

Bureau of Economic Analysis

Survey of Current Business

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Special in this issue

16. U.S. Transportation Satellite Accounts for 1992

The new satellite accounts for U.S. transportation integrate information from a variety of sources to present a more comprehensive picture of the role of transportation in the U.S. economy. The new transportation satellite accounts (TSA's) are based on and are an extension of the 1992 benchmark input-output (I-O) accounts. The TSA's expand the definition of transportation activities to include transportation services by businesses for their own use, and they show more accurately the total use of these services across industries. Under the ex-panded TSA definition, the value added of transportation industries represents 5.0 percent of GDP in 1992, compared with the 3.1-percent share shown in the I-O accounts.

29. The Domestic Orientation of Production and Sales by U.S. Manufacturing Affiliates of Foreign Companies

Detailed industry data on the production of foreign-owned U.S. manufacturing affiliates and of domestically owned manufacturing firms show that in most industries, domestic content tends to account for the dominant share of output. However, the shares for U.S. affiliates tend to be lower than those for domestically owned firms across the detailed industries, and the difference at the aggregate level increases rather than decreases when industry mix is held constant. In most industries, U.S. affiliates and domestically owned manufacturers both tend to sell most of their output in the United States, but the domestic-market shares of sales for U.S. affiliates tend to be higher than those for domestically owned firms.

Regular features

1. Business Situation

The "final" estimate of real GDP indicates a 3.7-percent increase in the fourth quarter of 1997, 0.2 percentage point lower than the "preliminary" estimate; downward revisions to consumer spending and net exports more than offset an upward revision to business fixed investment. Corporate profits decreased \$9.2 billion in the fourth quarter after increasing \$32.2 billion in the third; the downturn was accounted for by the profits of domestic nonfinancial corporations. The Federal Government current deficit increased \$1.3 billion, to \$12.1 billion, in the fourth quarter; the State and local government current surplus decreased \$1.3 billion, to \$110.1 billion.

10. State and Local Government Fiscal Position in 1997

The current surplus of State and local governments increased \$2.5 billion, to \$107.8 billion, in 1997. Receipts and current expenditures both increased at about the same pace as they had in 1996. For 1998, available information suggests some acceleration in both receipts and current expenditures and little change in the current surplus.

51. U.S. International Transactions, Fourth Quarter and Year 1997

In the fourth quarter of 1997, the U.S. current-account deficit increased to \$45.6 billion from \$43.1 billion in the third quarter; a decrease in the deficit on goods was more than offset by an increase in net unilateral transfers, a decrease in the surplus on services, and an increase in the deficit on investment income. In the capital account, outflows for U.S. assets abroad decelerated \$14.0 billion in the fourth quarter, while inflows for foreign assets in the United States decelerated only \$1.4 billion. For the year 1997, the U.S. current-account deficit increased to \$166.4 billion from \$148.2 billion in 1996; a shift to a deficit on investment income and an increase in the deficit on goods more than offset an increase in the surplus on services and a decrease in net unilateral transfers. In the capital account, outflows for U.S. assets abroad accelerated \$74.5 billion in 1997, while inflows for foreign assets in the United States accelerated \$142.9 billion.

Reports and statistical presentations

8. Real Inventories, Sales, and Inventory Sales Ratios for Manufacturing and Trade

D-1. BEA Current and Historical Data

B U S I N E S S S I T U A T I O N

Ralph W. Morris prepared the first section of this article, Daniel Larkins prepared the section on corporate profits, and Benyam Tsehaye prepared the section on the government sector.

REAL GROSS domestic product (GDP) increased 3.7 percent in the fourth quarter of 1997, according to the "final" estimates of the national income and product accounts (NIPAs) (chart 1).¹ The acceleration from the 3.1-percent increase in the third quarter was more than accounted for by upturns in business inventory investment and in net exports. In contrast, consumer spending and government spending increased less than in the third quarter, and business fixed investment turned down (table 1).

The "final" estimate of the change in real GDP is 0.2 percentage point lower than the 3.9-percent increase indicated by the "preliminary" estimate reported in the March "Business Situation" (table 2). The revision is slightly less than the average revision—0.3 percentage point, without regard to the sign—from the preliminary to the final estimate for 1976–97. Downward revisions to consumer spending and net exports more than offset an upward revision to business fixed investment. In consumer spending, the largest revision was to services and primarily reflected the incorporation of newly available data on hospital expenses and on residential gas sales. In net exports, the incorporation of revised data on trade in goods and services, resulted in a slightly larger downward revision to exports than to imports. The revisions to both exports and imports were mostly to services. In business fixed investment, the upward revision was mostly to producers' durable equipment, reflecting the incorporation of revised data for shipments of commercial aircraft.

1. Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates unless otherwise specified. Quarter-to-quarter dollar changes are differences between published estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data. Real estimates are expressed in chained (1992) dollars, and price indexes are chain-type indexes.

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Seasonally adjusted at annual rates]

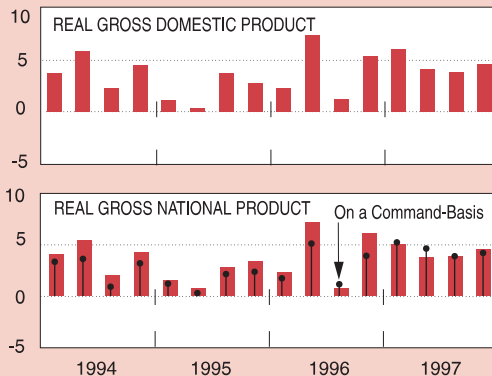
	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			
		1997				I	II	III	IV
	IV	I	II	III	IV				
Gross domestic product	7,280.0	84.2	58.0	54.4	66.0	4.9	3.3	3.1	3.7
Less: Exports of goods and services	992.7	21.6	39.8	10.5	19.7	9.9	18.4	4.4	8.3
Plus: Imports of goods and services	1,151.8	42.3	50.2	38.0	14.7	17.9	20.5	14.6	5.3
Equals: Gross domestic purchases	7,426.1	102.5	66.0	77.7	61.5	5.9	3.7	4.3	3.4
Personal consumption expenditures	4,926.1	61.7	11.3	66.8	29.9	5.3	.9	5.6	2.5
Durable goods	659.3	20.7	-8.8	27.1	3.2	14.1	-5.4	18.4	1.9
Nondurable goods	1,460.9	16.6	-7.8	15.5	-4.6	4.7	-2.1	4.3	-1.2
Services	2,806.4	25.7	25.9	26.3	30.3	3.9	3.9	3.9	4.4
Gross private domestic fixed investment	1,154.6	10.3	32.4	37.9	5.3	3.9	12.6	14.4	1.8
Nonresidential fixed investment	872.7	8.1	28.1	37.5	-1.8	4.1	14.6	19.2	-8
Structures	195.5	-1.0	-2.4	3.2	-1.2	-2.1	-4.7	6.7	-2.3
Producers' durable equipment	684.8	9.9	32.7	36.0	-5	6.7	23.0	24.1	-3
Residential investment	286.3	2.2	4.9	1.9	6.2	3.3	7.4	2.7	9.1
Change in business inventories	74.0	30.8	13.9	-30.1	26.5	.....	.....	.....	.....
Nonfarm	64.5	31.8	11.8	-31.8	26.2	.....	.....	.....	.....
Farm	9.8	-1.1	2.2	2.0	.3	.....	.....	.....	.....
Government consumption expenditures and gross investment	1,274.4	-1.3	9.6	3.3	1.0	-4	3.1	1.1	.3
Federal	456.1	-6.8	7.3	-1.3	-2.7	-5.8	6.6	-1.1	-2.3
National defense	311.1	-9.7	5.5	.9	.8	-11.8	7.5	1.2	1.0
Nondefense	144.8	2.8	1.7	-2.2	-3.2	8.0	4.9	-5.7	-8.6
State and local	818.3	5.4	2.4	4.6	3.6	2.7	1.2	2.3	1.8
Addenda:									
Final sales to domestic purchasers	7,346.9	70.4	51.6	106.2	36.0	4.0	2.9	6.0	2.0
Final sales of domestic product	7,201.1	52.4	43.6	82.6	44.2	3.0	2.5	4.7	2.3

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table 8.1.

CHART 1

Selected Product Measures: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

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

Real final sales of domestic product increased 2.3 percent in the fourth quarter, 0.2 percentage point less than the preliminary estimate.² The revision was the same as that to GDP because business inventory investment was unrevised. Real gross domestic purchases increased 3.4 percent, 0.1 percentage point less than the preliminary estimate.

The price index for gross domestic purchases increased 1.4 percent in the fourth quarter, the same as the preliminary estimate; the index increased 1.3 percent in the third quarter. The price index for GDP increased 1.4 percent in the fourth quarter, the same as the preliminary estimate; the index increased 1.4 percent in the third quarter.

2. Final sales of domestic product equals GDP less change in business inventories.

**Table 2.—Revisions to Real Gross Domestic Product and Prices,
Fourth Quarter 1997**

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Final estimate minus preliminary estimate	
	Preliminary estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	3.9	3.7	-0.2	-3.3
Less: Exports of goods and services	10.0	8.3	-1.7	-3.7
Goods	14.5	14.1	-4	-7
Services	-8	-5.1	-4.3	-2.7
Plus: Imports of goods and services	6.4	5.3	-1.1	-3.1
Goods	6.6	6.2	-4	-8
Services	5.4	.3	-5.1	-2.1
Equals: Gross domestic purchases	3.5	3.4	-1	-2.6
Personal consumption expenditures	3.1	2.5	-6	-7.4
Durable goods	1.7	1.9	.2	.4
Nondurable goods	-1.0	-1.2	-.2	-1.0
Services	5.4	4.4	-1.0	-6.5
Fixed investment	0	1.8	1.8	5.4
Nonresidential	-3.5	-8	2.7	6.1
Structures	-4.3	-2.3	2.0	1.0
Producers' durable equipment	-3.3	-3	3.0	5.1
Residential	9.7	9.1	-6	-4
Change in business inventories				0
Nonfarm .....				.1
Farm				0
Government consumption expenditures and gross investment .....	.4	.3	-.1	-.3
Federal	-2.1	-2.3	-.2	-.3
National defense	1.3	1.0	-.3	-.2
Nondefense	-8.6	-8.6	0	0
State and local	1.8	1.8	0	0
Addenda:				
Final sales of domestic product	2.5	2.3	-.2	-3.4
Gross domestic purchases price index ¹	1.4	1.4	0	.....
GDP price index ¹	1.4	1.4	0	.....

1. Based on chained-type annual (1992) weights.

NOTE.—The final estimates for the fourth quarter of 1997 incorporate the following revised or additional major source data that were not available when the preliminary estimates were prepared.

Personal consumption expenditures: Revised retail sales for December, revised consumer price indexes for October through December, hospital expenses for October and November, and residential volume gas sales for November.

Nonresidential fixed investment: Revised construction put in place for November and December and revised manufacturers' shipments of machinery and equipment for December.

Residential fixed investment: Revised construction put in place for November and December.

Change in business inventories: Revised manufacturing and trade inventories for December.

Exports and imports of goods and services: Revised data on exports and imports of goods for December and revised balance-of-payments data on exports and imports of services for the fourth quarter.

Government consumption expenditures and gross investment: Revised State and local construction put in place for November and December.

Wages and salaries: Revised employment, average hourly earnings, and average weekly hours for December.

GDP prices: Revised export and import prices for September through December and revised prices of single-family homes under construction for November and December.

Real disposable personal income increased 4.5 percent, the same as the preliminary estimate. The personal saving rate was 3.9 percent, 0.1 percentage point more than the preliminary estimate.

Gross national product (GNP).—Real GNP—goods and services produced by labor and property supplied by U.S. residents—increased 3.6 percent in the fourth quarter, 0.1 percentage point less than real GDP (table 3).³ Receipts of factor income from the rest of the world changed little, and payments of factor income increased; interest income more than accounted for the increase in payments.

Real GNP on a command basis—a measure of the goods and services produced by the U.S. economy in terms of their purchasing power—increased the same as real GNP—3.6 percent—reflecting no change in the terms of trade.⁴

3. For the fourth quarter, estimates of gross national product and corporate profits are released only with the final GDP estimates. GNP equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world.

4. In the estimation of command-basis GNP the current-dollar value of the sum of exports of goods and services and of receipts of factor income is deflated by the implicit price deflator (IPD) for the sum of imports of goods and services and of payments of factor income.

The terms of trade is a measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is measured by the following ratio, with the decimal point shifted two places to the right: In the numerator, the IPD for the sum of exports of goods and services and of receipts of factor income; in the denominator,

Table 3.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter		1997	
		1997	1997		III
	IV	III	IV		
Gross domestic product	7,280.0	54.4	66.0	3.1	3.7
Plus: Receipts of factor income from the rest of the world	242.0	6.2	-.5	10.9	-.7
Less: Payments of factor income to the rest of the world	258.7	6.1	1.8	10.1	2.9
Equals: Gross national product	7,262.6	54.4	63.8	3.1	3.6
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,234.7	17.1	18.7	5.8	6.3
Plus: Command-basis exports of goods and services and receipts of factor income	1,281.3	20.2	19.4	6.7	6.3
Equals: Command-basis gross national product	7,309.3	57.6	64.5	3.2	3.6
Addendum:					
Terms of trade ¹	103.8	.2	0	.8	0

1. Ratio of the implicit price deflator for the sum of exports of goods and services and of receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Levels of these series are found in NIPA tables 1.10 and 1.11.

In the third quarter, command-basis GNP increased slightly more than real GNP—3.2 percent, compared with 3.1 percent—reflecting a slight improvement in the terms of trade.

Corporate Profits

Profits from current production—profits excluding nonoperating income such as capital gains (loses) and special charges—decreased \$9.2 billion in the fourth quarter after increasing \$32.2 billion in the third (table 4).⁵

the IPD for the sum of imports of goods and services and of payments of factor income. Changes in the terms of trade reflect the interaction of several factors, including movements in exchange rates, changes in the composition of the traded goods and services, and changes in producers' profit margins. For example, if the U.S. dollar depreciates against a foreign currency, a foreign manufacturer may choose to absorb this cost by reducing the profit margin on the product it sells to the United States, or it may choose to raise the price of the product and risk a loss in market share.

5. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in NIPA tables 1.9, 1.14, 1.16, and 6.16C in the "Selected NIPA Tables" that begin on page D-2 as corporate profits with inventory

Profits of domestic industries decreased \$5.7 billion after increasing \$33.1 billion. Profits of domestic nonfinancial corporations decreased \$10.7 billion after increasing \$31.5 billion, primarily reflecting a downturn in profits per unit; this downturn, in turn, reflected an upturn in unit labor costs and little change in prices. Profits of domestic financial corporations increased \$5.0 billion after increasing \$1.6 billion. Profits from the rest of the world decreased \$3.6 billion after decreasing \$0.9 billion; receipts turned down more sharply than payments.⁶

Cash flow from current production, a profits-related measure of internally generated funds available for investment, decreased \$4.5 billion after increasing \$17.7 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, slipped slightly to 81.0 percent from 81.2 percent. The ratio remains in the lower part of the range in which it has fluctuated during most of this decade.

Table 4.—Corporate Profits

[Quarterly estimates seasonally adjusted at annual rates]

	Level			Change from preceding quarter		
	1997			1997		
	IV			1996		
	III		IV	1996		1997
Billions of dollars						
Profits from current production	818.1	32.2	-9.2	805.0	85.9	69.1
Domestic industries	721.8	33.1	-5.7	706.5	76.8	66.5
Financial	114.3	1.6	5.0	109.5	5.5	15.3
Nonfinancial	607.5	31.5	-10.7	596.9	71.2	51.1
Rest of the world	96.3	-9	-3.6	98.6	9.2	2.7
Receipts (inflows)	145.0	2.2	-5.5	145.9	12.5	13.2
Payments (outflows)	48.7	3.1	-1.9	47.3	3.2	10.6
IVA	9.2	-2.3	5.6	5.5	21.8	8.0
CCAdj	71.6	.9	1.3	69.7	10.2	7.9
Profits before tax	737.3	33.6	-16.1	729.8	54.0	53.2
Profits tax liability	253.6	13.7	-4.6	249.4	15.8	20.4
Profits after tax	483.7	19.9	-11.5	480.3	38.2	32.7
Cash flow from current production	703.4	17.7	-4.5	695.1	53.0	40.8
Profits by industry:						
Corporate profits with IVA	746.5	31.4	-10.6	735.3	75.7	61.2
Domestic industries	650.2	32.3	-7.0	636.7	66.5	58.5
Financial	124.5	1.9	5.1	119.5	5.9	16.0
Nonfinancial	525.7	30.4	-12.1	517.2	60.6	42.5
Manufacturing	229.0	19.4	-11.4	224.7	24.2	19.2
Transportation and public utilities	91.5	4	1.5	90.7	5.3	-1.0
Wholesale trade	51.7	4.6	-2.4	51.1	11.4	12.8
Retail trade	55.2	3.0	-2.7	55.8	7.0	6.9
Other	98.2	2.9	2.9	95.0	12.7	4.7
Rest of the world	96.3	-9	-3.6	98.6	9.2	2.7
Dollars						
Unit price, costs, and profits of nonfinancial corporations:						
Unit price	1.073	0	.001	1.072	.013	.008
Unit labor cost .....	.702	-.003	.007	.698	.003	.009
Unit nonlabor cost .....	.227	-.001	-.001	.229	-.002	-.003
Unit profits from current production .....	.145	.005	-.004	.145	.012	.005

Industry profits.—Industry profits decreased \$10.6 billion after increasing \$31.4 billion.⁷ The downturn was accounted for by domestic nonfinancial corporations. Most manufacturing industries contributed to the downturn; however, food and kindred products increased more in the fourth quarter than in the third. Wholesale trade and retail trade also turned down. In contrast, transportation and public utilities increased more in the fourth quarter than in the third. "Other" nonfinancial corporations increased the same amount as in the third quarter.

Related measures.—Profits before tax (PBT) decreased \$16.1 billion after increasing \$33.6 billion. The difference between the \$16.1 decrease in PBT and the \$9.2 billion decrease in profits from current production mainly reflected larger negative inventory profits in the fourth quarter than in the third.⁸

valuation and capital consumption adjustments. These adjustments convert inventory withdrawals and depreciation charges reported to businesses to a current-replacement-cost basis.

6. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. These estimates are derived from BEA's international transactions accounts.

7. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16C (on page D-16). Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

8. As prices change, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits—a capital-gains-like element in profits—result from an

NOTE.—Levels of these and other profits series are found in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

IVA Inventory valuation adjustment
CCAdj Capital consumption adjustment

The year 1997.—For the year 1997, profits from current production increased \$69.1 billion (or 9.4 percent) to a level of \$805.0 billion; in 1996, the increase was \$85.9 billion (13.2 percent). Profits of domestic nonfinancial corporations increased \$51.1 billion after increasing \$71.2 billion, reflecting a slowdown in profits per unit; the slowdown in unit profits, in turn, reflected a slowdown in unit prices and a step-up in unit labor costs. The foreign component of profits also increased less than in 1997, \$2.7 billion, than in 1996, \$9.2 billion. In contrast to these slowdowns, profits of domestic financial corporations increased \$15.3 billion after increasing \$5.5 billion.

Industry profits increased \$61.2 billion after increasing \$75.7 billion. The slowdown was more than accounted for by domestic nonfinancial corporations. Profits in the transportation and utilities group turned down, and profits in manufacturing and in “other” nonfinancial corporations increased less than in 1996.

PBT increased \$53.2 billion, about the same amount as in 1996. Inventory profits—the main difference between PBT and profits from current production—turned negative for the first time since 1991.

Government Sector

The combined current surplus, which measures the net saving of the Federal Government and State and local governments, decreased \$2.6 billion in the fourth quarter, to \$98.0 billion (table 5).⁹ The fourth-quarter decrease in the fiscal position of the government sector was the first since the third quarter of 1995. The decrease was equally attributable to an increase in the Federal Government deficit and a decrease in the State and local government surplus.¹⁰

Federal

The Federal Government current deficit increased \$1.3 billion, to \$12.1 billion, in the fourth quarter, the first increase in seven quarters. The deficit decreased \$26.0 billion in the third quarter.

increase in inventory prices, and inventory losses—a capital-loss-like element in profits—result from a decrease in inventory prices. In the NIPA's, inventory profits or losses are shown as adjustments to business income (corporate profits and proprietors' income); they are shown as the inventory valuation adjustment with the sign reversed.

9. Net government saving equals gross saving less consumption of fixed capital.

10. The NIPA estimates for the government sector are derived from financial statements for the Federal Government and for State and local governments but differ from them in several respects. The major differences are shown in NIPA tables 3.18B and 3.19, which reconcile the NIPA estimates with government financial statements; these tables were published in the October 1997 SURVEY OF CURRENT BUSINESS on pages 11–13.

Receipts.—Federal receipts increased \$25.6 billion in the fourth quarter after increasing \$32.5 billion in the third. The deceleration resulted from a downturn in corporate profits tax accruals that more than offset accelerations in personal tax and nontax receipts and contributions for social insurance.

Corporate profits tax accruals decreased \$3.8 billion after increasing \$11.6 billion; the downturn reflected the downturn in domestic corporate profits.

Indirect business tax and nontax accruals decreased \$0.1 billion after increasing \$0.2 billion. Customs duties turned down, but excise taxes accelerated. Within excise taxes, air transport taxes increased \$1.5 billion after increasing \$0.3 billion, as a result of several provisions of the Taxpayer Relief Act of 1997 that became effective October 1.

Personal tax and nontax receipts increased \$19.1 billion after increasing \$14.0 billion. Receipts from income taxes increased \$18.4 billion after increasing \$14.4 billion; the acceleration was more than accounted for by an acceleration in withheld income taxes, reflecting higher growth in wage and salary disbursements. “Estimated income tax payments and final settlements, less refunds” increased \$1.5 billion after increasing \$4.3 billion. Estate and gift taxes increased \$0.7 billion after decreasing \$0.4 billion.

Contributions for social insurance increased \$10.4 billion after increasing \$6.7 billion. Reflecting stronger fourth-quarter wage and salary disbursements, contributions to the old-age, survivors, disability and hospital insurance and to the State unemployment insurance trust funds increased \$10.2 billion after increasing \$6.1 billion.

Current expenditures.—Current expenditures increased \$26.9 billion in the fourth quarter after increasing \$6.6 billion in the third. The acceleration was mostly accounted for by step-ups in transfer payments (net), in grants-in-aid to State and local governments, and in consumption expenditures.

Transfer payments (net) increased \$15.7 billion after increasing \$3.1 billion. Transfer payments to the rest of the world increased \$11.6 billion after decreasing \$0.8 billion; the upturn was accounted for by the yearly payment to Israel of \$3.0 billion—\$12.0 billion at an annual rate—in economic support and other payments. Transfer payments to persons increased \$4.1 billion after increasing \$4.0 billion.

Grants-in-aid to State and local governments increased \$6.4 billion after increasing \$1.7 billion. The acceleration was accounted for by upturns in

grants for medicaid, health care, and family assistance that were only partly offset by downturns in grants for education, mass transit, highways, and other programs.

Consumption expenditures increased \$3.7 billion after increasing \$0.5 billion. Expenditures for national defense increased \$2.8 billion after increasing \$0.3 billion; the acceleration was primarily accounted for by an upturn in expenditures for durable goods, mainly for aircraft parts and for parts of other military durable goods. Nondefense expenditures increased \$0.9 billion after increasing \$0.2 billion.

Subsidies less current surplus of government enterprises increased \$1.1 billion after decreasing \$0.2 billion. The upturn was mostly accounted for by a downturn in the surplus of government enterprises.

Net interest paid increased \$0.1 billion after increasing \$1.4 billion. The deceleration was mainly accounted for by an upturn in gross interest received from persons, business, and the rest of the world, which increased \$0.2 billion after decreasing \$0.7 billion.

State and local

The State and local government current surplus decreased \$1.3 billion, to \$110.1 billion, in the fourth quarter after increasing \$6.5 billion in the third. The downturn was mostly attributable to a deceleration in receipts.

Receipts increased \$12.6 billion after increasing \$19.1 billion. The deceleration was more than accounted for by a deceleration in indirect business tax and nontax accruals and a downturn in corporate profits tax accruals.

