The Development of BEA’s Input-Output Framework

By Mariam Tekle-Haimanot

The “make” table and the “use” table are the two basic national accounting tables of the Input-Output (I-O) Accounts produced by the Bureau of Economic Analysis (BEA). These two tables provide consistent statistics on an industry’s production and its relationship with other industries for a given year. They offer a wealth of information about the size of the U.S. economy such as the relative size of specific industries, what and how much is produced by specific industries, the technology used by specific industries, the incomes generated by production, and the size and scope of an industry’s market.

In the 1930s and 1940s, Nobel laureate Wassily W. Leontief developed I-O tables as a tool for economic analysis and created the first modern-day I-O tables for the United States.
The Bureau of Labor Statistics was one of the first government agencies to take an active interest in the practical application of the I-O framework. Due to the anti-communist climate at the time, however, many politicians and economists distrusted the I-O analysis because the Soviet Union used I-O tables as a tool for economic planning. Therefore, interest in it effectively came to a halt in 1954.

The U.S. government renewed its interest in the I-O framework after the political backlash subsided, and in 1959, the Bureau of the Budget, now the Office of Management and Budget, formed the National Accounts Review Committee (NARC) to evaluate the national accounts work of the United States.

NARC found data inconsistencies in the calculation of the national accounts, and in order to improve its accuracy, recommended that the I-O accounts be prepared on a regular basis. In its report, NARC recommended that the responsibility for creating the I-O tables be given to the Office of Business Economics, now BEA. Since that time, BEA has overseen this important task, and based on NARC’s recommendation, in 1964, BEA published its first I-O transactions table for the year 1958.

Since that first publication, the I-O tables have evolved and are regularly published by BEA. Input-output data are updated each year and provide information on 71 industry categories. Detailed benchmark input-output statistics, produced roughly every 5 years, are further subdivided into 405 industries and are fully integrated with the annual industry accounts and the National Income and Product Accounts.

We hope you enjoy our reprint of this 1964 article, “The Interindustry Structure of the United States: A Report on the 1958 Input-Output Study,” which describes BEA’s newest program area and newest analytical tools of the time.