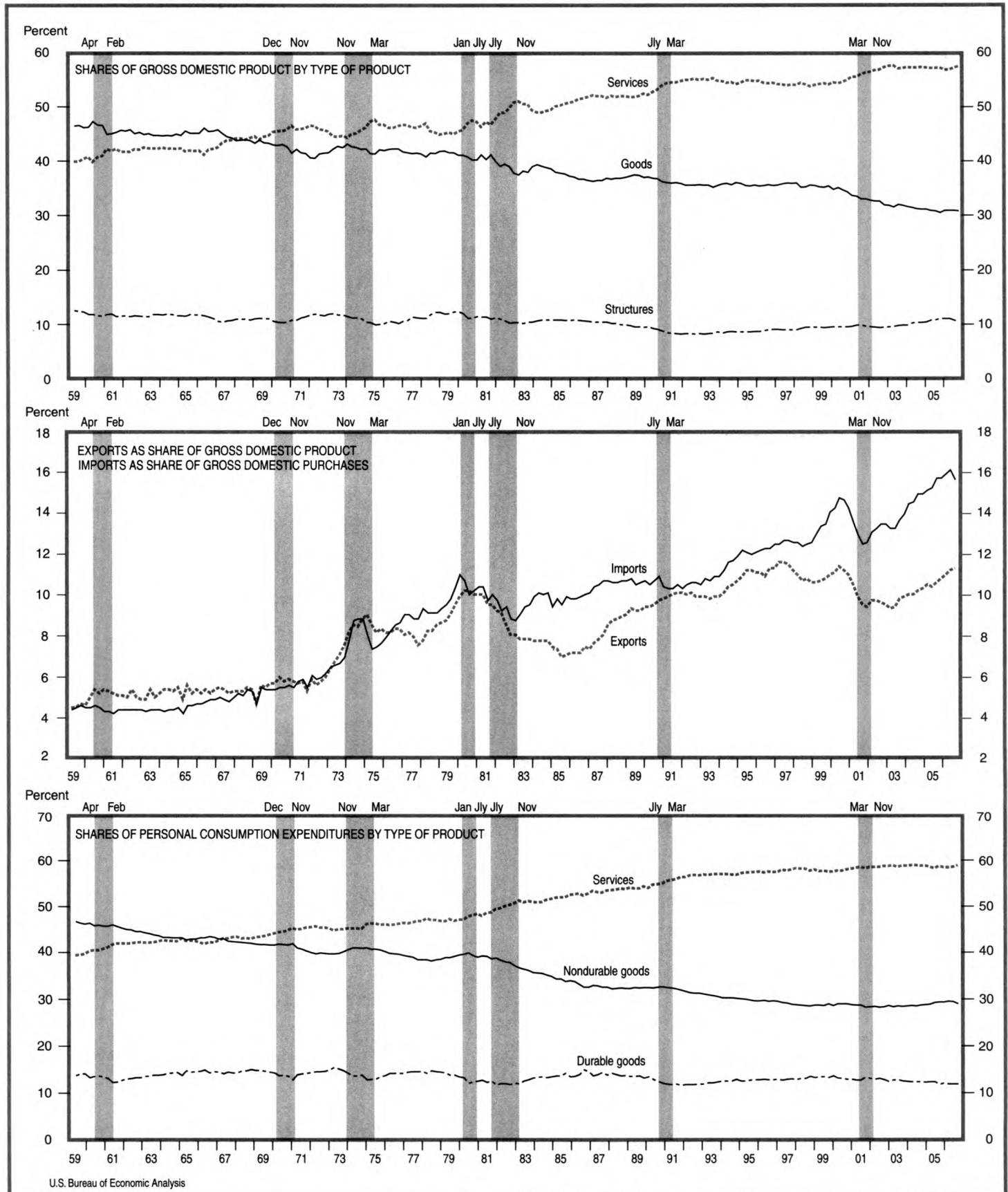
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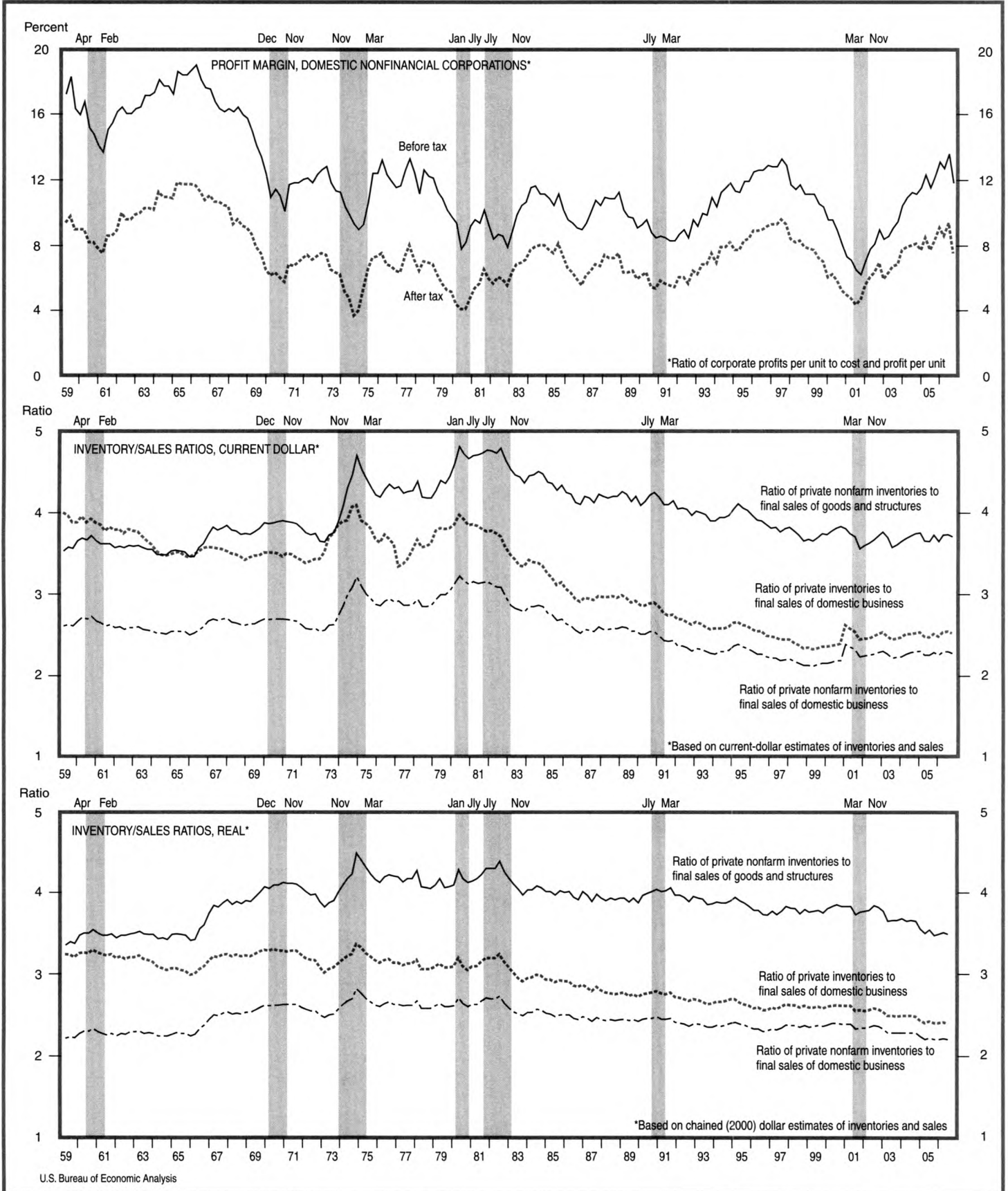
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SELECTED NIPA SERIES



Industry Data

E. Industry Table

The estimates in this table were published in tables 5A and 7 in "Annual Industry Accounts: Revised Estimates for 2003-2005" in the December 2006 SURVEY.

Table E.1. Percent Changes in Chain-Type Quantity and Price Indexes for Value Added by Industry for 2003-2005

Line	Chain-type quantity indexes			Chain-type price indexes			Line	Chain-type quantity indexes			Chain-type price indexes				
	2003	2004	2005	2003	2004	2005		2003	2004	2005	2003	2004	2005		
1	Gross domestic product	2.5	3.9	3.2	2.1	2.8	3.0	50	Finance, insurance, real estate, rental, and leasing	2.4	4.3	3.0	2.4	2.9	2.3
2	Private industries	2.7	4.2	3.3	1.8	2.8	3.1	51	Finance and insurance	3.5	2.1	2.2	1.5	3.9	2.1
3	Agriculture, forestry, fishing, and hunting	7.5	6.1	0.1	11.5	17.0	-13.4	52	Federal Reserve banks, credit intermediation, and related activities	4.6	-3.4	3.2	1.9	3.4	3.5
4	Farms	8.4	7.4	1.0	15.0	20.9	-17.2	53	Securities, commodity contracts, and investments	5.0	6.3	8.3	-6.3	1.1	-1.4
5	Forestry, fishing, and related activities	4.8	1.4	-3.1	1.2	3.3	2.7	54	Insurance carriers and related activities	-0.1	8.3	-2.7	7.5	7.0	2.9
6	Mining	-0.9	0.9	-2.6	35.8	19.0	39.2	55	Funds, trusts, and other financial vehicles	17.5	15.1	7.1	-18.1	-5.5	-10.9
7	Oil and gas extraction	-4.7	-1.2	-4.6	56.9	25.5	43.8	56	Real estate and rental and leasing	1.7	5.7	3.4	2.9	2.3	2.3
8	Mining, except oil and gas	-0.7	-1.9	-3.4	2.3	9.5	11.5	57	Real estate	2.0	6.4	3.9	2.7	2.3	2.2
9	Support activities for mining	14.9	13.9	7.0	14.5	4.3	49.1	58	Rental and leasing services and lessors of intangible assets	-2.4	-3.3	-3.5	5.0	2.7	4.3
10	Utilities	6.9	2.4	1.2	-0.8	4.4	4.2	59	Professional and business services	4.4	5.2	5.6	0.6	2.5	2.6
11	Construction	-2.0	1.5	3.9	5.0	7.4	8.7	60	Professional, scientific, and technical services	4.0	7.8	6.8	0.0	0.6	1.7
12	Manufacturing	1.1	6.5	2.2	-0.6	-0.9	3.2	61	Legal services	1.9	3.5	0.8	3.8	6.0	6.1
13	Durable goods	2.6	7.7	4.9	-2.9	-1.4	-0.6	62	Computer systems design and related services	-0.3	8.2	7.5	-2.1	-2.6	-0.1
14	Wood products	0.3	3.2	3.3	5.2	15.4	-1.4	63	Miscellaneous professional, scientific, and technical services	5.9	9.2	8.8	-0.7	-0.4	0.8
15	Nonmetallic mineral products	-0.7	7.4	-0.4	-1.1	2.1	8.1	64	Management of companies and enterprises	2.8	2.7	1.4	3.5	4.9	5.7
16	Primary metals	-4.1	15.2	-1.0	-4.7	22.9	13.6	65	Administrative and waste management services	6.4	0.8	5.3	0.4	5.6	2.7
17	Fabricated metal products	0.2	8.6	4.8	-1.2	2.5	5.1	66	Administrative and support services	6.3	1.2	5.0	0.2	5.4	3.3
18	Machinery	-1.8	14.3	4.1	-0.5	-3.2	2.3	67	Waste management and remediation services	7.7	-2.6	7.9	2.2	7.6	-3.0
19	Computer and electronic products	15.5	20.5	19.9	-13.5	-13.3	-12.9	68	Educational services, health care, and social assistance	4.4	3.3	3.5	2.7	3.3	3.0
20	Electrical equipment, appliances, and components	2.6	-6.8	1.8	-2.5	0.5	2.7	69	Educational services	3.5	2.3	1.9	3.7	5.6	5.0
21	Motor vehicles, bodies and trailers, and parts	7.4	-6.0	-2.9	-2.8	-5.9	-10.6	70	Health care and social assistance	4.5	3.4	3.7	2.6	3.0	2.8
22	Other transportation equipment	-13.7	2.8	3.8	3.7	2.5	4.3	71	Ambulatory health care services	4.6	3.8	5.9	1.9	2.2	2.0
23	Furniture and related products	7.6	13.4	-2.4	0.1	-3.4	3.6	72	Hospitals and nursing and residential care facilities	4.0	2.4	0.6	4.0	4.8	4.3
24	Miscellaneous manufacturing	4.8	9.4	8.3	0.0	-2.1	-0.5	73	Social assistance	6.3	5.2	5.7	0.4	-0.2	0.4
25	Nondurable goods	-0.8	4.9	-1.3	2.5	-0.2	8.4	74	Arts, entertainment, recreation, accommodation, and food services	3.1	3.0	1.4	1.4	3.1	3.4
26	Food and beverage and tobacco products	-1.5	-3.7	4.8	-1.4	-3.5	7.4	75	Arts, entertainment, and recreation	1.9	0.5	-0.4	2.7	2.9	3.4
27	Textile mills and textile product mills	10.3	-0.4	2.4	-4.6	1.8	-0.6	76	Performing arts, spectator sports, museums, and related activities	2.3	1.3	-1.2	3.7	3.9	4.8
28	Apparel and leather and allied products	-12.5	-4.3	0.1	-0.3	-2.3	-1.5	77	Amusements, gambling, and recreation industries	1.6	-0.2	0.3	1.9	2.0	2.2
29	Paper products	2.5	8.0	2.1	-2.4	-2.9	1.3	78	Accommodation and food services	3.5	4.0	2.0	0.9	3.2	3.5
30	Printing and related support activities	-0.1	4.2	1.3	-0.8	-1.5	-0.2	79	Accommodation	0.5	3.8	0.7	1.3	5.3	4.8
31	Petroleum and coal products	-5.6	24.1	-21.3	57.9	10.8	49.8	80	Food services and drinking places	4.9	4.1	2.6	0.8	2.3	2.8
32	Chemical products	-0.5	8.3	-1.7	3.5	2.1	7.2	81	Other services, except government	2.0	-0.5	-0.7	3.0	3.8	3.9
33	Plastics and rubber products	0.1	8.2	-1.5	-2.4	-3.2	2.5	82	Government	1.3	0.5	0.7	4.6	4.6	4.2
34	Wholesale trade	2.1	1.1	1.5	1.3	6.8	6.4	83	Federal	2.4	0.9	-0.2	4.9	5.7	4.4
35	Retail trade	3.9	2.5	5.0	0.5	1.4	0.4	84	General government	2.7	1.0	0.6	6.0	6.2	5.4
36	Transportation and warehousing	2.0	5.2	4.0	1.9	-0.9	0.4	85	Government enterprises	1.1	0.7	-5.3	-0.8	2.5	-1.8
37	Air transportation	7.0	5.9	6.2	0.0	-18.0	-14.1	86	State and local	0.8	0.3	1.1	4.5	4.1	4.1
38	Rail transportation	5.0	4.9	-3.5	2.1	2.6	10.7	87	General government	0.6	0.5	1.0	4.9	4.0	4.2
39	Water transportation	-4.8	10.1	12.0	31.9	-6.1	-10.7	88	Government enterprises	2.5	-1.7	1.8	-0.4	4.5	2.0
40	Truck transportation	1.5	7.8	4.6	1.3	1.9	1.1	89	Addenda:						
41	Transit and ground passenger transportation	-2.1	-0.1	1.0	4.6	3.5	2.0	90	Private goods-producing industries ¹	0.6	4.8	2.1	3.2	3.3	6.1
42	Pipeline transportation	-3.3	-0.3	19.6	-11.5	-2.3	-18.8	91	Private services-producing industries ²	3.3	4.1	3.7	1.4	2.6	2.3
43	Other transportation and support activities	-0.4	2.5	1.3	3.2	5.6	7.7		Information-communications-technology-producing industries ³	7.2	13.7	13.3	-5.7	-6.3	-4.3
44	Warehousing and storage	5.1	6.7	9.4	0.4	-0.5	-0.6								
45	Information	3.0	11.4	9.0	-1.7	-2.9	-3.7								
46	Publishing industries (includes software)	7.3	12.5	12.9	-3.2	-3.9	-0.4								
47	Motion picture and sound recording industries	1.0	1.5	1.1	-2.5	2.8	0.3								
48	Broadcasting and telecommunications	0.9	11.8	7.4	-1.2	-3.0	-6.1								
49	Information and data processing services	6.4	14.5	13.8	0.4	-4.0	-2.2								

1. Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.
 2. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.
 3. Consists of computer and electronic products; publishing industries (includes software); information and data processing services; and computer systems design and related services.
 Note: Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

International Data

F. Transactions Tables

Table F.1 presents estimates of U.S. international trade in goods and services that were released on March 9, 2007. It includes revised estimates for January to December 2006 and preliminary estimates for January 2007.

The sources for the other tables in this section are noted.

For BEA's full set of detailed estimates of U.S. international transactions, visit BEA's Web site at <www.bea.gov>.

Table F.1. U.S. International Transactions in Goods and Services
(Millions of dollars; monthly estimates seasonally adjusted)