Indirect business tax and nontax accruals increased \$0.5 billion after increasing \$9.0 billion; the deceleration was more than accounted for by a downturn in "other tax and nontax accruals" and a deceleration in sales taxes. "Other tax and nontax accruals" decreased \$2.8 billion after increasing \$4.6 billion; these accruals had been boosted in the third quarter by a payment of \$0.92 billion— or \$3.7 billion at an annual rate—to two States by tobacco companies as out-of-court settlements of lawsuits. Sales taxes increased \$0.9 billion after increasing \$2.8 billion; the deceleration primarily reflected a deceleration in retail sales.

Corporate profits tax accruals decreased \$0.8 billion after increasing \$2.1 billion; the downturn reflected the downturn in domestic corporate profits. As previously noted, Federal

grants-in-aid increased \$6.4 billion after increasing \$1.7 billion. Personal tax and nontax receipts increased \$5.0 billion after increasing \$4.8 billion.

Current expenditures increased \$13.8 billion after increasing \$12.6 billion. The acceleration was more than accounted for by consumption expenditures, which increased \$10.3 billion after increasing \$8.7 billion, largely because of accelerations in "other" services and in nondurable goods. Transfer payments to persons increased \$4.7 billion after increasing \$4.5 billion.

Table 5.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter			
	1997	1996	1997			
	IV	IV	I	II	III	IV
Government sector						
Receipts	2,648.5	52.3	47.6	40.2	49.9	31.8
Current expenditures	2,550.5	32.2	21.6	21.3	17.4	34.4
Current surplus or deficit(-)	98.0	20.1	26.0	18.9	32.5	-2.6
Social insurance funds	142.8	2.3	-2.1	2.1	3.8	7.0
Other	-44.8	17.8	28.1	16.8	28.8	-9.7
Federal Government						
Receipts	1,767.4	43.0	33.7	34.0	32.5	25.6
Personal tax and nontax receipts	801.0	21.8	29.4	21.0	14.0	19.1
Corporate profits tax accruals	215.5	-4.7	12.9	2.8	11.6	-3.8
Indirect business tax and nontax accruals	92.3	18.7	-22.0	4.0	.2	-1
Contributions for social insurance	658.6	7.2	13.3	6.2	6.7	10.4
Current expenditures	1,779.5	20.6	12.0	15.2	6.6	26.9
Consumption expenditures	468.4	-4	4.4	6.2	.5	3.7
National defense	314.4	-1.7	-1.2	4.9	.3	2.8
Nondefense	154.0	1.4	5.7	1.2	.2	.9
Transfer payments (net)	810.2	15.8	8.6	5.5	3.1	15.7
To persons	788.6	4.7	21.1	5.0	4.0	4.1
To the rest of the world	21.6	11.0	-12.4	.3	-8	11.6
Grants-in-aid to State and local governments	230.6	-1.2	2.1	2.9	1.7	6.4
Net interest paid	231.3	5.2	-2.9	0.9	1.4	.1
Subsidies less current surplus of government enterprises	39.0	1.1	-1	-3	-2	1.1
Subsidies	34.5	.3	.4	.5	0	.2
Of which: Agricultural subsidies	8.0	1	.0	.1	0	.5
Less: Current surplus of government enterprises	-4.5	-9	4	.8	.3	-9
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	-12.1	22.4	21.6	18.7	26.0	-1.3
Social insurance funds	71.3	2.4	-1.9	1.7	4.0	6.9
Other	-83.4	20.1	23.5	17.0	22.0	-8.2
State and local governments						
Receipts	1,111.7	8.2	16.0	9.1	19.1	12.6
Personal tax and nontax receipts	221.1	3.4	3.6	2.6	4.8	5.0
Corporate profits tax accruals	38.1	-9	2.4	.4	2.1	-8
Indirect business tax and nontax accruals	533.5	5.7	6.9	2.0	9.0	.5
Contributions for social insurance	88.4	1.1	1.1	1.2	1.4	1.6
Federal grants-in-aid	230.6	-1.2	2.1	2.9	1.7	6.4
Current expenditures	1,001.5	10.3	11.6	9.0	12.6	13.8
Consumption expenditures	776.4	7.4	8.4	5.7	8.7	10.3
Transfer payments to persons	318.7	4.0	4.5	4.4	4.5	4.7
Net interest paid	-66.3	-8	-1.0	-9	-7	-7
Less: Dividends received by government	14.9	.3	.3	.4	0	.2
Subsidies less current surplus of government enterprises	-12.4	-1	.2	.1	.1	-3
Subsidies	0.3	0	0	0	0	0
Less: Current surplus of government enterprises	12.7	0	-1	-2	-1	.3
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	110.1	-2.2	4.3	.2	6.5	-1.3
Social insurance funds	71.5	-1	-1	.3	-2	.1
Other	38.6	-2.2	4.6	-2	6.7	-1.4


NOTE.—Dollar levels are found in NIPA tables 3.1, 3.2, and 3.3.

The Government Sector in 1997

The combined fiscal position of the Federal Government and State and local governments shifted from a current deficit of \$5.1 billion in 1996 to a current surplus of \$79.0 billion in 1997, the first surplus since 1979.¹¹ The shift in the fiscal position was primarily accounted for by a substantial decrease in the Federal current deficit.

The Federal current deficit decreased \$81.7 billion, to \$28.8 billion, the smallest Federal deficit since 1979; the decrease was attributable to a much larger increase in receipts than in current expenditures.¹² Federal receipts increased \$135.8 billion; the increase was more than accounted for by increases in personal tax and

nontax receipts, contributions for social insurance, and corporate profits tax accruals. Federal current expenditures increased \$54.1 billion; the increase was mostly accounted for by increases in transfer payments (net) and consumption expenditures.

The State and local government current surplus increased \$2.5 billion, to \$107.8 billion; the increase was attributable to a slightly larger increase in receipts than in current expenditures.¹³ Receipts increased \$47.0 billion; all categories of receipts increased, but the largest increases were in indirect business tax and nontax accruals and in personal tax and nontax receipts. Current expenditures increased \$44.6 billion; the increase was more than accounted for by consumption expenditures and transfer payments to persons. 

11. For NIPA estimates of government receipts and current expenditures for calendar years 1996 and 1997, see NIPA tables 3.1, 3.2, and 3.3 in this issue.

12. The NIPA budget estimates differ from the official Federal budget estimates in several respects, including the timing of transactions, the treatment of investment, and other coverage differences. For more information, see "Federal Budget Estimates, Fiscal Year 1999," SURVEY 78 (March 1998): 8-16.

13. For more information, see "State and Local Government Fiscal Position in 1997" in this issue.

B U S I N E S S S I T U A T I O N

Ralph W. Morris prepared the first section of this article, Daniel Larkins prepared the section on corporate profits, and Benyam Tsehaye prepared the section on the government sector.

REAL GROSS domestic product (GDP) increased 3.7 percent in the fourth quarter of 1997, according to the "final" estimates of the national income and product accounts (NIPAs) (chart 1).¹ The acceleration from the 3.1-percent increase in the third quarter was more than accounted for by upturns in business inventory investment and in net exports. In contrast, consumer spending and government spending increased less than in the third quarter, and business fixed investment turned down (table 1).

The "final" estimate of the change in real GDP is 0.2 percentage point lower than the 3.9-percent increase indicated by the "preliminary" estimate reported in the March "Business Situation" (table 2). The revision is slightly less than the average revision—0.3 percentage point, without regard to the sign—from the preliminary to the final estimate for 1976–97. Downward revisions to consumer spending and net exports more than offset an upward revision to business fixed investment. In consumer spending, the largest revision was to services and primarily reflected the incorporation of newly available data on hospital expenses and on residential gas sales. In net exports, the incorporation of revised data on trade in goods and services, resulted in a slightly larger downward revision to exports than to imports. The revisions to both exports and imports were mostly to services. In business fixed investment, the upward revision was mostly to producers' durable equipment, reflecting the incorporation of revised data for shipments of commercial aircraft.

1. Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates unless otherwise specified. Quarter-to-quarter dollar changes are differences between published estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data. Real estimates are expressed in chained (1992) dollars, and price indexes are chain-type indexes.

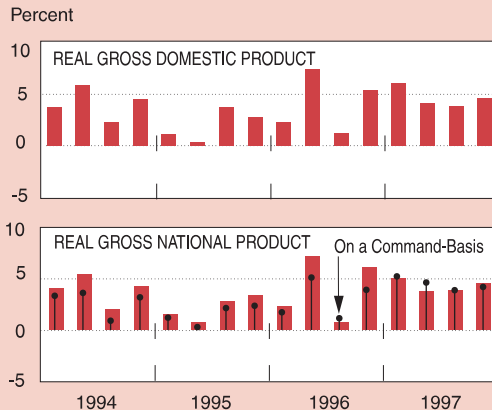
Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers
[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1997			
		1997				I	II	III	IV
	IV	I	II	III	IV				
Gross domestic product	7,280.0	84.2	58.0	54.4	66.0	4.9	3.3	3.1	3.7
Less: Exports of goods and services	992.7	21.6	39.8	10.5	19.7	9.9	18.4	4.4	8.3
Plus: Imports of goods and services	1,151.8	42.3	50.2	38.0	14.7	17.9	20.5	14.6	5.3
Equals: Gross domestic purchases	7,426.1	102.5	66.0	77.7	61.5	5.9	3.7	4.3	3.4
Personal consumption expenditures	4,926.1	61.7	11.3	66.8	29.9	5.3	.9	5.6	2.5
Durable goods	659.3	20.7	-8.8	27.1	3.2	14.1	-5.4	18.4	1.9
Nondurable goods	1,460.9	16.6	-7.8	15.5	-4.6	4.7	-2.1	4.3	-1.2
Services	2,806.4	25.7	25.9	26.3	30.3	3.9	3.9	3.9	4.4
Gross private domestic fixed investment	1,154.6	10.3	32.4	37.9	5.3	3.9	12.6	14.4	1.8
Nonresidential fixed investment	872.7	8.1	28.1	37.5	-1.8	4.1	14.6	19.2	-8
Structures	195.5	-1.0	-2.4	3.2	-1.2	-2.1	-4.7	6.7	-2.3
Producers' durable equipment	684.8	9.9	32.7	36.0	-5	6.7	23.0	24.1	-3
Residential investment	286.3	2.2	4.9	1.9	6.2	3.3	7.4	2.7	9.1
Change in business inventories	74.0	30.8	13.9	-30.1	26.5	.....	.....	.....	.....
Nonfarm	64.5	31.8	11.8	-31.8	26.2	.....	.....	.....	.....
Farm	9.8	-1.1	2.2	2.0	.3	.....	.....	.....	.....
Government consumption expenditures and gross investment	1,274.4	-1.3	9.6	3.3	1.0	-4	3.1	1.1	.3
Federal	456.1	-6.8	7.3	-1.3	-2.7	-5.8	6.6	-1.1	-2.3
National defense	311.1	-9.7	5.5	.9	.8	-11.8	7.5	1.2	1.0
Nondefense	144.8	2.8	1.7	-2.2	-3.2	8.0	4.9	-5.7	-8.6
State and local	818.3	5.4	2.4	4.6	3.6	2.7	1.2	2.3	1.8
Addenda:									
Final sales to domestic purchasers	7,346.9	70.4	51.6	106.2	36.0	4.0	2.9	6.0	2.0
Final sales of domestic product	7,201.1	52.4	43.6	82.6	44.2	3.0	2.5	4.7	2.3

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table 8.1.

CHART 1

Selected Product Measures: Change From Preceding Quarter



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

Real final sales of domestic product increased 2.3 percent in the fourth quarter, 0.2 percentage point less than the preliminary estimate.² The revision was the same as that to GDP because business inventory investment was unrevised. Real gross domestic purchases increased 3.4 percent, 0.1 percentage point less than the preliminary estimate.

The price index for gross domestic purchases increased 1.4 percent in the fourth quarter, the same as the preliminary estimate; the index increased 1.3 percent in the third quarter. The price index for GDP increased 1.4 percent in the fourth quarter, the same as the preliminary estimate; the index increased 1.4 percent in the third quarter.

2. Final sales of domestic product equals GDP less change in business inventories.

**Table 2.—Revisions to Real Gross Domestic Product and Prices,
Fourth Quarter 1997**

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Final estimate minus preliminary estimate	
	Preliminary estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	3.9	3.7	-0.2	-3.3
Less: Exports of goods and services	10.0	8.3	-1.7	-3.7
Goods	14.5	14.1	-4	-7
Services	-8	-5.1	-4.3	-2.7
Plus: Imports of goods and services	6.4	5.3	-1.1	-3.1
Goods	6.6	6.2	-4	-8
Services	5.4	.3	-5.1	-2.1
Equals: Gross domestic purchases	3.5	3.4	-1	-2.6
Personal consumption expenditures	3.1	2.5	-6	-7.4
Durable goods	1.7	1.9	.2	.4
Nondurable goods	-1.0	-1.2	-.2	-1.0
Services	5.4	4.4	-1.0	-6.5
Fixed investment	0	1.8	1.8	5.4
Nonresidential	-3.5	-8	2.7	6.1
Structures	-4.3	-2.3	2.0	1.0
Producers' durable equipment	-3.3	-3	3.0	5.1
Residential	9.7	9.1	-6	-4
Change in business inventories				0
Nonfarm .....				.1
Farm				0
Government consumption expenditures and gross investment .....	.4	.3	-.1	-.3
Federal	-2.1	-2.3	-.2	-.3
National defense	1.3	1.0	-.3	-.2
Nondefense	-8.6	-8.6	0	0
State and local	1.8	1.8	0	0
Addenda:				
Final sales of domestic product	2.5	2.3	-.2	-3.4
Gross domestic purchases price index ¹	1.4	1.4	0	.....
GDP price index ¹	1.4	1.4	0	.....

1. Based on chained-type annual (1992) weights.

NOTE.—The final estimates for the fourth quarter of 1997 incorporate the following revised or additional major source data that were not available when the preliminary estimates were prepared.

Personal consumption expenditures: Revised retail sales for December, revised consumer price indexes for October through December, hospital expenses for October and November, and residential volume gas sales for November.

Nonresidential fixed investment: Revised construction put in place for November and December and revised manufacturers' shipments of machinery and equipment for December.

Residential fixed investment: Revised construction put in place for November and December.

Change in business inventories: Revised manufacturing and trade inventories for December.

Exports and imports of goods and services: Revised data on exports and imports of goods for December and revised balance-of-payments data on exports and imports of services for the fourth quarter.

Government consumption expenditures and gross investment: Revised State and local construction put in place for November and December.

Wages and salaries: Revised employment, average hourly earnings, and average weekly hours for December.

GDP prices: Revised export and import prices for September through December and revised prices of single-family homes under construction for November and December.

Real disposable personal income increased 4.5 percent, the same as the preliminary estimate. The personal saving rate was 3.9 percent, 0.1 percentage point more than the preliminary estimate.

Gross national product (GNP).—Real GNP—goods and services produced by labor and property supplied by U.S. residents—increased 3.6 percent in the fourth quarter, 0.1 percentage point less than real GDP (table 3).³ Receipts of factor income from the rest of the world changed little, and payments of factor income increased; interest income more than accounted for the increase in payments.

Real GNP on a command basis—a measure of the goods and services produced by the U.S. economy in terms of their purchasing power—increased the same as real GNP—3.6 percent—reflecting no change in the terms of trade.⁴

3. For the fourth quarter, estimates of gross national product and corporate profits are released only with the final GDP estimates. GNP equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world.

4. In the estimation of command-basis GNP the current-dollar value of the sum of exports of goods and services and of receipts of factor income is deflated by the implicit price deflator (IPD) for the sum of imports of goods and services and of payments of factor income.

The terms of trade is a measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is measured by the following ratio, with the decimal point shifted two places to the right: In the numerator, the IPD for the sum of exports of goods and services and of receipts of factor income; in the denominator,

Table 3.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter		1997	
		1997	1997	III	IV
		IV	III	IV	
Gross domestic product	7,280.0	54.4	66.0	3.1	3.7
Plus: Receipts of factor income from the rest of the world	242.0	6.2	-.5	10.9	-.7
Less: Payments of factor income to the rest of the world	258.7	6.1	1.8	10.1	2.9
Equals: Gross national product	7,262.6	54.4	63.8	3.1	3.6
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,234.7	17.1	18.7	5.8	6.3
Plus: Command-basis exports of goods and services and receipts of factor income	1,281.3	20.2	19.4	6.7	6.3
Equals: Command-basis gross national product	7,309.3	57.6	64.5	3.2	3.6
Addendum:					
Terms of trade ¹	103.8	.2	0	.8	0

1. Ratio of the implicit price deflator for the sum of exports of goods and services and of receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Levels of these series are found in NIPA tables 1.10 and 1.11.

In the third quarter, command-basis GNP increased slightly more than real GNP—3.2 percent, compared with 3.1 percent—reflecting a slight improvement in the terms of trade.

Corporate Profits

Profits from current production—profits excluding nonoperating income such as capital gains (loses) and special charges—decreased \$9.2 billion in the fourth quarter after increasing \$32.2 billion in the third (table 4).⁵

the IPD for the sum of imports of goods and services and of payments of factor income. Changes in the terms of trade reflect the interaction of several factors, including movements in exchange rates, changes in the composition of the traded goods and services, and changes in producers' profit margins. For example, if the U.S. dollar depreciates against a foreign currency, a foreign manufacturer may choose to absorb this cost by reducing the profit margin on the product it sells to the United States, or it may choose to raise the price of the product and risk a loss in market share.

5. Profits from current production is estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; it is shown in NIPA tables 1.9, 1.14, 1.16, and 6.16C in the "Selected NIPA Tables" that begin on page D-2 as corporate profits with inventory

Profits of domestic industries decreased \$5.7 billion after increasing \$33.1 billion. Profits of domestic nonfinancial corporations decreased \$10.7 billion after increasing \$31.5 billion, primarily reflecting a downturn in profits per unit; this downturn, in turn, reflected an upturn in unit labor costs and little change in prices. Profits of domestic financial corporations increased \$5.0 billion after increasing \$1.6 billion. Profits from the rest of the world decreased \$3.6 billion after decreasing \$0.9 billion; receipts turned down more sharply than payments.⁶

Cash flow from current production, a profits-related measure of internally generated funds available for investment, decreased \$4.5 billion after increasing \$17.7 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, slipped slightly to 81.0 percent from 81.2 percent. The ratio remains in the lower part of the range in which it has fluctuated during most of this decade.

Table 4.—Corporate Profits

[Quarterly estimates seasonally adjusted at annual rates]

	Level			Change from preceding quarter		
	1997			1997		
	IV			1996		
	1997		1997		1997	
	III	IV	1996	1997		
Billions of dollars						
Profits from current production	818.1	32.2	-9.2	805.0	85.9	69.1
Domestic industries	721.8	33.1	-5.7	706.5	76.8	66.5
Financial	114.3	1.6	5.0	109.5	5.5	15.3
Nonfinancial	607.5	31.5	-10.7	596.9	71.2	51.1
Rest of the world	96.3	-9	-3.6	98.6	9.2	2.7
Receipts (inflows)	145.0	2.2	-5.5	145.9	12.5	13.2
Payments (outflows)	48.7	3.1	-1.9	47.3	3.2	10.6
IVA	9.2	-2.3	5.6	5.5	21.8	8.0
CCAdj	71.6	.9	1.3	69.7	10.2	7.9
Profits before tax	737.3	33.6	-16.1	729.8	54.0	53.2
Profits tax liability	253.6	13.7	-4.6	249.4	15.8	20.4
Profits after tax	483.7	19.9	-11.5	480.3	38.2	32.7
Cash flow from current production	703.4	17.7	-4.5	695.1	53.0	40.8
Profits by industry:						
Corporate profits with IVA	746.5	31.4	-10.6	735.3	75.7	61.2
Domestic industries	650.2	32.3	-7.0	636.7	66.5	58.5
Financial	124.5	1.9	5.1	119.5	5.9	16.0
Nonfinancial	525.7	30.4	-12.1	517.2	60.6	42.5
Manufacturing	229.0	19.4	-11.4	224.7	24.2	19.2
Transportation and public utilities	91.5	4	1.5	90.7	5.3	-1.0
Wholesale trade	51.7	4.6	-2.4	51.1	11.4	12.8
Retail trade	55.2	3.0	-2.7	55.8	7.0	6.9
Other	98.2	2.9	2.9	95.0	12.7	4.7
Rest of the world	96.3	-9	-3.6	98.6	9.2	2.7
Dollars						
Unit price, costs, and profits of nonfinancial corporations:						
Unit price	1.073	0	.001	1.072	.013	.008
Unit labor cost .....	.702	-.003	.007	.698	.003	.009
Unit nonlabor cost .....	.227	-.001	-.001	.229	-.002	-.003
Unit profits from current production .....	.145	.005	-.004	.145	.012	.005

Industry profits.—Industry profits decreased \$10.6 billion after increasing \$31.4 billion.⁷ The downturn was accounted for by domestic nonfinancial corporations. Most manufacturing industries contributed to the downturn; however, food and kindred products increased more in the fourth quarter than in the third. Wholesale trade and retail trade also turned down. In contrast, transportation and public utilities increased more in the fourth quarter than in the third. "Other" nonfinancial corporations increased the same amount as in the third quarter.

Related measures.—Profits before tax (PBT) decreased \$16.1 billion after increasing \$33.6 billion. The difference between the \$16.1 decrease in PBT and the \$9.2 billion decrease in profits from current production mainly reflected larger negative inventory profits in the fourth quarter than in the third.⁸

valuation and capital consumption adjustments. These adjustments convert inventory withdrawals and depreciation charges reported to businesses to a current-replacement-cost basis.

6. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. These estimates are derived from BEA's international transactions accounts.

7. Industry profits, which are estimated as the sum of corporate profits before tax and the inventory valuation adjustment, are shown in NIPA table 6.16C (on page D-16). Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

8. As prices change, companies that value inventory withdrawals at original acquisition (historical) costs may realize inventory profits or losses. Inventory profits—a capital-gains-like element in profits—result from an

NOTE.—Levels of these and other profits series are found in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

IVA Inventory valuation adjustment
CCAdj Capital consumption adjustment

The year 1997.—For the year 1997, profits from current production increased \$69.1 billion (or 9.4 percent) to a level of \$805.0 billion; in 1996, the increase was \$85.9 billion (13.2 percent). Profits of domestic nonfinancial corporations increased \$51.1 billion after increasing \$71.2 billion, reflecting a slowdown in profits per unit; the slowdown in unit profits, in turn, reflected a slowdown in unit prices and a step-up in unit labor costs. The foreign component of profits also increased less than in 1997, \$2.7 billion, than in 1996, \$9.2 billion. In contrast to these slowdowns, profits of domestic financial corporations increased \$15.3 billion after increasing \$5.5 billion.

Industry profits increased \$61.2 billion after increasing \$75.7 billion. The slowdown was more than accounted for by domestic nonfinancial corporations. Profits in the transportation and utilities group turned down, and profits in manufacturing and in “other” nonfinancial corporations increased less than in 1996.

PBT increased \$53.2 billion, about the same amount as in 1996. Inventory profits—the main difference between PBT and profits from current production—turned negative for the first time since 1991.

Government Sector

The combined current surplus, which measures the net saving of the Federal Government and State and local governments, decreased \$2.6 billion in the fourth quarter, to \$98.0 billion (table 5).⁹ The fourth-quarter decrease in the fiscal position of the government sector was the first since the third quarter of 1995. The decrease was equally attributable to an increase in the Federal Government deficit and a decrease in the State and local government surplus.¹⁰

Federal

The Federal Government current deficit increased \$1.3 billion, to \$12.1 billion, in the fourth quarter, the first increase in seven quarters. The deficit decreased \$26.0 billion in the third quarter.

increase in inventory prices, and inventory losses—a capital-loss-like element in profits—result from a decrease in inventory prices. In the NIPA's, inventory profits or losses are shown as adjustments to business income (corporate profits and proprietors' income); they are shown as the inventory valuation adjustment with the sign reversed.

9. Net government saving equals gross saving less consumption of fixed capital.

10. The NIPA estimates for the government sector are derived from financial statements for the Federal Government and for State and local governments but differ from them in several respects. The major differences are shown in NIPA tables 3.18B and 3.19, which reconcile the NIPA estimates with government financial statements; these tables were published in the October 1997 SURVEY OF CURRENT BUSINESS on pages 11–13.

