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UNITED STATES DEPARTMENT OF  
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BUREAU OF  
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SECOND QUARTER 1981  
GROSS NATIONAL PRODUCT (PRELIMINARY)

Gross national product -- the market value of the nation's output of goods and services -- increased \$28.0 billion or 4.0 percent at a seasonally adjusted annual rate in the second quarter of 1981 to \$2,881.0 billion, according to preliminary figures released by the Commerce Department's Bureau of Economic Analysis. In the first quarter, GNP increased \$122.4 billion or 19.2 percent.

Real output (GNP adjusted for price changes) decreased 1.9 percent at an annual rate in the second quarter, compared with an increase of 8.6 percent in the first. The decrease in real output was attributable to final sales, which decreased 4.8 percent, compared with an increase of 6.9 percent in the first quarter. Real inventory accumulation increased sharply in the second quarter, to offset most of the decrease in final sales.

The major factor in both the decrease in real final sales and the increase in real inventories in the second quarter was new cars. However, because these changes were offsetting, new car output (final sales plus inventory change) was unchanged in the second quarter and did not contribute to the decline in real GNP. The remaining decrease in real final sales was accounted for by business fixed investment, residential investment, net exports, and federal and state and local government purchases.

Prices, as measured by the GNP fixed-weighted price index, increased 7.6 percent in the second quarter, compared with 10.2 percent in the first. The smaller increase in the second quarter is primarily due to prices of the food and energy components of GNP. Food prices were unchanged in the second quarter, compared with an increase of 7.3 percent in the first; energy prices increased 14 percent, compared with 36.4 percent. After removal of the impact of these prices, the GNP fixed-weighted price index increased 8.5 percent in the second quarter, compared with 8.9 percent in the first.

## Government purchases

Federal government purchases of goods and services decreased \$2.1 billion in the second quarter, compared with an increase of \$9.6 billion in the first. Defense spending increased \$2.9 billion, compared with \$3.6 billion. Nondefense spending decreased \$5.0 billion, compared with an increase of \$6.0 billion. The decrease in nondefense spending is mainly due to increased loan redemptions by farmers from the Commodity Credit Corporation. State and local government purchases increased \$3.2 billion, compared with \$8.3 billion.

## Implicit price deflator

The GNP implicit price deflator increased 6.0 percent in the second quarter, compared with 9.8 percent in the first. The difference between the second-quarter increase in the GNP implicit price deflator (6.0 percent) and in the GNP fixed-weighted price index (7.6 percent) is primarily due to differences in weights in these measures associated with the energy components. The weighting in the fixed-weighted price index reflects the composition of GNP in 1972. Thus, the weight of each component remains the same in each period. The weighting in the implicit price deflator reflects the current composition of GNP. From the first to the second quarter of 1981, the weights of most energy components decreased, so that energy prices received less weight in the implicit price deflator in the second quarter than in the first quarter. Because of this weight shift and because energy prices expressed as 1972=100 are much higher than the average price of all components of GNP, there is a smaller change in the GNP implicit price deflator than in the GNP fixed-weighted price index in the second quarter. After removal of the energy components, the implicit price deflator increased 6.6 percent and the fixed-weighted price index increased 7.1 percent.

The regular annual revision of the national income and product accounts (NIPA's) was not made this July because key source data were not available in time for incorporation. Except for the estimates of population and of per capita disposable personal income, annual and quarterly estimates published in the NIPA tables in the Survey of Current Business and annual and monthly estimates of personal income and outlays published in the statistical ("S") pages of the Survey of Current Business will not be revised until July 1982 unless source data become available that indicate the advisability of an earlier revision. Estimates for 1977-79, forthcoming in National Income and Product Tables, 1976-79, also will not be revised until July 1982.

Annual, quarterly, and monthly estimates of population and of per capita disposable personal income have been revised to incorporate the results of the 1980 Census of Population. Estimates in this release and in the forthcoming July 1981 Survey of Current Business reflect the revised estimates. Comparable estimates for earlier periods are available on request from the National Income and Wealth Division, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, D.C. 20230.