	2005	2006 ^r	2006												2007 ^p	
			Dec.	Jan. ^r	Feb. ^r	March ^r	April ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r		Dec. ^r	Jan.^{p}
Exports of goods and services	1,275,245	1,436,816	112,567	114,405	113,459	115,581	115,717	118,268	120,966	119,590	122,363	122,993	123,449	124,732	125,292	126,672
Goods	894,631	1,023,689	79,429	81,142	80,491	82,093	81,570	83,795	86,692	85,195	87,761	88,327	88,240	89,010	89,373	90,850
Foods, feeds, and beverages.....	58,955	65,918	4,979	5,260	4,919	5,149	5,099	5,451	5,663	5,616	5,972	5,719	5,748	5,518	5,805	6,139
Industrial supplies and materials.....	233,079	275,743	20,145	21,045	20,633	22,164	22,225	22,948	23,710	23,094	23,629	24,618	24,198	23,869	23,611	23,909
Capital goods, except automotive.....	362,686	414,023	32,661	33,173	33,361	33,361	33,201	33,983	34,895	33,574	34,855	35,558	35,604	36,282	36,176	37,202
Automotive vehicles, parts, and engines.....	98,578	107,165	8,939	8,791	8,899	8,524	8,607	8,492	8,910	9,551	9,421	8,748	8,683	9,008	9,532	8,849
Consumer goods (nonfood), except automotive.....	115,715	129,240	10,461	10,366	10,264	10,479	10,063	10,577	10,767	10,893	11,128	10,767	11,168	11,322	11,448	11,966
Other goods.....	36,964	45,189	3,408	3,350	3,324	3,326	3,312	3,397	3,701	3,558	3,973	4,213	4,143	4,620	4,271	4,036
Adjustments ¹	-11,347	-13,590	-1,164	-843	-909	-910	-937	-1,052	-954	-1,090	-1,217	-1,296	-1,303	-1,609	-1,470	-1,252
Services	380,614	413,127	33,138	33,263	32,968	33,488	34,147	34,473	34,274	34,395	34,602	34,666	35,209	35,722	35,919	35,822
Travel.....	81,680	85,697	6,864	7,053	6,803	6,918	7,263	7,197	7,015	7,162	7,065	7,107	7,230	7,427	7,457	7,497
Passenger fares.....	20,931	22,060	1,793	1,893	1,768	1,839	1,765	1,747	1,718	1,864	1,851	1,883	1,884	1,922	1,925	1,902
Other transportation.....	42,245	48,208	3,789	3,826	3,788	3,958	4,073	4,038	4,074	3,985	4,187	4,034	4,004	4,100	4,141	4,082
Royalties and license fees.....	57,410	62,051	5,008	4,955	4,983	5,030	5,136	5,172	5,187	5,159	5,180	5,217	5,313	5,350	5,370	5,344
Other private services.....	158,223	177,284	14,043	13,947	14,020	14,208	14,399	14,768	14,830	14,776	14,873	15,004	15,407	15,495	15,556	15,622
Transfers under U.S. military agency sales contracts ²	19,038	16,682	1,555	1,498	1,513	1,442	1,416	1,456	1,354	1,351	1,348	1,323	1,276	1,332	1,374	1,278
U.S. Government miscellaneous services.....	1,087	1,145	86	91	93	93	95	95	96	98	98	98	95	96	96	97
Imports of goods and services	1,991,975	2,202,083	176,741	180,875	176,371	177,847	179,315	183,608	185,661	187,472	191,278	187,596	182,374	182,945	186,745	185,789
Goods	1,677,371	1,859,655	149,648	153,460	148,613	149,901	151,232	154,906	156,799	158,739	162,722	158,714	153,359	153,781	157,429	156,280
Foods, feeds, and beverages.....	68,094	74,940	5,964	6,180	5,929	6,331	6,185	6,035	5,997	6,235	6,440	6,338	6,466	6,364	6,439	6,579
Industrial supplies and materials.....	523,881	602,959	49,320	50,269	49,598	46,464	46,890	52,768	52,102	54,224	55,896	52,309	46,948	45,925	47,565	47,921
Capital goods, except automotive.....	379,227	418,450	32,980	34,079	32,476	34,354	34,453	34,641	34,596	35,312	36,252	35,704	35,409	35,748	35,428	36,689
Automotive vehicles, parts, and engines.....	239,512	256,675	21,136	22,269	21,212	20,960	21,380	20,866	22,165	20,901	21,365	21,007	20,721	21,129	22,699	21,249
Consumer goods (nonfood), except automotive.....	407,168	442,755	35,233	35,146	34,323	36,516	35,321	35,529	36,676	36,788	37,353	38,002	38,175	39,154	39,773	38,394
Other goods.....	55,572	59,501	4,656	5,116	4,743	4,889	4,638	4,710	4,881	4,888	4,981	5,017	5,259	5,161	5,219	5,092
Adjustments ¹	3,916	4,375	360	401	332	388	365	357	381	392	437	336	382	299	305	356
Services	314,604	342,428	27,093	27,415	27,758	27,946	28,083	28,702	28,862	28,733	28,556	28,882	29,015	29,164	29,316	29,509
Travel.....	69,175	73,299	5,776	5,896	5,694	6,072	6,164	6,317	6,186	6,211	6,024	6,174	6,149	6,157	6,255	6,283
Passenger fares.....	26,066	27,306	2,211	2,215	2,214	2,324	2,252	2,330	2,370	2,240	2,181	2,250	2,273	2,315	2,342	2,352
Other transportation.....	62,107	65,611	5,380	5,509	5,283	5,404	5,340	5,523	5,478	5,521	5,543	5,541	5,533	5,528	5,408	5,446
Royalties and license fees.....	24,501	26,523	2,133	2,039	2,657	2,068	2,098	2,109	2,330	2,223	2,154	2,174	2,210	2,226	2,235	2,225
Other private services.....	98,714	114,485	8,764	8,881	9,014	9,161	9,321	9,505	9,568	9,535	9,633	9,743	9,925	10,054	10,149	10,247
Direct defense expenditures ²	30,062	31,180	2,499	2,544	2,564	2,584	2,571	2,579	2,590	2,661	2,680	2,661	2,593	2,555	2,598	2,622
U.S. Government miscellaneous services.....	3,979	4,024	330	331	332	333	337	339	340	342	341	339	332	329	329	334
Memoranda:																
Balance on goods.....	-782,740	-835,966	-70,219	-72,318	-68,122	-67,808	-69,662	-71,111	-70,107	-73,544	-74,961	-70,387	-65,120	-64,772	-68,056	-65,431
Balance on services.....	66,011	70,699	6,045	5,848	5,210	5,542	6,064	5,771	5,412	5,662	6,046	5,784	6,194	6,558	6,603	6,313
Balance on goods and services.....	-716,730	-765,267	-64,174	-66,470	-62,912	-62,266	-63,598	-65,340	-64,695	-67,882	-68,915	-64,603	-58,926	-58,214	-61,453	-59,118

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

tions 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, 2004 and 2005

[Millions of dollars]

Line	Type of investment	Position, 2004 ^a	Changes in position in 2005					Position, 2005 ^a
			Financial flows	Attributable to			Total (a+b+c+d)	
				Valuation adjustments				
				Price changes	Exchange-rate changes ¹	Other changes ²		
(a)	(b)	(c)	(d)	(a+b+c+d)				
Net international investment position of the United States:								
1	With direct investment positions at current cost (line 3 less line 24)	-2,360,785	-785,449	625,441	-226,283	53,277	-333,014	-2,693,799
2	With direct investment positions at market value (line 4 less line 25)	-2,448,744	-785,449	1,061,360	-393,614	20,272	-97,431	-2,546,175
U.S.-owned assets abroad:								
3	With direct investment positions at current cost (lines 5+10+15)	9,186,661	426,801	608,509	-278,993	65,698	822,015	10,008,676
4	With direct investment positions at market value (lines 5+10+16)	10,075,337	426,801	993,566	-444,317	27,815	1,003,865	11,079,202
5	U.S. official reserve assets	189,591	-14,096	20,241	-7,680	-13	-1,548	188,043
6	Gold	113,947		³ 20,241		⁴ -13	20,228	134,175
7	Special drawing rights	13,628	-4,511		-907		-5,418	8,210
8	Reserve position in the International Monetary Fund	19,544	-10,200		-1,308		-11,508	8,036
9	Foreign currencies	42,472	615		-5,465		-4,850	37,622
10	U.S. Government assets, other than official reserve assets	83,062	-5,539				-5,539	77,523
11	U.S. credits and other long-term assets ⁵	80,308	-3,348				-3,348	76,960
12	Repayable in dollars	80,035	-3,348				-3,348	76,687
13	Other ⁶	273						273
14	U.S. foreign currency holdings and U.S. short-term assets	2,754	-2,191				-2,191	563
U.S. private assets:								
15	With direct investment at current cost (lines 17+19+22+23)	8,914,008	446,436	588,268	-271,313	65,711	829,102	9,743,110
16	With direct investment at market value (lines 18+19+22+23)	9,802,684	446,436	973,325	-436,637	27,828	1,010,952	10,813,636
Direct investment abroad:								
17	At current cost	2,399,224	9,072	42,085	-32,112	35,664	54,709	2,453,933
18	At market value	3,287,900	9,072	427,142	-197,436	-2,219	236,559	3,524,459
19	Foreign securities	3,553,387	180,125	546,183	-205,698		520,610	4,073,997
20	Bonds	992,969	37,991	-20,533	-22,884		-5,426	987,543
21	Corporate stocks	2,560,418	142,134	566,716	-182,814		526,036	3,086,454
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	733,538	44,221		-18,151	24,913	50,983	784,521
23	U.S. claims reported by U.S. banks, not included elsewhere	2,227,859	213,018		-15,352	5,134	202,800	2,430,659
Foreign-owned assets in the United States:								
24	With direct investment at current cost (lines 26+33)	11,547,446	1,212,250	-16,932	-52,710	12,421	1,155,029	12,702,475
25	With direct investment at market value (lines 26+34)	12,524,081	1,212,250	-67,794	-50,703	7,543	1,101,296	13,625,377
26	Foreign official assets in the United States	2,001,407	199,495	-26,059		41,280	214,716	2,216,123
27	U.S. Government securities	1,499,293	156,450	-28,661		22,315	150,104	1,649,397
28	U.S. Treasury securities	1,241,250	71,749	-21,682		-2,436	47,631	1,288,881
29	Other	258,043	84,701	-6,979		24,751	102,473	360,516
30	Other U.S. Government liabilities ⁷	16,488	-488				-488	16,000
31	U.S. liabilities reported by U.S. banks, not included elsewhere	270,387	24,275				24,275	294,662
32	Other foreign official assets	215,239	19,258	2,602		18,965	40,825	256,064
Other foreign assets:								
33	With direct investment at current cost (lines 35+37+38+41+42+43)	9,546,039	1,012,755	9,127	-52,710	-28,859	940,313	10,486,352
34	With direct investment at market value (lines 36+37+38+41+42+43)	10,522,674	1,012,755	-41,735	-50,703	-33,737	886,580	11,409,254
Direct investment in the United States:								
35	At current cost	1,727,062	109,754	27,950	-2,007	11,504	147,201	1,874,263
36	At market value	2,703,697	109,754	-22,912		6,626	93,468	2,797,165
37	U.S. Treasury securities	562,288	199,491	-7,671		-49,233	142,587	704,875
38	U.S. securities other than U.S. Treasury securities	3,995,506	474,140	-11,152	-29,411	-38,401	395,176	4,390,682
39	Corporate and other bonds	2,035,149	388,357	-72,646	-29,411	-46,252	240,048	2,275,197
40	Corporate stocks	1,960,357	85,783	61,494		7,851	155,128	2,115,485
41	U.S. currency	332,735	19,416				19,416	352,151
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	507,668	30,105		-10,309	36,285	56,081	563,749
43	U.S. liabilities reported by U.S. banks, not included elsewhere	2,420,780	179,849		-10,983	10,986	179,852	2,600,632

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

2. Includes changes in coverage, capital gains and losses of direct investment affiliates, and other adjustments to the value of assets and liabilities.

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 resources provided to foreigners under foreign assistance programs requiring repayment over several years. 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.

Source: Table I in "The International Investment Position of the United States at Yearend 2005" in the July 2006 SURVEY OF CURRENT BUSINESS.

Table G.2. U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 2002-2005

[Millions of dollars]

	Direct investment position on a historical-cost basis				Capital outflows without current-cost adjustment (inflows(-))				Income without current-cost adjustment and net of withholding taxes			
	2002	2003	2004	2005	2002	2003	2004	2005	2002	2003	2004	2005
All countries, all industries	1,616,548	1,769,613	2,051,204	2,069,983	134,946	129,352	222,437	-12,714	124,940	165,203	203,484	227,864
By country of foreign affiliate												
Canada.....	166,473	187,953	212,829	234,831	15,003	17,340	23,255	16,789	13,297	15,826	21,979	22,259
Europe.....	859,378	976,889	1,104,886	1,059,443	79,492	87,509	99,284	-37,488	64,777	86,480	97,996	105,990
<i>Of which:</i>												
France.....	43,348	51,229	61,200	60,860	4,604	1,074	8,385	859	2,699	4,034	4,816	4,565
Germany.....	61,073	72,262	83,588	86,319	2,416	4,376	8,960	7,140	2,977	4,584	6,237	6,716
Ireland.....	51,598	60,604	63,983	61,596	10,700	7,408	3,991	-3,025	6,355	9,134	11,287	12,411
Netherlands.....	158,415	186,366	204,319	181,384	14,790	15,502	13,810	-28,503	11,756	16,595	18,548	20,383
Switzerland.....	74,229	92,750	106,849	83,424	7,924	14,462	9,281	-11,821	10,921	12,643	12,613	11,636
United Kingdom.....	247,952	277,246	312,156	323,796	15,265	26,738	26,604	10,873	11,043	13,829	16,601	19,924
Latin America and Other Western Hemisphere.....	289,413	297,222	330,468	353,011	15,192	3,901	18,812	-10,545	16,583	24,480	31,850	39,301
<i>Of which:</i>												
Bermuda.....	89,473	84,508	86,547	90,358	4,313	-3,778	2,254	-10,169	4,569	7,089	7,799	8,230
Brazil.....	27,598	29,553	30,226	32,420	-266	-290	1,418	1,183	837	1,465	2,481	3,521
Mexico.....	56,303	56,851	63,502	71,423	7,656	3,664	6,361	6,771	3,834	5,343	7,294	8,628
United Kingdom Islands, Caribbean.....	48,305	61,882	80,824	85,295	6,146	3,314	6,480	-11,470	4,161	5,388	5,657	7,710
Africa.....	16,040	19,835	21,414	24,257	-578	2,697	1,325	2,066	1,895	3,156	4,540	5,284
Middle East.....	15,158	16,885	18,775	21,591	2,559	1,315	1,352	3,467	1,891	2,640	3,717	4,670
Asia and Pacific.....	270,086	270,830	362,833	376,849	23,277	16,592	78,409	12,999	26,498	32,621	43,402	50,361
<i>Of which:</i>												
Australia.....	39,074	48,447	(D)	113,385	8,036	7,717	(D)	(D)	2,037	3,406	5,088	5,624
Hong Kong.....	40,329	36,426	34,848	37,884	1,226	-689	(D)	4,168	3,906	3,718	4,981	5,066
Japan.....	66,468	57,794	68,071	75,491	8,711	867	9,198	7,636	7,146	8,103	9,998	11,205
Singapore.....	50,955	51,053	57,075	48,051	530	5,446	(D)	-10,406	4,438	5,987	8,089	10,726
By industry of foreign affiliate												
Mining.....	81,822	85,473	102,058	114,386	6,732	3,930	14,059	11,378	8,915	11,189	16,869	22,225
Manufacturing.....	337,741	371,078	414,353	451,402	32,277	31,207	53,680	38,765	26,411	34,594	47,910	49,782
Food.....	19,236	27,692	29,452	31,524	3,184	3,420	1,391	2,921	2,604	3,631	3,810	3,956
Chemicals.....	82,543	91,435	99,435	109,354	8,087	6,983	11,336	9,078	8,632	9,921	12,930	14,403
Primary and fabricated metals.....	20,790	21,349	23,629	21,671	1,340	-306	2,298	-393	1,158	1,710	2,485	2,221
Machinery.....	18,349	20,825	25,251	29,224	288	3,200	3,426	3,831	1,926	2,314	2,817	3,279
Computers and electronic products.....	49,580	47,171	54,317	58,785	-1,594	2,217	6,108	6,094	1,519	4,345	6,516	7,174
Electrical equipment, appliances, and components.....	9,763	10,774	11,679	13,079	1,809	311	941	730	509	583	1,124	1,367
Transportation equipment.....	45,320	47,903	50,732	48,930	4,682	2,961	2,313	-667	1,190	2,152	4,576	2,531
Other manufacturing.....	92,160	103,929	119,859	138,836	14,481	12,422	25,869	17,171	8,872	9,937	13,652	14,850
Wholesale trade.....	111,153	119,891	130,594	142,960	3,048	12,239	10,603	17,194	13,382	18,440	24,003	27,615
Information.....	41,723	46,728	49,155	55,479	-1,200	3,918	-3,526	6,932	1,320	6,221	9,528	9,983
Depository institutions (banking).....	54,679	58,695	64,719	70,331	-1,934	1,255	-304	-3,941	1,347	2,268	2,657	1,045
Finance (except depository institutions) and insurance.....	285,195	316,847	369,281	393,723	37,815	19,912	24,086	20,242	14,585	19,623	24,201	28,162
Professional, scientific, and technical services.....	31,068	35,832	45,167	49,202	-1,082	3,156	8,389	4,281	2,219	3,250	5,394	5,778
Holding companies (nonbank).....	541,566	598,964	724,229	623,076	45,855	50,437	101,353	-118,634	48,277	59,248	59,902	69,014
Other industries.....	131,599	136,106	151,647	169,424	13,435	3,298	14,096	11,070	8,484	10,370	13,021	14,260

D Suppressed to avoid disclosure of data of individual companies.

NOTE: 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, 2005" in the September 2006 Survey of Current Business.

Table G.3. Selected Financial and Operating Data of Nonbank Foreign Affiliates of U.S. Companies by Country and by Industry of Affiliate, 2004

	All nonbank foreign affiliates						Majority-owned nonbank foreign affiliates						
	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	Value added	U.S. exports of goods shipped to affiliates	U.S. imports of goods shipped by affiliates	
All countries, all industries	8,757,063	3,768,733	398,611	191,929	253,563	10,028.0	8,065,229	3,238,471	354,016	824,336	184,143	231,518	8,617.2
By country of foreign affiliate													
Canada	634,677	442,607	36,867	60,427	91,054	1,092.1	619,822	416,435	35,336	94,205	58,898	84,518	1,065.1
Europe	5,376,372	1,909,697	206,641	49,225	55,003	4,290.9	5,046,136	1,709,354	189,612	460,010	47,820	54,045	3,879.3
<i>Of which:</i>													
France	256,211	176,266	9,581	4,502	4,417	603.4	235,409	163,038	9,081	47,717	3,831	4,182	562.8
Germany	419,052	286,710	12,599	6,303	6,160	636.4	378,802	252,097	11,419	74,184	6,188	6,146	601.7
Netherlands	753,827	180,417	39,280	(D)	2,878	224.7	693,167	140,028	35,821	28,220	7,781	2,626	175.1
United Kingdom	1,938,209	464,968	28,430	11,983	9,882	1,272.0	1,884,334	436,246	27,251	132,527	11,850	9,783	1,166.3
Latin America and Other Western Hemisphere	1,208,716	417,185	62,360	39,721	56,665	1,935.7	1,083,754	357,600	52,875	82,181	37,508	52,630	1,580.2
<i>Of which:</i>													
Brazil	99,033	78,382	3,756	3,348	2,498	397.2	85,052	71,495	3,066	18,261	3,149	2,279	345.8
Mexico	134,617	143,276	7,886	31,148	43,611	984.4	103,723	114,726	5,594	22,383	29,461	41,203	785.2
Africa	102,824	61,134	8,689	1,789	(D)	226.7	86,827	50,008	7,416	23,519	1,674	2,403	160.8
Middle East	72,412	51,514	10,144	1,286	(D)	86.6	34,819	20,352	3,433	7,634	1,191	1,166	54.4
Asia and Pacific	1,362,061	886,596	73,911	39,482	46,953	2,396.1	1,193,871	684,722	65,345	156,786	37,053	36,754	1,877.4
<i>Of which:</i>													
Australia	179,521	105,071	12,224	4,486	1,666	323.5	168,103	85,878	11,387	29,853	4,433	1,663	271.9
China	63,783	71,721	7,284	3,608	3,340	454.5	55,436	60,435	6,092	13,336	2,974	3,188	407.9
India	23,600	14,976	727	521	373	182.5	20,188	13,100	637	3,937	508	373	165.6
Japan	537,378	301,506	14,442	10,374	10,895	521.0	445,552	181,687	11,265	46,491	9,409	2,644	227.6
By industry of affiliate													
Mining	413,619	167,218	40,833	1,818	15,486	183.3	348,534	139,264	34,359	94,662	1,769	14,006	163.6
Utilities	111,275	59,981	3,375	7	(D)	89.9	76,962	35,240	2,190	9,545	2	(D)	59.9
Manufacturing	1,684,472	1,794,682	88,580	130,242	202,687	4,979.2	1,447,019	1,524,737	72,530	390,714	125,168	182,380	4,309.2
<i>Of which:</i>													
Food	103,174	121,861	6,251	3,522	3,934	404.4	95,373	110,587	5,477	24,367	3,190	3,749	370.3
Chemicals	438,191	317,318	25,602	20,727	18,393	613.8	390,313	282,354	21,181	76,457	20,169	17,158	562.1
Primary and fabricated metals	77,286	57,673	4,167	3,074	3,620	243.5	72,627	52,629	3,938	15,605	3,037	3,557	234.3
Machinery	91,386	94,431	4,618	7,834	(D)	400.9	76,956	78,369	4,145	20,996	7,518	8,824	342.3
Computers and electronic products	183,906	230,390	9,406	20,465	37,796	676.8	177,108	225,152	9,367	39,118	20,350	37,562	644.8
Electrical equipment, appliances, and components	39,516	38,278	1,028	2,648	4,282	271.4	36,283	35,341	915	10,516	2,631	3,512	247.0
Transportation equipment	321,927	443,053	6,328	55,935	97,219	1,123.7	246,536	339,688	3,440	55,476	53,816	82,428	945.6
Wholesale trade	583,126	862,523	38,534	48,408	33,168	787.5	557,239	819,982	37,050	121,597	46,318	32,993	733.5
Information	269,748	202,864	17,023	(D)	(D)	480.6	156,127	116,992	6,641	36,514	569	108	318.3
Finance (except depository institutions) and insurance	3,036,831	234,727	37,856	6	0	269.7	2,962,810	221,785	36,745	38,570	6	0	242.8
Professional, scientific, and technical services	189,960	109,999	11,008	1,698	(D)	500.1	184,925	103,611	10,841	45,804	1,677	(D)	475.1
Other industries	2,468,033	336,739	161,402	(D)	(D)	2,737.7	2,331,614	276,860	153,659	86,930	8,633	1,594	2,314.8

D Suppressed to avoid disclosure of data of individual companies.