Receipts.—Federal receipts increased \$25.6 billion in the fourth quarter after increasing \$32.5 billion in the third. The deceleration resulted from a downturn in corporate profits tax accruals that more than offset accelerations in personal tax and nontax receipts and contributions for social insurance.

Corporate profits tax accruals decreased \$3.8 billion after increasing \$11.6 billion; the downturn reflected the downturn in domestic corporate profits.

Indirect business tax and nontax accruals decreased \$0.1 billion after increasing \$0.2 billion. Customs duties turned down, but excise taxes accelerated. Within excise taxes, air transport taxes increased \$1.5 billion after increasing \$0.3 billion, as a result of several provisions of the Taxpayer Relief Act of 1997 that became effective October 1.

Personal tax and nontax receipts increased \$19.1 billion after increasing \$14.0 billion. Receipts from income taxes increased \$18.4 billion after increasing \$14.4 billion; the acceleration was more than accounted for by an acceleration in withheld income taxes, reflecting higher growth in wage and salary disbursements. “Estimated income tax payments and final settlements, less refunds” increased \$1.5 billion after increasing \$4.3 billion. Estate and gift taxes increased \$0.7 billion after decreasing \$0.4 billion.

Contributions for social insurance increased \$10.4 billion after increasing \$6.7 billion. Reflecting stronger fourth-quarter wage and salary disbursements, contributions to the old-age, survivors, disability and hospital insurance and to the State unemployment insurance trust funds increased \$10.2 billion after increasing \$6.1 billion.

Current expenditures.—Current expenditures increased \$26.9 billion in the fourth quarter after increasing \$6.6 billion in the third. The acceleration was mostly accounted for by step-ups in transfer payments (net), in grants-in-aid to State and local governments, and in consumption expenditures.

Transfer payments (net) increased \$15.7 billion after increasing \$3.1 billion. Transfer payments to the rest of the world increased \$11.6 billion after decreasing \$0.8 billion; the upturn was accounted for by the yearly payment to Israel of \$3.0 billion—\$12.0 billion at an annual rate—in economic support and other payments. Transfer payments to persons increased \$4.1 billion after increasing \$4.0 billion.

Grants-in-aid to State and local governments increased \$6.4 billion after increasing \$1.7 billion. The acceleration was accounted for by upturns in

grants for medicaid, health care, and family assistance that were only partly offset by downturns in grants for education, mass transit, highways, and other programs.

Consumption expenditures increased \$3.7 billion after increasing \$0.5 billion. Expenditures for national defense increased \$2.8 billion after increasing \$0.3 billion; the acceleration was primarily accounted for by an upturn in expenditures for durable goods, mainly for aircraft parts and for parts of other military durable goods. Nondefense expenditures increased \$0.9 billion after increasing \$0.2 billion.

Subsidies less current surplus of government enterprises increased \$1.1 billion after decreasing \$0.2 billion. The upturn was mostly accounted for by a downturn in the surplus of government enterprises.

Net interest paid increased \$0.1 billion after increasing \$1.4 billion. The deceleration was mainly accounted for by an upturn in gross interest received from persons, business, and the rest of the world, which increased \$0.2 billion after decreasing \$0.7 billion.

State and local

The State and local government current surplus decreased \$1.3 billion, to \$110.1 billion, in the fourth quarter after increasing \$6.5 billion in the third. The downturn was mostly attributable to a deceleration in receipts.

Receipts increased \$12.6 billion after increasing \$19.1 billion. The deceleration was more than accounted for by a deceleration in indirect business tax and nontax accruals and a downturn in corporate profits tax accruals.

Indirect business tax and nontax accruals increased \$0.5 billion after increasing \$9.0 billion; the deceleration was more than accounted for by a downturn in "other tax and nontax accruals" and a deceleration in sales taxes. "Other tax and nontax accruals" decreased \$2.8 billion after increasing \$4.6 billion; these accruals had been boosted in the third quarter by a payment of \$0.92 billion— or \$3.7 billion at an annual rate—to two States by tobacco companies as out-of-court settlements of lawsuits. Sales taxes increased \$0.9 billion after increasing \$2.8 billion; the deceleration primarily reflected a deceleration in retail sales.

Corporate profits tax accruals decreased \$0.8 billion after increasing \$2.1 billion; the downturn reflected the downturn in domestic corporate profits. As previously noted, Federal

grants-in-aid increased \$6.4 billion after increasing \$1.7 billion. Personal tax and nontax receipts increased \$5.0 billion after increasing \$4.8 billion.

Current expenditures increased \$13.8 billion after increasing \$12.6 billion. The acceleration was more than accounted for by consumption expenditures, which increased \$10.3 billion after increasing \$8.7 billion, largely because of accelerations in "other" services and in nondurable goods. Transfer payments to persons increased \$4.7 billion after increasing \$4.5 billion.

Table 5.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level		Change from preceding quarter			
	1997	1996	1997			
	IV	IV	I	II	III	IV
Government sector						
Receipts	2,648.5	52.3	47.6	40.2	49.9	31.8
Current expenditures	2,550.5	32.2	21.6	21.3	17.4	34.4
Current surplus or deficit(-)	98.0	20.1	26.0	18.9	32.5	-2.6
Social insurance funds	142.8	2.3	-2.1	2.1	3.8	7.0
Other	-44.8	17.8	28.1	16.8	28.8	-9.7
Federal Government						
Receipts	1,767.4	43.0	33.7	34.0	32.5	25.6
Personal tax and nontax receipts	801.0	21.8	29.4	21.0	14.0	19.1
Corporate profits tax accruals	215.5	-4.7	12.9	2.8	11.6	-3.8
Indirect business tax and nontax accruals	92.3	18.7	-22.0	4.0	.2	-1
Contributions for social insurance	658.6	7.2	13.3	6.2	6.7	10.4
Current expenditures	1,779.5	20.6	12.0	15.2	6.6	26.9
Consumption expenditures	468.4	-4	4.4	6.2	.5	3.7
National defense	314.4	-1.7	-1.2	4.9	.3	2.8
Nondefense	154.0	1.4	5.7	1.2	.2	.9
Transfer payments (net)	810.2	15.8	8.6	5.5	3.1	15.7
To persons	788.6	4.7	21.1	5.0	4.0	4.1
To the rest of the world	21.6	11.0	-12.4	.3	-8	11.6
Grants-in-aid to State and local governments	230.6	-1.2	2.1	2.9	1.7	6.4
Net interest paid	231.3	5.2	-2.9	0.9	1.4	.1
Subsidies less current surplus of government enterprises	39.0	1.1	-1	-3	-2	1.1
Subsidies	34.5	.3	.4	.5	0	.2
Of which: Agricultural subsidies	8.0	1	.0	.1	0	.5
Less: Current surplus of government enterprises	-4.5	-9	4	.8	.3	-9
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	-12.1	22.4	21.6	18.7	26.0	-1.3
Social insurance funds	71.3	2.4	-1.9	1.7	4.0	6.9
Other	-83.4	20.1	23.5	17.0	22.0	-8.2
State and local governments						
Receipts	1,111.7	8.2	16.0	9.1	19.1	12.6
Personal tax and nontax receipts	221.1	3.4	3.6	2.6	4.8	5.0
Corporate profits tax accruals	38.1	-9	2.4	.4	2.1	-8
Indirect business tax and nontax accruals	533.5	5.7	6.9	2.0	9.0	.5
Contributions for social insurance	88.4	1.1	1.1	1.2	1.4	1.6
Federal grants-in-aid	230.6	-1.2	2.1	2.9	1.7	6.4
Current expenditures	1,001.5	10.3	11.6	9.0	12.6	13.8
Consumption expenditures	776.4	7.4	8.4	5.7	8.7	10.3
Transfer payments to persons	318.7	4.0	4.5	4.4	4.5	4.7
Net interest paid	-66.3	-8	-1.0	-9	-7	-7
Less: Dividends received by government	14.9	.3	.3	.4	0	.2
Subsidies less current surplus of government enterprises	-12.4	-1	.2	.1	.1	-.3
Subsidies	0.3	0	0	0	0	0
Less: Current surplus of government enterprises	12.7	0	-1	-2	-1	.3
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	110.1	-2.2	4.3	.2	6.5	-1.3
Social insurance funds	71.5	-1	-1	.3	-2	.1
Other	38.6	-2.2	4.6	-2	6.7	-1.4


NOTE.—Dollar levels are found in NIPA tables 3.1, 3.2, and 3.3.

The Government Sector in 1997

The combined fiscal position of the Federal Government and State and local governments shifted from a current deficit of \$5.1 billion in 1996 to a current surplus of \$79.0 billion in 1997, the first surplus since 1979.¹¹ The shift in the fiscal position was primarily accounted for by a substantial decrease in the Federal current deficit.

The Federal current deficit decreased \$81.7 billion, to \$28.8 billion, the smallest Federal deficit since 1979; the decrease was attributable to a much larger increase in receipts than in current expenditures.¹² Federal receipts increased \$135.8 billion; the increase was more than accounted for by increases in personal tax and

nontax receipts, contributions for social insurance, and corporate profits tax accruals. Federal current expenditures increased \$54.1 billion; the increase was mostly accounted for by increases in transfer payments (net) and consumption expenditures.

The State and local government current surplus increased \$2.5 billion, to \$107.8 billion; the increase was attributable to a slightly larger increase in receipts than in current expenditures.¹³ Receipts increased \$47.0 billion; all categories of receipts increased, but the largest increases were in indirect business tax and nontax accruals and in personal tax and nontax receipts. Current expenditures increased \$44.6 billion; the increase was more than accounted for by consumption expenditures and transfer payments to persons. 

11. For NIPA estimates of government receipts and current expenditures for calendar years 1996 and 1997, see NIPA tables 3.1, 3.2, and 3.3 in this issue.

12. The NIPA budget estimates differ from the official Federal budget estimates in several respects, including the timing of transactions, the treatment of investment, and other coverage differences. For more information, see "Federal Budget Estimates, Fiscal Year 1999," SURVEY 78 (March 1998): 8-16.

13. For more information, see "State and Local Government Fiscal Position in 1997" in this issue.

Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

Tables 1, 2, and 3 show quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Real manufacturing inventories by stage of fabrication are shown in table 4. Real estimates are in chained (1992) dollars.

Data availability

Quarterly estimates for 1992:IV–1997:II of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the **October 1997 SURVEY OF CURRENT BUSINESS**.

Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period
[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	976.5	990.9	971.9	976.5	980.6	985.5	990.9	993.4
Manufacturing	425.8	431.2	425.6	425.8	428.1	429.8	431.2	433.1
Durable goods	271.0	273.6	271.1	271.0	272.5	273.3	273.6	274.9
Primary metal industries	21.9	22.4	22.0	21.9	22.0	22.1	22.4	22.5
Fabricated metal products	26.0	26.1	25.8	26.0	26.1	26.2	26.1	26.3
Industrial machinery and equipment	61.1	61.9	61.2	61.1	61.6	61.8	61.9	61.9
Electronic and other electric equipment	40.0	40.6	40.1	40.0	40.1	40.4	40.6	41.0
Transportation equipment	66.3	66.6	66.3	66.3	66.9	66.7	66.6	66.8
Motor vehicles and equipment	14.4	13.7	14.0	14.4	13.9	13.7	13.7	13.8
Other transportation equipment	51.9	52.9	52.2	51.9	53.0	53.0	52.9	53.0
Other durable goods ¹	57.5	57.9	57.5	57.5	57.5	58.0	57.9	58.1
Nondurable goods	155.0	157.8	154.7	155.0	155.9	156.7	157.8	158.4
Food and kindred products	32.6	33.4	32.4	32.6	32.8	33.0	33.4	33.5
Paper and allied products	14.1	14.2	13.9	14.1	14.0	14.1	14.2	14.3
Chemicals and allied products	39.0	39.9	38.6	39.0	39.5	39.9	39.9	40.0
Petroleum and coal products	13.7	14.2	14.0	13.7	13.5	13.6	14.2	14.2
Rubber and miscellaneous plastic products	14.7	14.9	14.7	14.7	14.8	14.9	14.9	14.9
Other nondurable goods ²	40.7	41.1	40.8	40.7	41.0	41.0	41.1	41.2
Merchant wholesalers	255.2	260.0	252.5	255.2	255.3	257.2	260.0	259.5
Durable goods	162.8	164.5	160.5	162.8	162.0	162.5	164.5	165.3
Nondurable goods	92.6	95.5	92.1	92.6	93.4	94.7	95.5	94.4
Groceries and farm products	26.1	27.4	26.3	26.1	27.4	28.0	27.4	27.1
Other nondurable goods	66.8	68.5	66.1	66.8	66.3	67.0	68.5	67.5
Retail trade	295.4	299.7	293.8	295.4	297.2	298.4	299.7	300.7
Durable goods	153.6	157.5	153.0	153.6	156.1	157.3	157.5	156.9
Motor vehicle dealers ³	72.8	75.5	73.4	72.8	74.7	76.0	75.5	74.8
Other durable goods ³	81.0	82.2	79.8	81.0	81.6	81.5	82.2	82.3
Nondurable goods	141.5	141.9	140.5	141.5	140.8	140.7	141.9	143.5
Food stores	29.0	28.7	29.0	29.0	28.8	28.9	28.7	28.8
Other nondurable goods	112.5	113.2	111.4	112.5	111.9	111.8	113.2	114.7

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, 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.

Estimates for 1967 forward are available electronically to subscribers to STAT-USA's Economic Bulletin Board or Internet services. For information, call 202-482-1986.

The estimates for 1959–96 are also available from BEA on the underlying NIPA historical data diskette: Product number NDN-0162, price \$60.00. To order using Visa or MasterCard, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666). To order by mail, send a check made payable to "Bureau of Economic Analysis, BE-53" to BEA Order Desk (BE-53), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.

Table 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate
[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	722.1	726.1	717.5	725.3	723.4	723.0	731.9	736.6
Manufacturing	314.1	316.5	311.5	315.8	315.5	314.7	319.4	318.3
Durable goods	179.9	181.1	177.8	181.8	180.5	180.0	182.8	181.4
Primary metal industries	13.8	13.8	13.7	13.8	13.8	13.7	13.8	13.9
Fabricated metal products	17.6	17.7	17.5	17.8	17.7	17.7	17.7	17.6
Industrial machinery and equipment	42.5	43.1	41.7	43.2	42.9	42.2	44.2	44.9
Electronic and other electric equipment	31.5	31.8	31.6	32.4	31.7	31.6	32.1	31.4
Transportation equipment	40.2	40.4	39.8	39.9	40.0	40.7	40.4	39.5
Motor vehicles and equipment	28.0	28.0	28.0	27.6	28.5	27.7	27.9	26.5
Other transportation equipment	12.6	12.8	12.2	12.7	12.0	13.4	12.9	13.4
Other durable goods ¹	36.7	36.7	35.8	37.2	36.7	36.3	37.2	36.9
Nondurable goods	134.5	135.8	134.1	134.4	135.3	135.0	136.9	137.2
Food and kindred products	36.3	37.2	36.4	36.0	36.7	37.1	37.6	38.4
Paper and allied products	12.1	12.4	12.1	12.2	12.4	12.2	12.5	12.3
Chemicals and allied products	28.4	28.5	28.2	28.6	28.6	28.3	28.7	28.2
Petroleum and coal products	14.8	14.4	15.0	14.4	14.5	14.2	14.4	14.7
Rubber and miscellaneous plastic products	11.3	11.6	11.2	11.6	11.4	11.4	11.8	11.5
Other nondurable goods ²	31.8	32.0	31.5	32.0	31.8	32.0	32.1	32.4
Merchant wholesalers	200.3	201.3	197.5	201.9	200.5	200.2	203.3	206.1
Durable goods	107.1	107.6	105.1	108.4	107.7	106.9	108.2	110.1
Nondurable goods	93.2	93.8	92.4	93.6	92.9	93.4	95.1	96.1
Groceries and farm products	33.5	34.1	32.9	33.8	34.2	34.0	34.3	34.6
Other nondurable goods	60.2	60.2	60.1	60.3	59.2	59.9	61.3	62.1
Retail trade	209.3	209.8	209.9	209.1	209.0	209.7	210.9	213.7
Durable goods	85.4	86.1	86.0	85.2	85.1	86.0	87.3	88.7
Motor vehicle dealers ³	44.4	44.5	44.9	44.2	43.7	44.3	45.4	45.3
Other durable goods ³	42.0	42.7	42.1	41.9	42.5	42.7	43.0	44.7
Nondurable goods	123.8	123.5	123.7	123.7	123.5	123.5	123.3	124.7
Food stores	33.2	33.2	33.1	33.3	33.2	33.3	33.1	32.9
Other nondurable goods	90.1	89.9	90.1	90.0	90.1	89.8	89.8	91.4

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted

[Ratio, based on chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	1.35	1.37	1.36	1.35	1.36	1.36	1.35	1.35
Manufacturing	1.36	1.36	1.37	1.35	1.36	1.37	1.35	1.36
Durable goods	1.51	1.51	1.53	1.49	1.51	1.52	1.50	1.52
Primary metal industries	1.59	1.62	1.61	1.59	1.59	1.61	1.63	1.62
Fabricated metal products	1.48	1.48	1.48	1.46	1.47	1.48	1.48	1.50
Industrial machinery and equipment	1.44	1.44	1.47	1.42	1.44	1.47	1.40	1.38
Electronic and other electric equipment	1.27	1.28	1.27	1.23	1.26	1.28	1.27	1.30
Transportation equipment	1.65	1.65	1.67	1.66	1.67	1.64	1.65	1.69
Motor vehicles and equipment .....	.51	.49	.50	.52	.49	.49	.49	.52
Other transportation equipment	4.12	4.14	4.29	4.09	4.42	3.95	4.09	3.96
Other durable goods ¹	1.57	1.57	1.61	1.55	1.57	1.60	1.56	1.57
Nondurable goods	1.15	1.16	1.15	1.15	1.15	1.16	1.15	1.15
Food and kindred products .....	.90	.90	.89	.91	.89	.89	.89	.87
Paper and allied products	1.16	1.15	1.15	1.15	1.13	1.16	1.14	1.17
Chemicals and allied products	1.37	1.40	1.37	1.37	1.38	1.41	1.39	1.42
Petroleum and coal products .....	.93	.99	.94	.95	.93	.96	.98	.97
Rubber and miscellaneous plastic products	1.30	1.28	1.32	1.28	1.27	1.30	1.26	1.30
Other nondurable goods ²	1.28	1.29	1.29	1.27	1.29	1.28	1.28	1.27
Merchant wholesalers	1.28	1.29	1.28	1.26	1.27	1.28	1.28	1.26
Durable goods	1.52	1.53	1.53	1.50	1.50	1.52	1.52	1.50
Nondurable goods .....	.99	1.02	1.00	.99	1.01	1.01	.98	.98
Groceries and farm products .....	.78	.80	.80	.77	.80	.83	.80	.79
Other nondurable goods	1.11	1.14	1.10	1.11	1.12	1.12	1.12	1.09
Retail trade	1.41	1.43	1.40	1.41	1.42	1.42	1.42	1.41
Durable goods	1.80	1.83	1.78	1.80	1.84	1.83	1.80	1.77
Motor vehicle dealers ³	1.64	1.70	1.63	1.65	1.71	1.72	1.66	1.65
Other durable goods ³	1.93	1.92	1.90	1.93	1.92	1.91	1.91	1.84
Nondurable goods	1.14	1.15	1.14	1.14	1.14	1.14	1.15	1.15
Food stores .....	.87	.86	.88	.87	.87	.87	.87	.88
Other nondurable goods	1.25	1.26	1.24	1.25	1.24	1.25	1.26	1.25

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Table 4.—Real Manufacturing Inventories by Stage of Fabrication, Seasonally Adjusted, End of Period

[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Materials and supplies								
Manufacturing	136.9	137.7	135.8	136.9	137.2	136.7	137.7	139.1
Durable goods	80.0	80.2	79.2	80.0	80.1	80.1	80.2	80.9
Primary metal industries	7.6	7.7	7.6	7.6	7.7	7.6	7.7	7.6
Fabricated metal products	9.6	9.5	9.4	9.6	9.5	9.5	9.5	9.6
Industrial machinery and equipment	17.1	17.0	16.9	17.1	17.2	17.2	17.0	17.1
Electronic and other electric equipment	13.3	13.6	13.3	13.3	13.3	13.5	13.6	13.9
Motor vehicles and equipment	6.4	6.6	6.7	6.4	6.5	6.6	6.6	6.9
Other transportation equipment	6.1	5.7	5.7	6.1	6.0	5.7	5.7	5.7
Other durable goods ¹	20.0	20.2	19.8	20.0	20.1	20.2	20.2	20.3
Nondurable goods	57.0	57.5	56.6	57.0	57.1	56.6	57.5	58.2
Food and kindred products	10.4	10.4	10.3	10.4	10.4	10.2	10.4	10.5
Paper and allied products	6.8	6.9	6.8	6.8	6.8	6.8	6.9	7.0
Chemicals and allied products	12.9	12.8	12.7	12.9	12.8	12.8	12.8	12.9
Petroleum and coal products	4.0	4.2	4.1	4.0	4.0	4.0	4.2	4.4
Rubber and miscellaneous plastic products	5.6	5.7	5.5	5.6	5.6	5.6	5.7	5.8
Other nondurable goods ²	17.3	17.4	17.3	17.3	17.5	17.1	17.4	17.6
Work-in-process								
Manufacturing	142.6	145.8	143.0	142.6	143.2	145.2	145.8	145.9
Durable goods	116.3	118.3	116.8	116.3	116.4	118.0	118.3	118.3
Primary metal industries	7.4	7.6	7.4	7.4	7.4	7.5	7.6	7.7
Fabricated metal products	7.5	7.4	7.4	7.5	7.4	7.5	7.4	7.5
Industrial machinery and equipment	23.6	24.6	23.7	23.6	23.8	24.0	24.6	24.2
Electronic and other electric equipment	15.5	15.9	15.5	15.5	15.5	15.7	15.9	16.1
Motor vehicles and equipment	4.8	4.0	4.3	4.8	4.3	4.2	4.0	3.8
Other transportation equipment	42.1	43.5	43.0	42.1	42.7	43.6	43.5	43.5
Other durable goods ¹	15.6	15.5	15.7	15.6	15.4	15.7	15.5	15.6
Nondurable goods	26.4	27.5	26.3	26.4	26.8	27.2	27.5	27.5
Food and kindred products	4.7	4.9	4.6	4.7	4.9	4.9	4.9	4.9
Paper and allied products	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.7
Chemicals and allied products	7.0	7.7	6.9	7.0	7.4	7.5	7.7	7.7
Petroleum and coal products	3.1	3.1	3.1	3.1	3.0	3.1	3.1	3.2
Rubber and miscellaneous plastic products	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.1
Other nondurable goods ²	7.9	8.1	8.0	7.9	8.0	8.1	8.1	8.0
Finished goods								
Manufacturing	146.4	147.9	146.9	146.4	147.9	148.2	147.9	148.2
Durable goods	74.9	75.1	75.2	74.9	76.1	75.2	75.1	75.6
Primary metal industries	6.9	7.1	6.9	6.9	6.9	7.0	7.1	7.2
Fabricated metal products	9.0	9.1	9.0	9.0	9.2	9.2	9.1	9.2
Industrial machinery and equipment	20.6	20.4	20.9	20.6	20.8	20.8	20.4	20.8
Electronic and other electric equipment	11.2	11.2	11.5	11.2	11.4	11.3	11.2	11.0
Motor vehicles and equipment	3.2	3.1	3.1	3.2	3.1	2.9	3.1	3.1
Other transportation equipment	3.7	3.8	3.6	3.7	4.3	3.7	3.8	3.8
Other durable goods ¹	20.7	20.9	20.8	20.7	20.8	20.8	20.9	21.1
Nondurable goods	71.7	72.9	71.8	71.7	72.0	73.0	72.9	72.7
Food and kindred products	17.5	18.0	17.5	17.5	17.7	18.0	18.0	18.1
Paper and allied products	5.7	5.7	5.6	5.7	5.7	5.7	5.7	5.7
Chemicals and allied products	19.2	19.4	19.1	19.2	19.4	19.7	19.4	19.4
Petroleum and coal products	6.7	6.8	6.9	6.7	6.5	6.5	6.8	6.6
Rubber and miscellaneous plastic products	7.0	7.1	7.1	7.0	7.1	7.2	7.1	7.1
Other nondurable goods ²	15.7	15.8	15.7	15.7	15.7	15.9	15.8	15.8

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, 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.