GROSS NATIONAL PRODUCT AND DISPOSITION OF PERSONAL INCOME

GROSS NATIONAL PRODUCT	1978	1979	1980	1980			1981		1978	1979	1980	1980			1981	
				II	III	IV	I	IIP				II	III	IV	I	IIP
				Seasonally adjusted at annual rates								Seasonally adjusted at annual rates				
Billions of current dollars									Billions of 1972 dollars							
<b>Gross national product (GNP)</b> . . . . .	2156.1	2413.9	2626.1	2564.8	2637.3	2730.6	2853.0	2881.0	1436.9	1483.0	1480.7	1463.3	1471.9	1485.6	1516.4	1509.1
<b>Personal consumption expenditures</b> . . . . .	1348.7	1510.9	1672.8	1626.8	1682.2	1751.0	1810.1	1830.3	904.8	930.9	935.1	919.3	930.8	946.8	960.2	955.6
Durable goods . . . . .	199.3	212.3	211.9	194.4	208.8	223.3	238.3	226.7	146.3	146.6	135.8	126.2	132.6	139.1	146.8	137.3
Nondurable goods . . . . .	529.8	602.2	675.7	664.0	674.2	703.5	726.0	732.7	345.7	354.6	358.4	356.6	354.9	360.4	364.5	365.9
Services . . . . .	619.6	696.3	785.2	768.4	799.2	824.2	845.8	870.9	412.8	429.6	440.9	436.5	443.3	447.3	448.9	452.4
<b>Gross private domestic investment</b> . . . . .	375.3	415.8	395.3	390.9	377.1	397.7	437.1	453.8	229.7	232.6	203.6	200.5	195.3	200.5	211.6	217.4
Fixed investment . . . . .	353.2	398.3	401.2	383.5	393.2	415.1	432.7	433.4	215.8	222.5	206.6	199.2	200.2	207.6	213.1	207.7
Nonresidential . . . . .	242.0	279.7	296.0	289.8	294.0	302.1	315.9	322.0	153.4	163.3	158.4	156.1	155.5	157.0	162.0	159.5
Structures . . . . .	78.7	96.3	108.8	108.4	107.3	111.5	117.2	120.9	44.6	48.5	48.4	48.7	46.8	47.8	49.6	49.4
Producers' durable equipment . . . . .	163.3	183.4	187.1	181.4	186.8	190.7	198.7	201.1	108.8	114.8	110.0	107.4	108.8	109.3	112.4	110.1
Residential . . . . .	111.2	118.6	105.3	93.6	99.2	113.0	116.7	111.4	62.4	59.1	48.1	43.1	44.7	50.6	51.0	48.2
Nonfarm structures . . . . .	106.9	113.9	100.3	88.9	94.5	107.6	111.4	106.1	59.5	56.2	45.2	40.3	41.9	47.5	48.0	45.3
Farm structures . . . . .	1.8	1.8	2.0	1.8	1.7	2.2	2.2	2.2	1.0	.9	.9	.8	.7	1.0	.9	.9
Producers' durable equipment . . . . .	2.6	2.9	3.0	2.9	3.0	3.1	3.2	3.2	1.9	2.0	2.0	2.0	2.0	2.0	2.1	2.0
Change in business inventories . . . . .	22.2	17.5	-5.9	7.4	-16.0	-17.4	4.5	20.4	14.0	10.2	-2.9	1.3	-5.0	-7.2	-1.4	9.7
Nonfarm . . . . .	21.8	13.4	-4.7	6.1	-12.3	-14.0	6.8	19.5	13.9	7.8	-2.4	.6	-3.1	-5.6	-.3	9.3
Farm . . . . .	.4	4.1	-1.2	1.3	-3.7	-3.4	-2.4	.9	0	2.4	-.5	.7	-1.8	-1.5	-1.1	.4
<b>Net exports of goods and services</b> . . . . .	-.6	13.4	23.3	17.1	44.5	23.3	29.2	19.4	24.6	37.7	52.0	51.7	57.6	48.5	50.9	46.0
Exports . . . . .	219.8	281.3	339.8	333.3	342.4	346.1	367.4	366.2	127.5	146.9	161.1	160.5	160.5	157.4	162.5	160.3
Imports . . . . .	220.4	267.9	316.5	316.2	297.9	322.7	338.2	346.9	103.0	109.2	109.1	108.9	102.8	108.9	111.6	114.3
<b>Government purchases of goods and services</b> . . . . .	432.6	473.8	534.7	530.0	533.5	558.6	576.5	577.6	277.8	281.8	290.0	291.9	288.2	289.8	293.6	290.1
Federal . . . . .	153.4	167.9	198.9	198.7	194.9	212.0	221.6	219.5	99.8	101.7	108.1	110.7	106.9	107.4	111.2	109.3
National defense . . . . .	100.0	111.2	131.7	128.7	131.4	140.0	145.2	148.1	65.4	67.1	70.9	70.9	70.9	71.9	72.1	72.5
Nondefense . . . . .	53.4	56.7	67.2	70.0	63.5	72.0	76.4	71.4	34.4	34.6	37.2	39.7	35.9	35.4	39.0	36.9