Note: The data in this table are from "Operations of U.S. Multinational Companies: Preliminary Results From the 2004 Benchmark Survey" in the November 2006 Survey of Current Business.

Table G.4. Foreign Direct Investment in the United States: Selected Items, by Country of Foreign Parent and by Industry of Affiliate, 2002-2005
[Millions of dollars]

	Direct investment position on a historical-cost basis				Capital inflows without current-cost adjustment (outflows(-))				Income without current-cost adjustment and net of withholding taxes			
	2002	2003	2004	2005	2002	2003	2004	2005	2002	2003	2004	2005
All countries, all industries	1,327,170	1,395,159	1,520,729	1,635,291	74,457	53,146	122,377	99,443	32,297	60,964	90,105	104,742
By country of foreign parent												
Canada	92,529	95,707	125,503	144,033	4,611	7,090	30,713	17,079	-1,703	2,306	6,715	7,195
Europe	958,330	1,001,237	1,066,908	1,143,614	45,368	22,756	68,896	66,064	26,696	48,711	62,517	76,962
<i>Of which:</i>												
France	133,914	136,434	143,586	143,378	4,624	4,526	11,599	4,446	3,763	6,526	8,761	11,354
Germany	138,301	160,691	163,981	184,213	1,990	12,280	1,055	16,166	-3,767	2,183	6,239	7,840
Luxembourg	97,416	109,212	115,688	116,736	-1,108	14,344	6,981	2,554	528	683	1,276	1,544
Netherlands	145,596	146,601	155,452	170,770	4,337	6,365	9,348	7,113	4,337	8,840	13,583	16,771
Switzerland	118,342	124,247	121,634	122,399	9,751	-3,127	7,985	-1,396	5,771	6,928	6,142	1,645
United Kingdom	211,699	217,841	251,422	282,457	21,267	-4,385	22,888	28,878	10,152	17,610	19,848	29,844
Latin America and Other Western Hemisphere	74,867	84,134	87,259	82,530	10,342	9,186	766	-7,605	-623	1,305	3,413	2,085
<i>Of which:</i>												
Bermuda	11,215	9,854	11,116	1,517	-91	-3,470	-169	-9,358	-2,251	-1,205	-448	-1,730
Mexico	7,829	9,022	8,167	8,653	2,349	2,173	-363	349	21	616	103	(D)
Panama	5,841	8,874	10,360	11,470	1,871	2,664	1,407	1,128	630	1,081	(D)	1,340
United Kingdom Islands, Caribbean	24,255	26,202	23,777	26,501	2,094	3,757	-3,382	-35	404	1,027	317	498
Venezuela	4,304	4,349	5,525	6,730	123	-86	1,134	1,216	-89	425	(D)	(D)
Africa	2,228	2,196	1,671	2,564	-9	-34	-530	652	2	-8	175	180
Middle East	6,758	7,177	7,888	9,965	1,138	393	665	1,572	-215	154	491	615
Asia and Pacific	192,457	204,708	231,500	252,584	13,008	13,755	21,867	21,681	8,141	8,496	16,793	17,705
<i>Of which:</i>												
Australia	34,197	37,059	40,884	44,061	6,594	3,422	3,958	4,188	489	1,178	2,613	3,667
Japan	147,372	157,176	175,728	190,279	6,500	8,544	17,840	14,043	7,562	7,346	12,949	12,186
By industry of U.S. affiliate												
Manufacturing	451,985	465,401	485,659	538,122	26,011	18,235	20,266	51,738	23,484	23,736	36,275	46,503
Food	36,034	17,433	17,883	19,779	3,779	1,749	2,054	1,790	3,895	912	690	1,996
Chemicals	94,896	127,776	138,081	151,624	-5,953	8,757	11,569	13,404	5,986	9,072	9,497	15,838
Primary and fabricated metals	17,898	17,049	20,893	28,651	517	508	1,575	8,112	90	471	2,655	2,894
Machinery	43,836	43,887	45,666	48,673	3,876	2,137	346	2,839	594	70	713	2,504
Computers and electronic products	46,560	42,652	39,546	47,016	-6,658	2,408	-900	7,811	-2,398	725	2,261	2,263
Electrical equipment, appliances, and components	14,249	12,220	12,009	14,191	4,483	-1,914	1,094	2,447	-711	-531	580	849
Transportation equipment	58,766	63,201	67,837	76,036	6,233	2,968	3,896	8,114	4,353	4,143	4,619	5,155
Other manufacturing	139,745	141,184	143,743	152,152	19,734	1,622	634	7,219	11,675	8,874	15,260	15,005
Wholesale trade	189,790	187,863	219,085	230,104	9,160	-5,339	24,380	8,407	11,328	18,170	23,960	24,870
Retail trade	21,677	25,672	25,886	29,686	282	3,957	424	2,445	1,158	922	2,054	2,493
Information	136,362	135,841	137,871	142,556	5,153	1,380	8,646	2,296	-4,143	1,381	4,096	3,948
Depository institutions (banking)	73,305	85,195	122,700	130,940	2,106	4,168	17,928	10,239	1,563	2,156	4,698	4,903
Finance (except depository institutions) and insurance	162,817	182,951	193,743	207,552	7,860	19,460	29,586	3,462	-4,185	6,962	6,736	4,438
Real estate and rental and leasing	42,129	36,702	38,964	41,006	1,628	-3,561	2,936	1,780	1,897	1,411	1,977	2,508
Professional, scientific, and technical services	34,640	38,280	38,209	41,879	1,122	1,974	1,750	6,895	-423	321	1,261	1,834
Other industries	214,464	237,236	258,612	273,444	21,136	12,873	16,462	12,183	1,618	5,905	9,047	13,245

D Suppressed to avoid disclosure of data of individual companies.

Note: 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, 2005" in the September 2006 Survey of Current Business.

**Table G.5. Selected Financial and Operating Data of Nonbank U.S. Affiliates of Foreign Companies
by Country of Ultimate Beneficial Owner and by Industry of Affiliate, 2004**

	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		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates	Total assets	Sales	Net income	Value added		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
All countries, all industries	6,384,667	2,521,353	87,623	5,562.3	163,685	393,243	5,539,810	2,303,543	68,101	514,957	5,116.4	153,902	378,111
By country of ultimate beneficial owner													
Canada.....	391,472	153,092	5,636	444.4	6,643	24,027	372,276	144,474	4,863	40,333	382.8	6,551	23,919
Europe.....	4,353,568	1,476,673	54,304	3,732.7	80,654	154,935	4,192,440	1,391,269	47,581	336,453	3,548.0	78,059	151,055
<i>Of which:</i>													
France.....	609,759	184,838	3,245	481.1	10,343	18,046	596,645	172,383	3,788	43,071	451.6	9,365	15,393
Germany.....	649,967	333,060	6,501	694.7	32,678	62,103	632,103	319,726	7,008	66,424	668.6	32,343	61,744
Netherlands.....	587,295	232,654	13,026	493.0	(D)	15,357	574,862	224,915	10,811	43,775	481.1	5,406	15,266
Sweden.....	36,348	44,104	320	207.9	3,681	(D)	36,310	44,037	321	12,540	207.8	3,678	5,766
Switzerland.....	1,152,864	136,338	2,184	408.6	5,281	9,893	1,134,495	129,717	2,096	32,430	383.2	5,052	9,735
United Kingdom.....	1,113,838	415,041	27,407	1,003.7	15,356	26,831	1,018,285	372,179	21,771	107,220	920.8	14,752	28,339
Latin America and Other Western Hemisphere.....	317,080	166,182	3,154	390.5	11,438	26,629	272,328	146,554	2,506	38,609	326.3	11,058	22,161
<i>Of which:</i>													
Bermuda.....	(D)	67,766	2,249	198.3	8,653	(D)	161,482	65,592	2,213	21,619	194.7	8,375	3,698
Mexico.....	(D)	(D)	(D)	M	(D)	(D)	19,130	16,695	-137	3,167	51.1	835	(D)
United Kingdom Islands, Caribbean.....	(D)	13,525	-382	26.2	75	1,210	64,721	12,454	-269	2,200	25.3	75	(D)
Venezuela.....	11,341	41,270	1,541	1	338	12,899	(D)	(D)	(D)	H	(D)	(D)	(D)
Africa.....	(D)	(D)	(D)	1	(D)	335	5,028	6,232	-45	1,101	9.6	409	331
Middle East.....	(D)	45,926	951	51.5	(D)	(D)	31,465	43,906	894	9,502	45.3	566	6,642
Asia and Pacific.....	677,455	593,947	12,920	840.3	59,845	177,012	645,825	552,389	11,347	83,322	764.0	54,437	170,985
<i>Of which:</i>													
Australia.....	111,095	35,595	2,227	66.0	(D)	518	108,847	32,998	2,137	9,462	63.4	563	512
Japan.....	512,890	479,250	10,315	667.5	49,386	141,651	492,356	447,225	8,909	66,054	614.2	44,260	136,924
Korea, Republic of.....	17,281	41,654	484	15.3	(D)	(D)	16,617	40,462	456	2,422	14.1	7,295	28,632
United States.....	605,093	(D)	(D)	L	(D)	(D)	20,447	18,719	956	5,638	40.5	2,821	3,018
By industry of U.S. affiliate													
Manufacturing.....	1,142,989	1,001,026	34,687	2,169.0	96,618	153,280	1,075,992	927,115	30,367	239,641	2,039.9	88,956	141,628
<i>Of which:</i>													
Food.....	47,710	53,267	-940	114.6	5,886	2,363	46,641	50,718	-1,015	9,991	109.0	5,731	2,329
Chemicals.....	276,434	196,910	14,834	325.5	18,393	23,405	259,269	179,413	12,371	49,917	299.2	17,600	22,844
Primary and fabricated metals.....	55,878	67,488	2,755	172.4	5,843	9,021	47,341	57,707	2,290	16,044	155.9	4,163	7,917
Machinery.....	98,640	70,503	-978	240.6	8,664	(D)	98,190	69,499	-983	21,136	239.2	8,637	7,878
Computers and electronic products.....	90,794	80,411	339	181.7	13,367	21,845	80,269	70,893	821	18,946	163.8	(D)	18,753
Electrical equipment, appliances, and components.....	22,951	19,091	203	71.4	2,132	2,113	22,839	18,955	213	4,894	70.8	2,108	2,093
Transportation equipment.....	244,688	224,540	4,227	394.4	27,815	57,367	240,107	214,749	3,973	36,651	375.9	27,380	55,703
Wholesale trade.....	476,601	736,568	21,742	546.3	62,178	228,652	469,393	719,566	20,935	92,485	528.4	60,107	225,944
Retail trade.....	68,851	141,481	603	697.6	212	(D)	61,116	129,662	495	28,989	613.6	212	4,187
Information.....	350,837	116,901	5,699	284.8	(D)	626	266,387	84,391	1,870	30,975	220.0	988	624
<i>Of which:</i>													
Publishing industries.....	(D)	29,885	158	105.8	675	160	77,519	27,738	133	11,801	95.2	674	160
Telecommunications.....	(D)	(D)	(D)	L	(D)	(D)	62,945	19,719	-243	6,327	37.5	1	(D)
Finance (except depository institutions) and insurance.....	3,664,775	(D)	(D)	260.3	0	0	3,046,258	172,743	6,986	24,957	200.7	0	0
Real estate and rental and leasing.....	111,992	24,514	2,470	42.4	(D)	(D)	91,511	21,350	1,953	10,965	38.5	(D)	418
Professional, scientific, and technical services.....	75,221	54,172	485	181.0	253	280	70,403	52,078	1,292	16,881	171.4	(D)	279
Other industries.....	493,401	(D)	(D)	1,380.8	3,165	5,062	458,749	196,639	4,203	70,062	1,303.9	3,125	5,031

D Suppressed to avoid disclosure of data of individual companies.

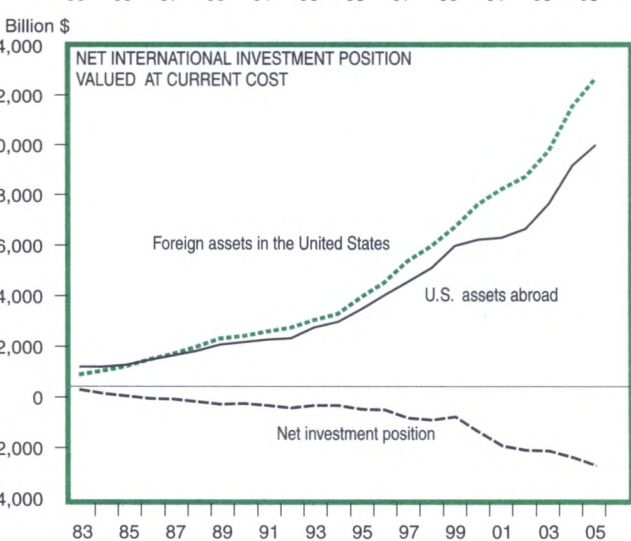
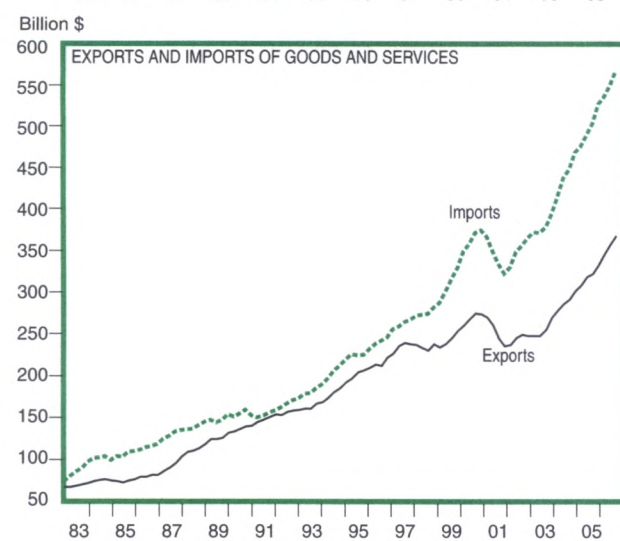
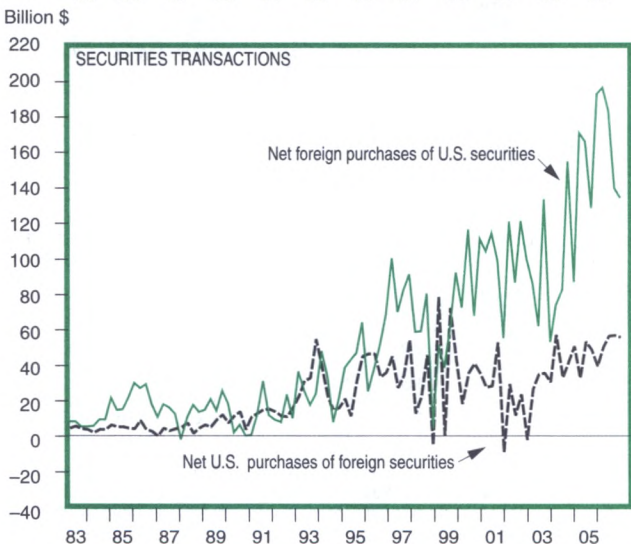
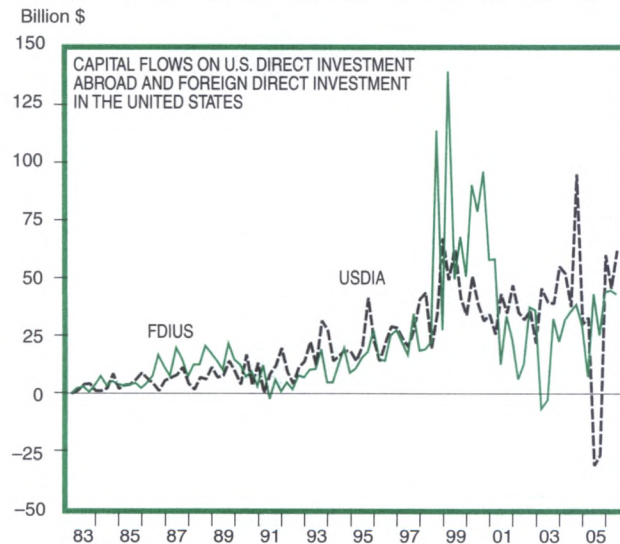
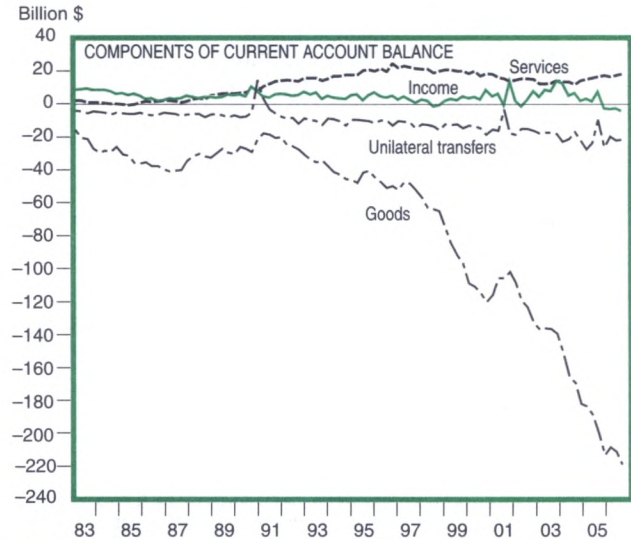
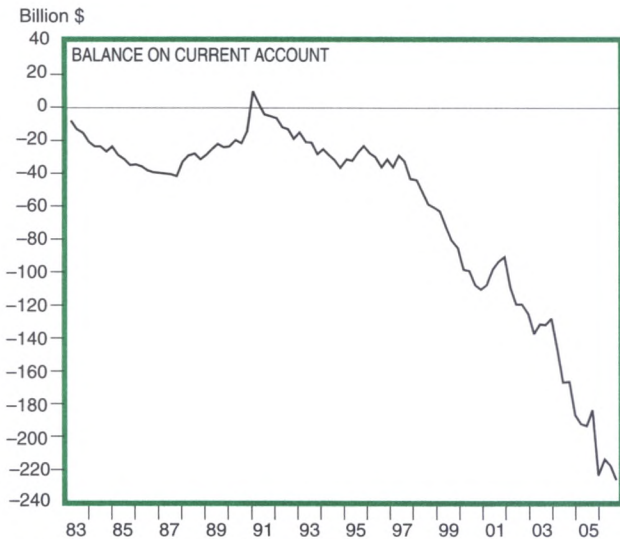
* Less than \$500,000.

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 2004" in the August 2006 SURVEY OF CURRENT BUSINESS.

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

H. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY



U.S. Bureau of Economic Analysis

Regional Data

I. State and Regional Tables

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

The quarterly and annual estimates of state personal income and the estimates of gross domestic product by state are available on CD-ROM. For information on state personal income, e-mail reis.rem@d-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. For information on gross domestic product by state, e-mail gspread@bea.gov; write to the Regional Economic Analysis Division, BE-61, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230; or call 202-606-5340.