Real Inventories, Sales, and Inventory-Sales Ratios for Manufacturing and Trade

Tables 1, 2, and 3 show quarterly and monthly estimates of real inventories, sales, and inventory-sales ratios, respectively. Real manufacturing inventories by stage of fabrication are shown in table 4. Real estimates are in chained (1992) dollars.

Data availability

Quarterly estimates for 1992:IV–1997:II of real manufacturing and trade inventories, sales, and inventory-sales ratios and of real manufacturing inventories by stage of fabrication were published in the **October 1997 SURVEY OF CURRENT BUSINESS**.

Table 1.—Real Manufacturing and Trade Inventories, Seasonally Adjusted, End of Period
[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	976.5	990.9	971.9	976.5	980.6	985.5	990.9	993.4
Manufacturing	425.8	431.2	425.6	425.8	428.1	429.8	431.2	433.1
Durable goods	271.0	273.6	271.1	271.0	272.5	273.3	273.6	274.9
Primary metal industries	21.9	22.4	22.0	21.9	22.0	22.1	22.4	22.5
Fabricated metal products	26.0	26.1	25.8	26.0	26.1	26.2	26.1	26.3
Industrial machinery and equipment	61.1	61.9	61.2	61.1	61.6	61.8	61.9	61.9
Electronic and other electric equipment	40.0	40.6	40.1	40.0	40.1	40.4	40.6	41.0
Transportation equipment	66.3	66.6	66.3	66.3	66.9	66.7	66.6	66.8
Motor vehicles and equipment	14.4	13.7	14.0	14.4	13.9	13.7	13.7	13.8
Other transportation equipment	51.9	52.9	52.2	51.9	53.0	53.0	52.9	53.0
Other durable goods ¹	57.5	57.9	57.5	57.5	57.5	58.0	57.9	58.1
Nondurable goods	155.0	157.8	154.7	155.0	155.9	156.7	157.8	158.4
Food and kindred products	32.6	33.4	32.4	32.6	32.8	33.0	33.4	33.5
Paper and allied products	14.1	14.2	13.9	14.1	14.0	14.1	14.2	14.3
Chemicals and allied products	39.0	39.9	38.6	39.0	39.5	39.9	39.9	40.0
Petroleum and coal products	13.7	14.2	14.0	13.7	13.5	13.6	14.2	14.2
Rubber and miscellaneous plastic products	14.7	14.9	14.7	14.7	14.8	14.9	14.9	14.9
Other nondurable goods ²	40.7	41.1	40.8	40.7	41.0	41.0	41.1	41.2
Merchant wholesalers	255.2	260.0	252.5	255.2	255.3	257.2	260.0	259.5
Durable goods	162.8	164.5	160.5	162.8	162.0	162.5	164.5	165.3
Nondurable goods	92.6	95.5	92.1	92.6	93.4	94.7	95.5	94.4
Groceries and farm products	26.1	27.4	26.3	26.1	27.4	28.0	27.4	27.1
Other nondurable goods	66.8	68.5	66.1	66.8	66.3	67.0	68.5	67.5
Retail trade	295.4	299.7	293.8	295.4	297.2	298.4	299.7	300.7
Durable goods	153.6	157.5	153.0	153.6	156.1	157.3	157.5	156.9
Motor vehicle dealers ³	72.8	75.5	73.4	72.8	74.7	76.0	75.5	74.8
Other durable goods ³	81.0	82.2	79.8	81.0	81.6	81.5	82.2	82.3
Nondurable goods	141.5	141.9	140.5	141.5	140.8	140.7	141.9	143.5
Food stores	29.0	28.7	29.0	29.0	28.8	28.9	28.7	28.8
Other nondurable goods	112.5	113.2	111.4	112.5	111.9	111.8	113.2	114.7

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, 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.

Estimates for 1967 forward are available electronically to subscribers to STAT-USA's Economic Bulletin Board or Internet services. For information, call 202-482-1986.

The estimates for 1959–96 are also available from BEA on the underlying NIPA historical data diskette: Product number NDN-0162, price \$60.00. To order using Visa or MasterCard, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666). To order by mail, send a check made payable to "Bureau of Economic Analysis, BE-53" to BEA Order Desk (BE-53), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.

Table 2.—Real Manufacturing and Trade Sales, Seasonally Adjusted at Monthly Rate
[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	722.1	726.1	717.5	725.3	723.4	723.0	731.9	736.6
Manufacturing	314.1	316.5	311.5	315.8	315.5	314.7	319.4	318.3
Durable goods	179.9	181.1	177.8	181.8	180.5	180.0	182.8	181.4
Primary metal industries	13.8	13.8	13.7	13.8	13.8	13.7	13.8	13.9
Fabricated metal products	17.6	17.7	17.5	17.8	17.7	17.7	17.7	17.6
Industrial machinery and equipment	42.5	43.1	41.7	43.2	42.9	42.2	44.2	44.9
Electronic and other electric equipment	31.5	31.8	31.6	32.4	31.7	31.6	32.1	31.4
Transportation equipment	40.2	40.4	39.8	39.9	40.0	40.7	40.4	39.5
Motor vehicles and equipment	28.0	28.0	28.0	27.6	28.5	27.7	27.9	26.5
Other transportation equipment	12.6	12.8	12.2	12.7	12.0	13.4	12.9	13.4
Other durable goods ¹	36.7	36.7	35.8	37.2	36.7	36.3	37.2	36.9
Nondurable goods	134.5	135.8	134.1	134.4	135.3	135.0	136.9	137.2
Food and kindred products	36.3	37.2	36.4	36.0	36.7	37.1	37.6	38.4
Paper and allied products	12.1	12.4	12.1	12.2	12.4	12.2	12.5	12.3
Chemicals and allied products	28.4	28.5	28.2	28.6	28.6	28.3	28.7	28.2
Petroleum and coal products	14.8	14.4	15.0	14.4	14.5	14.2	14.4	14.7
Rubber and miscellaneous plastic products	11.3	11.6	11.2	11.6	11.4	11.4	11.8	11.5
Other nondurable goods ²	31.8	32.0	31.5	32.0	31.8	32.0	32.1	32.4
Merchant wholesalers	200.3	201.3	197.5	201.9	200.5	200.2	203.3	206.1
Durable goods	107.1	107.6	105.1	108.4	107.7	106.9	108.2	110.1
Nondurable goods	93.2	93.8	92.4	93.6	92.9	93.4	95.1	96.1
Groceries and farm products	33.5	34.1	32.9	33.8	34.2	34.0	34.3	34.6
Other nondurable goods	60.2	60.2	60.1	60.3	59.2	59.9	61.3	62.1
Retail trade	209.3	209.8	209.9	209.1	209.0	209.7	210.9	213.7
Durable goods	85.4	86.1	86.0	85.2	85.1	86.0	87.3	88.7
Motor vehicle dealers ³	44.4	44.5	44.9	44.2	43.7	44.3	45.4	45.3
Other durable goods ³	42.0	42.7	42.1	41.9	42.5	42.7	43.0	44.7
Nondurable goods	123.8	123.5	123.7	123.7	123.5	123.5	123.3	124.7
Food stores	33.2	33.2	33.1	33.3	33.2	33.3	33.1	32.9
Other nondurable goods	90.1	89.9	90.1	90.0	90.1	89.8	89.8	91.4

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTES.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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 3.—Real Inventory-Sales Ratios for Manufacturing and Trade, Seasonally Adjusted

[Ratio, based on chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Manufacturing and trade	1.35	1.37	1.36	1.35	1.36	1.36	1.35	1.35
Manufacturing	1.36	1.36	1.37	1.35	1.36	1.37	1.35	1.36
Durable goods	1.51	1.51	1.53	1.49	1.51	1.52	1.50	1.52
Primary metal industries	1.59	1.62	1.61	1.59	1.59	1.61	1.63	1.62
Fabricated metal products	1.48	1.48	1.48	1.46	1.47	1.48	1.48	1.50
Industrial machinery and equipment	1.44	1.44	1.47	1.42	1.44	1.47	1.40	1.38
Electronic and other electric equipment	1.27	1.28	1.27	1.23	1.26	1.28	1.27	1.30
Transportation equipment	1.65	1.65	1.67	1.66	1.67	1.64	1.65	1.69
Motor vehicles and equipment .....	.51	.49	.50	.52	.49	.49	.49	.52
Other transportation equipment	4.12	4.14	4.29	4.09	4.42	3.95	4.09	3.96
Other durable goods ¹	1.57	1.57	1.61	1.55	1.57	1.60	1.56	1.57
Nondurable goods	1.15	1.16	1.15	1.15	1.15	1.16	1.15	1.15
Food and kindred products .....	.90	.90	.89	.91	.89	.89	.89	.87
Paper and allied products	1.16	1.15	1.15	1.15	1.13	1.16	1.14	1.17
Chemicals and allied products	1.37	1.40	1.37	1.37	1.38	1.41	1.39	1.42
Petroleum and coal products .....	.93	.99	.94	.95	.93	.96	.98	.97
Rubber and miscellaneous plastic products	1.30	1.28	1.32	1.28	1.27	1.30	1.26	1.30
Other nondurable goods ²	1.28	1.29	1.29	1.27	1.29	1.28	1.28	1.27
Merchant wholesalers	1.28	1.29	1.28	1.26	1.27	1.28	1.28	1.26
Durable goods	1.52	1.53	1.53	1.50	1.50	1.52	1.52	1.50
Nondurable goods .....	.99	1.02	1.00	.99	1.01	1.01	.98	.98
Groceries and farm products .....	.78	.80	.80	.77	.80	.83	.80	.79
Other nondurable goods	1.11	1.14	1.10	1.11	1.12	1.12	1.12	1.09
Retail trade	1.41	1.43	1.40	1.41	1.42	1.42	1.42	1.41
Durable goods	1.80	1.83	1.78	1.80	1.84	1.83	1.80	1.77
Motor vehicle dealers ³	1.64	1.70	1.63	1.65	1.71	1.72	1.66	1.65
Other durable goods ³	1.93	1.92	1.90	1.93	1.92	1.91	1.91	1.84
Nondurable goods	1.14	1.15	1.14	1.14	1.14	1.14	1.15	1.15
Food stores .....	.87	.86	.88	.87	.87	.87	.87	.88
Other nondurable goods	1.25	1.26	1.24	1.25	1.24	1.25	1.26	1.25

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

3. Prior to 1981, inventories and sales of auto and home supply stores are included in motor vehicle dealers. Beginning with 1981, these inventories are included in "other durable goods".

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Table 4.—Real Manufacturing Inventories by Stage of Fabrication, Seasonally Adjusted, End of Period

[Billions of chained (1992) dollars]

	1997		1997					1998
	III	IV	Aug.	Sep.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Materials and supplies								
Manufacturing	136.9	137.7	135.8	136.9	137.2	136.7	137.7	139.1
Durable goods	80.0	80.2	79.2	80.0	80.1	80.1	80.2	80.9
Primary metal industries	7.6	7.7	7.6	7.6	7.7	7.6	7.7	7.6
Fabricated metal products	9.6	9.5	9.4	9.6	9.5	9.5	9.5	9.6
Industrial machinery and equipment	17.1	17.0	16.9	17.1	17.2	17.2	17.0	17.1
Electronic and other electric equipment	13.3	13.6	13.3	13.3	13.3	13.5	13.6	13.9
Motor vehicles and equipment	6.4	6.6	6.7	6.4	6.5	6.6	6.6	6.9
Other transportation equipment	6.1	5.7	5.7	6.1	6.0	5.7	5.7	5.7
Other durable goods ¹	20.0	20.2	19.8	20.0	20.1	20.2	20.2	20.3
Nondurable goods	57.0	57.5	56.6	57.0	57.1	56.6	57.5	58.2
Food and kindred products	10.4	10.4	10.3	10.4	10.4	10.2	10.4	10.5
Paper and allied products	6.8	6.9	6.8	6.8	6.8	6.8	6.9	7.0
Chemicals and allied products	12.9	12.8	12.7	12.9	12.8	12.8	12.8	12.9
Petroleum and coal products	4.0	4.2	4.1	4.0	4.0	4.0	4.2	4.4
Rubber and miscellaneous plastic products	5.6	5.7	5.5	5.6	5.6	5.6	5.7	5.8
Other nondurable goods ²	17.3	17.4	17.3	17.3	17.5	17.1	17.4	17.6
Work-in-process								
Manufacturing	142.6	145.8	143.0	142.6	143.2	145.2	145.8	145.9
Durable goods	116.3	118.3	116.8	116.3	116.4	118.0	118.3	118.3
Primary metal industries	7.4	7.6	7.4	7.4	7.4	7.5	7.6	7.7
Fabricated metal products	7.5	7.4	7.4	7.5	7.4	7.5	7.4	7.5
Industrial machinery and equipment	23.6	24.6	23.7	23.6	23.8	24.0	24.6	24.2
Electronic and other electric equipment	15.5	15.9	15.5	15.5	15.5	15.7	15.9	16.1
Motor vehicles and equipment	4.8	4.0	4.3	4.8	4.3	4.2	4.0	3.8
Other transportation equipment	42.1	43.5	43.0	42.1	42.7	43.6	43.5	43.5
Other durable goods ¹	15.6	15.5	15.7	15.6	15.4	15.7	15.5	15.6
Nondurable goods	26.4	27.5	26.3	26.4	26.8	27.2	27.5	27.5
Food and kindred products	4.7	4.9	4.6	4.7	4.6	4.9	4.9	4.9
Paper and allied products	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.7
Chemicals and allied products	7.0	7.7	6.9	7.0	7.4	7.5	7.7	7.7
Petroleum and coal products	3.1	3.1	3.1	3.1	3.0	3.1	3.1	3.2
Rubber and miscellaneous plastic products	2.1	2.1	2.1	2.1	2.0	2.1	2.1	2.1
Other nondurable goods ²	7.9	8.1	8.0	7.9	8.0	8.1	8.1	8.0
Finished goods								
Manufacturing	146.4	147.9	146.9	146.4	147.9	148.2	147.9	148.2
Durable goods	74.9	75.1	75.2	74.9	76.1	75.2	75.1	75.6
Primary metal industries	6.9	7.1	6.9	6.9	6.9	7.0	7.1	7.2
Fabricated metal products	9.0	9.1	9.0	9.0	9.2	9.2	9.1	9.2
Industrial machinery and equipment	20.6	20.4	20.9	20.6	20.8	20.8	20.4	20.8
Electronic and other electric equipment	11.2	11.2	11.5	11.2	11.4	11.3	11.2	11.0
Motor vehicles and equipment	3.2	3.1	3.1	3.2	3.1	2.9	3.1	3.1
Other transportation equipment	3.7	3.8	3.6	3.7	4.3	3.7	3.8	3.8
Other durable goods ¹	20.7	20.9	20.8	20.7	20.8	20.8	20.9	21.1
Nondurable goods	71.7	72.9	71.8	71.7	72.0	73.0	72.9	72.7
Food and kindred products	17.5	18.0	17.5	17.5	17.7	18.0	18.0	18.1
Paper and allied products	5.7	5.7	5.6	5.7	5.7	5.7	5.7	5.7
Chemicals and allied products	19.2	19.4	19.1	19.2	19.4	19.7	19.4	19.4
Petroleum and coal products	6.7	6.8	6.9	6.7	6.5	6.5	6.8	6.6
Rubber and miscellaneous plastic products	7.0	7.1	7.1	7.0	7.1	7.2	7.1	7.1
Other nondurable goods ²	15.7	15.8	15.7	15.7	15.7	15.9	15.8	15.8

^p Preliminary.

^r Revised.

1. Includes lumber and wood products; furniture and fixtures; stone, clay, and glass products; instruments and related products; and miscellaneous manufacturing industries.

2. Includes tobacco manufacturers; textile mill products; apparel products; printing and publishing; and leather and leather products.

NOTE.—Manufacturing inventories are classified by the type of product produced by the establishment holding the inventory. Trade inventories are classified by the type of product sold by the establishment holding the inventory.

Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, 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.

State and Local Government Fiscal Position in 1997

By Florence Campi and David F. Sullivan

THE CURRENT surplus of State and local governments, which is a measure of the net saving by these governments, increased \$2.5 billion, to \$107.8 billion, in 1997 from \$105.3 billion in 1996 (table 1, chart 1).¹ As in recent years, little of the increase in the current surplus was accounted for by employee retirement, workers' compensation, or other social insurance funds; instead, it was mainly accounted for by general receipts and by current expenditures for other programs, which include education, medical care, highways, and police. The social insurance funds surplus increased \$0.1 billion, to \$71.4 billion, and the "other" funds surplus increased \$2.2 billion, to \$36.3 billion.²

Receipts

State and local government receipts increased 4.5 percent, to \$1,090.4 billion, in 1997 after increasing 4.4 percent in 1996 (table 2). General own-source receipts—that is, receipts exclud-

ing contributions for social insurance and Federal grants-in-aid—increased 4.9 percent in 1997, compared with a 4.8-percent increase in 1996. All the major components of receipts increased.

Personal tax and nontax receipts.—Personal tax and nontax receipts, which accounted for about 20 percent of total State and local government receipts, increased 7.0 percent, to \$214.3 billion, in 1997, an acceleration from a 5.7-percent increase in 1996. Personal income tax receipts increased 7.2 percent, to \$159.8 billion, after a 6.3-percent increase. Personal income accelerated only slightly to a 5.8-percent increase from a 5.6-percent increase. The faster acceleration in personal income taxes than in personal income is within the normal range of variation, but it may also reflect increases in taxes on other types of income, such as capital gains. State legislative actions reduced income tax receipts by \$0.6 billion in 1997; excluding these actions, income tax receipts would have increased 7.6 percent.

Personal nontax receipts (largely fines, donations, and unclaimed bank deposits) increased

1. The NIPA current surplus or deficit reflects the treatment of government investment that was introduced in January 1996. Current expenditures now include (1) consumption of fixed capital for general government in consumption expenditures, and (2) consumption of fixed capital for government enterprises as an expense in the calculation of the current surplus of government enterprises. Gross investment in fixed assets by general government and government enterprises is no longer classified as a current-account expenditure in the year the asset is purchased but is classified, instead, as an expenditure over the service life of the asset.

2. The social insurance funds surplus is calculated as the sum of receipts from personal contributions and employer contributions for social insurance plus interest and dividends received less transfer payments and administrative expenses (consumption expenditures) of social insurance funds. The detailed estimates of social insurance funds receipts and current expenditures are shown annually in NIPA table 3.14, most recently in the August 1997 SURVEY.

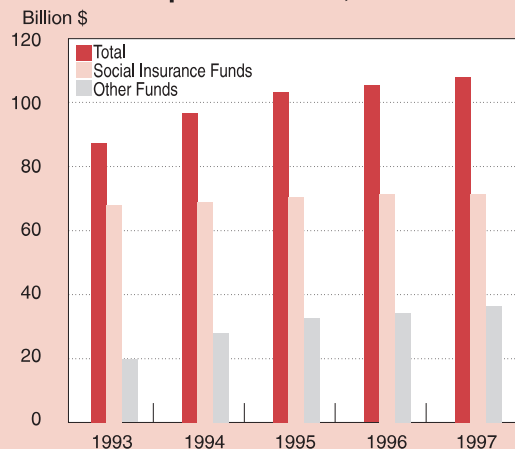
Table 1.—State and Local Government Receipts, Current Expenditures, and Current Surplus or Deficit, NIPA Basis
(Billions of dollars)

	Calendar years				
	1993	1994	1995	1996	1997
Receipts	894.4	949.2	999.0	1,043.4	1,090.4
Current expenditures	807.0	852.3	895.9	938.0	982.6
Current surplus or deficit (–)	87.4	96.8	103.1	105.3	107.8
Social insurance funds	67.8	68.9	70.5	71.3	71.4
Other funds	19.7	27.9	32.5	34.1	36.3

NOTE.—The estimates for 1996–97 are in NIPA table 3.3 of this issue of the SURVEY OF CURRENT BUSINESS; the estimates for 1992–96 are in NIPA table 3.3 of the August 1997 issue. NIPA National income and product accounts

CHART 1

State and Local Government Current Surplus or Deficit, NIPA Basis



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

7.6 percent after a 7.9-percent increase. "Other" personal tax receipts increased 5.4 percent after a 0.4-percent decrease; the upturn was accounted for by upturns in motor vehicle license taxes and in other taxes (largely hunting, fishing, and other personal licenses).³

Corporate profits tax accruals.—Corporate profits tax accruals, which accounted for about 3 percent of total receipts, increased 9.0 percent in 1997, following a 10.9-percent increase in 1996. The deceleration reflected a deceleration in corporate profits. Corporate profits before tax increased 7.9 percent after increasing 8.7 percent.

Indirect business tax and nontax accruals.—Indirect business tax and nontax accruals, which accounted for about 48 percent of total receipts, decelerated slightly in 1997; they increased 3.8 percent, to \$528.1 billion, in 1997 and 4.0 percent in 1996.⁴ Sales taxes, which accounted for about 49 percent of indirect business tax and nontax accruals, continued to decelerate; they increased 3.0 percent, to \$257.4 billion, in 1997 and 4.3 percent in 1996. All the components of sales taxes except taxes on alcoholic beverages and on insurance receipts decelerated; both these com-

ponents accelerated. The deceleration in general sales taxes is partly attributable to a deceleration in retail sales, which increased 4.1 percent in 1997 after increasing 5.2 percent in 1996. Tobacco sales taxes decreased \$0.2 billion in 1997. Legislative actions reduced sales taxes only slightly in 1997; excluding these actions, sales taxes would still have increased 3.0 percent in 1997.

Property taxes, which accounted for about 40 percent of indirect business tax and nontax accruals, accelerated in 1997; they increased 3.2 percent, to \$208.8 billion, after decelerating for 7 years.

"Other" indirect business tax and nontax accruals increased 9.2 percent, to \$62.0 billion, in 1997 after increasing 8.2 percent in 1996. The acceleration was primarily accounted for by motor vehicle license taxes and indirect business nontax accruals. The pickup in nontaxes was attributable to payments of \$0.9 billion to two States by tobacco companies as a result of out-of-court settlements of lawsuits. Severance taxes and "other" indirect business taxes decelerated.

Other receipts.—Contributions for social insurance, which accounted for about 8 percent of total receipts, increased 5.9 percent, to \$86.2 billion in 1997, an acceleration from a 5.3-percent increase in 1996. Employer contributions accelerated, primarily reflecting an acceleration in private workers' compensation contributions. Per-

3. The detailed estimates of personal tax and nontax receipts are shown annually in NIPA table 3.4, most recently in the August 1997 SURVEY.

4. The detailed estimates of indirect business tax and nontax accruals are shown annually in NIPA table 3.5, most recently in the August 1997 SURVEY.

Table 2.—State and Local Government Receipts, NIPA Basis

	Calendar years								
	Billions of dollars					Percent change			
	1993	1994	1995	1996	1997	1994	1995	1996	1997
Receipts	894.4	949.2	999.0	1,043.4	1,090.4	6.1	5.2	4.4	4.5
General own-source receipts	639.9	676.5	709.8	743.7	780.1	5.7	4.9	4.8	4.9
Personal tax and nontax receipts	167.4	176.8	189.4	200.2	214.3	5.6	7.1	5.7	7.0
Income taxes	124.2	131.2	140.3	149.1	159.8	5.6	6.9	6.3	7.2
Nontaxes	23.4	24.8	26.7	28.8	31.0	6.0	7.7	7.9	7.6
Other	19.8	20.8	22.4	22.3	23.5	5.1	7.7	-4	5.4
Corporate profits tax accruals	26.9	29.9	31.1	34.5	37.6	11.2	4.0	10.9	9.0
Indirect business tax and nontax accruals	445.6	469.8	489.3	508.9	528.1	5.4	4.2	4.0	3.8
Sales taxes	214.8	228.2	239.4	249.8	257.4	6.2	4.9	4.3	3.0
Property taxes	185.0	191.4	197.4	202.3	208.8	3.5	3.1	2.5	3.2
Other	45.9	50.2	52.5	56.8	62.0	9.4	4.6	8.2	9.2
Contributions for social insurance	68.7	73.4	77.3	81.4	86.2	6.8	5.3	5.3	5.9
Federal grants-in-aid	185.8	199.2	211.9	218.3	224.2	7.2	6.4	3.0	2.7
Addenda: Receipts excluding selected law changes: ¹									
Total	893.7	947.4	997.3	1,042.7	1,090.3	6.0	5.3	4.6	4.6
General own-source receipts	639.2	674.8	708.1	743.0	780.1	5.6	4.9	4.9	5.0

1. Estimates of the effect of law changes on receipts are calculated as follows. For changes of which BEA is aware (hence the use of "selected" in the line title in the table), the estimate is the amount of the change over the 12-month period after the change is introduced. For personal taxes, the change is introduced when the tax is paid or refunded or when the withholding is changed. For indirect business taxes, the change is introduced to coincide with the transaction affected. The calculations are made by months for personal taxes and nontaxes (because they are used to prepare monthly estimates of disposable personal income) and by quarters for other taxes. Two characteristics of the resulting estimates should be noted. First, aggregation of the monthly or quarterly estimates to calendar years may give results that appear anomalous. For example, a sales tax imposed for 1 year beginning July 1 would be recorded as follows: (a) For quarters, an increase in receipts by the amount of the 12-month yield in the third quarter of that

year and a decrease by the same amount in the third quarter of the following year, and (b) for calendar years, an increase in receipts by the amount of the 12-month yield divided by 2 in the year that the increase takes place, no change in receipts in the following year, and a decrease by the amount of the 12-month yield divided by 2 in the year after that (that is, 2 years after the increase). Second, a law change after July, which is the beginning of the fiscal year for many States, would have more impact on receipts of the next calendar year than on those of the calendar year in which it occurs.