State and local . . . . .	279.2	305.9	335.8	331.3	338.6	346.6	354.9	358.1	178.0	180.1	181.9	181.2	181.3	182.4	182.5	180.8
<b>Addenda:</b>																
<b>Final sales (GNP less change in business inventories)</b> . . . . .	2133.9	2396.4	2632.0	2557.4	2653.4	2748.0	2848.5	2860.6	1423.0	1472.9	1483.6	1462.0	1476.9	1492.7	1517.8	1499.4
<b>Gross domestic product (GNP less rest-of-world sector)</b> . . . . .	2126.2	2370.1	2576.5	2516.7	2586.9	2682.0	2800.7	2829.4	1416.8	1455.9	1452.4	1435.5	1443.4	1458.9	1488.4	1481.8
<b>Implicit price deflator, index numbers, 1972 = 100:</b>																
GNP . . . . .	150.05	162.77	177.36	175.28	179.18	183.81	188.14	190.91	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product . . . . .	150.1	162.8	177.4	175.3	179.2	183.8	188.2	190.9	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic business product . . . . .	149.6	162.6	177.4	175.4	179.5	183.8	188.2	190.9	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
<b>Change from preceding period, percent at annual rate:</b>																
GNP . . . . .	12.4	12.0	8.8	-1.1	11.8	14.9	19.2	4.0	4.8	3.2	-.2	-9.9	2.4	3.8	8.6	-1.9
Gross domestic product . . . . .	12.2	11.5	8.7	-.6	11.6	15.6	18.9	4.2	4.6	2.8	-.2	-9.4	2.2	4.4	8.3	-1.8
GNP implicit price deflator . . . . .	7.3	8.5	9.0	9.8	9.2	10.7	9.8	6.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic product implicit price deflator . . . . .	7.3	8.5	9.0	9.8	9.2	10.7	9.8	6.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Gross domestic business product implicit price deflator . . . . .	7.4	8.7	9.1	10.3	9.7	9.9	9.9	5.9	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP chain price index . . . . .	7.5	8.7	8.6	8.8	9.3	10.5	9.8	7.3	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
GNP fixed-weighted price index . . . . .	7.6	9.4	9.6	9.3	9.0	10.4	10.2	7.6	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
<b>DISPOSITION OF PERSONAL INCOME</b>																
Personal income . . . . .	1721.8	1943.8	2160.2	2114.5	2182.1	2256.2	2319.8	2367.8	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Less: Personal tax and nontax payments . . . . .	258.8	302.0	338.5	330.3	341.5	359.2	372.0	382.4	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Disposable personal income . . . . .	1462.9	1641.7	1821.7	1784.1	1840.6	1897.0	1947.8	1985.4	981.5	1011.5	1018.4	1008.2	1018.5	1025.8	1033.3	1036.6
Less: Personal outlays . . . . .	1386.6	1555.5	1720.4	1674.1	1729.2	1799.4	1858.9	1879.4	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Equals: Personal saving . . . . .	76.3	86.2	101.3	110.0	111.4	97.6	88.9	106.0	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Per capita disposable personal income, dollars . . . . .	6,571	7,293	8,002	7,848	8,074	8,509	8,504	8,650	4,409	4,493	4,473	4,435	4,468	4,488	4,511	4,516
Personal saving as a percentage of disposable personal income . . . . .	5.2	5.2	5.6	6.2	6.1	5.1	4.6	5.3	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX	XXXXXX

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

## Definitions

### Price indexes

The fixed-weighted price index uses as weights the composition of output in 1972. Accordingly, comparisons over any time span reflect only changes in prices.