Table I.1. Personal Income by State and Region

(Millions of dollars, seasonally adjusted at annual rates)

Area name	2002					2003					2004					2005					2006			Percent change ¹ 2006:II-2006:III
	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III				
United States	8,923,886	8,986,340	9,098,741	9,190,913	9,327,639	9,483,599	9,626,515	9,753,508	10,005,070	10,034,020	10,146,966	10,248,460	10,469,598	10,700,889	10,788,179	10,938,084							1.4	
New England	528,020	530,375	535,211	541,098	549,835	557,346	565,265	573,071	583,150	584,837	589,641	599,190	606,385	619,086	623,130	630,191							1.1	
Connecticut	146,643	146,514	148,263	149,429	151,696	155,544	156,791	159,903	163,346	164,426	165,997	167,969	169,737	174,275	174,004	175,728							1.0	
Maine	36,218	36,938	37,260	37,673	38,481	38,505	39,047	39,475	40,228	40,130	40,571	40,874	41,279	42,211	42,712	43,271							1.3	
Massachusetts	249,527	250,196	252,170	255,455	259,004	262,134	266,535	269,199	273,415	274,279	276,771	281,800	285,692	291,013	293,837	297,435							1.2	
New Hampshire	43,514	43,789	44,197	44,684	45,524	46,255	46,998	47,858	48,739	48,657	49,269	49,942	50,376	51,465	51,721	52,218							1.0	
Rhode Island	33,914	34,562	34,713	35,141	35,835	35,915	36,375	36,924	37,394	37,248	37,704	38,049	38,609	39,017	39,781	40,197							1.0	
Vermont	18,203	18,376	18,608	18,716	19,296	18,995	19,518	19,713	20,027	20,097	20,229	20,555	20,692	21,106	21,075	21,342							1.3	
Mideast	1,647,032	1,656,086	1,681,950	1,698,386	1,724,258	1,757,698	1,777,872	1,808,141	1,851,145	1,852,217	1,864,467	1,896,216	1,924,070	1,970,116	1,979,415	2,004,365							1.3	
Delaware	26,554	26,986	27,318	27,706	27,973	28,651	29,198	29,453	30,513	30,632	30,733	31,339	32,421	32,989	32,913	33,366							1.4	
District of Columbia	25,924	26,615	27,044	27,259	27,758	28,561	29,004	29,428	30,118	30,426	30,783	31,328	31,504	32,262	32,508	32,864							1.1	
Maryland	200,335	201,716	205,273	207,741	210,750	216,263	219,568	221,759	227,544	230,107	233,004	237,110	240,561	244,803	246,765	250,125							1.2	
New Jersey	336,291	336,510	341,860	345,718	349,654	355,302	359,943	365,832	374,330	375,318	378,835	384,623	389,388	399,849	403,873	408,943							1.3	
New York	674,818	676,831	688,992	695,170	706,854	725,042	730,500	745,842	763,716	759,570	760,912	776,615	789,174	811,715	810,882	820,831							1.2	
Pennsylvania	383,111	387,428	391,462	394,792	401,269	403,879	409,659	415,827	424,923	426,164	430,199	435,201	441,021	448,497	452,465	458,235							1.3	
Great Lakes	1,396,850	1,411,464	1,423,704	1,429,422	1,452,374	1,453,600	1,468,992	1,483,652	1,512,798	1,513,561	1,529,929	1,547,714	1,564,552	1,593,201	1,605,809	1,627,533							1.4	
Illinois	416,079	421,511	426,677	429,039	432,480	435,978	438,591	442,372	453,134	454,080	458,998	465,682	472,668	484,398	488,959	495,615							1.4	
Indiana	174,850	176,454	177,730	178,841	182,863	184,214	187,021	188,387	191,501	191,894	194,370	196,748	198,475	203,756	204,127	206,852							1.3	
Michigan	306,232	310,709	312,934	312,968	318,825	316,314	318,328	321,291	325,740	326,453	330,416	333,008	335,339	337,392	340,311	345,298							1.5	
Ohio	335,185	337,121	339,326	340,340	346,572	344,716	349,932	353,670	360,940	359,760	363,305	366,928	371,284	376,613	380,364	385,297							1.3	
Wisconsin	164,504	165,668	167,577	168,234	171,633	172,378	175,120	177,933	181,483	181,373	182,840	185,348	186,786	191,142	192,048	194,472							1.3	
Plains	583,167	589,293	595,976	602,902	609,183	619,028	628,208	636,064	650,851	650,459	655,750	664,791	673,357	686,313	693,004	702,580							1.4	
Iowa	83,181	82,414	83,305	84,541	85,959	89,329	90,576	91,690	94,149	92,751	93,455	94,956	96,103	96,388	99,503	100,915							1.4	
Kansas	79,498	80,085	80,452	81,460	82,507	83,335	84,839	86,342	88,919	88,722	90,830	92,261	94,578	95,428	96,942	96,216							1.6	
Minnesota	168,654	170,323	173,048	175,394	176,257	180,291	182,987	185,202	189,748	189,238	189,817	193,051	194,165	198,150	199,387	201,762							1.2	
Missouri	162,690	164,508	165,663	166,969	168,560	170,118	171,905	174,002	177,807	178,001	180,396	182,299	185,474	188,369	190,781	193,440							1.4	
Nebraska	51,010	52,448	53,185	53,619	54,300	54,445	55,450	56,111	57,425	57,143	57,503	58,201	59,231	60,147	60,759	61,646							1.5	
North Dakota	17,131	17,554	18,025	18,379	18,592	18,053	18,377	18,417	19,019	19,445	19,707	19,979	20,402	20,423	20,706	20,941							1.1	
South Dakota	21,003	21,961	22,298	22,540	23,008	23,457	24,074	24,240	24,835	24,963	25,149	25,477	25,722	26,257	26,440	26,933							1.9	
Southeast	1,989,517	2,007,431	2,027,431	2,050,915	2,086,039	2,129,974	2,166,614	2,194,496	2,253,892	2,271,064	2,302,275	2,272,542	2,379,509	2,423,762	2,448,199	2,482,937							1.4	
Alabama	115,220	116,897	117,716	118,967	120,759	123,270	125,829	127,639	131,080	131,839	133,920	135,287	139,024	141,027	143,059	145,072							1.4	
Arkansas	63,887	65,170	65,841	66,766	68,074	68,928	70,297	71,303	73,085	72,691	73,525	74,249	75,695	77,305	78,208	79,457							1.6	
Florida	501,167	504,546	510,954	518,431	528,470	549,118	561,557	566,265	588,550	589,618	600,346	613,711	622,772	638,698	645,599	655,850							1.6	
Georgia	246,164	248,364	250,250	252,281	255,551	259,055	262,750	266,170	272,820	276,353	280,105	284,531	290,928	295,631	297,823	301,690							1.3	
Kentucky	104,859	104,777	105,654	106,593	108,144	110,029	111,007	112,334	114,593	115,777	117,588	118,973	120,413	121,595	122,872	124,892							1.4	
Louisiana	113,955	113,651	115,165	116,521	118,156	119,854	120,972	122,387	124,988	124,577	125,620	126,646	131,147	131,129	132,220	134,470							1.7	
Mississippi	64,568	65,441	65,761	66,571	67,587	67,959	68,969	69,869	71,048	71,594	72,388	73,051	76,703	76,259	76,818	77,858							1.4	
North Carolina	229,199	231,189	232,986	235,772	240,615	245,727	249,860	254,374	260,497	265,488	267,328	270,894	274,031	280,393	282,137	286,018							1.4	
South Carolina	104,682	105,929	106,518	107,427	109,112	110,768	112,812	114,355	116,737	117,592	119,280	120,794	122,592	125,592	126,680	128,432							1.4	
Tennessee	160,463	163,005	164,657	165,998	168,829	170,484	173,332	176,033	179,057	180,333	182,905	185,880	189,148	190,917	194,735	196,925							1.1	
Virginia	241,686	245,574	248,795	252,183	256,800	260,528	264,269	268,352	275,116	278,695	282,285	286,675	289,043	296,189	298,152	301,911							1.3	
West Virginia	43,665	42,888	43,133	43,406	43,943	44,254	44,992	45,417	46,319	46,508	47,016	47,539	48,099	49,028	49,596	50,362							1.5	
Southwest	913,517	919,4																						

Table I.2. Annual Personal Income and Per Capita Personal Income by State and Region

Area name	Personal income							Per capita personal income ¹							Rank in U.S.
	[Millions of dollars]						Percent change ²	[Dollars]							
	2000	2001	2002	2003	2004	2005		2000	2001	2002	2003	2004	2005		
United States	8,422,074	8,716,992	8,872,871	9,150,908	9,717,173	10,224,761	5.2	29,845	30,574	30,810	31,463	33,090	34,495	.....
New England	503,961	524,402	528,030	539,130	569,708	595,013	4.4	36,118	37,342	37,379	37,983	40,059	41,785	.....
Connecticut.....	141,570	147,356	146,997	148,975	158,896	166,807	5.0	41,489	42,930	42,505	42,737	45,412	47,519	1	
Maine.....	33,173	35,107	35,998	37,588	39,314	40,714	3.6	25,969	27,292	27,756	28,732	29,897	30,808	37	
Massachusetts.....	240,209	249,095	249,954	254,206	267,821	279,635	4.4	37,756	38,953	38,985	39,611	41,799	43,702	3	
New Hampshire.....	41,429	42,624	43,393	44,549	47,463	49,561	4.4	33,396	33,868	34,043	34,598	36,533	37,835	6	
Rhode Island.....	30,697	32,478	33,635	35,063	36,652	37,903	3.4	29,214	30,687	31,478	32,594	33,940	35,219	17	
Vermont.....	16,883	17,742	18,051	18,749	19,563	20,393	4.2	27,680	28,951	29,291	30,284	31,491	32,731	25	
Midwest	1,580,733	1,627,895	1,648,005	1,690,170	1,798,714	1,884,242	4.8	34,076	34,906	35,155	35,869	38,023	39,755	.....
Delaware.....	24,277	25,537	26,530	27,496	29,454	31,281	6.2	30,869	32,105	32,925	33,620	35,484	37,084	11	
District of Columbia.....	23,102	25,525	25,786	27,169	29,278	31,010	5.9	40,456	44,834	45,670	48,703	52,825	56,329	.....
Maryland.....	181,957	191,657	198,824	206,370	221,284	235,196	6.3	34,257	35,627	36,533	37,437	39,790	41,996	4	
New Jersey.....	323,554	332,951	337,009	343,435	363,852	382,041	5.0	38,364	39,148	39,296	39,749	41,893	43,822	2	
New York.....	663,005	679,886	677,604	691,962	741,275	771,568	4.1	34,897	35,612	35,357	35,987	38,446	40,072	5	
Pennsylvania.....	364,838	372,339	382,251	393,738	413,572	433,146	4.7	29,695	30,281	31,016	31,843	33,367	34,848	18	
Great Lakes	1,333,971	1,359,189	1,386,117	1,429,241	1,479,761	1,538,939	4.0	29,496	29,914	30,381	31,187	32,171	33,342	.....
Illinois.....	400,373	407,254	413,711	427,427	442,519	462,857	4.6	32,185	32,532	32,869	33,789	34,811	36,264	13	
Indiana.....	165,285	167,881	172,474	178,972	187,781	195,372	4.0	27,132	27,406	28,023	28,884	30,158	31,150	34	
Michigan.....	294,227	299,542	303,465	313,724	320,418	331,304	3.4	29,552	29,946	30,227	31,129	31,711	32,735	24	
Ohio.....	320,538	325,623	333,158	340,840	352,315	365,319	3.7	28,207	28,601	29,212	29,815	30,769	31,867	29	
Wisconsin.....	153,548	158,888	163,309	168,278	176,728	184,087	4.2	28,570	29,400	30,025	30,754	32,112	33,251	21	
Plains	545,882	562,733	576,806	599,339	633,538	661,089	4.3	28,326	29,047	29,622	30,607	32,164	33,362	.....
Iowa.....	77,763	79,456	82,398	84,055	91,436	94,316	3.1	26,554	27,106	28,081	28,577	30,985	31,795	30	
Kansas.....	74,570	77,564	78,606	81,126	85,596	90,433	5.7	27,694	28,718	28,980	29,780	31,312	32,948	23	
Minnesota.....	157,964	162,578	166,968	173,756	184,571	191,568	3.8	32,017	32,616	33,237	34,328	36,215	37,322	9	
Missouri.....	152,722	156,937	161,104	166,425	173,458	181,542	4.7	27,241	27,809	28,358	29,102	30,117	31,299	31	
Nebraska.....	47,329	49,303	50,390	53,388	55,858	58,019	3.9	27,625	28,682	29,182	30,718	31,961	32,988	22	
North Dakota.....	16,097	16,465	16,743	18,137	18,467	19,883	7.7	25,106	25,879	26,427	28,651	29,021	31,230	32	
South Dakota.....	19,438	20,429	20,596	22,452	24,151	25,328	4.9	25,720	26,949	27,087	29,364	31,340	32,642	26	
Southeast	1,840,460	1,922,935	1,973,853	2,042,954	2,186,244	2,306,347	5.5	26,484	27,348	27,733	28,350	29,927	31,123	.....
Alabama.....	105,807	110,421	113,835	118,585	126,955	135,018	6.4	23,764	24,717	25,409	26,341	28,054	29,623	40	
Arkansas.....	58,726	61,967	63,234	66,463	70,903	74,040	4.4	21,925	23,023	23,363	24,380	25,783	26,641	47	
Florida.....	457,539	478,637	495,489	515,600	566,372	606,612	7.1	28,509	29,273	29,709	30,341	32,577	34,099	20	
Georgia.....	230,356	240,616	244,957	251,612	265,199	282,979	6.7	27,989	28,592	28,544	28,766	29,737	31,191	33	
Kentucky.....	98,845	101,346	103,866	106,292	111,991	118,180	5.5	24,412	24,920	25,404	25,819	27,039	28,317	43	
Louisiana.....	103,151	110,256	112,744	115,873	122,050	111,201	-8.9	23,079	24,692	25,194	25,805	27,082	28,582	50	
Mississippi.....	59,837	62,739	63,979	66,340	69,454	72,809	4.8	21,005	21,955	22,321	23,028	23,943	24,925	49	
North Carolina.....	218,668	225,395	228,684	235,140	252,614	269,435	6.7	27,068	27,493	27,510	27,919	29,579	31,029	35	
South Carolina.....	98,270	101,468	104,046	107,247	113,668	120,043	5.6	24,424	24,994	25,361	25,863	27,077	28,212	44	
Tennessee.....	148,833	154,416	159,173	165,622	174,726	184,566	5.6	26,097	26,870	27,490	28,352	29,648	30,952	36	
Virginia.....	220,845	233,770	240,534	250,838	267,066	284,174	6.4	31,087	32,505	33,013	33,973	35,698	37,552	7	
West Virginia.....	39,582	41,902	43,312	43,342	45,245	47,290	4.5	21,899	23,261	24,002	23,941	24,962	26,029	48	
Southwest	850,326	892,795	905,918	939,815	1,006,412	1,084,380	7.7	27,088	27,963	27,872	28,427	29,919	31,637	.....
Arizona.....	132,558	138,854	144,150	150,847	164,413	179,114	8.9	25,660	26,219	26,507	27,044	28,644	30,157	38	
New Mexico.....	40,318	44,138	44,987	46,698	50,792	53,826	6.0	22,134	24,085	24,246	24,649	26,690	27,912	45	
Oklahoma.....	84,310	90,161	90,178	92,591	99,963	106,111	6.2	24,407	26,015	25,861	26,417	28,370	29,908	39	
Texas.....	593,139	619,642	626,604	649,680	691,245	745,329	7.8	28,313	29,045	28,846	29,398	30,761	32,604	27	
Rocky Mountain	264,024	279,678	283,369	289,429	309,467	329,271	6.4	28,490	29,639	29,553	29,793	31,416	32,898	.....
Colorado.....	144,394	152,700	153,066	154,887	164,586	174,754	6.2	33,371	34,493	34,027	34,056	35,766	37,459	8	
Idaho.....	31,290	33,054	33,849	34,687	38,090	40,584	6.5	24,075	25,019	25,185	25,354	27,302	28,398	42	
Montana.....	20,716	22,359	22,819	24,073	25,670	27,046	5.4	22,929	24,676	25,065	26,227	27,694	28,906	41	
Utah.....	53,561	56,594	58,172	59,367	63,401	67,906	7.1	23,878	24,738	24,895	24,958	26,191	27,497	46	
Wyoming.....	14,063	14,972	15,463	16,415	17,720	18,982	7.1	28,460	30,305	30,986	32,704	35,028	37,270	10	
Far West	1,502,717	1,547,366	1,570,773	1,620,831	1,733,330	1,825,479	5.3	31,835	32,276	32,307	32,884	34,741	36,209	.....
Alaska.....	18,741	20,050	20,722	21,134	22,207	23,515	5.9	29,867	31,711	32,343	32,588	33,761	35,433	15	
California.....	1,103,842	1,135,304	1,147,716	1,184,455	1,264,422	1,332,919	5.4	32,463	32,882	32,803	33,406	35,278	36,890	12	
Hawaii.....	34,451	35,126	36,370	37,803	41,178	43,953	6.7	28,422	28,748	29,464	30,286	32,626	34,468	19	
Nevada.....	61,428	64,367	66,632	71,226	79,453	86,403	8.7	30,437	30,727	30,736	31,773	34,058	35,780	14	
Oregon.....	96,402	99,020	101,882	104,660	110,695	117,149	5.8	28,097	28,507	28,924	29,377	30,823	32,174	28	
Washington.....	187,853	193,498	197,452	201,552	215,376	221,540	2.9	31,779	32,291	32,549	32,874	34,699	35,234	16	

1. Per capita personal income was computed using midyear population estimates of the Bureau of the Census. The population estimates were released by the Bureau of the Census in December 2005.

2. 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 because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

Source: Table 2 in "State Personal Income: Second Quarter of 2006 and Revised Estimates for 2003-2006;" in the October 2006 SURVEY OF CURRENT BUSINESS.

Table I.3. Disposable Personal Income and Per Capita Disposable Personal Income by State and Region