The effects of tax law changes that are excluded from receipts to derive the addenda items in the table cover the changes beginning with those introduced in 1992. The 12-month effects, recorded for calendar years as described above, are cumulated.

NIPA National income and product accounts

sonal contributions decelerated, primarily reflecting a deceleration in contributions for temporary disability insurance.

Federal grants-in-aid to State and local governments, which accounted for about 21 percent of total receipts, increased 2.7 percent, to \$224.2 billion, after increasing 3.0 percent in 1996. Most categories of grants increased, but grants for cash benefits (public assistance), education, and health care decreased.⁵

Current expenditures

Current expenditures increased 4.8 percent, to \$982.6 billion, in 1997 (table 3). The increase was more than accounted for by increases in consumption expenditures and transfer payments to persons.

Consumption expenditures.—Consumption expenditures—which consist primarily of compensation of employees and net purchases of goods and services from businesses—increased 4.4 percent, to \$762.9 billion, in 1997 after increasing 4.6 percent in 1996. The deceleration primarily reflected decelerations in expenditures for durable goods other than equipment and in expenditures for nondurable goods. The deceleration in nondurable goods largely reflected a decrease in petroleum prices.

Compensation of general government employees, which accounted for about 75 percent of

consumption expenditures, increased 4.3 percent, to \$570.6 billion, in 1997 after increasing 4.1 percent in 1996 (table 4). State and local government employment increased 1.6 percent in 1997 after increasing 1.3 percent in 1996. The employment cost index for the wages and salaries of State and local government workers increased 2.7 percent in 1997, slightly less than in 1996.⁶

In the NIPA's, consumption expenditures are net of receipts for certain goods and services that are defined as government sales and that are subtracted in the estimation of consumption expenditures; the largest components of government sales are tuition charges and health and hospital charges. Government sales decelerated in 1997, reflecting decelerations in sales of nondurable goods and of services.⁷

Consumption of general government fixed capital, or depreciation, increased 4.2 percent in 1997, compared with a 4.4-percent increase in 1996.

Real consumption expenditures accelerated to a 2.0-percent increase in 1997 from a 1.2-percent increase in 1996 (table 4). Most of the acceleration was accounted for by compensation of general government employees, which increased 1.5 percent after increasing 0.4 percent, reflecting the acceleration in State and local government employment.

6. The employment cost index and the employment figures are reported in the U.S. Department of Labor, Bureau of Labor Statistics, *Employment Cost Index: Historical Listing* (January 1998); *Current Employment Statistics* (June 1997); and *The Employment Situation News Release* (March 6, 1998).

7. The detailed estimates of government sales are shown annually in NIPA table 3.9, most recently in the August 1997 SURVEY.

5. The detailed estimates of Federal grants-in-aid are shown annually in NIPA table 3.16, most recently in the October 1997 SURVEY. See also "Federal Budget Estimates, Fiscal Year 1999," SURVEY 78 (March 1998): 8-16.

Table 3.—State and Local Government Current Expenditures, NIPA Basis

	Calendar years								
	Billions of dollars					Percent change			
	1993	1994	1995	1996	1997	1994	1995	1996	1997
Current expenditures	807.0	852.3	895.9	938.0	982.6	5.6	5.1	4.7	4.8
Consumption expenditures	631.6	663.8	698.6	730.9	762.9	5.1	5.2	4.6	4.4
Transfer payments to persons	247.2	264.3	280.6	294.8	311.8	6.9	6.2	5.1	5.8
Benefits from social insurance funds	66.0	71.1	76.8	83.5	91.0	7.7	8.0	8.7	9.0
Medical care	132.5	141.7	151.3	159.9	171.0	6.9	6.8	5.7	6.9
Family assistance	24.0	24.3	23.3	21.7	18.8	1.3	-4.1	-6.9	-13.4
All other	24.6	27.2	29.2	29.7	31.1	10.6	7.4	1.7	4.7
Net interest paid	-52.4	-55.1	-59.6	-61.7	-65.2	.....	.....	.....	.....
Interest paid	64.5	63.7	64.1	64.6	64.6	-1.2	.6	.8	.0
Less: Interest received by government	116.9	118.8	123.7	126.3	129.8	1.6	4.1	2.1	2.8
Social insurance funds	59.9	61.4	64.3	67.1	69.7	2.5	4.7	4.4	3.9
Other	57.0	57.4	59.4	59.2	60.1	.7	3.4	-3	1.5
Less: Dividends received by government	10.5	11.4	12.5	13.6	14.6	8.6	9.6	8.8	7.4
Social insurance funds	10.3	11.2	12.3	13.4	14.4	8.7	9.8	8.9	7.5
Other .....	.2	.2	.2	.2	.2	0	0	0	0
Subsidies less current surplus of government enterprises	-9.0	-9.3	-11.2	-12.3	-12.2	.....	.....	.....	.....
Subsidies .....	.4	.4	.3	.3	.3	0	-25.0	0	0
Less: Current surplus of government enterprises	9.3	9.7	11.5	12.7	12.6	4.3	18.6	10.4	-8
Less: Wage accruals less disbursements	0	0	0	0	0	.....	.....	.....	.....

Transfer payments to persons.—Transfer payments to persons—which include medicaid, employee retirement benefits, and family assistance payments—increased 5.8 percent, to \$311.8 billion, in 1997 after increasing 5.1 percent in 1996 (table 3).

Benefits from social insurance funds increased 9.0 percent, to \$91.0 billion, in 1997 after an 8.7-percent increase in 1996. State and local employee retirement payments have continued to increase about 10 percent a year, workers' compensation payments increased 2.2 percent in 1997, and temporary disability insurance has declined since 1994. Medical care transfers (primarily medicaid), which accounted for about 55 percent of transfer payments, increased 6.9 percent, to \$171.0 billion, in 1997 after increasing 5.7 percent

ix 1996.⁸ Family assistance, which has decreased since 1994, decreased 13.4 percent, to \$18.8 billion, in 1997.⁹ All other transfer payments (including those for education and for employment and training) increased 4.7 percent, to \$31.1 billion, in 1997.

Other current expenditures.—Net interest paid (interest paid by State and local governments less interest received by them) has become more negative each year since 1993, because interest received has increased more than interest paid. In 1997, interest received increased 2.8 percent, and interest paid was unchanged. Interest received

8. The detailed estimates of government transfer payments to persons are shown annually in NIPA table 3.12, most recently in the August 1997 SURVEY.

9. Through 1995, family assistance consists of aid to families with dependent children; beginning in 1996, it also includes additional programs under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Table 4.—State and Local Government Consumption Expenditures and Gross Investment, NIPA Basis

	Calendar years									
	1993	1994	1995	1996	1997	1994	1995	1996	1997	
	Billions of dollars					Percent change				
Consumption expenditures and gross investment	765.0	802.8	846.0	886.7	928.9	4.9	5.4	4.8	4.8	4.8
Consumption expenditures	631.6	663.8	698.6	730.9	762.9	5.1	5.2	4.6	4.4	4.4
Durable goods	13.2	13.9	14.7	15.3	15.8	5.3	5.8	4.1	3.3	3.3
Nondurable goods	64.3	67.8	73.0	78.2	80.6	5.4	7.7	7.1	3.1	3.1
Services	554.2	582.1	610.9	637.5	666.5	5.0	4.9	4.4	4.5	4.5
Compensation of general government employees except force-account construction ¹	479.5	502.6	525.5	547.2	570.6	4.8	4.6	4.1	4.3	4.3
Consumption of general government fixed capital	48.8	51.3	54.2	56.6	59.0	5.1	5.7	4.4	4.2	4.2
Other services	25.9	28.1	31.2	33.7	36.9	8.5	11.0	8.0	9.5	9.5
Gross investment	133.4	138.9	147.4	155.7	166.0	4.1	6.1	5.6	6.6	6.6
Structures	108.7	113.4	121.0	128.5	138.4	4.3	6.7	6.2	7.7	7.7
Equipment	24.7	25.6	26.4	27.3	27.6	3.6	3.1	3.4	1.1	1.1
	Billions of chained (1992) dollars									
Consumption expenditures and gross investment	746.4	765.7	781.6	793.7	812.7	2.6	2.1	1.5	2.4	2.4
Consumption expenditures	615.8	633.4	646.0	653.6	666.6	2.9	2.0	1.2	2.0	2.0
Durable goods	13.0	13.6	13.9	14.4	14.8	4.6	2.2	3.6	2.8	2.8
Nondurable goods	64.0	67.4	69.2	71.5	74.1	5.3	2.7	3.3	3.6	3.6
Services	538.9	552.5	563.0	567.9	577.9	2.5	1.9	.9	1.8	1.8
Compensation of general government employees except force-account construction ¹	463.2	471.6	478.2	479.9	486.9	1.8	1.4	.4	1.5	1.5
Consumption of general government fixed capital	48.1	49.4	50.7	52.0	53.4	2.7	2.6	2.6	2.7	2.7
Other services	27.5	32.1	35.1	37.4	39.4	16.7	9.3	6.6	5.3	5.3
Gross investment	130.6	132.2	135.6	140.1	146.1	1.2	2.6	3.3	4.3	4.3
Structures	106.1	107.1	109.5	112.8	117.4	.9	2.2	3.0	4.1	4.1
Equipment	24.5	25.2	26.1	27.4	28.8	2.9	3.6	5.0	5.1	5.1
Residual	0	-.7	-1.1	-1.7	-2.1	.....	.....	.....	.....	.....
	Index numbers, 1992=100									
Addenda:²										
Consumption expenditures:										
Quantity index	102.03	104.94	107.02	108.28	110.44	2.9	2.0	1.2	2.0	2.0
Price index	102.56	104.80	108.14	111.84	114.44	2.2	3.2	3.4	2.3	2.3
Gross investment:										
Quantity index	98.81	100.06	102.60	106.03	110.52	1.3	2.5	3.3	4.2	4.2
Price index	102.17	105.06	108.69	111.14	113.71	2.8	3.5	2.3	2.3	2.3

1. Compensation of government employees engaged in new force-account construction and related expenditures for goods and services are classified as investment in structures.
 2. Quantity and price indexes are chain-type indexes. The indexes are shown in NIPA table 7.11. For a discussion of the indexes, see "Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA's New Featured Measures of Output and Prices," in the July 1995 SURVEY.

Real estimates are expressed in chained (1992) dollars, which are shown in NIPA table 3.8. Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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.
 NIPA National income and product accounts

NOTES.—The current-dollar estimates are shown in NIPA table 3.7.

by social insurance funds increased 3.9 percent; general government interest received increased 1.5 percent. Dividends received, primarily by State and local government pension funds, increased 7.4 percent after an increase of 8.8 percent.

The current surplus of government enterprises—certain government agencies that operate like businesses, such as water and sewerage facilities, public utilities, lotteries, and public transit—decreased slightly to \$12.6 billion in 1997 after 10 consecutive years of increases.¹⁰ The downturn reflected a downturn in Federal subsidies paid to housing and urban renewal enterprises and to public transit enterprises; other enterprise revenues and current expenditures increased at about the same rate in 1997 as in 1996.

Gross investment

Government expenditures for structures and equipment are now classified as “gross investment” (see footnote 1) and do not directly affect the NIPA current surplus (or deficit), but they remain an important activity of State and local governments. State and local government gross investment increased 6.6 percent, to \$166.0 billion, in 1997 after an increase of 5.6 percent in 1996 (table 4).¹¹

Gross investment in structures increased 7.7 percent, to \$138.4 billion, in 1997 after increasing 6.2 percent in 1996. Investment in buildings accelerated, reflecting increases of 8 percent or more in all types of buildings. In structures other than buildings, the largest increases were in conservation and development and in “other” construction (which consists primarily of electric and gas facilities, transit systems, and airfields). Investment in highways and streets increased 7.7 percent, or \$3.4 billion, to \$47.5 billion. Construction of water systems increased 7.3 percent; construction of sewer systems increased 1.6 percent.

Gross investment in equipment increased 1.1 percent, to \$27.6 billion, in 1997 after a 3.4-percent increase in 1996. The deceleration largely reflected a continuing decline in computer prices.

In real terms, gross investment accelerated, primarily reflecting an acceleration in structures. Structures increased 4.1 percent after an increase of 3.0 percent. Real investment in equipment increased 5.1 percent after an increase of 5.0 percent.

10. The detailed estimates of current surplus of government enterprises are shown annually in NIPA table 3.13, most recently in the August 1997 SURVEY.

11. The detailed estimates of gross government investment by type are shown annually in NIPA tables 5.14 and 5.15, most recently in the August 1997 SURVEY.

The steady growth in real equipment investment contrasts with the deceleration in current-dollar equipment investment; the contrasting movements are partly the result of the continuing decline in computer prices.

Fiscal position in 1998¹²

A major factor affecting the State and local fiscal position in 1998 will be the pace of overall economic activity during the year. In the *Economic Report of the President*, real gross domestic product in 1998 is projected to grow more slowly than in 1997, the unemployment rate is projected to be unchanged, and the rate of inflation is projected to step up slightly.¹³

Receipts.—In State and local government receipts, the growth of the economy will have the largest effect on personal income taxes, corporate profits tax accruals, and sales taxes, which together account for approximately two-fifths of total receipts. Federal grants-in-aid, which are determined by the Federal Government, account for approximately one-fifth of receipts.¹⁴ Business and personal property taxes account for about one-fifth of total receipts, and other personal and business taxes and nontaxes and contributions for social insurance, which are influenced by such factors as State and local government employment and fiscal policies, and by changes in demographics, account for the remaining one-fifth.

Total receipts in 1998 are expected to increase \$50-\$55 billion, to \$1,140-\$1,145 billion. Personal tax and nontax receipts are likely to decelerate because of an expected deceleration in personal income taxes. The deceleration is partly attributable to the effect of the projected slowdown in economic growth; in addition, State tax law changes already enacted are expected to reduce personal income taxes more in 1998 than in 1997. Sales tax receipts are also expected to decelerate in 1998; tax law changes already enacted are expected to have little effect. Corporate tax accruals are unlikely to match the large increases

12. One of the reasons that BEA prepares these projections is that source data for a number of the components of State and local government receipts and expenditures are not available at the time NIPA estimates are made. For these components, estimates are made using indicator series or judgmental trends. These trends are used in conjunction with the available source data to prepare the current quarterly NIPA estimates. For more information, see “A Guide to the NIPAs,” SURVEY 78 (March 1998): 56–61.

13. *Economic Report of the President* (Washington, DC: U.S. Government Printing Office, February 1998).

14. Grants-in-aid have been appropriated for fiscal year 1998 and estimated for fiscal year 1999; they are shown in the 1999 *Budget Appendix of the United States* (Washington, DC: U.S. Government Printing Office, 1998) and in “Federal Budget Estimates, Fiscal Year 1999,” SURVEY 78 (March 1998): 8–16.

in 1996 and 1997. Property tax accruals, which are related to property values and to changes in investment as well as to the national economy, are expected to increase at about the same rate as in 1997. Reflecting all these changes, general own-source receipts are expected to increase less in 1998 than in 1997.

Federal grants-in-aid are expected to increase about 7 percent in 1998. This increase represents an acceleration after 2 years of deceleration. Almost all of the grants programs are expected to increase; the largest increases are expected in the programs for health care, community development, cash benefits (public assistance), and "all other."¹⁵

Contributions for social insurance are assumed to increase at about the same rate in 1998 as in 1997.


Current expenditures.—Evidence from State and local budgets suggests that expenditures for current operations will accelerate in 1998. Current expenditures are likely to increase \$50-\$55 billion, to \$1,033-\$1,038 billion. Consumption expenditures are likely to accelerate in 1998; the acceleration is expected to be widespread among the components of consumption expenditures.

Transfer payments, which are partly funded by Federal grants-in-aid, are likely to increase slightly more in 1998 than in 1997. Benefits from

social insurance are likely to increase at about the same rate.

Net interest paid in 1998 will be affected by the refinancing of debt and new borrowing at relatively low rates. Interest paid and interest received are likely to increase slowly again; dividends received is likely to increase at about the same rate as in 1997.

Current surplus or deficit.—These changes in receipts and in current expenditures would result in a NIPA surplus of \$107-\$112 billion in 1998. The social insurance funds surplus is expected to increase about \$1 billion, and the "other funds" surplus is likely to increase slightly.

Gross investment.—Gross investment is likely to increase in 1998. New borrowing by State and local governments, which is used to finance gross investment, increased in 1997. Most categories of structures are expected to increase in 1998, but at slower rates than in 1997. The largest increases are expected in educational and "other" buildings (including offices, police and fire stations, courthouses, and prisons). Water and sewer construction are also expected to remain relatively strong. Highway construction is expected to increase in 1998. Recently proposed Federal legislation on transportation increases the likelihood that it will accelerate: Presidential and congressional proposals currently under consideration, if enacted, would increase Federal funding for State and local government investment in transportation facilities, including highways. 

15. "All other" grants consists of a variety of programs; the largest programs are human development services, employment training, unemployment insurance trust fund administrative expenditures, disaster relief, justice assistance, and atomic energy defense activities.

U.S. Transportation Satellite Accounts for 1992

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THIS ARTICLE introduces the transportation satellite accounts (TSA's), which are an extension of the U.S. input-output (I-O) accounts.¹ Satellite accounts rearrange information from the basic economic accounts for the purpose of analyzing important economic activities more completely than is otherwise possible. They expand the analytical capacity of the basic accounts without overburdening them with details or interfering with their general-purpose orientation. The TSA's were jointly developed by the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation and the Bureau of Economic Analysis (BEA).² In 1994, BEA introduced a set of prototype economic and environmental satellite accounts and a satellite account for research and development expenditures; BEA is also developing satellite accounts for travel and tourism that will be introduced in a few months.³

Like other satellite accounts, the TSA's provide a more comprehensive measure of an economic activity by bringing together components of that activity wherever they occur throughout the economy, including activities which are internal to the firm and for which there are no observable

prices. In this case, the activity is transportation, and the intrafirm transportation activities identified in the TSA's include, for example, the transportation activities that are conducted by a grocery company's truck fleet when it moves goods from warehouses to the retail outlets of the grocery store chain. The TSA's identify and aggregate such transportation activities whether they are purchased from other firms or performed by other units in the same firm and present the data on both an industry and a commodity basis.

The TSA's are based on and are an extension of the I-O accounts. They are the result of rearranging the 1992 I-O data using additional information from other sources of transportation data so as to provide a unified picture of the impact of transportation on the U.S. economy. The TSA's cover both the transportation activities conducted on a for-hire basis, which are identified as transportation within the published I-O accounts, and those conducted by businesses for their own use, which—though included—are not separately identified as transportation activities in the I-O accounts. The estimates from the TSA's, therefore, have several major advantages for transportation analyses.

First, the TSA estimates provide a more comprehensive measure of all transportation activities, both in terms of their contribution to the economy and their use of inputs from other industries in the economy. For example, the value added of transportation industries as defined in the TSA's represents 5.0 percent of gross domestic product (GDP) in 1992. In contrast, the total value added of all transportation industries identified in the I-O accounts is 3.1 percent of GDP for the same year.⁴ In addition, the TSA's show that transportation industries used \$33.2 billion of petroleum products in 1992, while the I-O accounts show that transportation industries used \$21.6 billion of these products in the same year.

1. For a description of the I-O accounts, see Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," *SURVEY OF CURRENT BUSINESS* 77 (November 1997): 36-82; and "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Requirements Tables," *SURVEY* 77 (December 1997): 22-47.

2. The 1991 Intermodal Surface Transportation Efficiency Act (ISTEA) established BTS and charged it with carrying out various statistical functions, including "compiling, analyzing, and publishing a comprehensive set of transportation statistics to provide timely summaries and totals (including industry-wide aggregates and multi-year averages) of transportation-related information." ISTEA also mandated that "such statistics shall be suitable for conducting cost-benefit studies (including comparisons among individual transportation modes and intermodal transport systems) and shall include information on—(A) productivity in various parts of the transportation sector." See appendix A of *The Bureau of Transportation Statistics—Priorities for the Future* (National Academy Press, 1997) by the National Research Council. In its first annual report to the U.S. Congress, BTS recommended that special studies be undertaken to measure total transportation services in a way that is consistent with the national economic accounts. See pages 4-5 of the *Transportation Statistics Annual Report, 1994*, prepared by BTS.

3. For a description of the environmental satellite accounts, see "Integrated Economic and Environmental Satellite Accounts" and "Accounting for Mineral Resources: Issues and BEA's Initial Estimates," *SURVEY* 74 (April 1994): 33-72; for a description of the research and development account, see "A Satellite Account for Research and Development," *SURVEY* 74 (November 1994): 37-71. For the travel and tourism satellite accounts, BEA is proceeding with funding provided by the International Trade Administration of the Department of Commerce.

4. Industries in the I-O accounts that provide transportation commodities for hire as their primary products include the following: Railroads and related services and passenger ground transportation; motor freight transportation and warehousing; water transportation; air transportation; pipelines, freight forwarders, and related services; and State and local government passenger transit. These industries are described in table 2.

Second, the TSA estimates show more accurately the total use of transportation across industries, as shown in table 1. For example, in the I-O estimates, the largest user of transportation was manufacturing (\$80.2 billion, 21.0 percent), followed by motor freight and warehousing (\$35.0 billion, 9.2 percent), services (\$21.5 billion, 5.6 percent), and air transportation (\$14.4 billion, 3.8 percent). In the TSA estimates, the largest user was still manufacturing (\$102.0 billion, 18.7 percent), but the next largest user was services (\$63.5 billion, 11.6 percent), followed by construction (\$52.2 billion, 9.6 percent) and wholesale and retail trade (\$51.8 billion, 9.5 percent).

Third, the TSA estimates on transportation are not affected by changes in the way transportation is provided, and therefore they provide a more reliable representation of transportation in the economy. For example, when a grocery company contracts out its internal trucking operations to a common carrier trucking company, the I-O estimates show an increase in the output of transportation; when the company switches back to its internal operations for its trucking needs, the I-O estimates show a decrease in the output of transportation. In contrast, the TSA estimates remain unchanged in both cases.

The first section of this article explains why the TSA's were developed. The second section provides a conceptual overview of the TSA's, including their relationship to the I-O accounts. The third section describes the major components of the TSA's. The fourth section provides a methodological overview of the estimation

and derivation of the TSA's. The final section summarizes the TSA estimates for 1992.

Background

Current statistics on transportation from the I-O accounts and other data sources do not provide a comprehensive and consistent view of transportation activities in the economy. Specifically, the I-O accounts separately identify only transportation that is provided on a for-hire basis—that is, services provided by common carriers of freight and passengers—but not those that are provided by a business for its own use—for example, delivery of furniture by a retailer using either an owned or leased truck.

