

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

BUREAU OF
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION: 9:00 A.M. EDT, THURSDAY, JULY 20, 1989

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BEA 89-32

**REGIONAL NONFARM PERSONAL INCOME GROWTH:
FIRST QUARTER 1988 TO FIRST QUARTER 1989**

The convergence in growth rates in nonfarm personal income between coastal and interior regions that began in 1987 continued in the past year, according to the Commerce Department's Bureau of Economic Analysis. Weakness in the Mideast and New England in nonfarm income growth relative to the U.S. average was a major factor in the convergence.

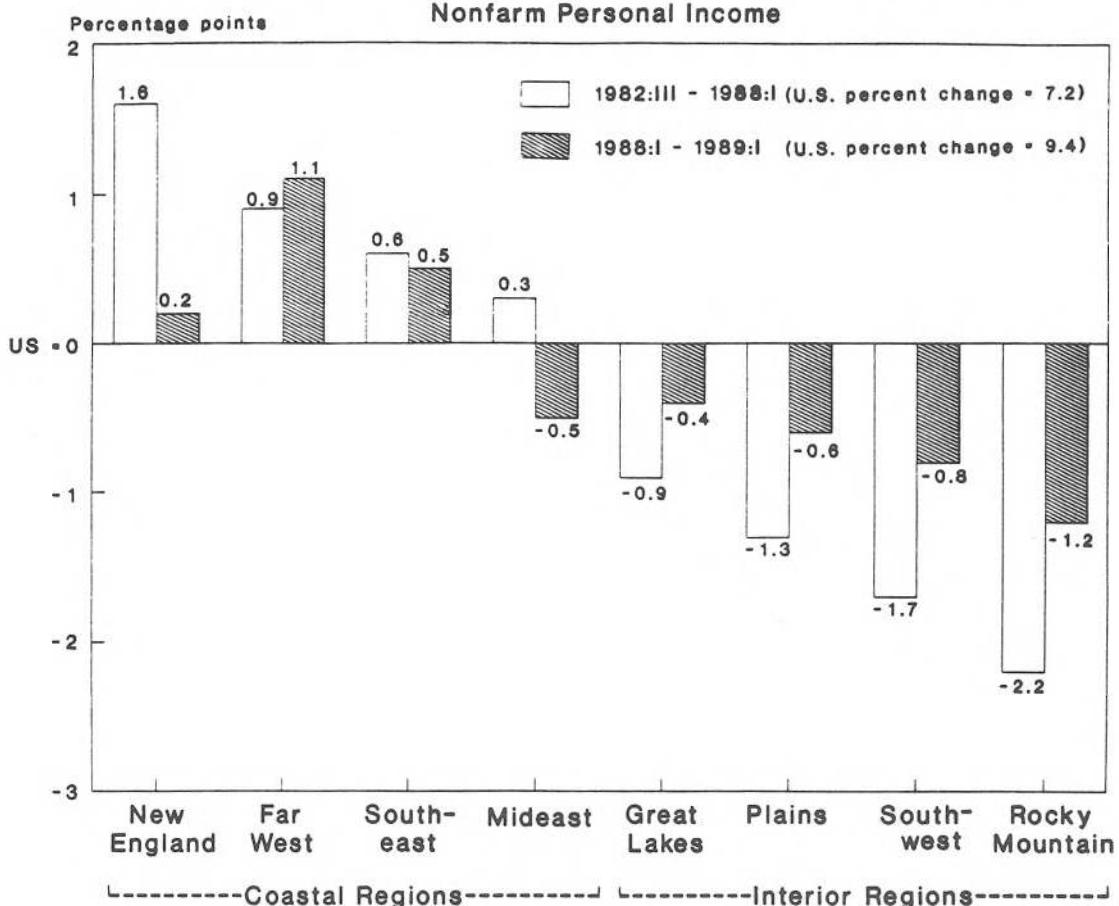
Differences in growth rates among regions were smaller from the first quarter of 1988 to the first quarter of 1989 than earlier in the current economic expansion, although in both timespans nonfarm income generally grew faster in coastal than in interior regions.

Since the first quarter of 1988, nonfarm income in the Mideast region has grown 8.9 percent -- 0.5 percentage point below the U.S. average of 9.4 percent. Earlier in the expansion, the region's nonfarm income growth had outpaced the U.S. average (see chart). Below-average growth in payrolls in financial and other services in New York was a major factor in the recent weakening in the Mideast.

In New England, nonfarm income growth (9.6 percent) was only 0.2 percentage point above the U.S. average in the past year, following well above-average growth earlier in the expansion. The region, which earlier had ranked first in nonfarm income growth, fell to third place. The weakening mainly reflects below-average growth in construction and private service-type payrolls in Massachusetts.

In each of the other coastal regions -- Far West and Southeast -- nonfarm income growth in the past year continued to outpace the U.S. average by about the same amount as earlier. In the past year, the Far West ranked first in nonfarm income growth (10.5 percent), and the Southeast ranked second (9.9 percent).

Differences Between U.S. and Regional Percent Changes In
Nonfarm Personal Income



Average Annual Percent Change in Nonfarm Personal Income, United States and BEA Regions

	Earlier in expansion: 1982:III-1988:I	Past year: 1988:I-1989:I
United States.....	7.2	9.4
Coastal regions....	7.9	9.7
New England.....	8.8	9.6
Far West.....	8.1	10.5
Southeast.....	7.8	9.9
Mideast.....	7.5	8.9
Interior regions....	5.9	8.8
Great Lakes.....	6.3	9.0
Plains.....	5.9	8.8
Southwest.....	5.5	8.6
Rocky Mountain....	5.0	8.2

In each interior region, nonfarm income growth was below the U.S. average in the past year, although by a smaller amount than earlier in the expansion. The regions, and their growth rates in the past year, were: Rocky Mountain, 8.2 percent; Southwest, 8.6 percent; Plains, 8.8 percent; and Great Lakes, 9.0 percent.

The economies of the interior regions have rebounded somewhat from the retarding effects of weak growth in commodity-producing industries earlier in the expansion. In the Rocky Mountain and Southwest regions, mining and construction payrolls, after declining earlier, have picked up in the past year. Durables manufacturing payrolls have surged recently in the Plains region, especially in Iowa and Kansas.

In the Great Lakes region, a surge in construction payrolls in the past year reflects increased demand for industrial structures and, as population growth accelerated, for housing. The Great Lakes economy is now benefiting from a process of industrial restructuring that began in the Northeast prior to the current expansion.

Definitions

Personal income is the income received by persons from all sources, that is, from participation in production, from government and business transfer payments, and from government interest. Personal income is the sum of private and government wage and salary disbursements, other labor income, farm and nonfarm proprietors' income, rental income of persons, personal dividend income, personal interest income, and transfer payments, less personal contributions for social insurance. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Nonfarm personal income is total personal income less farm labor and proprietors' income.

Private service-type industries consist of wholesale and retail trade, the finance-insurance-real estate group, the transportation-communication-public utilities group, and services.

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Additional data on personal income for regions and states 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 \$43.00 domestic. Second class mail: annual subscription \$18.00 domestic, \$22.50 foreign; single issue \$6.50 domestic, \$8.13 foreign.

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Next release date -- August 23, at 9:00 A.M. EDT, for:
1988 State Per Capita Personal Income (revised)