Area name	Disposable personal income							Per capita disposable personal income ¹							Rank in U.S.
	[Millions of dollars]						Percent change ²	[Dollars]					2005		
	2000	2001	2002	2003	2004	2005		2000	2001	2002	2003	2004		2005	
United States	7,187,588	7,480,971	7,822,136	8,150,921	8,668,465	9,022,941	4.1	25,470	26,239	27,162	28,024	29,519	30,441	.....
New England	411,889	432,904	454,473	468,808	495,748	511,080	3.1	29,520	30,826	32,172	33,028	34,859	35,891	.....
Connecticut	113,910	118,825	123,813	126,882	135,234	139,455	3.1	33,383	34,618	35,801	36,399	38,650	39,727	1	
Maine	28,728	30,508	31,984	33,768	35,370	36,299	2.6	22,489	23,717	24,660	25,812	26,898	27,468	37	
Massachusetts	192,839	203,390	214,288	219,879	231,869	239,280	3.2	30,310	31,806	33,422	34,262	36,188	37,395	3	
New Hampshire	35,438	36,774	38,709	40,200	43,016	44,443	3.3	28,566	29,220	30,368	31,221	33,110	33,928	5	
Rhode Island	26,330	27,949	29,644	31,183	32,621	33,405	2.4	25,059	26,407	27,742	28,988	30,207	31,040	17	
Vermont	14,645	15,457	16,036	16,895	17,638	18,197	3.2	24,010	25,223	26,021	27,290	28,392	29,206	27	
Mideast	1,325,573	1,362,089	1,422,594	1,474,520	1,570,197	1,623,751	3.4	28,576	29,207	30,347	31,292	33,192	34,259	.....
Delaware	20,666	21,688	23,183	24,284	26,004	27,293	5.0	26,278	27,267	28,771	29,693	31,327	32,356	11	
District of Columbia	19,078	21,447	22,308	23,691	25,544	26,663	4.4	33,408	37,671	39,510	42,468	46,088	48,432	.....
Maryland	152,970	161,723	171,570	179,434	192,564	202,617	5.2	28,800	30,062	31,526	32,551	34,626	36,179	4	
New Jersey	269,958	279,149	291,335	300,251	319,714	331,443	3.7	32,009	32,822	33,971	34,751	36,811	38,019	2	
New York	548,702	556,722	576,527	595,843	636,733	652,273	2.4	28,881	29,161	30,083	30,988	33,024	33,876	6	
Pennsylvania	314,199	321,359	337,670	351,017	369,638	383,462	3.7	25,573	26,135	27,398	28,388	29,823	30,851	18	
Great Lakes	1,145,681	1,173,332	1,221,717	1,274,867	1,323,294	1,363,602	3.0	25,332	25,824	26,778	27,819	28,770	29,543	.....
Illinois	340,996	348,839	362,767	380,365	394,488	408,081	3.4	27,412	27,866	28,821	30,069	31,033	31,973	14	
Indiana	144,059	146,577	153,422	160,973	169,528	174,960	3.2	23,647	23,928	24,927	25,979	27,227	27,896	34	
Michigan	253,237	260,068	269,198	281,494	288,691	296,291	2.6	25,435	26,000	26,814	27,931	28,571	29,275	26	
Ohio	275,725	280,988	292,555	302,534	313,008	321,643	2.8	24,263	24,681	25,652	26,464	27,337	28,057	32	
Wisconsin	131,663	136,860	143,775	149,501	157,580	162,626	3.2	24,498	25,324	26,433	27,322	28,633	29,375	25	
Plains	473,377	489,385	512,013	537,931	570,469	589,956	3.4	24,564	25,261	26,295	27,421	28,962	29,772	.....
Iowa	68,496	70,140	74,161	76,233	83,305	85,199	2.3	23,390	23,928	25,274	25,918	28,211	28,722	28	
Kansas	64,751	67,684	70,049	73,103	77,432	81,133	4.8	24,047	25,060	25,825	26,835	28,325	29,560	24	
Minnesota	134,132	138,730	145,240	152,881	162,984	167,521	2.8	27,187	27,832	28,912	30,204	31,979	32,637	9	
Missouri	132,734	136,441	143,294	149,725	156,628	162,417	3.7	23,676	24,177	25,223	26,182	27,195	28,001	33	
Nebraska	41,271	43,184	45,123	48,400	50,669	52,121	2.9	24,089	25,122	26,132	27,848	28,992	29,635	23	
North Dakota	14,487	14,763	15,266	16,703	16,984	18,172	7.0	22,595	23,203	24,095	26,385	26,691	28,542	29	
South Dakota	17,505	18,443	18,879	20,885	22,466	23,393	4.1	23,163	24,329	24,829	27,315	29,154	30,148	21	
Southeast	1,604,611	1,682,999	1,762,224	1,843,071	1,974,244	2,062,572	4.5	23,090	23,936	24,760	25,577	27,025	27,834	.....
Alabama	93,705	98,257	102,725	107,969	115,993	122,383	5.5	21,046	21,994	22,929	23,983	25,632	26,851	40	
Arkansas	51,897	55,026	56,919	60,491	64,648	66,899	3.5	19,375	20,444	21,029	22,189	23,508	24,072	47	
Florida	398,172	418,855	443,369	468,140	511,355	541,101	5.8	24,810	25,617	26,584	27,548	29,413	30,416	20	
Georgia	197,964	207,824	216,481	224,649	237,416	251,349	5.9	24,054	24,695	25,226	25,683	26,622	27,704	35	
Kentucky	86,423	88,537	92,299	95,172	100,782	105,600	4.8	21,344	21,770	22,575	23,118	24,333	25,303	45	
Louisiana	91,957	98,406	102,141	106,138	112,305	101,914	-9.3	20,574	22,038	22,825	23,637	24,920	22,529	50	
Mississippi	53,940	56,692	58,542	61,200	64,521	67,140	4.1	18,935	19,839	20,424	21,244	22,243	22,985	49	
North Carolina	189,004	195,424	202,246	210,003	226,480	239,204	5.6	23,396	23,837	24,330	24,934	26,518	27,548	36	
South Carolina	86,509	89,602	93,514	97,178	103,181	108,134	4.8	21,501	22,072	22,794	23,435	24,579	25,413	43	
Tennessee	133,501	138,817	145,548	152,690	161,505	169,401	4.9	23,409	24,155	25,137	26,139	27,405	28,409	30	
Virginia	186,232	198,134	209,201	219,937	234,640	246,533	5.1	26,215	27,549	28,712	29,788	31,363	32,578	10	
West Virginia	35,308	37,425	39,240	39,502	41,417	42,914	3.6	19,535	20,775	21,745	21,820	22,850	23,620	48	
Southwest	748,309	789,375	818,959	857,651	921,144	984,220	6.8	23,838	24,724	25,196	25,941	27,384	28,715	.....
Arizona	115,336	121,547	129,279	136,292	148,293	159,763	7.7	22,326	22,951	23,772	24,435	25,836	26,899	39	
New Mexico	35,661	39,388	40,631	42,540	46,462	48,943	5.3	19,578	21,493	21,899	22,637	24,415	25,380	44	
Oklahoma	74,327	79,731	81,087	83,920	90,847	95,713	5.4	21,517	23,005	23,254	23,944	25,783	26,978	38	
Texas	522,986	548,709	567,962	594,899	635,542	679,800	7.0	24,964	25,720	26,146	26,920	28,282	29,738	22	
Rocky Mountain	226,461	242,403	251,784	259,704	278,321	293,149	5.3	24,436	25,589	26,259	26,733	28,255	29,289	.....
Colorado	122,175	130,976	134,727	137,940	147,003	154,530	5.1	28,236	29,586	29,950	30,329	31,945	33,124	8	
Idaho	27,240	28,945	30,512	31,474	34,612	36,565	5.6	20,959	21,909	22,703	23,005	24,809	25,586	42	
Montana	18,281	19,835	20,572	21,877	23,338	24,314	4.2	20,233	21,891	22,597	23,834	25,178	25,985	41	
Utah	46,661	49,627	52,123	53,529	57,260	60,681	6.0	20,802	21,693	22,306	22,504	23,654	24,571	46	
Wyoming	12,105	13,019	13,850	14,884	16,108	17,059	5.9	24,497	26,352	27,754	29,655	31,840	33,495	7	
Far West	1,251,686	1,308,485	1,378,371	1,434,369	1,535,048	1,594,611	3.9	26,517	27,293	28,350	29,101	30,767	31,630	.....
Alaska	16,582	17,801	18,684	19,219	20,323	21,338	5.0	26,426	28,155	29,162	29,635	30,898	32,151	12	
California	908,421	949,844	1,001,232	1,042,151	1,112,900	1,156,600	3.9	26,716	27,510	28,616	29,392	31,050	32,010	13	
Hawaii	30,111	30,701	32,308	33,807	36,842	38,877	5.5	24,842	25,127	26,173	27,085	29,190	30,487	19	
Nevada	53,123	56,117	59,195	63,854	70,835	75,989	7.3	26,322	26,788	27,306	28,485	30,364	31,468	16	
Oregon	82,019	85,137	89,801	92,864	98,276	102,882	4.7	23,905	24,510	25,495	26,066	27,365	28,256	31	
Washington	161,429	168,885	177,151	182,473	195,872	198,926	1.6	27,309	28,183	29,202	29,762	31,556	31,637	15	

1. Per capita disposable personal income was computed using midyear population estimates of the Bureau of the Census. The population estimates were released by the Bureau of the Census in December 2005.

2. 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 because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

Source: Table 3 in "State Personal Income: Second Quarter of 2006 and Revised Estimates for 2003-2006:1" in the October 2006 Survey of CURRENT BUSINESS.

Table I.4. Gross Domestic Product (GDP) by State for Industries, 2005
[Millions of dollars]

State and region	Rank of total GDP by state	Total	Natural resources and mining	Construction	Durable-goods manufacturing	Nondurable-goods manufacturing	Trade	Transportation and utilities	Information	Financial activities	Professional and business services	Education and health services	Leisure and hospitality	Other services	Government
United States		12,409,555	332,640	593,535	868,438	628,103	1,561,724	601,155	578,345	2,574,412	1,468,529	977,437	455,878	294,611	1,474,748
New England		686,547	3,106	29,600	50,452	23,143	80,981	22,948	29,050	179,784	91,259	72,371	23,025	14,810	66,017
Connecticut	23	193,745	448	6,927	14,178	7,795	21,907	6,372	7,707	59,247	25,097	17,524	5,361	3,939	17,244
Maine	43	44,971	664	2,406	2,613	2,359	6,511	1,952	1,347	9,068	3,520	5,268	1,816	1,033	6,415
Massachusetts	13	325,917	1,098	14,102	23,321	9,503	36,231	9,490	15,341	82,446	51,124	36,366	10,894	6,994	29,007
New Hampshire	39	55,061	296	2,754	5,043	1,557	8,181	2,676	1,942	13,107	5,560	5,507	2,101	1,308	5,030
Rhode Island	44	43,787	125	2,153	3,087	1,219	5,042	1,421	1,756	11,881	4,211	5,057	1,624	973	5,239
Vermont	50	23,065	474	1,258	2,210	711	3,109	1,037	958	4,036	1,748	2,649	1,229	563	3,083
Mideast		2,262,524	11,804	88,445	86,100	107,844	260,593	97,278	128,545	575,329	308,545	206,978	74,429	55,189	261,445
Delaware	38	56,483	(D)	(D)	1,060	3,144	4,372	1,673	1,218	25,251	6,843	3,215	1,256	977	4,859
District of Columbia		81,830	(D)	(D)	96	118	1,822	1,230	5,320	10,867	19,273	5,736	2,995	5,143	28,153
Maryland	15	246,234	1,077	15,018	6,369	7,189	28,645	11,099	10,072	55,616	34,127	21,037	8,691	6,383	40,911
New Jersey	8	431,079	886	17,850	13,055	27,979	62,751	20,753	20,268	106,323	58,816	34,355	14,693	9,125	44,228
New York	3	957,873	2,910	30,344	28,751	32,240	102,083	34,264	74,306	283,664	132,381	88,018	32,551	20,420	95,941
Pennsylvania	6	489,025	6,490	21,981	36,770	37,174	60,920	28,260	17,361	93,608	57,106	54,617	14,242	13,142	47,353
Great Lakes		1,832,089	16,616	80,314	226,238	114,817	231,314	97,153	56,014	350,823	214,016	150,091	57,818	44,290	192,585
Illinois	5	560,032	3,734	26,010	42,974	31,853	71,703	32,384	20,858	124,175	77,624	42,170	18,315	13,568	54,666
Indiana	16	238,568	2,597	10,549	44,407	22,800	28,108	13,611	5,412	36,590	17,905	19,195	8,462	5,658	23,274
Michigan	9	376,243	3,051	16,231	54,827	14,359	47,674	17,324	10,847	68,168	51,466	30,617	11,636	8,817	41,225
Ohio	7	440,923	3,984	17,535	57,112	28,166	57,329	23,247	12,410	80,550	48,730	38,552	13,024	11,155	49,128
Wisconsin	21	216,322	3,251	9,989	26,918	17,638	26,500	10,586	6,487	41,338	18,292	19,558	6,381	5,092	24,292
Plains		795,735	23,912	35,607	70,301	47,275	103,478	44,475	33,406	149,833	79,405	67,453	25,831	19,142	95,616
Iowa	30	113,552	3,914	4,783	14,043	10,667	13,755	6,269	3,495	21,619	6,578	8,871	3,519	2,537	13,503
Kansas	32	105,574	5,102	4,104	10,193	5,343	13,768	6,166	6,712	16,056	10,075	8,023	2,990	2,518	14,523
Minnesota	17	234,552	4,317	11,104	20,820	11,216	30,502	10,595	8,693	52,768	27,326	20,674	6,976	5,608	23,951
Missouri	22	216,065	3,086	10,184	17,243	15,105	28,976	11,329	10,124	35,337	26,375	18,860	8,630	5,438	25,377
Nebraska	36	70,676	3,262	3,021	4,199	3,473	8,782	7,080	2,571	12,268	6,142	5,802	1,875	1,698	10,503
North Dakota	49	24,397	2,294	1,144	1,474	731	3,777	1,652	925	1,438	2,302	722	591	3,751	
South Dakota	46	30,919	1,946	1,267	2,328	740	3,919	1,384	886	8,180	1,471	2,921	1,118	752	4,007
Southeast		2,786,296	67,449	148,940	179,270	182,910	371,148	142,123	116,136	512,048	308,270	207,398	108,688	67,724	374,190
Alabama	25	151,610	5,192	7,399	16,223	10,770	20,773	8,070	4,939	22,367	13,321	11,509	4,052	4,018	22,975
Arkansas	34	86,752	3,374	3,841	9,210	7,665	12,067	6,174	3,120	11,738	6,819	6,957	2,327	1,938	11,523
Florida	4	673,274	7,075	47,723	22,026	11,721	97,049	28,717	28,977	160,367	86,586	52,867	36,341	18,133	75,691
Georgia	10	363,839	4,489	18,680	18,938	27,138	52,748	20,737	23,585	64,131	43,074	24,115	11,833	7,491	46,879
Kentucky	27	140,501	5,700	5,998	16,213	10,827	18,385	9,017	3,755	19,485	10,405	12,206	4,604	3,218	20,688
Louisiana	24	168,204	21,791	7,096	6,741	20,834	19,613	10,604	4,147	20,037	13,471	11,758	7,553	3,670	20,890
Mississippi	35	81,290	4,127	3,536	7,798	4,848	10,942	5,163	2,073	10,836	5,133	6,185	4,200	2,255	14,194
North Carolina	12	346,640	4,285	16,549	25,202	42,031	42,439	14,722	12,573	68,715	33,080	24,513	10,475	7,116	44,941
South Carolina	28	140,019	1,379	7,997	13,658	11,253	19,621	6,995	3,881	22,317	12,274	9,027	5,795	3,503	22,318
Tennessee	18	229,215	1,927	9,635	24,986	15,931	34,237	12,607	7,687	36,341	23,554	21,848	9,328	6,289	24,845
Virginia	11	351,903	3,382	18,304	15,119	17,504	36,430	15,018	19,938	68,856	56,997	21,120	10,185	8,813	60,236
West Virginia	41	53,050	4,727	2,182	3,155	2,388	6,843	4,301	1,462	6,856	3,556	5,292	1,997	1,280	9,010
Southwest		1,396,331	127,288	74,080	93,957	65,999	183,026	85,708	53,596	226,975	150,693	93,195	45,283	30,461	166,070
Arizona	20	216,528	4,088	15,579	17,009	2,635	30,713	9,917	6,678	49,831	24,129	16,419	9,192	4,331	26,006
New Mexico	37	68,870	9,904	3,133	5,447	1,041	7,026	3,310	1,802	9,021	6,722	4,778	2,382	1,432	12,872
Oklahoma	29	121,490	17,780	4,735	7,395	4,426	14,640	7,123	4,306	16,540	10,172	8,820	3,384	2,831	19,339
Texas	2	989,443	95,517	50,633	64,106	57,897	130,648	65,358	40,809	151,583	109,670	63,178	30,325	21,866	107,854
Rocky Mountain		411,658	26,979	25,136	22,459	10,204	49,164	20,060	24,895	78,557	47,621	27,157	16,318	10,031	53,079
Colorado	19	216,537	10,414	13,669	9,217	4,758	24,893	8,175	18,729	44,203	28,762	13,793	9,337	4,916	25,673
Idaho	42	47,189	2,371	2,811	4,897	1,410	6,648	2,119	1,180	8,092	5,375	3,376	1,555	959	6,397
Montana	47	29,885	2,574	1,930	900	552	3,830	2,388	901	4,941	2,093	2,793	1,391	770	4,823
Utah	33	90,778	2,928	5,292	7,086	2,736	11,361	4,525	3,654	18,400	10,255	6,021	3,017	2,940	12,563
Wyoming	48	27,269	8,691	1,434	360	748	2,432	2,854	431	2,921	1,137	1,175	1,017	447	3,624
Far West		2,238,377	55,487	111,412	139,660	75,911	282,019	91,410	136,703	501,062	268,719	152,795	104,486	52,966	265,747
Alaska	45	39,314	11,029	1,932	151	758	2,591	4,351	997	4,247	2,155	2,212	1,271	630	6,990
California	1	1,622,116	32,816	76,487	95,590	61,559	206,451	62,483	107,120	380,401	208,157	109,366	64,082	39,174	178,431
Hawaii	40	54,019	383	3,157	271	611	5,908	2,959	1,389	11,294	4,965	4,191	5,448	1,420	12,022
Nevada	31	111,342	1,990	10,639	2,720	1,382	12,695	5,191	2,509	24,492	11,740	5,733	19,732	1,912	10,607
Oregon	26	144,278	3,895	6,233	22,934	4,240	17,718	5,994	4,476	27,024	13,300	11,507	4,453	3,090	19,413
Washington	14	267,308	5,374	12,963	17,994	7,361	36,656	10,432	20,212	53,604	28,401	19,785	9,501	6,741	38,284

D Suppressed to avoid disclosure of data of individual companies.

Note. Totals shown for the United States differ from the national income and product account estimates of gross domestic product (GDP) because GDP by state excludes, and national GDP includes, the compensation of Federal civilian and military personnel stationed abroad and government consumption of fixed capital for military structures located abroad and for military equipment.

except office equipment. GDP by state and national GDP also have different revision schedules.