Current measures of transportation activities

The current statistics on transportation from various public and private sources are presented in different ways, reflecting the multifaceted nature of transportation and the variety of uses for the statistics. The major methods of presentation include the following:

- *By what is transported:* The transportation statistics are divided into two broad groups—the conveyance of goods (freight transportation) and the conveyance of people (passenger transportation).
- *By mode of transportation:* The statistics are organized according to the means of transportation, such as rail, urban transit, highway, air, water, and pipeline.
- *By industry provider of transportation:* The statistics focus on those businesses or estab-

Table 1.—Total Use of Transportation Across Industries

Industry	Commodity					
	Millions of dollars at producers' prices			Percent		
	For-hire transportation	Own-account transportation	Total transportation	Share of total for-hire transportation	Share of total own-account transportation	Share of total transportation
Agriculture, forestry, and fisheries	5,720	13,177	18,897	1.5	8.0	3.5
Mining	2,810	3,870	6,680	.7	2.3	1.2
Construction	13,286	38,950	52,235	3.5	23.5	9.6
Manufacturing	80,248	21,806	102,054	21.0	13.2	18.7
Railroads and related services; passenger ground transportation	3,470	.....	3,470	.9	.....	.6
Motor freight transportation and warehousing	35,049	.....	35,049	9.2	.....	6.4
Water transportation	5,889	.....	5,889	1.5	.....	1.1
Air transportation	14,409	.....	14,409	3.8	.....	2.6
Pipelines, freight forwarders, and related services	1,294	.....	1,294	.3	.....	.2
State and local government passenger transit	173	.....	173	(*)	.....	(*)
Own-account transportation	1,306	.....	1,306	.3	.....	.2
Communications and utilities	8,803	1,187	9,990	2.3	.7	1.8
Wholesale and retail trade	8,963	42,819	51,783	2.4	25.9	9.5
Finance, insurance, and real estate	10,523	899	11,422	2.8	.5	2.1
Services	21,482	42,035	63,517	5.6	25.4	11.6
Other ¹	4,500	718	5,218	1.2	.4	1.0
Total commodity output	381,300	165,461	546,761	100.0	100.0	100.0

* Less than 0.1 percent.

1. "Other" consists of government enterprises (except state and local government passenger transit) and other input-output special industries. See Ann M. Lawson, "Benchmark Input-Output

Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY OF CURRENT BUSINESS 77 (November 1997): 58-62.

lishments that sell transportation in the marketplace. These establishments as a group are referred to as an industry, such as the air transportation industry, water transportation industry, and motor freight transportation industry.

Though useful for certain analytical purposes, the existing transportation data do not provide a comprehensive and comparable measure of the contribution of all transportation activities to an economy for two reasons.

First, they do not identify those transportation activities for which there are no corresponding, identifiable market transactions. Second, the data are often presented in a way that does not provide a common basis for comparison.

In the first case, the I-O accounts identify only for-hire transportation activities. Most of the estimates on transportation in the I-O accounts are based on data from the Census Bureau⁵ that are collected at the establishment level of detail and are classified on the basis of the 1987 Standard Industrial Classification (SIC) system.⁶ Two types of establishments are distinguished in the SIC: *Operating* establishments primarily produce goods or provide services for personal or household use or for use by other enterprises; *auxiliary* establishments primarily perform management or support services within the same enterprise.⁷ If transportation activities are conducted by an operating establishment, the activities are referred to as "for-hire" transportation, and the establishment is classified as transportation in the SIC system. If transportation activities are conducted as a support activity by an operating establishment within a

5. The Census Bureau collects information—such as revenues, payroll, and employment—for all for-hire transportation industries except railroads and air transportation in the quinquennial Census of Transportation, Communications, and Utilities (TCU). In addition, the Census publishes in the quinquennial TCU data collected by other sources on railroads and air transportation. Data on railroad transportation were collected by the Association of American Railroads. Data on air transportation were collected by the Office of Airline Statistics, U.S. Department of Transportation.

Data on revenues and expenses for the trucking and warehousing industries are from the annual Motor Freight Transportation and Warehousing Survey. Data on flows of commodities are from the Commodity Flow Survey, and those on flows of passengers are from the American Travel Survey, both of which are collected every 5 years. Data on the physical and operational characteristics of trucks are collected from the Truck Inventory and Use Survey, which is conducted at the same time as the quinquennial census.

6. The SIC system defines an establishment as an economic unit that is typically at a single location where business is conducted or where services or industrial operations are performed. An establishment is classified into an industry on the basis of the primary activity of the establishment, which is the activity that makes up the largest proportion of the establishment's output. All other activities of the establishment are secondary. See Office of Management and Budget, *Standard Industrial Classification Manual, 1987* (Springfield, Virginia: National Technical Information Service): 11–18 and 265.

7. Auxiliaries that primarily produce goods and services for other establishments of the same enterprise are generally classified as establishments in the industry where the goods or services are primary.

nontransportation enterprise, they are referred to as "own-account" transportation. Data on these own-account transportation activities are not identified separately from the primary activity of the establishment; hence they are not classified as transportation in the SIC system. In the SIC system, an exception is made for auxiliary establishments primarily engaged in long-distance trucking, stevedoring, water and pipeline transportation within nontransportation enterprises; these establishments are classified as for-hire transportation operating units in the SIC system, but auxiliary establishments performing other types of transportation activities are not.⁸

In the second case, there are different forms of limitations in the transportation statistics. Data from many sources, including various government transportation agencies and trade organizations, provide information on the physical characteristics of the transportation system—such as number of trips taken, number of people and tonnage of goods transported, and number of firms providing specific types of transportation. Though they usually cover all the activities for specific modes of transportation, two characteristics limit their usefulness. First, they are often measured in physical units, such as ton-miles and passenger-miles, rather than in dollar

8. Under the newly developed North American Industrial Classification System (NAICS), an auxiliary establishment is classified according to the nature of its own activity. Therefore, auxiliary establishments primarily engaged in transportation activities are classified as transportation.

Acknowledgments

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Bingsong Fang and Xiaoli Han from BTS developed the framework for the accounts and designed the data processing system. They developed the estimates with Simon Randrianarivel from BTS and Belinda L. Bonds from BEA. Also from BEA, Brian D. Kajutti and John Turner assisted with the computer programming and data processing; Mark A. Planting and Karen J. Horowitz provided valuable comments during the review of the estimates; and Mary L. Roy and Kimberly A. Mourey coordinated the preparation of the article. Other contributors were Timothy D. Aylor, William McCarthy, and Robert E. Yuskavage from BEA and David P. Vogt from Oak Ridge National Laboratory.

values. Second, they are generally presented by mode of transportation, and detailed information on industry distributions of their use are not available. As a result, it is very difficult to use these data with data from the national economic accounts for industry analysis.

Satellite accounts

In general, satellite accounts are frameworks designed to expand the analytical capacity of the "basic" economic accounts without overburdening them with details or interfering with their general-purpose orientation. Satellite accounts, which are meant to supplement rather than to replace the existing accounts, organize information in an internally consistent way that suits their particular analytical focus, while maintaining links to the existing accounts. They typically expand a particular segment of the existing accounts with more details and additional dimensions of information, including nonmonetary information; in addition, they may use definitions and classifications that differ from those in the existing accounts. Depending on the analytical focus, the production boundary of the national accounts can be maintained or modified.⁹

In the United States, satellite accounts have been used to extend the analytical capacity of the national economic accounts in two ways. In 1994, BEA released the Integrated Economic and Environmental Satellite Accounts (IEESA's) and a satellite account for research and development expenditures. BEA also has produced supplementary balance of payments accounts that record U.S. trade and capital flows on an ownership basis rather than a residence basis. Currently, BEA is working with the International Trade Administration to develop satellite accounts for travel and tourism.

The 1993 manual of the System of National Accounts (SNA) recommends using satellite accounts to handle such situations as measuring own-account transportation.¹⁰ Own-account transportation in the TSA's is what is referred to as an "auxiliary" activity in the SIC and as an "ancillary" activity in the SNA manual. According to the SNA manual, an ancillary unit is one whose sole function is to produce one or more common types of services for intermediate consumption within the same enterprise. In the SNA,

ancillary units are not treated as separate units. However, it is suggested that for some types of analysis it may be useful and necessary to estimate and record the activities of ancillary units separately—preferably by using satellite accounts. In addition, the UN handbook of input-output accounts suggests the satellite account approach to estimating own-account transportation and including it in the output of the transportation industry.¹¹ The satellite account approach has also been used for own-account transportation in other countries. For example, France's Department of Transportation and Tourism developed national transportation satellite accounts in 1992.¹²

Conceptual Overview

As a satellite to the 1992 benchmark I-O accounts, the TSA's focus on transportation-related activities by industries. Its primary purpose is to provide a systematic and consistent framework and data set for conducting analytical studies of the role of transportation in the economy on both an industry and commodity basis.

Boundary of transportation

Transportation in the TSA's includes all activities related to the use of vehicles (such as trucks, aircraft, and boats) and of related structures (such as highways, airports, and port facilities) for the movement of goods and passengers. Specifically, transportation in the TSA's consists of six groups of for-hire transportation industries from the I-O accounts and a single group for own-account transportation. Table 2 lists all the for-hire transportation industries and one own-account transportation industry in the TSA's. The table also shows the major output components of these industries.

Relationship to the I-O accounts

The TSA's are a satellite to the I-O accounts. This relationship facilitates the construction and application of the TSA's in two ways. First, the I-O accounts provide detailed estimates of the intermediate purchases by industries, including the for-hire transportation industries; this detailed information can be used to prepare

11. United Nations, Statistics Division, *Handbook of National Accounting—Input-Output Table Compilation and Analysis*, Manuscript (November 1997): 149–50.

12. France's satellite account provides estimates of transportation expenditures by transportation modes in a framework similar to BEA's national income and product accounts. See Commission Des Comites Des Transports de la Nation, *Le Compte Satellite Des Transports En 1992*.

9. For a discussion of the purposes and characteristics of satellite accounts, see Commission of the European Communities, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, World Bank, *System of National Accounts 1993*, pages 489–518.

10. See SNA 1993, page 490.

the TSA estimates. Second, the I-O accounts provide an analytical framework with detailed linkages among industries and between industries and final demand; this framework facilitates the estimates of the interdependencies between transportation and the rest of the economy.

What is the same.—The TSA's maintain the following I-O account treatments:

- The measurement of the value of own-account transportation activities is similar to that of own-account construction activities in the I-O accounts; that is, the intermediate inputs and the value-added inputs associated with the own-account construction, such as capital consumption allowance and labor costs, are moved—or, using I-O terminology, “redefined”—to the other industries in which the activities are primary. In the TSA's, these inputs are similarly redefined, but to a new industry—own-account transportation.

• The overall industry and commodity classification system and the special definitions and conventions in the I-O accounts are used in the TSA's except for the single new industry and commodity (own-account transportation).

- The total value added for all industries, or GDP, is the same in the TSA's as in the I-O accounts.¹³
- The general valuation conventions used in the TSA's are consistent with those in the I-O accounts. In particular, all transactions are valued in producers' prices, and

13. Though total value added for the total economy remains unchanged, the value-added estimate for transportation industries is increased by the amount of the value added of the own-account transportation that is subtracted from other industries' value added. In addition, though the output for each industry remains unchanged, the total output for all industries is increased by the amount of output identified for the own-account transportation industry; this is because the total of all purchases of intermediate inputs—including own-account transportation commodities—by industries is increased by the same amount as the sum of the own-account transportation industry output.

Table 2.—Components of Transportation Industry and Industry Output

Industry	Industry components	Industry output
For-hire transportation industries		
Railroads and related services; passenger ground transportation.	Railroads, including AMTRAK Switching and terminal companies Freight car rental Private local and suburban passenger transportation Intercity, rural, and other bus services, including charter and school buses Bus terminal and service facilities Taxicabs	Total operating revenues Less: Rental receipts
Motor freight transportation and warehousing.	Trucking and courier services, except air Public warehousing and storage Trucking terminal facilities	Total operating revenues Plus: Trucking receipts of construction firms Warehousing revenues of wholesalers Delivery and storage charges of retailers Less: Merchandise sales Rental receipts
Water transportation	Deep sea and other water transportation of freight Water transportation of passengers Services incidental to water transportation, including marinas and other services	Total operating revenues Plus: Docking and boat cleaning and maintenance at retailers Federal excise tax on cruise ship receipts Less: Merchandise sales Boat repair at marinas
Air transportation	Domestic and international passenger and freight air transportation ... Airport terminal services	Total operating revenues Plus: Federal taxes on air fares, air freight, and air facilities Aircraft storage and services by wholesalers and retailers Less: Rental receipts Flight training and instruction
Pipelines, freight forwarders, and related services.	Refined petroleum pipelines Other pipelines, including crude petroleum and natural gas Arrangement of freight and passenger transportation, including freight forwarding Miscellaneous services incidental to transportation	Total operating revenues Plus: Pipeline receipts by wholesalers Less: Rental receipts
State and local government passenger transit.	State and local government passenger transit	Total operating revenues Less: Operating subsidies
Own-account transportation industries		
Own-account transportation	Private trucking and bus operations in all nontransportation industries	Total operating expenses of highway motor vehicles and overhead expenses Less: Expenses on advertising, depository institutions, security and commodity brokers, and other services unrelated to own-account transportation operations

the valuations of purchases for final use are unchanged.

What is different.—The TSA's differ from the I-O accounts in the following ways:

- They introduce a new industry called “own-account transportation” whose output is a new commodity called “own-account transportation.” The own-account transportation commodity is only produced by the own-account transportation industry, and the own-account transportation industry only produces the own-account transportation commodity.
- The treatment of own-account transportation provided by an industry for its own use in the TSA's is different from the treatment of for-hire transportation used by an industry in the I-O accounts. In the TSA's, the use of own-account transportation by an industry includes the costs of operating the industry's own trucks and buses, whether those trucks are used to move the industry's intermediate inputs or its output. In the I-O accounts, the use of for-hire transportation by an industry includes only those transportation expenses associated with moving intermediate inputs to the industry plus the expenses for certain direct use of transportation commodities. For example, if a for-hire truck carries wheat from a farm to a mill, the I-O use table shows this activity as the mill using the trucking services, whether the services are purchased by the farm or the mill. If an own-account truck of the mill is used, the TSA use table shows this activity as the mill using the services; however, if an own-account truck of the farm provides the same services, the TSA use table shows this activity as the farm using the services.

Future work

The TSA's now provide a comprehensive picture of all for-hire and most own-account transportation activities. Future work could proceed in several directions to improve and extend the accounts. These include the following:

- The TSA's omit own-account transportation activities through modes other than truck and bus—such as the business use of automobiles and water transportation. These omissions can be addressed as additional information becomes available. For example, when the capital flow table for the

1992 benchmark I-O accounts is published by BEA later this year, additional information on the business use of automobiles will be available upon which to base estimates of related operating expenses for own-account transportation activities in the TSA's.¹⁴

- The accounts may be expanded to include the service values of government-owned transportation capital, such as highway infrastructure, and to include transportation provided by households for their own use, such as commuting to and from work in a privately owned automobile. Inclusion of these services in the TSA's would result in the expansion of the production boundary beyond that of the I-O accounts.
- Because the value of own-account transportation output cannot be measured directly, its output in the current TSA's is valued by summing the costs of all the intermediate inputs and the value-added inputs of compensation, indirect business taxes, and capital consumption allowances that are used for its production. Though this approach is frequently used to measure the value of own-account types of production, the resulting estimates of output are understated because they do not include profits. As a result, such estimates have limited value for productivity analyses and similar types of studies. An alternative approach would be to value own-account transportation output as the product of a quantity measure of output and the market price for a similar service. This approach requires the development of quantity and price estimates of for-hire transportation. Before this approach can be implemented, however, quantity measures for transportation activities at the detailed industry-level must be developed. For the TSA's, consistent measures of the related inputs would also have to be estimated.
- The treatment of own-account transportation used by industries in the TSA's may also be improved. Ideally, the TSA's should treat the use of own-account transportation as the I-O accounts treat the use of for-hire transportation, but doing so requires detailed information on the type of commodities carried by own-account trucks and on the

14. The capital flow table (CFT) shows how much each industry used of each type of new structures and equipment contained in gross private fixed investment (GPI) in the I-O use table. In other words, the CFT disaggregates GPI to show the flows of structures and equipment to using industries.

origin and destination of the transported commodities.

Components of the Transportation Satellite Accounts

The TSA's consist of four tables. The TSA make table (table 3) and the TSA use table (table 4) present for-hire and own-account transportation in a complete I-O framework. The TSA direct requirements table (table 5) presents the industry use of intermediate and value added inputs as a percentage of the industry output. The TSA total requirements table (table 6) presents industry-by-commodity output multipliers.¹⁵ This section presents the four TSA tables and their descriptions.

TSA make table

The TSA make table is an I-O make table with an additional column for own-account transportation as a commodity and an additional row for an aggregation of all redefined industry own-account transportation activities as an industry. An I-O make table shows the value in producers' prices of each commodity produced by each industry. In each row, the cell on the main diagonal shows the value of the production of the commodity for which the industry has been designated the primary producer. The other cells in the row show the value of the production of commodities for which the industry is a secondary

producer. The sum of all the entries in a row is the total output of that industry.

In the TSA make table, the own-account transportation industry produces only the own-account transportation commodity, and the own-account transportation commodity is produced only by the own-account transportation industry. Therefore, the cell value at the intersection of the additional column and row equals the total output of own-account transportation; all other cell entries in the own-account transportation column and row are zero. The data shown in the other parts of the TSA make table are the same as those provided in the 1992 I-O make table.

TSA use table

The TSA use table is an I-O use table with an additional row for the own-account transportation commodity and an additional column for the aggregation of all redefined industry own-account transportation activities as an industry. An I-O use table shows the values in producers' prices of own-account transportation and all other intermediate and value-added inputs used by industries or final users. The cell in each row of a given column shows the commodity that is used by the industry or final user in that column. The sum of all the entries in a row is the total output of the commodity in that row, and the sum of all the entries in a column is the total output of the industry in that column.

In the TSA use table, the use of the own-account transportation commodity is shown in the own-account transportation row. By assumption, the following cell values are equal to zero: The

15. This article presents these tables at a highly aggregated level of industry and commodity detail. For additional detail, see the box "Data Availability" on page 26.

Table 3.—The TSA Make of Commodities by Industries, 1992

(Millions of dollars at producers' prices)

Industry	Commodity															Total industry output		
	Agriculture, forestry, and fisheries	Mining	Construction	Manufacturing	Transportation						Communications and utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Other ¹			
					Railroad and passenger ground	Motor freight and warehousing	Water	Air	Pipelines and freight forwarders	Own-account transportation								
Agriculture, forestry, and fisheries	235,591	0	0	1,022	0	11	0	0	0	0	0	0	0	0	0	1,038	0	237,682
Mining	0	147,001	0	9,716	0	0	0	0	0	0	0	0	0	0	0	0	0	156,717
Construction	0	0	679,330	0	0	0	0	0	0	0	0	0	0	0	0	0	0	679,330
Manufacturing	0	561	0	2,879,654	0	0	0	0	0	0	0	43	0	0	69,509	1,536	2,951,303	
Railroads and related services; passenger ground transportation	0	0	0	0	55,576	174	0	0	0	0	0	0	0	0	0	0	4	55,754
Motor freight transportation and warehousing	0	0	0	0	0	155,590	0	0	0	0	11,363	0	0	0	0	0	0	166,953
Water transportation	0	0	0	0	0	0	32,440	0	0	0	0	0	0	0	0	0	0	32,440
Air transportation	0	0	0	0	0	0	0	94,141	0	0	0	0	0	0	0	0	0	94,141
Pipelines, freight forwarders, and related services	0	0	0	0	542	1,320	194	2,632	28,928	0	0	0	0	0	0	0	0	33,616
State and local government passenger transit	0	0	0	0	5,876	0	0	0	0	0	0	0	0	0	0	0	0	5,876
Own-account transportation	0	0	0	0	0	0	0	0	0	165,461	0	0	0	0	0	0	0	165,461
Communications and utilities	0	0	0	0	0	0	0	0	0	0	491,312	0	0	0	28,838	538	0	520,688
Wholesale and retail trade	0	0	0	0	0	0	0	0	0	0	0	1,091,489	0	0	0	0	0	1,091,489
Finance, insurance, and real estate	0	0	0	0	0	0	0	0	0	0	0	0	1,629,618	25,114	0	0	1,654,732	
Services	0	0	0	8	0	15	0	0	38	0	0	0	666	2,226,302	521	0	2,227,550	
Other ¹	0	0	0	37	64	0	1,713	2,046	0	0	48,012	3,659	9,132	3,301	846,432	846,432	914,396	
Total commodity output	235,591	147,562	679,330	2,890,437	62,058	157,110	34,347	98,819	28,966	165,461	550,730	1,095,148	1,639,416	2,354,102	849,031	10,988,108		

1. "Other" consists of government enterprises (except state and local government passenger transit) and other input-output special industries. See Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY OF CURRENT BUSINESS 77 (November 1997): 58-62.

cell value at the intersection of the own-account transportation row and column (the use of the own-account transportation commodity to support own-account transportation activities) and the cell values at the intersections between the own-account transportation row and the for-hire transportation columns (the use of the own-account transportation commodity to support for-hire transportation activities).

The TSA direct requirements table is derived from the TSA use table by dividing each industry's commodity or value-added input by that industry's total output. Unlike the TSA use table, however, this table does not include the components of final use or gross domestic product. In table 5, each column shows, for the industry named at the head of the column, the input coefficients for the commodities and for the value-added components that an industry directly requires to produce a dollar of output.

TSA direct requirements table

The TSA direct requirements for a dollar of industry output are presented in table 5 as input coefficients (also referred to as "direct requirement coefficients"). The sum of the coefficients for total intermediate inputs and those for total value added for each industry is equal to 1.00000.