The implicit price deflator is a weighted average of the detailed price indexes used in the deflation of GNP. In each period, it uses as weights the composition of constant-dollar output in that period. Changes in the implicit price deflator reflect both changes in prices and changes in the composition of output.

The chain price index uses as weights the composition of output in the prior period, and therefore, reflects only changes in prices between the two periods. However, comparisons of the percent changes in the chain index reflect changes in composition of output.

GNP and personal income statistics are shown in the accompanying table. Additional data will appear in the July issue of the Survey of Current Business, a monthly journal of the Bureau of Economic Analysis.

The Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: annual subscription \$46.00 domestic. Second class mail: annual subscription \$27.00 domestic, \$33.75 foreign; single issue \$3.75 domestic, \$4.70 foreign.

## Reliability of the Estimates

The GNP figures issued in the month after the end of the quarter are based on preliminary and incomplete source data. They are revised as more comprehensive and final data become available. The first revision is made one month after the preliminary figures are issued, and a second revision is made one month later. The figures also are subject to further revisions in the following three years, usually in the month of July. The table below provides summary measures of the amount of revision in past years in quarterly percent changes in GNP, real GNP, and the GNP implicit price deflator. These measures provide some guidelines in assessing the likely size of the revisions in estimates for the current quarter. For example, nine of ten times the revision between the estimate of the quarterly change in the preliminary estimate of real GNP and that in the following July has been within a range of -1.8 to +2.0 percentage points as shown by the range from the 5th to 95th percentile. Thus, based on past experience, it is likely that the second quarter change in real GNP now estimated at -1.9 percent at an annual rate will not be revised above 0.1 or below -3.7 in the first July revision.

The second revision of GNP was introduced in December 1977. There are not yet enough observations to compute the likely size of the revisions between the first and second revised estimates and between the second revised and July estimates. It is expected, however, that these revisions will be smaller than those between the preliminary and first revised estimates and between the first revised and July estimates.

The summary measures for the GNP implicit price deflator also indicate the likely revisions in the two other GNP price indexes.

Revision in Quarter-to-Quarter Percent Changes at Annual Rate

	Average, without regard to sign	Range of revision between specified percentiles	
		25 to 75	5 to 95
Current-dollar GNP			
Preliminary/1st revision	.5	-.1 to + .6	-.4 to + 1.3
Preliminary/1st July	1.0	-.2 to + 1.4	-1.4 to + 2.2
Preliminary/3rd July	1.4	-.4 to + 1.8	-1.9 to + 3.0
First revision/1st July	.9	-.2 to + .6	-1.4 to + 1.6
First revision/3rd July	1.0	-.3 to + 1.4	-2.1 to + 2.3
Real (constant-dollar) GNP			
Preliminary/1st revision	.5	-.3 to + .4	-.8 to + 1.1
Preliminary/1st July	1.0	-.5 to + 1.1	-1.8 to + 2.0
Preliminary/3rd July	1.4	-.8 to + 1.5	-2.1 to + 3.4
First revision/1st July	.9	-.6 to + .9	-1.5 to + 2.3
First revision/3rd July	1.4	-1.0 to + 1.7	-2.0 to + 2.9
GNP implicit price deflator			
Preliminary/1st revision	.3	-.1 to + .3	-.4 to + .7
Preliminary/1st July	.5	-.2 to + .6	-.8 to + 1.5
Preliminary/3rd July	.6	-.2 to + .7	-.7 to + 1.9
First revision/1st July	.5	-.2 to + .4	-1.1 to + .9
First revision/3rd July	.6	-.3 to + .6	-1.3 to + 1.8

NOTE: Measures are based on the period from 1964 to 1979. For additional measures, see Reliability of the Quarterly National Income and Product Accounts of the United States, 1947-1971, Bureau of Economic Analysis Staff Paper No. 23, July 1974. It is sold by the National Technical Information Service, U.S. Department of Commerce, Springfield, Virginia 22161, for \$6.00; the accession number is COM 74-11508.