J. Local Area Table

Table J.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2003–2005—Continues

Area name	Personal income				Per capita personal income ¹			
	Millions of dollars			Percent change ²	Dollars			Rank in United States
	2003	2004	2005 ³		2003	2004	2005 ³	
Metropolitan portion of the United States.....	7,978,326	8,458,879	8,885,062	5.0	33,047	34,668	36,048	
Metropolitan statistical areas³								
Abilene, TX.....	3,964	4,188	4,378	4.5	25,074	26,432	27,660	264
Akron, OH.....	21,756	22,783	23,672	3.9	31,017	32,462	33,709	94
Albany, GA.....	3,743	3,886	4,049	4.2	23,147	23,938	24,865	334
Albany-Schenectady-Troy, NY.....	27,278	28,686	29,707	3.6	32,453	33,950	34,996	73
Albuquerque, NM.....	21,731	23,014	24,319	5.7	28,339	29,453	30,477	170
Alexandria, LA.....	3,740	4,049	4,411	8.9	25,589	27,557	29,813	184
Allentown-Bethlehem-Easton, PA-NJ.....	24,309	25,589	26,729	4.5	31,606	32,811	33,811	91
Altoona, PA.....	3,218	3,387	3,492	3.1	25,255	26,630	27,543	271
Amarillo, TX.....	6,048	6,391	6,712	5.0	25,904	27,114	28,122	241
Ames, IA.....	2,281	2,418	2,529	4.6	28,417	30,133	31,627	139
Anchorage, AK.....	12,205	12,831	13,522	5.4	35,942	37,058	38,519	33
Anderson, IN.....	3,604	3,697	3,755	1.6	27,517	28,337	28,796	217
Anderson, SC.....	4,370	4,556	4,725	3.7	25,434	26,249	26,922	285
Ann Arbor, MI.....	12,989	13,391	13,752	2.7	38,706	39,528	40,228	23
Anniston-Oxford, AL.....	2,765	2,950	3,120	5.8	24,686	26,343	27,820	255
Appleton, WI.....	6,518	6,986	7,270	4.1	30,911	32,821	33,792	92
Asheville, NC.....	10,038	10,660	11,169	4.8	26,251	27,518	28,432	229
Athens-Clarke County, GA.....	4,176	4,432	4,637	4.6	24,307	25,264	26,486	304
Atlanta-Sandy Springs-Marietta, GA.....	153,070	162,297	172,164	6.1	32,739	33,838	35,009	72
Atlantic City, NJ.....	8,276	8,730	9,168	5.0	31,384	32,538	33,827	89
Auburn-Opelika, AL.....	2,653	2,849	3,008	5.6	22,283	23,632	24,406	339
Augusta-Richmond County, GA-SC.....	13,267	14,007	14,624	4.4	25,994	27,128	28,106	242
Austin-Round Rock, TX.....	43,142	45,855	49,394	7.7	31,353	32,494	34,005	84
Bakersfield, CA.....	16,558	17,864	18,876	5.7	23,215	24,335	24,941	332
Baltimore-Towson, MD.....	96,583	102,650	108,475	5.7	36,757	38,813	40,846	20
Bangor, ME.....	3,857	4,068	4,252	4.5	26,193	27,733	28,912	212
Barnstable Town, MA.....	8,902	9,430	9,735	3.2	38,878	41,362	42,978	10
Baton Rouge, LA.....	19,131	20,208	21,795	7.9	26,531	27,780	29,702	186
Battle Creek, MI.....	3,749	3,851	3,936	2.2	26,968	27,601	28,281	233
Bay City, MI.....	2,978	3,019	3,075	1.9	27,228	27,658	28,206	237
Beaumont-Port Arthur, TX.....	10,041	10,352	11,068	6.9	26,244	27,012	28,859	214
Bellingham, WA.....	4,746	5,055	5,382	6.5	26,884	28,049	29,333	198
Bend, OR.....	3,707	4,019	4,374	8.8	28,616	29,853	30,935	158
Billings, MT.....	4,196	4,486	4,803	7.1	29,341	31,028	32,766	115
Binghamton, NY.....	6,439	6,692	6,948	3.8	25,713	26,836	27,969	246
Birmingham-Hoover, AL.....	33,658	35,770	38,006	6.3	31,348	33,067	34,864	76
Bismarck, ND.....	2,839	3,044	3,232	6.2	29,288	31,096	32,531	118
Blacksburg-Christiansburg-Radford, VA.....	3,352	3,515	3,723	5.9	22,228	23,337	24,645	337
Bloomington, IN.....	4,274	4,527	4,687	3.5	24,183	25,535	26,375	305
Bloomington-Normal, IL.....	5,057	5,024	5,076	1.0	32,255	31,826	31,924	131
Boise City-Nampa, ID.....	14,847	16,030	17,180	7.2	29,035	30,545	31,569	141
Boston-Cambridge-Quincy, MA-NH.....	191,958	203,527	212,464	4.4	43,345	46,060	48,158	5
Boulder, CO.....	11,541	12,200	12,884	5.6	41,517	43,640	45,944	7
Bowling Green, KY.....	2,691	2,856	3,027	6.0	25,050	26,193	27,271	273
Bremerton-Silverdale, WA.....	7,731	8,176	8,561	4.7	32,215	33,865	35,572	62
Bridgeport-Stamford-Norwalk, CT.....	53,174	56,796	60,232	6.1	59,108	62,979	66,719	1
Brownsville-Harlingen, TX.....	5,989	6,302	6,573	4.3	16,538	16,994	17,374	360
Brunswick, GA.....	2,638	2,825	2,957	4.7	27,272	28,957	30,041	180
Buffalo-Niagara Falls, NY.....	34,135	35,773	36,741	2.7	29,477	31,006	32,012	130
Burlington, NC.....	3,532	3,740	3,875	3.6	25,863	27,016	27,575	268
Burlington-South Burlington, VT.....	6,704	7,080	7,378	4.2	32,962	34,618	35,948	58
Canton-Massillon, OH.....	11,125	11,547	11,948	3.5	27,148	28,164	29,141	202
Cape Coral-Fort Myers, FL.....	15,569	17,030	18,554	8.9	31,629	33,073	34,059	83
Carson City, NV.....	1,882	2,016	2,140	6.1	34,055	36,055	38,170	37
Casper, WY.....	2,369	2,580	2,811	8.9	34,717	37,401	40,266	22
Cedar Rapids, IA.....	7,533	8,038	8,438	5.0	31,058	32,901	34,242	79
Champaign-Urbana, IL.....	6,786	6,204	6,166	-0.6	31,643	28,858	28,579	223
Charleston, WV.....	8,958	9,365	9,815	4.8	29,161	30,480	32,028	129
Charleston-North Charleston, SC.....	15,854	16,991	18,153	6.8	27,719	29,120	30,514	168
Charlotte-Gastonia-Concord, NC-SC.....	47,998	51,349	54,996	7.1	33,363	34,816	36,151	56
Charlottesville, VA.....	5,905	6,371	6,823	7.1	32,236	34,333	36,213	53
Chattanooga, TN-GA.....	13,864	14,617	15,311	4.8	28,519	29,912	31,113	153
Cheyenne, WY.....	2,763	2,939	3,096	5.4	32,766	34,559	36,355	49
Chicago-Naperville-Joliet, IL-IN-WI.....	335,618	349,141	362,994	4.0	35,967	37,169	38,439	34
Chico, CA.....	5,074	5,393	5,694	5.6	24,037	25,357	26,586	301
Cincinnati-Middletown, OH-KY-IN.....	66,984	70,689	73,745	4.3	32,738	34,368	35,618	61
Clarksville, TN-KY.....	6,189	6,591	7,281	10.5	26,218	27,667	29,882	182
Cleveland, TN.....	2,678	2,874	2,985	3.9	25,221	26,868	27,634	266
Cleveland-Elyria-Mentor, OH.....	69,859	73,111	75,573	3.4	32,651	34,264	35,542	63
Coeur d'Alene, ID.....	2,845	3,098	3,330	7.5	24,194	25,297	26,086	313
College Station-Bryan, TX.....	4,177	4,425	4,731	6.9	22,224	23,446	24,933	333
Colorado Springs, CO.....	17,474	18,536	19,694	6.2	30,559	31,991	33,521	99
Columbia, MO.....	4,231	4,537	4,799	5.8	28,197	30,019	31,309	148
Columbia, SC.....	18,963	20,271	21,336	5.3	28,234	29,808	30,927	159
Columbus, GA-AL.....	7,562	7,939	8,433	6.2	27,047	27,909	29,661	187
Columbus, IN.....	2,258	2,399	2,479	3.3	31,219	32,930	33,706	95
Columbus, OH.....	54,931	57,700	60,188	4.3	32,794	34,128	35,226	68
Corpus Christi, TX.....	10,664	11,200	11,802	5.4	26,271	27,340	28,539	225
Corvallis, OR.....	2,562	2,664	2,826	6.1	32,375	33,988	35,937	59
Cumberland, MD-WV.....	2,305	2,415	2,525	4.5	22,817	23,907	25,084	330

See the footnotes at the end of the table.

Table J.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2003–2005—Continues

Area name	Personal income				Per capita personal income ¹			
	Millions of dollars			Percent change ²	Dollars			Rank in United States
	2003	2004	2005 ³		2003	2004	2005 ³	
Metropolitan statistical areas³—Continued								
Dallas-Fort Worth-Arlington, TX.....	190,517	202,219	215,756	6.7	34,109	35,502	37,075	44
Daiton, GA.....	3,214	3,407	3,555	4.3	25,257	26,301	26,996	284
Danville, IL.....	1,999	2,060	2,084	1.2	24,135	24,929	25,308	325
Danville, VA.....	2,620	2,711	2,794	3.1	24,074	25,037	25,872	316
Davenport-Moline-Rock Island, IA-IL.....	11,003	11,711	12,147	3.7	29,359	31,205	32,280	127
Dayton, OH.....	25,681	26,518	27,306	3.0	30,385	31,387	32,369	124
Decatur, AL.....	3,949	4,129	4,300	4.1	26,795	28,012	28,984	210
Decatur, IL.....	3,222	3,389	3,512	3.6	28,998	30,667	31,876	132
Deltona-Daytona Beach-Ormond Beach, FL.....	11,719	12,509	13,335	6.6	25,062	26,118	27,211	276
Denver-Aurora, CO.....	90,184	95,238	100,473	5.5	39,212	40,939	42,574	13
Des Moines-West Des Moines, IA.....	17,303	18,641	19,680	5.6	34,326	36,384	37,668	40
Detroit-Warren-Livonia, MI.....	162,957	164,543	169,183	2.8	36,330	36,650	37,694	39
Dothan, AL.....	3,438	3,671	3,859	5.1	25,744	27,188	28,255	234
Dover, DE.....	3,529	3,797	4,005	5.5	26,215	27,292	27,820	255
Dubuque, IA.....	2,501	2,682	2,828	5.4	27,631	29,447	30,864	162
Duluth, MN-WI.....	7,685	8,122	8,356	2.9	27,826	29,451	30,342	175
Durham, NC.....	14,040	14,863	15,556	4.7	31,529	33,011	34,099	82
Eau Claire, WI.....	4,073	4,284	4,473	4.4	26,943	28,004	29,041	206
El Centro, CA.....	3,151	3,320	3,450	3.9	21,149	21,794	22,143	354
Elizabethtown, KY.....	2,981	3,157	3,252	3.0	27,356	28,883	29,389	197
Elkhart-Goshen, IN.....	5,662	5,976	6,188	3.5	29,960	31,187	31,674	136
Elmira, NY.....	2,190	2,291	2,422	5.7	24,268	25,464	27,055	281
El Paso, TX.....	14,641	15,556	16,434	5.6	20,841	21,829	22,775	349
Erie, PA.....	7,150	7,516	7,830	4.2	25,267	26,764	27,921	249
Eugene-Springfield, OR.....	8,727	9,214	9,752	5.8	26,445	27,788	29,093	205
Evansville, IN-KY.....	10,409	10,934	11,307	3.4	30,044	31,435	32,348	125
Fairbanks, AK.....	2,615	2,748	2,923	6.4	30,687	31,618	33,380	104
Fargo, ND-MN.....	5,433	5,803	6,135	5.7	30,397	31,769	33,190	109
Farmington, NM.....	2,519	2,720	2,932	7.8	20,588	21,899	23,230	348
Fayetteville, NC.....	9,129	9,769	10,537	7.9	26,495	28,224	30,493	169
Fayetteville-Springdale-Rogers, AR-MO.....	9,599	10,603	11,264	6.2	25,376	27,122	27,806	257
Flagstaff, AZ.....	3,012	3,234	3,454	6.8	24,871	26,362	27,881	251
Flint, MI.....	12,509	12,475	12,361	-0.9	28,277	28,130	27,847	252
Florence, SC.....	4,950	5,208	5,401	3.7	25,204	26,399	27,217	275
Florence-Muscle Shoals, AL.....	3,327	3,506	3,686	5.1	23,482	24,658	25,894	315
Fond du Lac, WI.....	2,955	3,094	3,216	4.0	30,096	31,366	32,379	123
Fort Collins-Loveland, CO.....	8,379	8,847	9,305	5.2	31,444	32,893	34,219	80
Fort Smith, AR-OK.....	6,529	6,994	7,433	6.3	23,345	24,802	26,081	314
Fort Walton Beach-Crestview-Destin, FL.....	5,507	5,982	6,369	6.5	30,969	33,068	34,961	74
Fort Wayne, IN.....	11,685	12,138	12,486	2.9	29,212	30,214	30,873	161
Fresno, CA.....	20,637	22,136	22,974	3.8	24,267	25,573	26,179	310
Gadsden, AL.....	2,464	2,616	2,739	4.7	23,923	25,379	26,548	303
Gainesville, FL.....	6,102	6,565	6,964	6.1	25,757	27,528	28,986	209
Gainesville, GA.....	3,915	4,187	4,409	5.3	25,029	26,043	26,596	300
Glens Falls, NY.....	3,181	3,398	3,555	4.6	25,119	26,590	27,651	285
Goldensboro, NC.....	2,659	2,844	2,926	2.9	23,458	24,901	25,563	323
Grand Forks, ND-MN.....	2,611	2,691	2,817	4.7	27,286	27,733	29,015	208
Grand Junction, CO.....	3,261	3,487	3,743	7.3	26,161	27,400	28,821	216
Grand Rapids-Wyoming, MI.....	22,810	23,553	24,328	3.3	29,926	30,739	31,546	142
Great Falls, MT.....	2,202	2,337	2,444	4.6	27,592	29,231	30,720	164
Greeley, CO.....	5,046	5,374	5,652	5.2	23,795	24,432	24,687	336
Green Bay, WI.....	8,883	9,420	9,748	3.5	30,453	31,925	32,768	114
Greensboro-High Point, NC.....	18,948	19,992	20,848	4.3	28,629	29,999	30,909	160
Greenville, NC.....	3,912	4,198	4,363	3.9	24,693	26,177	26,834	290
Greenville, SC.....	15,873	16,660	17,522	5.2	27,453	28,531	29,636	189
Gulfport-Biloxi, MS.....	6,408	6,704	6,713	0.1	25,742	26,518	26,288	307
Hagerstown-Martinsburg, MD-WV.....	6,382	6,872	7,326	6.6	26,841	28,139	29,152	201
Hanford-Corcoran, CA.....	2,774	3,024	3,100	2.5	20,013	21,253	21,613	355
Harrisburg-Carlisle, PA.....	16,684	17,640	18,298	3.7	32,272	34,004	35,067	71
Harrisonburg, VA.....	2,717	2,856	2,980	4.3	24,642	25,780	26,680	297
Hartford-West Hartford-East Hartford, CT.....	45,274	48,353	50,745	4.9	38,389	40,880	42,706	12
Hattiesburg, MS.....	2,917	3,119	3,306	6.0	22,725	24,000	25,073	331
Hickory-Lenoir-Morganton, NC.....	8,782	9,297	9,560	2.8	25,058	26,329	26,879	288
Hinesville-Fort Stewart, GA.....	1,380	1,493	1,638	9.7	19,592	20,904	23,872	344
Holland-Grand Haven, MI.....	7,253	7,518	7,733	2.9	29,047	29,720	30,278	176
Honolulu, HI.....	29,090	31,404	33,341	6.2	32,573	34,911	36,830	46
Hot Springs, AR.....	2,283	2,418	2,530	4.6	25,036	26,222	27,048	282
Houma-Bayou Cane-Thibodaux, LA.....	4,921	5,149	5,371	4.3	24,916	25,953	26,900	287
Houston-Sugar Land-Baytown, TX.....	179,138	190,771	206,198	8.1	35,304	36,852	39,052	31
Huntington-Ashland, WV-KY-OH.....	6,902	7,207	7,532	4.5	24,065	25,180	26,333	306
Huntsville, AL.....	10,898	11,474	12,210	6.4	30,434	31,626	33,119	110
Idaho Falls, ID.....	2,717	2,941	3,139	6.7	25,295	26,604	27,674	263
Indianapolis-Carmel, IN.....	53,807	57,040	59,440	4.2	33,631	35,266	36,231	52
Iowa City, IA.....	4,197	4,502	4,706	4.5	30,831	32,729	33,971	85
Ithaca, NY.....	2,619	2,710	2,803	3.4	26,338	27,078	28,024	245
Jackson, MI.....	4,249	4,376	4,503	2.9	26,136	26,902	27,518	272
Jackson, MS.....	14,284	15,290	16,111	5.4	28,002	29,571	30,830	163
Jackson, TN.....	2,867	3,019	3,144	4.1	26,218	27,432	28,359	231
Jacksonville, FL.....	36,882	39,505	42,110	6.6	30,826	32,283	33,732	93
Jacksonville, NC.....	3,874	4,344	4,785	10.1	25,579	28,104	31,387	145
Janesville, WI.....	4,403	4,436	4,561	2.8	28,442	28,399	28,954	211
Jefferson City, MO.....	3,889	4,134	4,266	3.2	27,175	29,039	29,656	188
Johnson City, TN.....	4,361	4,657	4,852	4.2	23,424	24,873	25,682	321
Johnstown, PA.....	3,620	3,797	3,965	4.4	24,221	25,541	26,780	292
Jonesboro, AR.....	2,602	2,751	2,815	2.3	23,641	24,773	25,113	329
Joplin, MO.....	3,817	4,049	4,196	3.6	23,541	24,686	25,249	326

See the footnotes at the end of the table.

Table J.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2003-2005—Continues

Area name	Personal income				Per capita personal income ¹			
	Millions of dollars			Percent change ²	Dollars			Rank in United States
	2003	2004	2005 ^p		2003	2004	2005 ^p	
Metropolitan statistical areas³—Continued								
Kalamazoo-Portage, MI.....	9,343	9,571	9,706	1.4	29,228	30,070	30,394	172
Kankakee-Bradley, IL.....	2,804	2,870	2,902	1.1	26,408	26,810	26,876	289
Kansas City, MO-KS.....	63,337	66,654	69,843	4.8	33,191	34,585	35,859	60
Kennewick-Richland-Pasco, WA.....	5,690	6,017	6,254	3.9	27,078	27,915	28,304	232
Killeen-Temple-Fort Hood, TX.....	8,740	9,321	10,162	9.0	25,411	26,944	28,907	213
Kingsport-Bristol-Bristol, TN-VA.....	7,490	7,894	8,184	3.7	24,983	26,316	27,163	278
Kingston, NY.....	4,856	5,105	5,345	4.7	26,806	28,076	29,258	200
Knoxville, TN.....	18,384	19,545	20,474	4.8	28,703	30,209	31,238	150
Kokomo, IN.....	3,190	3,159	3,154	-0.2	31,478	31,478	31,115	152
La Crosse, WI-MN.....	3,638	3,814	3,946	3.5	28,334	29,707	30,613	166
Lafayette, IN.....	4,613	4,888	5,081	3.9	25,491	26,943	27,711	261
Lafayette, LA.....	6,753	7,130	7,727	8.4	27,706	29,019	31,180	151
Lake Charles, LA.....	4,906	5,134	4,695	-8.6	25,323	26,427	24,078	342
Lakeland, FL.....	13,031	13,997	15,168	8.4	25,518	26,698	27,938	248
Lancaster, PA.....	14,216	14,975	15,605	4.2	29,456	30,790	31,809	133
Lansing-East Lansing, MI.....	13,340	13,480	13,817	2.5	29,392	29,588	30,345	174
Laredo, TX.....	3,636	3,888	4,217	8.5	17,097	17,769	18,770	359
Las Cruces, NM.....	3,746	4,022	4,302	7.0	20,523	21,677	22,706	350
Las Vegas-Paradise, NV.....	48,916	54,340	59,682	9.8	31,054	32,963	34,890	75
Lawrence, KS.....	2,740	2,907	3,040	4.6	26,860	28,291	29,536	192
Lawton, OK.....	2,837	2,989	3,129	4.7	25,745	26,438	27,828	254
Lebanon, PA.....	3,428	3,626	3,753	3.5	27,891	29,225	29,890	181
Lewiston, ID-WA.....	1,519	1,596	1,646	3.1	26,078	27,222	27,846	253
Lewiston-Auburn, ME.....	2,945	3,084	3,177	3.0	27,770	28,791	29,404	196
Lexington-Fayette, KY.....	13,180	13,896	14,539	4.6	31,319	32,722	33,821	90
Lima, OH.....	2,840	2,901	2,991	3.1	26,530	27,286	28,155	240
Lincoln, NE.....	8,595	9,121	9,464	3.8	31,071	32,749	33,612	97
Little Rock-North Little Rock, AR.....	18,672	19,888	20,842	4.8	29,690	31,283	32,399	122
Logan, UT-ID.....	2,202	2,378	2,483	4.4	20,259	21,761	22,481	351
Longview, TX.....	5,313	5,639	6,021	6.8	26,750	28,201	29,880	183
Longview, WA.....	2,326	2,434	2,544	4.5	24,476	25,298	26,139	312
Los Angeles-Long Beach-Santa Ana, CA.....	427,041	453,902	477,101	5.1	33,318	35,188	36,917	45
Louisville-Jefferson County, KY-IN.....	37,575	39,650	41,208	3.9	31,580	33,058	34,100	81
Lubbock, TX.....	6,524	6,927	7,346	6.0	25,398	26,867	28,364	230
Lynchburg, VA.....	6,097	6,476	6,830	5.5	26,274	27,690	28,828	215
Macon, GA.....	6,155	6,483	6,739	3.9	27,170	28,442	29,466	194
Madera, CA.....	2,738	3,049	3,182	4.4	20,481	21,949	22,284	353
Madison, WI.....	18,658	19,894	20,836	4.7	35,554	37,447	38,799	32
Manchester-Nashua, NH.....	14,345	15,343	16,053	4.6	36,339	38,515	40,004	25
Mansfield, OH.....	3,372	3,419	3,472	1.6	26,298	26,690	27,139	279
McAllen-Edinburg-Mission, TX.....	9,491	10,162	10,867	6.9	14,938	15,460	16,022	361
Medford, OR.....	5,157	5,507	5,817	5.6	27,089	28,531	29,783	185
Memphis, TN-MS-AR.....	38,592	40,877	42,720	4.5	31,172	32,741	33,880	88
Merced, CA.....	4,977	5,538	5,668	2.4	21,505	23,379	23,450	346
Miami-Fort Lauderdale-Miami Beach, FL.....	172,864	183,587	196,789	7.2	32,762	34,278	36,293	51
Michigan City-La Porte, IN.....	2,800	2,933	3,006	2.5	25,504	26,729	27,204	277
Midland, TX.....	4,056	4,398	4,847	10.2	34,153	36,642	39,939	26
Milwaukee-Waukesha-West Allis, WI.....	52,865	55,217	57,279	3.7	34,949	36,488	37,862	38
Minneapolis-St. Paul-Bloomington, MN-WI.....	119,741	127,365	132,258	3.8	38,836	40,915	42,083	14
Missoula, MT.....	2,783	2,935	3,102	5.7	28,274	29,625	30,991	157
Mobile, AL.....	9,160	9,539	10,127	6.2	22,916	23,840	25,227	327
Modesto, CA.....	11,945	12,880	13,605	5.6	24,337	25,885	26,915	286
Monroe, LA.....	4,264	4,476	4,744	6.0	24,993	26,163	27,723	259
Monroe, MI.....	4,605	4,622	4,677	1.2	30,517	30,320	30,384	173
Montgomery, AL.....	10,035	10,521	11,104	5.5	28,462	29,699	31,083	155
Morgantown, WV.....	2,920	3,099	3,294	6.3	25,739	27,211	28,768	219
Morristown, TN.....	2,923	3,061	3,176	3.8	22,952	23,767	24,323	341
Mount Vernon-Anacortes, WA.....	3,235	3,380	3,598	6.5	29,637	30,415	31,793	134
Muncie, IN.....	3,078	3,152	3,234	2.6	26,006	26,825	27,792	258
Muskegon-Norton Shores, MI.....	4,291	4,424	4,523	2.2	24,775	25,406	25,764	319
Myrtle Beach-Conway-North Myrtle Beach, SC.....	5,298	5,696	6,057	6.4	25,118	26,170	26,886	296
Napa, CA.....	5,055	5,384	5,672	5.3	38,352	40,666	42,720	11
Naples-Marco Island, FL.....	11,993	12,711	13,659	7.5	41,926	42,846	44,458	9
Nashville-Davidson-Murfreesboro, TN.....	45,742	48,690	51,845	6.5	33,354	34,904	36,445	48
New Haven-Milford, CT.....	30,326	32,300	33,550	3.9	36,046	38,254	39,622	29
New Orleans-Metairie-Kenner, LA.....	38,591	40,889	42,340	-33.1	29,342	31,024	20,722	357
New York-Northern New Jersey-Long Island, NY-NJ-PA.....	760,159	811,644	854,317	5.3	40,679	43,277	45,570	8
Niles-Benton Harbor, MI.....	4,489	4,670	4,734	1.4	27,572	28,684	29,114	203
Norwich-New London, CT.....	9,563	10,059	10,454	3.9	36,106	37,801	39,209	30
Ocala, FL.....	6,686	7,221	7,760	7.5	23,803	24,749	25,574	322
Ocean City, NJ.....	3,525	3,669	3,810	3.8	34,641	36,525	38,379	35
Odessa, TX.....	2,824	2,988	3,234	8.2	22,971	24,040	25,805	318
Ogden-Clearfield, UT.....	12,275	13,010	13,733	5.6	26,192	27,255	28,208	236
Oklahoma City, OK.....	33,053	34,785	36,590	5.2	29,202	30,449	31,630	138
Olympia, WA.....	6,858	7,230	7,660	6.0	31,034	32,180	33,469	102
Omaha-Council Bluffs, NE-IA.....	27,215	28,980	30,391	4.9	34,363	36,124	37,373	41
Orlando-Kissimmee, FL.....	50,821	55,103	60,148	9.2	28,206	29,576	31,112	154
Oshkosh-Neenah, WI.....	4,883	5,121	5,321	3.9	30,829	32,275	33,362	106
Owensboro, KY.....	2,812	2,980	3,076	3.2	25,378	26,836	27,563	269
Oxnard-Thousand Oaks-Ventura, CA.....	27,980	30,047	31,692	5.5	35,407	37,740	39,809	28