TSA industry-by-commodity total requirements table

The TSA industry-by-commodity total requirements table shows the interdependencies among the producers and consumers in the economy. Using this table, estimates of the direct and in-

Table 4.—The TSA Use of Commodities by Industries, 1992

[Millions of dollars at producers' prices]

Commodity	Industry													Communications and utilities	Wholesale and retail trade
	Agriculture, forestry, and fisheries	Mining	Construction	Manufacturing	Transportation						Own-account transportation				
					Railroad and passenger ground	Motor freight and warehousing	Water	Air	Pipelines and freight forwarders	State and local passenger transit					
Agriculture, forestry, and fisheries	55,569	43	4,027	123,104	1	3	6	1	0	2	0	61	894		
Mining	298	25,985	5,445	94,010	0	0	9	0	83	0	0	54,440	30		
Construction	2,877	2,655	552	18,050	2,465	736	30	239	574	1,664	680	30,084	7,246		
Manufacturing	36,994	11,446	199,947	1,017,125	7,174	12,818	3,208	13,201	1,475	3,460	14,760	20,577	44,062		
Railroads and related services; passenger ground transportation	1,515	1,039	1,294	14,759	2,368	442	19	128	33	69	211	4,937	881		
Motor freight transportation and warehousing	3,231	917	10,302	44,955	368	28,810	104	233	209	50	790	1,029	3,459		
Water transportation	436	427	723	4,261	78	209	4,282	164	56	29	183	838	169		
Air transportation	457	413	963	11,485	214	622	77	6,064	233	1	10	1,476	4,144		
Pipelines, freight forwarders, and related services	81	14	4	4,788	442	4,966	1,407	7,820	763	24	112	523	311		
Own-account transportation	13,177	3,870	38,950	21,806	0	0	0	0	0	0	0	1,187	42,819		
Communications and utilities	3,954	7,218	4,343	74,295	596	5,499	192	1,636	1,444	643	4,503	55,863	33,509		
Wholesale and retail trade	11,131	2,600	53,758	163,845	1,706	5,824	520	1,505	326	303	6,787	4,537	18,588		
Finance, insurance, and real estate	15,528	19,183	11,224	48,672	1,849	6,108	1,990	3,157	1,769	116	1,323	13,890	71,101		
Services	5,949	5,037	64,747	165,357	3,771	16,423	4,836	8,903	6,635	214	13,990	49,673	124,604		
Other ¹	156	1,172	696	24,581	332	1,122	2,964	8,924	392	4	582	7,823	11,064		
Total intermediate inputs	151,352	82,021	396,974	1,831,093	21,364	83,582	19,644	51,975	13,992	6,579	43,931	246,938	362,881		
Compensation of employees	25,870	27,777	219,347	688,213	23,458	55,533	7,140	32,761	10,710	9,018	84,160	84,298	425,306		
Indirect business tax and non tax liability	5,206	8,164	3,246	37,864	1,006	2,615	583	5,696	993	0	3,870	31,844	173,188		
Other value added ²	55,234	38,755	59,762	394,134	9,926	25,223	5,073	3,709	7,921	-9,721	33,501	157,609	130,114		
Total value added	86,310	74,696	282,356	1,120,210	34,390	83,371	12,796	42,166	19,624	-703	121,531	273,750	728,608		
Total industry output	237,662	156,717	679,330	2,951,303	55,754	166,953	32,440	94,141	33,616	5,876	165,461	520,688	1,091,489		

Commodity	Industry				Final uses						Total commodity output	
	Finance, insurance, and real estate	Services	Other ¹	Total intermediate inputs	Personal consumption expenditures	Gross private fixed investment	Change in business inventories	Exports of goods and services	Imports of goods and services	Government expenditures		GDP
Agriculture, forestry, and fisheries	6,714	6,861	315	197,601	27,054	0	4,847	19,857	-14,601	833	37,990	235,591
Mining	6	32	2,688	183,026	107	73	-107	8,202	-43,527	-212	-35,464	147,562
Construction	52,996	19,287	19,484	159,618	0	360,278	0	77	0	159,357	519,712	679,330
Manufacturing	16,886	227,662	8,714	1,639,510	842,150	339,058	3,566	342,980	-485,599	208,772	1,250,927	2,890,437
Railroads and related services; passenger ground transportation	971	2,674	1,113	32,452	19,504	957	135	3,973	-164	5,201	29,606	62,058
Motor freight transportation and warehousing	5,759	9,102	1,339	110,656	25,965	4,138	629	10,161	-2,059	7,620	46,454	157,110
Water transportation	52	473	390	12,771	6,249	18	36	9,695	3,530	2,048	21,576	34,347
Air transportation	3,674	8,021	1,648	39,502	36,404	1,539	137	23,317	-8,544	6,464	59,317	98,819
Pipelines, freight forwarders, and related services	67	1,212	11	22,544	3,474	0	8	2,700	0	240	6,422	28,966
Own-account transportation	899	42,035	718	165,461	0	0	0	0	0	0	0	165,461
Communications and utilities	28,152	53,421	8,506	283,773	221,574	5,065	11	4,476	-695	36,526	266,957	550,730
Wholesale and retail trade	4,180	44,012	829	320,451	629,893	62,525	2,658	44,746	18,317	16,558	774,697	1,095,148
Finance, insurance, and real estate	229,746	153,929	4,560	584,145	960,078	28,407	0	39,510	-14,112	28,688	1,055,271	1,639,416
Services	123,478	302,923	7,783	904,324	1,413,094	19,226	-37	19,530	-4,027	1,992	1,449,778	2,354,102
Other ¹	16,653	19,311	2,593	98,369	23,172	-30,293	-6,453	73,385	-92,856	783,707	750,662	849,031
Total intermediate inputs	490,234	890,954	60,690	.....	.....	.....	.....	.....	.....	.....	.....	.....
Compensation of employees	285,305	935,987	730,160	.....	.....	.....	.....	.....	.....	.....	.....	.....
Indirect business tax and non tax liability	182,984	48,332	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other value added ²	696,209	352,278	123,546	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total value added	1,164,498	1,336,596	853,706	.....	.....	.....	.....	.....	.....	.....	6,233,905	.....
Total industry output	1,654,732	2,227,550	914,396	.....	.....	.....	.....	.....	.....	.....	.....	10,988,108

1. "Other" consists of government enterprises (except state and local government passenger transit) and other input-output special industries. See Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY OF CURRENT BUSINESS 77 (November 1997): 58-62.

2. For all industries except own-account transportation, "other value added" consists of the following national in-

come and product account components of gross domestic income: Consumption of fixed capital, net interest, proprietors' income, corporate profits, rental income of persons, business transfer payments, and subsidies less current surplus of government enterprises. "Other value added" for own-account transportation consists of consumption of fixed capital.

direct effects of changes in final uses on for-hire and own-account transportation industries and commodities can be derived. For example, this table can be used to analyze the relative effects on transportation and nontransportation industries of an increase in personal consumption expenditures or of a change in the composition of fixed investment that results from a change in business activity.¹⁶

16. When using the TSA industry-by-commodity total requirements coefficients to estimate the effects of changes in final uses on industries and commodities, the underlying I-O assumptions have to be kept in mind. For example, the table is based on a set of relationships that exist between producers and consumers in a given year; these relationships assume that technology and relative prices are constant. The interindustry relationships reflect the average input structure in each industry for that year, but these relationships do not necessarily reflect the input structure of an additional unit of production. Therefore, for analyses that require alternative assumptions, other

This table shows the total requirements coefficients for each industry group's output that is directly and indirectly required to deliver a dollar of a commodity to final users. Each column shows the commodity delivered to final users, and each row shows the total production that is required from an industry in response to a dollar change in the final demand for a commodity. The coefficients in the table are referred to as industry-by-commodity total requirements coefficients. The table is derived from both the TSA make and the TSA use tables.

The last row of the table shows the sum of all the changes in industry outputs that are required

economic tools may be required. See Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Requirements Tables," footnote 2.

Table 5.—The TSA Commodity-by-Industry Direct Requirements, 1992

[Direct requirements per dollar of industry output, at producers' prices]

Commodity	Industry															
	Agriculture, forestry, and fisheries	Mining	Construction	Manufacturing	Transportation						Communications and utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Other ¹	
					Railroad and passenger ground	Motor freight and warehousing	Water	Air	Pipelines and freight forwarders	State and local passenger transit						Own-account transportation
Agriculture, forestry, and fisheries	0.23382	0.00027	0.00593	0.04171	0.00002	0.00002	0.00018	0.00001	0.00000	0.00034	0.00000	0.00012	0.00082	0.00406	0.00308	0.00034
Mining	.00125	.16581	.00802	.03185	.00000	.00000	.00028	.00000	.00247	.00000	.00000	.10455	.00003	.00000	.00001	.00294
Construction	.01210	.01694	.00081	.00612	.04421	.00441	.00092	.00254	.01708	.28319	.00411	.05778	.00664	.03203	.00866	.02131
Manufacturing	.15566	.07304	.29433	.34464	.12867	.07678	.09889	.14023	.04388	.58884	.08921	.03952	.04037	.01020	.10220	.00953
Railroads and related services; passenger ground transportation	.00637	.00663	.00191	.00500	.04247	.00265	.00059	.00136	.00098	.01174	.00127	.00948	.00081	.00059	.00120	.00122
Motor freight transportation and warehousing	.01359	.00585	.01516	.01523	.00660	.17256	.00321	.00248	.00622	.00851	.00477	.00198	.00317	.00348	.00409	.00146
Water transportation	.00183	.00273	.00106	.00144	.00140	.00125	.13200	.00174	.00167	.00494	.00111	.00161	.00016	.00003	.00021	.00043
Air transportation	.00192	.00263	.00142	.00389	.00384	.00373	.00237	.06441	.00693	.00017	.00006	.00283	.00380	.00222	.00360	.00180
Pipelines, freight forwarders, and related services	.00034	.00009	.00001	.00162	.00793	.02974	.04337	.08307	.02270	.00408	.00068	.00101	.00028	.00004	.00054	.00001
Own-account transportation	.05544	.02470	.05734	.00739	.00000	.00000	.00000	.00000	.00000	.00000	.00000	.00228	.03923	.00054	.01887	.00079
Communications and utilities	.01664	.04606	.00639	.02517	.01069	.03294	.00592	.01738	.04296	.10943	.02721	.10729	.03070	.01701	.02398	.00930
Wholesale and retail trade	.04683	.01659	.07913	.05552	.03060	.03488	.01603	.01599	.00970	.05157	.04102	.00871	.01703	.00253	.01976	.00091
Finance, insurance, and real estate	.06533	.12241	.01652	.01649	.03316	.03659	.06134	.03553	.05262	.01974	.00799	.02668	.06514	.13884	.06910	.00499
Services	.02503	.03214	.09531	.06503	.06764	.09837	.14908	.09457	.19738	.03642	.08455	.09540	.11416	.07462	.13599	.00851
Other ¹	.00066	.00748	.00102	.00833	.00595	.00672	.09137	.09479	.01166	.00068	.00352	.01502	.01014	.01006	.00867	.00284
Total value added	.36316	.47663	.41564	.37956	.61682	.49937	.39445	.44790	.58377	-.11964	.73450	.52575	.66754	.70374	.60063	.93363
Total	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

1. "Other" consists of government enterprises (except state and local government passenger transit) and other input-output special industries. See Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY OF CURRENT BUSINESS 77 (November 1997): 58-62.

Table 6.—TSA Industry-by-Commodity Total Requirements, 1992

[Total requirements, direct and indirect, per dollar of delivery to final demand, at producers' prices]

Industry	Commodity														
	Agriculture, forestry, and fisheries	Mining	Construction	Manufacturing	Transportation						Communications and utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Other ¹
					Railroad and passenger ground	Motor freight and warehousing	Water	Air	Pipelines and freight forwarders	Own-account transportation					
Agriculture, forestry, and fisheries	1.32661	0.01332	0.03876	0.09211	0.02170	0.01294	0.01632	0.01771	0.00952	0.01085	0.01181	0.00901	0.01095	0.01863	0.00129
Mining	.02486	1.21270	.03724	.07757	.02166	.01678	.01578	.01861	.01754	.01309	.14927	.01112	.00706	.01539	.00157
Construction	.02990	.03596	1.01361	.02256	.08035	.01778	.02867	.02141	.03166	.01155	.08671	.01687	.04379	.02004	.01025
Manufacturing	.38378	.20388	.53168	1.61763	.35810	.20657	.25097	.29130	.14239	.18043	.17479	.12020	.07032	.25783	.01666
Railroads and related services; passenger ground transportation	.01081	.01005	.00567	.00971	.93508	.00645	.00290	.00385	.00283	.00286	.01312	.00228	.00163	.00332	.00070
Motor freight transportation and warehousing	.03265	.01728	.03216	.03545	.01965	1.20178	.01339	.01314	.01311	.01172	.03892	.00947	.00863	.01320	.00230
Water transportation	.00368	.00437	.00249	.00331	.00295	.00235	1.07995	.00299	.00207	.00171	.00326	.00066	.00038	.00091	.00030
Air transportation	.00565	.00545	.00532	.00834	.00662	.00714	.00584	1.01853	.00835	.00180	.00535	.00554	.00364	.00600	.00208
Pipelines, freight forwarders, and related services	.00360	.00232	.00322	.00563	.01990	.04849	.05630	.11725	1.02072	.00192	.00389	.00174	.00107	.00239	.00040
State and local government passenger transit	.00114	.00106	.00060	.00102	.09886	.00054	.00031	.00041	.00030	.00030	.01349	.00024	.00017	.00035	.00007
Own-account transportation	.08477	.03800	.07340	.02732	.01426	.00966	.01112	.01000	.00981	1.00758	.00169	.04612	.00716	.02783	.00197
Communications and utilities	.04616	.07109	.03732	.05871	.04215	.05863	.03498	.04387	.06043	.04027	1.01879	.04493	.02836	.05502	.00589
Wholesale and retail trade	.09563	.04149	.12252	.10595	.06712	.06200	.04238	.04242	.02704	.05725	.03537	1.02887	.01433	.04198	.00286
Finance, insurance, and real estate	.13299	.19132	.06742	.07475	.07277	.08603	.11907	.08024	.09163	.03365	.07896	.09975	1.16842	.12299	.00558
Services	.10472	.09420	.17678	.14030	.13189	.17807	.23439	.17358	.24863	.12187	.13360	.15692	.11124	1.13745	.00897
Other ¹	.01570	.02481	.01589	.02668	.01963	.02223	.16886	.13190	.02566	.01275	.12372	.02428	.02360	.02239	.99993
Total industry output multiplier	2.30265	1.96730	2.16408	2.30704	1.91269	1.93744	2.08123	1.98721	1.71169	1.50960	1.89544	1.57800	1.50075	1.74572	1.06082

1. "Other" consists of government enterprises (except state and local government passenger transit) and other input-output special industries. See Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY OF CURRENT BUSINESS 77 (November 1997): 58-62.

to deliver a dollar of each commodity to final users. Because each of these sums is a dollar multiple of the initial dollar spent for a commodity group's output, the sum is often referred to as an "industry output multiplier." These multipliers can be used to estimate the impact of changes in the final uses of commodities on total industry output.¹⁷

Methodological Overview

The TSA's were estimated in two broad steps. First, the inputs used by each industry for its own-account transportation activities were estimated. Second, these estimates were used with the I-O make and use tables to derive the TSA tables. The following sections describe these two steps in more detail. The major sources of data are identified in table 7.

Estimating the transportation inputs

Transportation inputs include both intermediate inputs and value-added inputs. The value of these inputs for each industry in the I-O use table is for a combination of all uses. The TSA transportation estimates were separated from all other uses through the following steps.

- **Identifying the transportation-related inputs.**—A set of commodity inputs that are unique to or are mostly used for transportation were identified from the estimates underlying the I-O accounts. These inputs, which are called

"transportation-related inputs" (TRI's), consist of motor gasoline, light fuel oil, liquefied petroleum gases, tires, motor vehicle parts, and automotive repair services.

- **Developing industry distribution weights.**—Distribution weights were developed that can be used separately or in combination to distribute TRI commodities to using industries. Nine sets of weights were developed using industry-level information for the number of buses, the number of trucks, miles driven by trucks, and fuels used by trucks. These weights were based on several data sources, the most important of which are the Truck Inventory and Use Survey from the Census Bureau and the occupational employment data from the Bureau of Labor Statistics and the Census Bureau.
- **Distributing TRI's.**—For each TRI commodity, an estimate was made of its total usage for nontransportation purposes, such as gasoline used for heating or for operating machinery; this nontransportation use was subtracted from the total output of the commodity. The remaining amount of the commodity was then distributed to different transportation modes. Finally, for modes for which the current TSA's provide estimates of own-account transportation, the distribution weights were matched with and applied to the TRI's.
- **Estimating other inputs.**—Transportation activities require certain inputs that are not uniquely or mainly used for transportation. For example, office supplies and accounting services are shared by transportation and all other production activities. The transportation use of these commodities was estimated

¹⁷ For more information on the derivation of the industry-by-commodity total requirements table, see Appendix D in U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Input-Output Accounts of the United States, 1987* (Washington, DC: U.S. Government Printing Office, November 1994).

Table 7.—Principal Data Sources

Data	Sources
Estimates of input-output accounts, 1992	U.S. Department of Commerce, Bureau of Economic Analysis, <i>Benchmark Input-Output Accounts for the U.S. Economy, 1992</i> (forthcoming) and detailed underlying data files for the I-O accounts.
Trucks, truck mileage, fuel use by industry, 1992	U.S. Department of Commerce, Census Bureau, 1992 Census of Transportation, <i>Truck Inventory and Use Survey—United States</i> , May 1995.
Statistics on occupation and industry, 1990	Census Bureau, 1990 Census of Population and Housing, <i>Occupation and Industry—National and State Totals</i> (CD-ROM), March 1995.
Employment of truck drivers by industry, 1992	U.S. Department of Labor, Bureau of Labor Statistics, Employment Projection Division, <i>Industry-Occupation Employment Matrix, 1983-1993</i> (Diskettes).
Energy use, 1992	U.S. Department of Energy, Energy Information Administration, <i>Annual Energy Review</i> , historical data for 1949-1996. EIA Website.
Energy use by transportation modes, 1992	U.S. Department of Energy, Oak Ridge National Laboratory, <i>Transportation Energy Data Book: Edition 14</i> , May 1994.
Vehicle miles of travel by type of vehicles, 1992	U.S. Department of Transportation, Federal Highway Administration, <i>Highway Statistics 1993</i> .

for each industry using the relationships from for-hire transportation industries.¹⁸

Two assumptions underlie these TSA procedures: First, that the distribution weights selected are reliable predictors of the use of TRI's for own-account transportation; second, that the distribution of commodity inputs (except for some value-added inputs) within a for-hire transportation industry is similar to the distribution of these inputs within a nontransportation industry for its transportation-related activities.

Deriving the TSA make and use tables

The TSA make and use tables are I-O make and use tables that have been modified using the estimates of transportation inputs. First, the estimates of transportation inputs for each industry are arranged in a transportation input matrix so that its rows and columns correspond to those in the intermediate industry portion of the I-O use table.¹⁹ Second, this input matrix is subtracted from the intermediate industry portion of the I-O use table; the result is a residual use table that shows the intermediate and value-added inputs to industries for nontransportation activities. Third, the TSA make table is derived by adding an additional column and an additional row—representing own-account transportation—to the I-O make table. Fourth, the TSA use table is derived by combining the residual use table derived above, an own-account transportation column with row totals from the transportation input matrix, an own-account transportation row with column totals from the transportation input matrix, and the final-demand portion of the I-O use table.

Estimates of Transportation for 1992

This section discusses how the results from the TSA's can be used to assess the size and impact of transportation in the U.S. economy.

Transportation as a share of GDP

From the TSA's, a measure of transportation value added on an expanded industry basis provides a picture of transportation in comparison to the

18. Adjustments were made before and after applying the for-hire relationship. First, some commodities, such as advertising and brokerage services that are used by for-hire transportation industries but not by other industries for own-account transportation, were excluded. Second, estimates were made to reflect the total use in the I-O accounts. Third, the estimates of value-added inputs were adjusted to exclude profits.

19. Inputs for for-hire transportation industries in this matrix are all zeros because it is assumed that these industries do not have any own-account transportation activities.

economy as a whole that is more comprehensive than that provided by the corresponding industry-basis measure found in the I-O accounts. Comparisons of aggregate measures such as total value added between for-hire and own-account transportation indicate the importance of including own-account transportation in the analyses of transportation.

Own-account transportation activities generated \$121.5 billion of value added in 1992, and for-hire transportation generated \$191.6 billion. Together, these activities accounted for 5.0 percent of U.S. GDP in 1992—3.1 percent from for-hire and 1.9 percent from own-account.

Use of transportation by industry

The biggest industry user of own-account transportation services was the wholesale and retail industry group, which generated and used \$42.8 billion of the output of such services, accounting for 25.9 percent of total own-account transportation (table 1); in contrast, this industry group used only \$9.0 billion of for-hire transportation services output.²⁰ The next largest group was services, which used \$42.0 billion, accounting for 25.4 percent of the own-account total; this in-

20. See the section "Conceptual Overview" for an explanation of the different treatment of the uses of own-account and for-hire transportation in the TSA's.

Data Availability

This article presents the aggregated estimates of the 1992 transportation satellite accounts (TSA's). Summary estimates for 99 industries at the I-O summary level and detailed estimates for 499 industries at the I-O six-digit level are available on the following diskettes:

- The summary estimates for the make, use, direct requirements, and industry-by-commodity total requirements tables (one diskette)—product number NDN-0193, price \$20.00.
- The estimates at the I-O six-digit level of the make, use, and direct requirements tables (three diskettes)—product number NDN-0194, price \$60.00.
- The estimates at the I-O six-digit level of industry-by-commodity total requirements (one diskette)—product number NDN-0195, price \$20.00.

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dustry group used only \$21.5 billion of for-hire services. The smallest user (excluding the group "other") was the finance, insurance, and real estate industry group.

Alternatively, measuring the use of own-account transportation as a share of an industry's total output (in I-O terminology, the direct requirements for own-account transportation) presents a different picture. According to this measure, the construction industry group was the largest user among all industry groups, at 5.7 percent. In contrast, the share for the wholesale and retail industry group, which was the largest user in absolute terms, was 3.9 percent, less than the share for agriculture (5.5 percent), which was only the fifth largest user in absolute terms. The finance, insurance, and real estate industry group had the smallest share.

The same measure for for-hire transportation shows the direct importance of for-hire transportation services in an industry's total output. Except for the transportation industries, manufacturing had the largest direct requirement of for-hire transportation services, at 2.7 percent. The industry groups of trade, of finance, insurance, and real estate, of services, and of "other" each had less than 1 percent.

Transportation cost by commodities


The use of transportation on an industry basis differs from that on a commodity basis because many industries produce more than one commodity and many commodities are produced by more than one industry. To analyze the importance of direct transportation costs in the producers' prices of commodities, both own-account transportation costs and for-hire transportation costs were distributed on a commodity-by-commodity basis.²¹

Among nontransportation commodity groups, agriculture, forestry, and fisheries had the highest

transportation content (8.0 percent), followed by construction (7.7 percent), reflecting the general pattern of the use of transportation by industry. For both commodity groups, own-account transportation costs had a larger share in the total transportation cost than for-hire. The services commodity group had a transportation content of 2.8 percent, of which 1.8 percentage points were own-account and 1.0 percentage point were for-hire. The commodities of finance, insurance, and real estate and "other" had the lowest transportation content, at less than 1 percent each.

Transportation and multipliers

The multipliers derived from the TSA's capture the total interdependence between transportation and the rest of the economy. Excluding changes in the final demand for transportation services itself, transportation as a combined group of industries, including both for-hire and own-account, was most affected by the changes in the final demand for agriculture, forestry, and fisheries commodities. For example, a 1-dollar increase in the demand for these commodities caused an increase of 14.2 cents in total transportation industry output, while a 1-dollar increase for services commodities caused only a 5.4-cent increase. For own-account transportation alone, the response pattern was similar, but for-hire transportation alone was more responsive to the changes in demand for communications and utilities and for manufacturing commodities.

The changes in demand for transportation services also induce changes in the output of transportation and of all other industries. This effect can be measured by the total industry output multiplier. The pipelines and freight forwarders group had the lowest total industry output multiplier, at 1.7. The multiplier for each of the other transportation groups was above 1.9. Overall, the economy's response to changes in demand for transportation was larger than that for communications and utilities, for trade, for finance, insurance, and real estate, and for services, but less than that for agricultural, construction, and manufacturing commodities. 

21. The total direct use of own-account transportation for an industry from the TSA use table is distributed to the commodities produced by the industry, using the industry's output mix from the I-O make table. Repeating this procedure for every industry results in a table that shows the contributions of own-account transportation within each industry to the output of various commodities, that is, the direct costs of own-account transportation in the producers' prices of commodities.

The direct costs of for-hire transportation are distributed to commodities in the same manner. If a commodity is produced in more than one industry, then the commodity will receive the distributed own-account and for-hire transportation costs from more than one industry; the sum of all these costs is the direct cost of transportation in the producers' prices of that commodity.

The Domestic Orientation of Production and Sales by U.S. Manufacturing Affiliates of Foreign Companies

By William J. Zeile

SINCE THE surge in foreign direct investment in the United States in the late 1980's, much attention has focused on the role of foreign-owned firms in the U.S. economy, particularly in manufacturing.¹ A question that is frequently posed concerns the degree to which U.S. affiliates of foreign companies are integrated into the U.S. economy through their sourcing behavior and value-added activity. A related question is whether U.S. manufacturing affiliates in comparison with domestically owned firms are more oriented toward producing for the U.S. market or for their home-country and other foreign markets.

Data from the benchmark and annual surveys of foreign direct investment in the United States that are conducted by the Bureau of Economic Analysis (BEA) can be used to gauge the domestic content of output by U.S. affiliates of foreign companies.² For affiliates in manufacturing,³ aggregate estimates presented in two previous articles in the SURVEY OF CURRENT BUSINESS show a high share of domestic content in output; in each of the years examined, about 90 percent of the output of these affiliates was accounted for by the affiliates' own value added and by the value of inputs purchased from suppliers located in the United States.⁴ In both

articles, imports are estimated to have accounted for less than 20 percent of the intermediate inputs purchased by all manufacturing affiliates. In addition, the second article shows that import shares of affiliate purchases of intermediate inputs in 1991 were generally low across more detailed manufacturing industries; however, in a few industries, the import shares were quite high—more than 30 percent—particularly for Japanese-owned affiliates.

An outstanding question from these results is the degree to which the domestic content for affiliates in manufacturing differs from that for domestically owned manufacturers, both in the aggregate and across detailed industries. A related question is the degree to which any observed differences in domestic content at the aggregate level reflect systematic differences in behavior across industries rather than differences in a few specific industries or differences in the types of industries in which affiliates and domestically owned companies are concentrated.