See the footnotes at the end of the table.

Table J.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2003-2005—Continues

Area name	Personal income				Per capita personal income ¹			
	Millions of dollars			Percent change ²	Dollars			Rank in United States
	2003	2004	2005 ³		2003	2004	2005 ³	
Metropolitan statistical areas³—Continued								
Palm Bay-Melbourne-Titusville, FL	14,530	15,638	16,659	6.5	28,754	30,142	31,359	146
Panama City-Lynn Haven, FL	4,101	4,429	4,768	7.7	26,475	28,064	29,515	193
Parkersburg-Marietta-Vienna, WV-OH	4,130	4,321	4,427	2.5	25,317	26,520	27,241	274
Pascagoula, MS	3,701	3,877	3,998	3.1	24,012	24,876	25,433	324
Pensacola-Ferry Pass-Brent, FL	10,869	11,532	12,185	5.7	25,288	26,521	27,701	262
Peoria, IL	10,948	11,623	12,226	5.2	29,912	31,632	33,118	111
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	213,362	224,811	235,657	4.8	36,971	38,768	40,468	21
Phoenix-Mesa-Scottsdale, AZ	106,385	115,604	125,755	8.8	29,609	31,133	32,536	117
Pine Bluff, AR	2,287	2,425	2,467	1.7	21,568	23,051	23,526	345
Pittsburgh, PA	79,442	83,168	86,396	3.9	32,987	34,685	36,208	54
Pittsfield, MA	4,362	4,619	4,852	5.1	32,788	34,887	36,798	47
Pocatello, ID	1,893	2,031	2,132	5.0	22,368	23,706	24,820	335
Portland-South Portland-Biddeford, ME	16,405	17,540	18,191	3.7	32,327	34,323	35,375	67
Portland-Vancouver-Beaverton, OR-WA	65,959	69,853	73,806	5.7	32,328	33,875	35,215	69
Port St. Lucie-Fort Pierce, FL	10,752	11,493	12,368	7.6	30,812	31,505	32,458	119
Poughkeepsie-Newburgh-Middletown, NY	19,951	21,304	22,367	5.0	30,433	32,140	33,497	101
Prescott, AZ	4,075	4,426	4,772	7.8	22,092	23,203	24,015	343
Providence-New Bedford-Fall River, RI-MA	52,205	55,181	57,588	4.4	32,176	33,912	35,493	64
Provo-Orem, UT	8,420	9,049	9,748	7.7	19,528	20,421	21,527	356
Pueblo, CO	3,629	3,863	3,957	2.4	24,372	25,759	26,150	311
Punta Gorda, FL	3,900	4,091	4,351	6.4	25,527	26,003	27,618	267
Racine, WI	6,038	6,348	6,540	3.0	31,374	32,744	33,417	103
Raleigh-Cary, NC	29,407	31,564	33,416	5.9	33,122	34,498	35,186	70
Rapid City, SD	3,397	3,576	3,754	5.0	29,310	30,424	31,757	135
Reading, PA	11,561	12,056	12,543	4.0	29,924	30,798	31,648	137
Redding, CA	4,618	4,875	5,071	4.0	26,304	27,416	28,189	239
Reno-Sparks, NV	14,093	15,155	16,112	6.3	37,620	39,430	40,898	18
Richmond, VA	38,013	40,978	43,697	6.6	33,316	35,422	37,169	43
Riverside-San Bernardino-Ontario, CA	89,307	97,560	103,944	6.5	24,499	25,769	26,584	302
Roanoke, VA	8,639	9,201	9,555	3.9	29,779	31,599	32,614	116
Rochester, MN	6,030	6,402	6,583	2.8	35,006	36,619	37,198	42
Rochester, NY	32,082	33,630	34,930	3.9	30,814	32,303	33,618	96
Rockford, IL	9,181	9,376	9,651	2.9	27,723	28,006	28,453	228
Rocky Mount, NC	3,644	3,838	3,946	2.8	25,245	26,464	27,116	280
Rome, GA	2,406	2,578	2,704	4.9	25,753	27,412	28,704	221
Sacramento-Arden-Arcade-Roseville, CA	62,857	67,162	71,082	5.8	31,829	33,338	34,805	77
Saginaw-Saginaw Township North, MI	5,503	5,528	5,556	0.5	26,276	26,416	26,667	298
St. Cloud, MN	4,834	5,155	5,312	3.0	27,195	28,770	29,323	199
St. George, UT	2,137	2,377	2,651	11.5	20,442	21,530	22,299	352
St. Joseph, MO-KS	2,988	3,176	3,294	3.7	24,314	26,028	27,009	283
St. Louis, MO-IL	92,668	96,170	100,511	4.5	33,667	34,735	36,174	55
Salem, OR	9,479	9,995	10,553	5.6	25,992	27,044	28,100	243
Salinas, CA	13,456	14,075	14,607	3.8	32,469	33,952	35,444	65
Salisbury, MD	2,824	3,040	3,203	5.4	25,011	26,579	27,557	270
Salt Lake City, UT	30,071	32,001	34,426	7.6	29,897	31,419	33,279	108
San Angelo, TX	2,775	2,921	3,032	3.8	26,261	27,678	28,777	218
San Antonio, TX	50,418	53,622	56,901	6.1	27,773	28,946	30,109	178
San Diego-Carlsbad-San Marcos, CA	104,050	111,435	116,986	5.0	35,620	37,965	39,880	27
Sandusky, OH	2,541	2,607	2,671	2.5	32,215	33,006	33,955	86
San Francisco-Oakland-Fremont, CA	193,833	204,346	215,791	5.6	46,652	49,276	51,964	2
San Jose-Sunnyvale-Santa Clara, CA	79,313	84,343	88,404	4.8	45,803	48,530	50,373	3
San Luis Obispo-Paso Robles, CA	7,685	8,188	8,559	4.5	30,363	32,180	33,503	100
Santa Barbara-Santa Maria, CA	13,638	14,493	15,342	5.9	33,851	36,079	38,282	36
Santa Cruz-Watsonville, CA	9,428	9,987	10,375	3.9	37,477	39,815	41,555	17
Santa Fe, NM	4,528	4,794	5,066	5.7	32,999	34,448	35,964	57
Santa Rosa-Petaluma, CA	17,213	18,203	19,065	4.7	36,844	38,901	40,871	19
Sarasota-Bradenton-Venice, FL	23,457	24,991	26,997	8.0	36,999	38,348	40,112	24
Savannah, GA	8,806	9,408	10,066	7.0	28,870	30,316	32,069	128
Scranton-Wilkes-Barre, PA	15,291	16,086	16,766	4.2	27,680	29,183	30,453	171
Seattle-Tacoma-Bellevue, WA	120,821	131,886	133,452	1.2	38,447	41,634	41,661	15
Sebastian-Vero Beach, FL	4,831	5,071	5,344	5.4	40,162	40,677	41,580	16
Sheboygan, WI	3,551	3,793	3,952	4.2	31,295	33,299	34,481	78
Sherman-Denison, TX	2,729	2,856	3,016	5.6	23,732	24,652	25,810	317
Shreveport-Bossier City, LA	10,296	11,039	11,699	6.0	27,226	28,990	30,527	167
Sioux City, IA-NE-SD	3,912	4,079	4,221	3.5	27,365	28,503	29,605	191
Sioux Falls, SD	6,587	6,956	7,356	5.8	33,174	34,234	35,379	66
South Bend-Mishawaka, IN-MI	9,301	9,748	10,032	2.9	29,324	30,704	31,530	143
Spartanburg, SC	6,635	6,897	7,126	3.3	25,340	26,114	26,710	294
Spokane, WA	11,576	12,212	12,828	5.0	26,871	28,065	29,107	204
Springfield, IL	7,300	6,684	6,783	1.5	35,661	32,598	33,003	113
Springfield, MA	20,415	21,406	22,285	4.1	29,717	31,146	32,425	120
Springfield, MO	9,929	10,559	11,177	5.9	25,840	27,012	28,075	244
Springfield, OH	3,901	4,000	4,088	2.2	27,346	28,094	28,712	220
State College, PA	3,568	3,784	3,967	4.8	25,531	27,041	28,223	235
Stockton, CA	15,543	16,573	17,387	4.9	24,620	25,527	26,181	309
Smyrna, SC	2,368	2,508	2,583	3.0	22,437	23,732	24,482	338
Syracuse, NY	18,707	19,557	20,256	3.6	28,660	29,944	31,078	156

See the footnotes at the end of the table.

Table J.1. Personal Income and Per Capita Personal Income by Metropolitan Area, 2003-2005—Table Ends

Area name	Personal income				Per capita personal income ¹			
	Millions of dollars			Percent change ²	Dollars			Rank in United States
	2003	2004	2005 ^p		2003	2004	2005 ^p	
Metropolitan statistical areas³—Continued								
Tallahassee, FL	8,695	9,272	9,721	4.8	26,507	27,990	29,026	207
Tampa-St. Petersburg-Clearwater, FL	76,757	81,929	87,393	6.7	30,341	31,677	33,008	112
Terre Haute, IN	4,080	4,304	4,409	2.4	24,079	25,547	26,237	308
Texarkana, TX-Texarkana, AR	3,156	3,369	3,571	6.0	23,974	25,386	26,687	295
Toledo, OH	19,716	20,132	20,639	2.5	29,914	30,599	31,429	144
Topeka, KS	6,398	6,737	7,016	4.1	28,227	29,599	30,629	165
Trenton-Ewing, NJ	15,226	16,273	17,123	5.2	42,165	44,661	46,751	6
Tucson, AZ	22,953	24,697	26,339	6.6	25,777	27,244	28,481	227
Tulsa, OK	26,841	28,315	30,111	6.3	30,523	32,150	33,920	87
Tuscaloosa, AL	5,137	5,379	5,790	7.6	26,442	27,571	29,408	195
Tyler, TX	5,239	5,603	5,958	6.3	28,493	29,993	31,258	149
Utica-Rome, NY	7,322	7,717	7,982	3.4	24,570	25,857	26,796	291
Valdosta, GA	2,772	2,907	3,044	4.7	22,716	23,498	24,386	340
Vallejo-Fairfield, CA	12,409	13,167	13,822	5.0	30,177	31,967	33,581	98
Victoria, TX	3,008	3,163	3,358	6.2	26,624	27,933	29,624	190
Vineland-Millville-Bridgeton, NJ	3,888	4,111	4,275	4.0	26,022	27,224	27,894	250
Virginia Beach-Norfolk-Newport News, VA-NC	48,892	52,222	54,883	5.1	30,090	31,811	33,316	107
Visalia-Porterville, CA	8,477	9,283	9,575	3.1	21,683	23,153	23,304	347
Waco, TX	5,399	5,683	6,006	5.7	24,578	25,512	26,733	233
Warner Robins, GA	3,203	3,394	3,603	6.2	26,688	27,417	28,559	224
Washington-Arlington-Alexandria, DC-VA-MD-WV	223,286	241,286	258,281	7.0	43,913	46,782	49,530	4
Waterloo-Cedar Falls, IA	4,484	4,884	5,072	3.8	27,756	30,226	31,331	147
Wausau, WI	3,779	3,989	4,181	4.8	29,701	31,206	32,422	121
Weirton-Steubenville, WV-OH	3,143	3,254	3,371	3.6	24,450	25,522	26,653	299
Wenatchee, WA	2,637	2,823	2,954	4.7	25,915	27,319	28,198	238
Wheeling, WV-OH	3,877	4,042	4,242	4.9	25,818	27,049	28,528	226
Wichita, KS	17,556	18,556	19,589	5.6	30,183	31,781	33,388	105
Wichita Falls, TX	4,132	4,285	4,407	2.8	27,816	28,998	30,125	177
Williamsport, PA	3,070	3,227	3,311	2.6	25,885	27,227	27,964	247
Wilmington, NC	7,740	8,392	9,008	7.3	26,354	27,672	28,584	222
Winchester, VA-WV	3,010	3,250	3,500	7.7	27,248	28,735	30,104	179
Winston-Salem, NC	13,143	13,970	14,511	3.9	30,081	31,645	32,345	126
Worcester, MA	26,034	27,550	28,454	3.3	33,576	35,384	36,328	50
Yakima, WA	5,458	5,766	5,830	1.1	24,057	25,125	25,173	328
York-Hanover, PA	11,459	12,137	12,923	6.5	28,996	30,262	31,611	140
Youngstown-Warren-Boardman, OH-PA	15,603	16,015	16,443	2.7	26,314	26,859	27,720	260
Yuba City, CA	3,611	3,821	4,008	4.9	24,342	25,278	25,685	320
Yuma, AZ	3,284	3,563	3,702	3.9	19,262	20,289	20,424	358

p Preliminary

1. Per capita personal income was computed using Census Bureau midyear population estimates.

2. Percent change calculated from unrounded data.

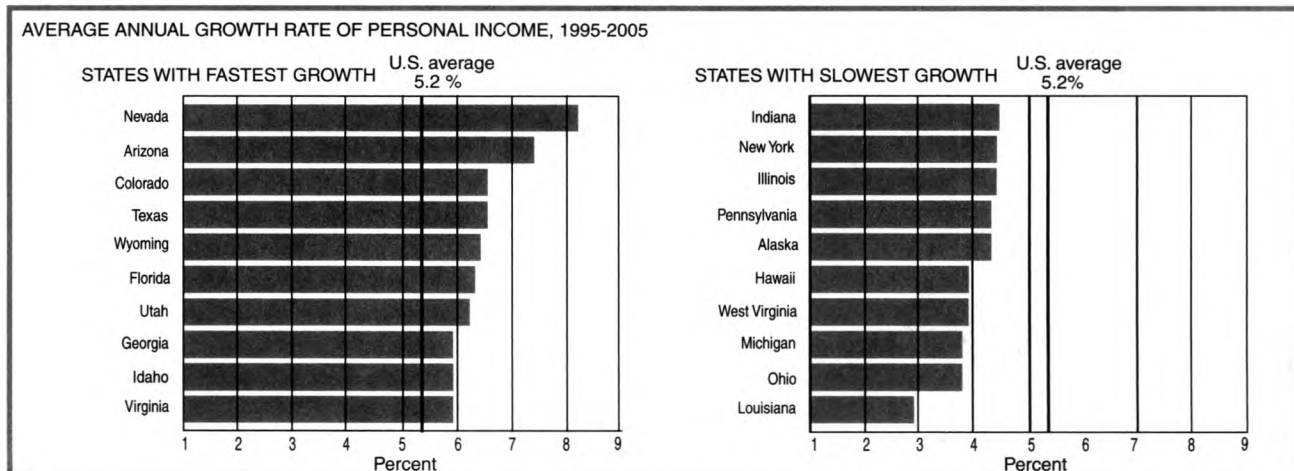
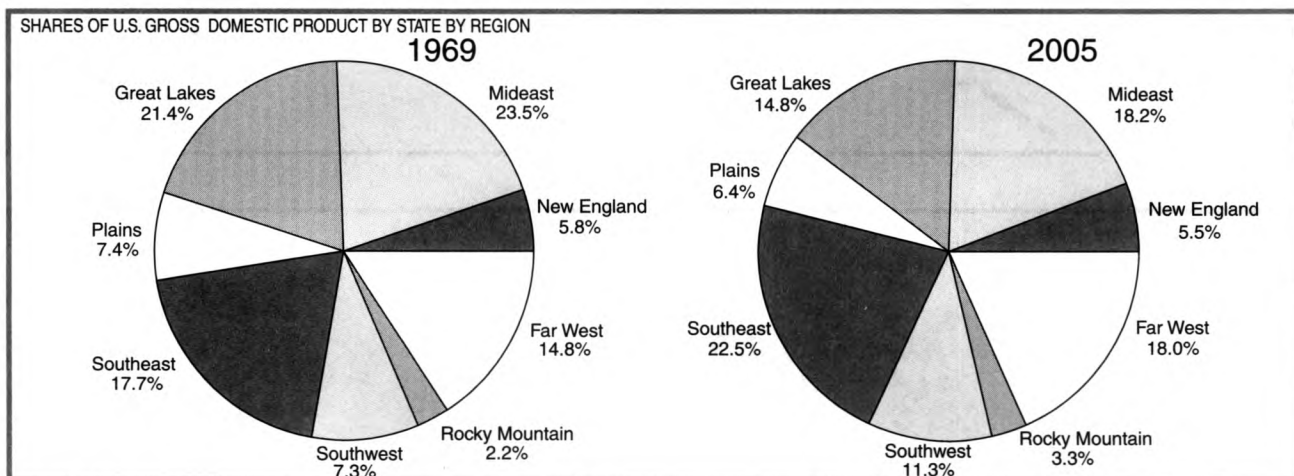
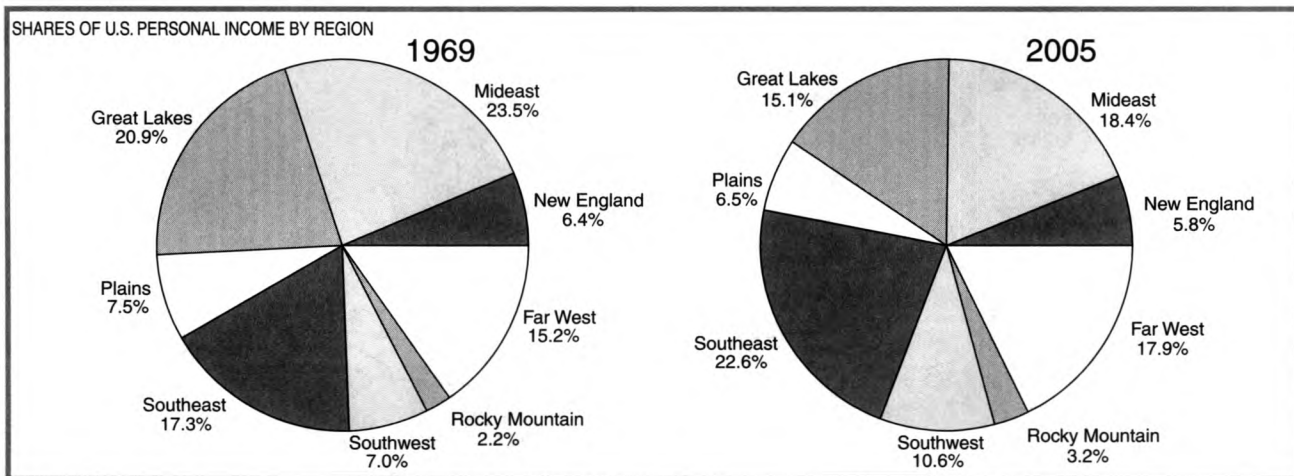
3. The metropolitan area definitions used by BEA for its personal income estimates are the new county-

based definitions issued by the Office of Management and Budget in June 2003 (with revisions released February 2004, March 2005, and December 2005) for federal statistical purposes.

Source: Table 1 in "Personal Income for Metropolitan Areas for 2005" in the September 2006 Survey of Current Business.

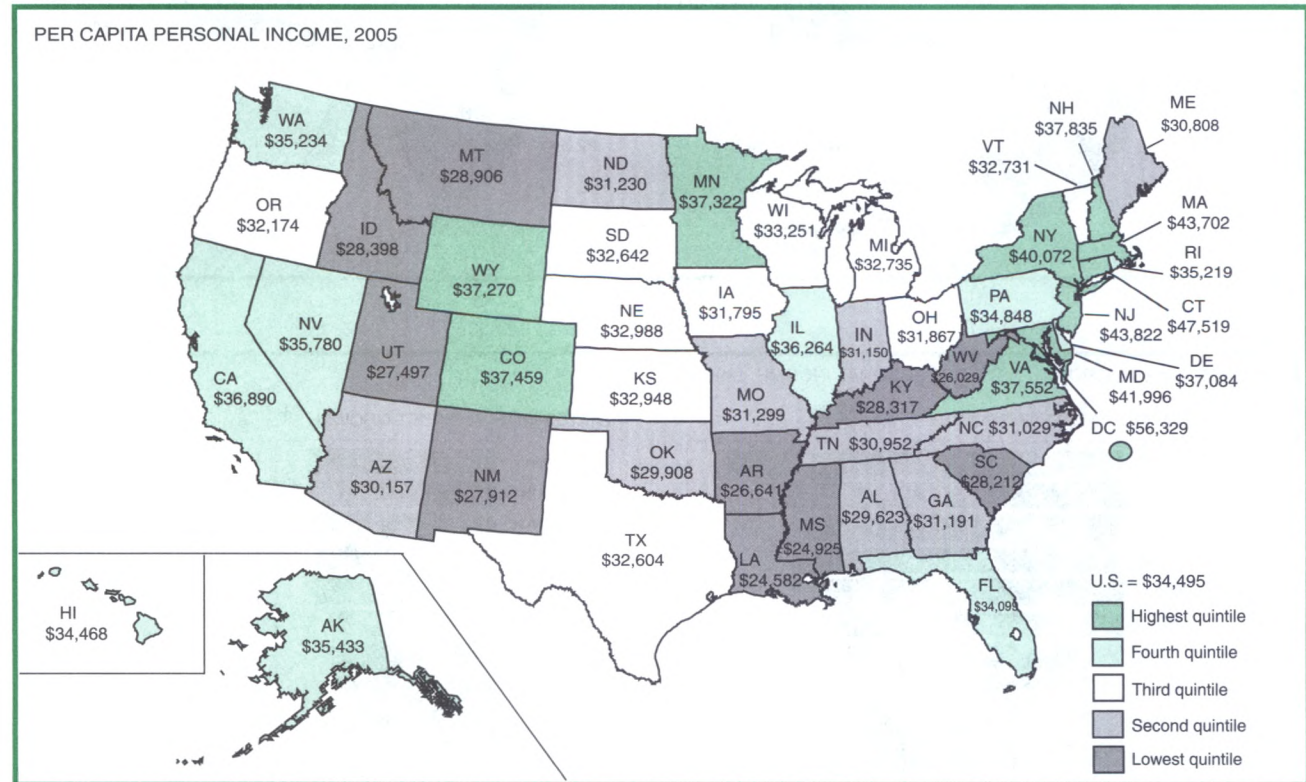
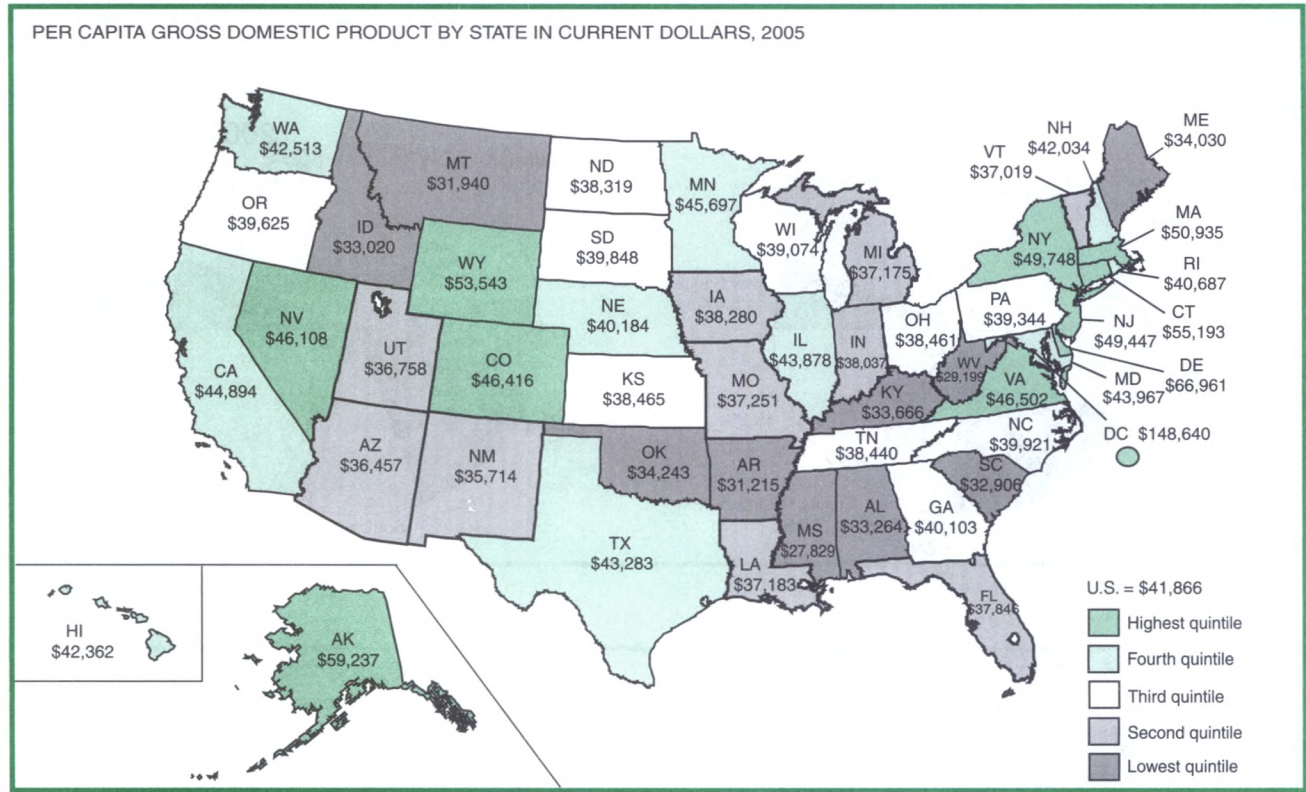
K. Charts

SELECTED REGIONAL ESTIMATES



U.S. Bureau of Economic Analysis

SELECTED REGIONAL ESTIMATES



U.S. Bureau of Economic Analysis

Appendixes

A. Additional Information About the NIPA Estimates

Statistical Conventions

Current-dollar GDP is a measure of the market value of goods, services, and structures that are produced in the economy in a particular period. The changes in current-dollar GDP can be decomposed into quantity and price components. Quantities, or “real” measures, and prices are expressed as index numbers with the reference year—at present, the year 2000—equal to 100.¹

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 for 2001–2002 uses prices for 2001 and 2002 as weights, and the 2001–2002 annual percent change in the GDP price index uses quantities for 2001 and 2002 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. These annual changes are “chained” (multiplied) together to form time series of quantity and price indexes. The percent changes in the Fisher indexes are not affected by the choice of the reference year.

BEA also publishes implicit price deflators (IPDs), which are calculated as the ratio of the current-dollar value of a component to the chained-dollar value of the component, multiplied by 100. The values of an IPD are very close to the values of the corresponding “chain-type” price index.

The measures of real GDP and its major components are also presented in dollar-denominated form, designated “chained (2000) dollar estimates.” For most series, these estimates are computed by multiplying the current-dollar value in 2000 by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 2000 and if real output for this component increased by 10 percent in 2001, then the chained (2000) dollar value of this component in 2001 would be \$110 (\$100 × 1.10). The percent changes calculated from the chained (2000) dollar estimates and from the quantity indexes are the same; any differences will be small and due to rounding.

The chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP (or to any intermediate aggregate) in a table, because the relative prices that are used as weights for any period other than the reference year differ from those of the reference year. A measure of the effect of such differences is provided by a “residual” line—the differ-

ence between the chained-dollar value of the main aggregate in the table and the sum of the most detailed components in the table. For periods close to the reference year, when the relative prices that are used as weights have usually not changed much, the residuals tend to be small, and the chained-dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. For periods further from the reference year, the residuals tend to be larger, and the chained-dollar estimates are less useful for analyses of contributions to growth. In particular, for components for which relative prices are changing rapidly, the calculation of contributions based on chained-dollar estimates may be misleading even just a few years from the reference year. Thus, contributions derived from quantity indexes provide a better measure than contributions derived from chained-dollar estimates; contributions based on quantity indexes are shown in selected NIPA tables 1.1.2, 1.2.2, 1.5.2, 2.3.2, 3.9.2, 4.2.2, and 5.3.2.

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

For most quarterly NIPA estimates, *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 data, or 12 for monthly data); and n is the number of periods between the earlier periods and the later periods (that is, $t-0$).

Quarterly and monthly NIPA estimates are seasonally adjusted if necessary. Seasonal adjustment removes from the time series the average effects 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. See J. Steven Landefeld, Brent R. Moulton, and Cindy M. Vojtech, “Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes,” *SURVEY OF CURRENT BUSINESS* (November 2003): 8–16.

Reconciliation Table

Table 1. Relation of Net Exports of Goods and Services and Net Receipts of Income in the NIPAs to Balance on Goods and Services and Income in the ITAs

[Billions of dollars]

	Line	2004	2005	Seasonally adjusted at annual rates					
				2005			2006		
				II	III	IV	I	II	III
Exports of goods and services and income receipts, ITAs	1	1,526.8	1,749.9	1,717.3	1,771.7	1,849.4	1,937.6	2,047.9	2,107.5
Less: Gold, ITAs	2	4.4	5.5	5.5	5.4	5.8	7.6	8.8	9.6
Statistical differences ¹	3	0.0	0.0	0.0	0.0	0.0	-4.1	4.0	4.0
Other items.....	4	0.7	0.9	0.8	1.0	1.1	1.0	0.8	0.9
Plus: Adjustment for grossing of parent/affiliate interest payments.....	5	5.1	7.3	7.1	7.4	8.2	8.2	9.3	10.8
Adjustment for U.S. territories and Puerto Rico	6	52.3	56.7	55.7	57.8	57.4	58.3	56.5	57.6
Services furnished without payment by financial intermediaries except life insurance carriers.....	7	9.3	9.1	9.0	9.0	9.2	9.2	9.4	9.3
Equals: Exports of goods and services and income receipts, NIPAs	8	1,588.3	1,816.5	1,782.8	1,839.6	1,917.3	2,008.7	2,109.5	2,170.7
Imports of goods and services and income payments, ITAs	9	2,110.6	2,455.3	2,397.6	2,467.5	2,637.2	2,712.2	2,829.0	2,923.9
Less: Gold, ITAs	10	4.1	4.4	4.0	4.4	5.4	5.7	6.2	5.6
Statistical differences ¹	11	0.0	0.0	0.0	0.0	0.0	15.5	12.7	12.7
Other items.....	12	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus: Gold, NIPAs	13	-3.3	-3.5	-3.3	-3.5	-3.6	-4.0	-4.3	-4.2
Adjustment for grossing of parent/affiliate interest payments.....	14	5.1	7.3	7.1	7.4	8.2	8.2	9.3	10.8
Adjustment for U.S. territories and Puerto Rico	15	37.7	37.5	34.5	40.1	34.8	40.5	43.9	34.1
Imputed interest paid to rest of world.....	16	9.3	9.1	9.0	9.0	9.2	9.2	9.4	9.3
Equals: Imports of goods and services and income payments, NIPAs	17	2,155.3	2,501.3	2,440.8	2,516.2	2,680.2	2,744.9	2,868.5	2,955.7
Balance on goods and services and income, ITAs (1-9)	18	-583.8	-705.4	-680.3	-695.8	-787.8	-774.6	-781.1	-816.4
Less: Gold (2-10+13).....	19	-3.0	-2.4	-1.8	-2.5	-3.2	-2.1	-1.7	-0.2
Statistical differences (3-11) ¹	20	0.0	0.0	0.0	0.0	0.0	-19.6	-8.7	-8.7
Other items (4-12).....	21	0.7	0.9	0.8	1.0	1.1	1.0	0.8	0.9
Plus: Adjustment for U.S. territories and Puerto Rico (6-15).....	22	14.6	19.2	21.2	17.7	22.6	17.8	12.6	23.5
Equals: Net exports of goods and services and net receipts of income, NIPAs (8-17)	23	-567.0	-684.8	-658.0	-676.6	-762.9	-736.2	-759.0	-785.0

1. Consists of statistical revisions to the ITAs that have not yet been incorporated into the NIPAs.
ITAs International transactions accounts
NIPAs National income and product accounts

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. Most of this information is available on BEA's Web site at <www.bea.gov>; see "Methodology Papers" and the SURVEY OF CURRENT BUSINESS 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 fixed assets and consumer durable goods.

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 (2002)

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.

The following SURVEY articles describe the most recent comprehensive revision of the NIPAs.

"Improved Estimates of the National Income and Product Accounts for 1929–2002: Results of the Comprehensive Revision" (February 2004)

"Preview of the Revised NIPA Estimates for 1997 Effects of Incorporating the 1997 Benchmark I-O Accounts and Proposed Definitional and Statistical Changes" (January 2003)

"Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts"

Changes in Definitions and Classifications (June 2003)

New and Redesigned Tables (August 2003)

Statistical Changes (September 2003)

"Measuring the Services of Commercial Banks in the NIPAs: Changes in Concepts and Methods" (September 2003)

"Measuring the Services of Property-Casualty In-

urance in the NIPAs: Changes in Concepts and Methods" (October 2003)

In addition, see the following articles.

"Annual Revision of the National Income and Product Accounts" (August 2006) presents revisions and describes any changes in the data and the methods that are used to prepare the estimates.

"Updated Summary NIPA Methodologies" (November 2006) describes the source data and the methods that are used to prepare the current-dollar and real estimates of GDP.

"Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes" (November 2003) discusses the advantages of using chain-weighted indexes and the challenges of using chained dollars.

"Reliability of the NIPA Estimates of U.S. Economic Activity" (February 2005) evaluates the principal NIPA estimates by examining the record of revisions to them.

"Gross Domestic Product: Revisions and Source Data" (February 2006) describes the categories of data that are used for the advance, preliminary, and final quarterly estimates of GDP.

Fixed assets and consumer durable goods. *Fixed Assets and Consumer Durable Goods in the United States, 1925–97* (2003) discusses the concepts and statistical considerations that underlie the estimates and their derivation.

"Fixed Assets and Consumer Durable Goods for 1925–2002" (May 2004) describes the improvements that were incorporated into these estimates as part of the most recent comprehensive NIPA revision.

"Fixed Assets and Consumer Durable Goods for 1995–2005" (September 2006) provides estimates that reflect the incorporation of the most recent annual NIPA revision.

Mission Statement and Strategic Plan

The mission statement of the Bureau of Economic Analysis and its most recently updated 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> under "About BEA."

Industry accounts

The industry accounts consist of the annual industry accounts (the input-output accounts and the gross-domestic-product-by-industry accounts) and one satellite account.

Annual industry accounts. “Improved Annual Industry Accounts for 1998–2003” (June 2004) describes the comprehensive revision of the annual input-output accounts and the GDP-by-industry accounts that features the integration of the two sets of accounts.

“Annual Industry Accounts” (December 2006) presents the annual revision of these accounts and describes the source data and any changes in the methods that are used to prepare the estimates.

In addition, see the following articles.

“Preview of the Benchmark Input-Output Accounts for 2002” (September 2005) includes the proposed new sectors that are based on the 2002 North American Industry Classification System.

“Preview of the Comprehensive Revision of the Annual Industry Accounts: Integrating the Annual Input-Output Accounts and the Gross-Domestic-Product-by-Industry Accounts” (March 2004) provides the details about the comprehensive revision.

“Benchmark Input-Output Accounts for the U.S. Economy, 1997” (December 2002)

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

“Research and Development Satellite Account”
For 1959–2002 (December 2006)

“U.S. Travel and Tourism Satellite Accounts”
For 1996 and 1997 (July 2000)
For 1998–2003 (September 2004)
For 2001–2004 (June 2005)
For 2002–2005 (June 2006)

International accounts

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

International transactions accounts (ITAs). *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 ITAs and the international investment position of the United States. These methodologies are usually updated and improved as part of the annual revisions of the ITAs.

The annual revisions of the ITAs are described in a series of articles, the latest of which was published in the July 2006 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 includes “A Guide to BEA Statistics on U.S. Multinational Companies,” which is also available in the March 1995 SURVEY, and “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 methodologies are available in *U.S. Direct Investment Abroad: Final Results From the 1999 Benchmark Survey* (2004), and in *Foreign Direct Investment in the United States: Final Results From the 2002 Benchmark Survey* (2006).

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.

“Selected Issues in the Measurement of U.S. International Services” (June 2002) describes key issues in defining and measuring insurance, wholesale and retail trade, finance, construction, and utilities services and explores possible actions to address these issues.

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 1969–2003” (May 2004) describes the improvements in the methodology that are used to prepare the estimates and that are part of a comprehensive revision.

“The Reliability of the State Personal Income Estimates” (December 2003) evaluates the estimates of state personal income and of selected components by examining the revisions of these estimates.

“Comprehensive Revision of Local Area Personal Income for 1969–2002” (June 2004) summarizes the improvements in the methodology that is used to prepare the estimates for counties and metropolitan areas. The detailed methodology is available on the DVD-ROM *Regional Economic Information System, 1969–2004*.

Gross state product. “Comprehensive Revision of Gross State Product” (January 2005) summarizes the sources and the methods that are used to prepare the estimates.

“Gross State Product by Industry for 1998–2005” (July 2006) presents the most recent annual revision.