In this article, measures of domestic content for U.S. manufacturing affiliates in 1989 and 1994 are compared with measures of domestic content for domestically owned U.S. parent companies in manufacturing (which in 1994 accounted for more than one-half of the gross output of all domestically owned U.S. companies in manufacturing); the data are from BEA's 1989 and 1994 benchmark surveys of U.S. direct investment abroad.⁵ Domestically owned U.S. parent companies are an appropriate comparison group

1. As an indicator of the increased importance of foreign-owned affiliates in U.S. manufacturing, the share of U.S. manufacturing employment that is accounted for by U.S. affiliates of foreign companies increased steadily from 7.6 percent in 1987 to 11.7 percent in 1994 before dipping to 11.4 percent in 1995. The employment shares for 1990–95 are shown in table 12 of "Foreign Direct Investment in the United States: New Investment in 1996 and Affiliate Operations in 1995," SURVEY OF CURRENT BUSINESS 77 (June 1997): 54.

2. In this article, the term "domestic content" refers to the difference between gross output and direct imports of intermediate inputs. This terminology is used for analytical purposes only and does not constitute an official definition.

3. In BEA's data on direct investment, manufacturing excludes petroleum and coal products manufacturing, which is classified under the major industry "petroleum."

4. See Jeffrey H. Lowe, "Gross Product of U.S. Affiliates of Foreign Companies, 1977–87," SURVEY 70 (June 1990): 45–53; and William J. Zeile, "Merchandise Trade of U.S. Affiliates of Foreign Companies," SURVEY 73 (October 1993): 52–65.

In addition, estimates of domestic content for all nonbank U.S. affiliates were presented as supplementary items in two articles in the SURVEY

that featured an alternative disaggregation of the U.S. current account based on ownership. See J. Steven Landefeld, Obie G. Whichard, and Jeffrey H. Lowe, "Alternative Frameworks for U.S. International Transactions," SURVEY 73 (December 1993): 50–61; and Obie G. Whichard and Jeffrey H. Lowe, "An Ownership-Based Disaggregation of the U.S. Current Account, 1982–93," SURVEY 75 (October 1995): 52–61.

5. In addition to the two SURVEY articles cited above, the analysis in this article builds on earlier work by the author that will be presented in William J. Zeile, "Imported Inputs and the Domestic Content of Production by Foreign-Owned Manufacturing Affiliates in the United States," in *Geography and Ownership as Bases for Economic Accounting*, ed. Robert E. Baldwin, Robert E. Lipsey, and J. David Richardson (Chicago: University of Chicago Press, forthcoming in 1998).

because of their similarity with U.S. affiliates in terms of size and international orientation. In addition, the data for U.S. parent companies are highly comparable with those for U.S. affiliates because the data for both are collected at the enterprise level and are based on the same concepts and definitions.⁶

Domestic content is analyzed in terms of three related measures that provide information about the inputs used in production: (1) The domestic content of gross output, (2) the value-added share of gross output, and (3) the import share of intermediate inputs. The first measure is the broadest measure of domestic content: It shows the share of a company's gross output (sales plus inventory change) that is accounted for by wages and salaries, profits, and other incomes earned through its production in the United States and by the value of raw materials, components, and other intermediate inputs that are purchased from U.S. suppliers.

The domestic content of output is determined by two decisions that are captured by the second and third measures: The "make or buy" decision and the "import or procure locally" decision. The "make or buy" decision determines the degree of vertical integration in firm production, which is reflected in the share of output accounted for by the firm's own value added. The "import or procure locally" decision, which determines the firm's linkages to domestic suppliers, is captured by the share of imports in its intermediate inputs.⁷

In addition, the market orientation of affiliate output is analyzed in terms of the export share of sales. This measure shows the degree to which affiliates target their output to markets abroad rather than to the U.S. market.

The analysis in this article includes more detailed information than previous SURVEY articles, and it introduces a number of new features. First, each of the four measures for affiliates is compared with the corresponding measure for domestically owned companies in the same industries; the comparisons are made across 32 detailed manufacturing industries. Second, for affiliates in selected industries, data for a fixed panel of affiliates for 1988–94 are used to assess changes in affiliate behavior over time. Third, differences in affiliate domestic content and market orientation by country of ownership are

systematically examined through comparisons of averages for the four measures that are adjusted for industry effects.

The overall profile of affiliate operations that emerges from this analysis reveals both similarities and differences between U.S. affiliates and domestically owned manufacturers. For both groups of firms, domestic content accounts for a high share of output. However, the share for affiliates is not quite as high as that for the domestically owned firms; the domestic-content share for affiliates tends to be lower than that for domestically owned companies across the detailed industries, and the difference at the aggregate level increases, rather than decreases, when industry mix is held constant.

The differences in content are attributable to differences in both value-added shares and the sourcing of intermediate inputs. Value added within the firm accounts for less than one-half of the value of output for both affiliates and domestically owned firms, but the value-added share for affiliates is somewhat smaller than the share for the domestically owned firms. Both affiliates and domestically owned firms purchase most of their inputs from domestic suppliers, but the share of imports in intermediate inputs is much higher for affiliates, largely due to their use of inputs purchased from their foreign parent companies and other affiliated foreign suppliers. With respect to market orientation, both U.S. affiliates and domestically owned manufacturers sell most of their output in the United States, but the share of exports in sales is somewhat smaller for affiliates than for the domestically owned firms.

The following are among the specific findings:

- The domestic content of gross output for all manufacturing affiliates is 87 percent, compared with 93 percent for domestically owned manufacturing companies. In most industries, the measure for affiliates is just below that for domestically owned companies.
- The domestic-content share for affiliates tends to be lowest in industries in machinery, transportation equipment, and instruments manufacturing—industries whose intermediate inputs consist mainly of manufactured components rather than commodity-type bulk materials.
- The value-added share of gross output for all manufacturing affiliates is 30 percent, compared with 37 percent for domestically owned manufacturing companies. In most of the 32 manufacturing industries, the value-added

6. See the section "Data used to construct measures" in the appendix.

7. See the discussion of affiliate linkages with host-country suppliers in John H. Dunning, *Multinational Enterprises and the Global Economy* (Wokingham, England: Addison-Wesley, 1993): 446–459.

share for affiliates is more than 20 percent lower than that for domestically owned companies.

- Affiliates rely on imports to a much greater degree than do domestically owned companies. The share of intermediate inputs that are imported is 19 percent for all manufacturing affiliates, compared with 11 percent for domestically owned companies. In about two-thirds of the 32 industries, the import share of intermediate inputs for affiliates is more than twice that for domestically owned companies.
- About two-thirds of the imports by U.S. manufacturing affiliates are obtained from the affiliates' foreign parent companies or other foreign firms with which the parents are associated.
- Production by U.S. manufacturing affiliates is strongly oriented toward the domestic market: The export share of sales for all manufacturing affiliates is only 10 percent, compared with 14 percent for domestically owned companies. The export share for affiliates is lower than that for domestically owned companies in about two-thirds of the 32 industries.
- For affiliates in the electronic components and motor vehicle industries, domestic content has increased over time, reflecting a decrease in the import share of intermediate inputs. In other machinery-type industries, however, the domestic-content and import-share measures for affiliates show no sustained trend. For affiliates in construction machinery, metalworking machinery, and instruments, the export share of sales has increased.
- German-, Swiss-, and Japanese-owned affiliates have the lowest average domestic content in comparison with domestically owned U.S. parent companies in comparable industries. The relatively low domestic content for German- and Swiss-owned affiliates reflects their relatively high reliance on imports for their purchased inputs. For Japanese-owned affiliates, the relatively low domestic content reflects a relatively low share of value added in gross output and a high share of imports in intermediate inputs.
- British-owned affiliates have the highest average domestic content, the highest average value-added share, and the lowest average import share of purchased inputs. The measures for these affiliates are closest to those

for domestically owned companies in comparable industries, perhaps reflecting the fact that, compared with investments from other countries, British direct investment in U.S. manufacturing industries tends to be older and has almost exclusively taken the form of acquisitions of existing U.S. companies.

- For most of the investing countries, the average export share of sales for affiliates does not differ significantly from the export share for domestically owned companies. However, Japanese-owned affiliates have a high average share of exports in sales in comparison with domestically owned companies, particularly in such primary resource-intensive industries as lumber and wood products and food and kindred products other than beverages.

The next section of the article discusses the measures of domestic content and market orientation. The article then compares the industry-level estimates of the measures for U.S. affiliates with those for domestically owned manufacturing companies. Next, the article examines changes over time in the measures for a panel of affiliates in selected industries. It then examines differences in affiliate behavior by country of ultimate beneficial owner (UBO).⁸ Finally, the article examines differences in the geographic pattern of international purchases and sales of affiliates by country of ownership. An appendix discusses the data used to construct the measures and investigates the extent to which the results are affected by imports unrelated to manufacturing production in the data for affiliates.

Measures of Content and Market Orientation

Data from BEA's benchmark and annual surveys of foreign direct investment in the United States were used to construct three measures that reveal information about the content of output of U.S. manufacturing affiliates: The domestic content of gross output, the value-added share of gross output, and the import share of intermediate inputs.

8. The UBO is that person, proceeding up a U.S. affiliate's ownership chain, beginning with and including the foreign parent, that is not owned more than 50 percent by another person. "Person" is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). The foreign parent is the first foreign person in the affiliate's ownership chain. Unlike the foreign parent, the UBO of an affiliate is identified to ascertain the person that ultimately owns or controls the U.S. affiliate and that, therefore, ultimately derives the benefits from owning or controlling the affiliate.

The domestic content of gross output can be expressed as follows:

$$(1) \text{ Domestic Content of Gross Output} \\ = (\text{Gross Output} - \text{Imports}) / \text{Gross Output},$$

where gross output is computed as sales plus the change in end-of-year inventories (table 1).⁹ As defined, domestic content for a U.S. affiliate is that portion of its gross output that is accounted for by wages and salaries, profits, and other incomes earned within the affiliates themselves and by the value of raw materials, components, and other inputs purchased from domestic suppliers.

Conceptually, gross output for a firm is equal to its value added, or gross product originating in the firm, plus the value of intermediate inputs purchased from others.¹⁰ Because value added by an affiliate represents production in the country in which the affiliate is located, other things being equal, a higher share of value added in total output implies higher domestic content.¹¹ This share can be expressed as follows:

$$(2) \text{ Value-Added Share of Gross Output} \\ = \text{Gross Product} / \text{Gross Output}$$

For a U.S. affiliate, the value-added share measures the portion of the affiliate's gross output that is accounted for by incomes earned by labor, capital, and other factors of production employed within the firm.

The other component of a firm's gross output is its intermediate inputs. These inputs can be procured either domestically or through imports. Other things being equal, a higher share of imports in intermediate inputs implies lower domestic content. This share can be expressed as follows:

$$(3) \text{ Import Share of Intermediate Inputs} \\ = \text{Imports} / \text{Intermediate Inputs} \\ = \text{Imports} / (\text{Gross Output} - \text{Gross Product}),$$

where intermediate inputs is computed as a residual from the data on affiliates' gross output and gross product.¹² The import share of raw materials, components, and other purchased inputs provides a measure of the affiliates' reliance on imported versus domestically produced goods and services.

9. The data for affiliates are enterprise data that include some output unrelated to manufacturing: In 1994, about 15 percent of the sales by affiliates classified in manufacturing were accounted for by sales associated with secondary activities in other industries, most notably wholesale trade.

10. Intermediate inputs are goods and services that are consumed in production and that are purchased from other U.S. or foreign businesses.

11. However, in terms of the distribution of value added in the form of payments factors to production, some of the value added of an affiliate can be viewed as "foreign" insofar as it includes property income paid to the affiliate's foreign owners.

12. It should be noted that measures (1) and (3) capture direct (or first-round) imports only—they exclude any imports (direct or indirect) that may be embodied in the inputs purchased from domestic distributors or manufacturers. These measures also exclude purchases of services from abroad, because the benchmark and annual data on affiliate imports cover only imports of goods. In addition, it should be understood that the split between the domestic and foreign components in the measures is based on the geographic location of the suppliers of intermediate inputs—that is, whether or not the suppliers are located within the borders of the United States—not on their country of ownership; thus, intermediate inputs that are supplied to a U.S. affiliate by another U.S. affiliate are included in the domestic components.

Table 1.—Construction of Measures of the Domestic Versus Foreign Orientation of Production and Sales for U.S. Affiliates and Domestically Owned U.S. Parent Companies in Manufacturing, 1989 and 1994

Line	U.S. affiliates		U.S. parents	
	1989	1994	1989	1994
	Millions of dollars			
1	325,307	512,568	1,362,291	1,681,149
2	47,531	67,610	171,629	179,261
3	42,022	62,902	n.a.	n.a.
4	5,509	4,708	7,086	11,846
5	330,816	517,276	1,369,377	1,692,995
6	101,346	153,643	522,726	631,380
7	229,470	363,633	846,650	1,061,615
8	38,596	67,576	91,731	120,388
9	29,355	48,815	158,892	234,221
10	292,220	449,700	1,277,646	1,572,607
	Percent			
11	88.3	86.9	93.3	92.9
12	30.6	29.7	38.2	37.3
13	16.8	18.7	10.8	11.3
14	9.0	9.5	11.7	13.9

1. For domestically owned U.S. parent companies, the change in inventories in 1993–94 was estimated by applying to the U.S.-parent-company data on inventories in 1994 the percentage by which inventories in the 1993 balance sheet differed from inventories in the 1994 balance sheet for U.S. manufacturing corporations reporting in *Corporation Source Book of Statistics of Income*, Washington, D.C.: Internal Revenue Service, U.S. Department of Treasury. The change in inven-

ories in 1988–89 was similarly estimated using the balance sheet data on inventories for 1988 and 1989 reported in *Statistics of Income*.

2. Includes imported services and any imports that may be embodied in domestic purchases. n.a. Not available.

The market orientation of affiliates is measured by the export share of sales, which is expressed as follows:¹³

$$(4) \text{ Export Share of Sales} = \text{Exports} / \text{Sales}$$

This ratio measures the propensity of affiliates to sell their output abroad rather than to customers in the United States.

For this article, the four measures have been constructed for U.S. manufacturing affiliates at the level of 32 detailed manufacturing industries. For comparative purposes, each of these measures has been constructed by industry for a group of domestically owned companies in manufacturing—specifically, domestically owned U.S. parent companies in manufacturing. Domestically owned U.S. parent companies are highly comparable with U.S. affiliates because of their typically large size and their international orientation. In addition, these companies account for a large share of the total output of all domestically owned manufacturing companies—more than one-half of total output in 1994 (see the section “Data used to construct measures” in the appendix). In the rest of this article, the term “domestically owned companies” refers to “domestically owned U.S. parent companies.”

13. The data for affiliate exports cover only exports of goods; they exclude exports of services. However, for manufacturing affiliates, exports of services tend to be very small: In 1994, services sold to foreign persons accounted for only 0.3 percent of the total sales of manufacturing affiliates.

Industry-Level Results

In this section, the measures of content and market orientation at the industry level for U.S. affiliates are compared with those for domestically owned companies. The comparisons are made across 32 detailed manufacturing industries for 1989 and 1994.¹⁴

Content of output

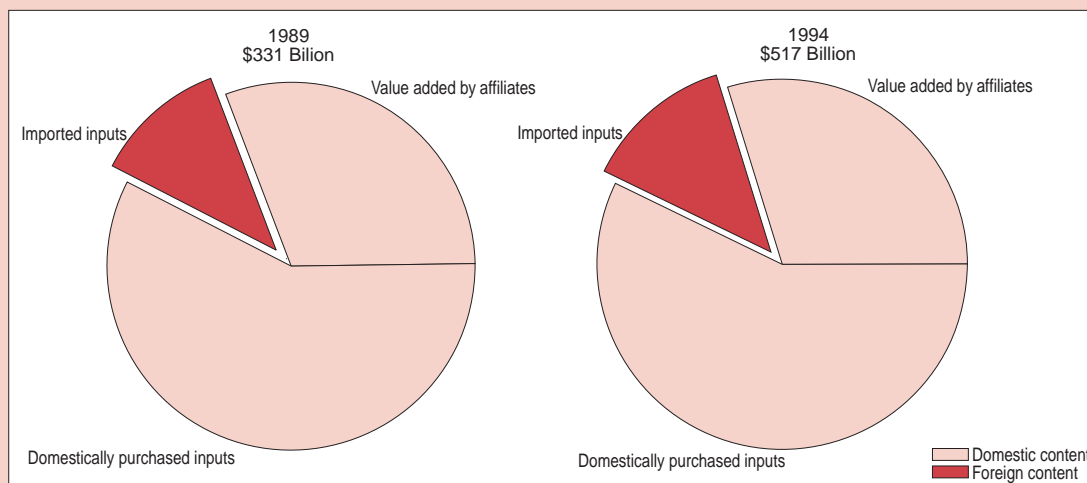
Domestic content.—In the aggregate, U.S. manufacturing affiliates display a high level of domestic content. In 1994, the domestic content of gross output for all manufacturing affiliates was 87 percent, compared with 93 percent for all domestically owned manufacturing companies (table 2). Of the domestic content, one-third represents value added by the affiliates, and two-thirds represents intermediate inputs purchased domestically (chart 1). The shares were similar in 1989.

The difference between the aggregate domestic-content shares for affiliates and the aggregate shares for domestically owned companies is more than accounted for by differences in domestic content within the 32 industries: As shown in the addendum to table 2, the aggregate domestic-content share for affiliates in 1994 would be reduced to 84 percent if the industry composition

14. It should be noted that differences between the measures for 1989 and 1994 may reflect changes in the population of affiliates through new investments or sell-offs as well as changes in the behavior of given affiliates. In addition, differences for individual industries may reflect changes in industry classification.

CHART 1

Content of Gross Output of U.S. Affiliates in Manufacturing



of output for affiliates was the same as that for domestically owned companies.

By industry, the domestic content of affiliate output in 1989 and 1994 was more than 90 percent in about one-half of the 32 industries, and it was more than 80 percent in over four-fifths of the industries. In both years, the domestic content for affiliates was lower than that for domestically owned companies in all but two industries. However, in about two-thirds of the industries, the domestic-content shares of gross output for affiliates were within 10 percent of those for domestically owned companies.¹⁵

Both in absolute terms and in relation to the domestically owned companies, the domestic-content shares for affiliates tend to be lowest in "machinery-type" industries, which are de-

15. Across the 32 industries, the coefficient of correlation between the domestic-content measures for U.S. affiliates and the domestically owned companies is 0.68 in 1989 and 0.79 in 1994.

finer here as the 12 industries in machinery, transportation equipment, and instruments manufacturing.¹⁶ The intermediate inputs of these industries consist mainly of manufactured components, which may be subject to product differentiation across foreign and domestic suppliers, rather than of commodity-type bulk materials, which in the United States generally can be procured most cheaply from domestic suppliers because of transportation costs. In addition, because manufacturing in these industries involves the assembly of components, their production processes can often be separated into distinct

16. The 12 industries are construction and mining machinery; metalworking machinery; special industrial machinery; general industrial machinery; computer and office equipment; other industrial machinery and equipment; audio, video, and communications equipment; electronic components and accessories; household appliances and other electrical machinery; motor vehicles and equipment; other transportation equipment; and instruments and related products.

In 1994, these industries accounted for 32 percent of the gross output of all manufacturing affiliates and for 50 percent of the gross output of all domestically owned companies in manufacturing.

Table 2.—Domestic-Content Share of Gross Output for U.S. Affiliates and Domestically Owned U.S. Parent Companies in Manufacturing, by Industry, 1989 and 1994

	Domestic content as a percentage of gross output				Ratio of measure for U.S. affiliates to measure for U.S. parent companies		Addendum: Percent distribution of gross output in 1994	
	U.S. affiliates		U.S. parent companies		1989	1994	U.S. affiliates	U.S. parent companies
	1989	1994	1989	1994				
Manufacturing ¹	88.3	86.9	93.3	92.9	0.95	0.94	100	100
Beverages	88.4	89.2	99.1	98.6	.89	.90	1	5
Other food and kindred products	95.6	94.2	98.6	98.2	.97	.96	8	9
Textile mill products	85.8	94.5	99.4	98.0	.86	.96	1	1
Apparel and other textile products	91.9	91.4	94.8	94.2	.97	.97	1	1
Lumber and wood products	94.9	94.4	98.7	98.9	.96	.95	(*)	1
Furniture and fixtures	81.3	95.6	97.3	97.9	.84	.98	1	1
Paper and allied products	91.1	92.5	98.0	97.4	.93	.95	2	6
Printing and publishing	98.9	98.7	97.6	98.7	1.01	1.00	4	3
Industrial chemicals and synthetics	91.2	90.5	95.1	94.5	.96	.96	13	5
Drugs	88.8	87.1	97.4	97.0	.91	.90	8	5
Soap, cleaners, and toilet goods	97.6	97.5	95.2	97.0	1.03	1.01	4	2
Other chemicals	91.7	87.4	97.0	98.3	.95	.89	3	2
Rubber products	92.1	82.5	93.9	92.8	.98	.89	2	1
Miscellaneous plastics products	88.9	89.0	98.0	97.6	.91	.91	1	1
Glass products	92.5	90.9	98.7	98.9	.94	.92	1	1
Stone, clay, and concrete products	95.8	95.1	97.9	97.7	.98	.97	3	1
Primary ferrous metals	92.0	89.2	95.8	95.3	.96	.94	4	1
Primary nonferrous metals	82.1	82.4	92.5	93.9	.89	.88	3	2
Fabricated metal products	93.7	90.8	98.3	97.8	.95	.93	5	2
Construction and mining machinery ²	85.7	71.7	88.5	89.1	.97	.80	2	1
Metalworking machinery ²	79.5	82.5	92.3	95.7	.86	.86	1	(*)
Special industrial machinery ²	88.1	82.4	96.1	96.6	.92	.85	1	(*)
General industrial machinery ²	72.7	86.9	97.4	90.1	.75	.97	2	1
Computer and office equipment ²	71.2	66.5	86.7	80.4	.82	.83	2	6
Other industrial machinery and equipment ²	92.2	83.0	93.4	94.2	.99	.88	2	2
Audio, video, and communications equipment ²	66.5	68.9	93.7	91.4	.71	.75	4	1
Electronic components and accessories ²	77.3	78.8	87.9	91.2	.88	.86	2	6
Household appliances and other electrical machinery ²	87.2	82.2	98.0	96.7	.89	.85	6	3
Motor vehicles and equipment ²	57.3	74.2	81.5	83.9	.70	.88	6	18
Other transportation equipment ²	82.7	83.8	97.5	96.1	.85	.87	1	7
Instruments and related products ²	90.0	90.9	95.3	94.3	.94	.96	3	4
Other manufacturing	91.9	91.9	97.2	95.1	.95	.97	2	1
Addendum: Manufacturing, standardized for industry mix ³	82.0	84.0	93.3	92.9	.88	.90	.....	.....

* Less than 0.5 percent.

1. Excludes petroleum and coal products manufacturing, which, in BEA's data on direct investment, is classified under the major industry "petroleum."

2. "Machinery-type" industries.

3. The measures shown in columns 1-4 of this line were derived as weighted averages of the measures for individual industries, using—for both U.S. affiliates and U.S. parent companies—the industry shares in U.S.-parent-company gross output as the weights. For U.S. parents, the

measures so derived are identical to those shown in line 1. For U.S. affiliates, they show what the domestic-content shares would have been if the shares for each industry had been as shown, but the industry composition of output had been the same as that for U.S. parents. With industry mix differences thus controlled for, the ratios of the measures for affiliates to the measures for U.S. parents (shown in columns 5 and 6) indicate differences in domestic content attributable to within-industry differences alone.

NOTE.—See the section in the appendix on data used to construct measures.

stages that can be performed in different locations, permitting a greater degree of outsourcing in a firm's production. Finally, the relatively low domestic content in these industries may reflect the existence of some direct investment in final-assembly operations that were put in place in response to potential or actual barriers to the importation of final goods produced by the foreign parent firms.

In 1994, the domestic-content shares for affiliates were less than 75 percent in four industries, all of which are machinery-type industries: Computer and office equipment (67 percent); audio, video, and communications equipment (69 percent); construction and mining machinery (72 percent); and motor vehicles and equipment (74 percent).¹⁷ The relatively low domestic content

in these industries reflects their reliance on foreign sources for the affiliates' intermediate inputs; imports accounted for more than 30 percent of affiliate purchases of intermediate inputs in each industry. In the computer and motor vehicle industries, the low domestic-content share also reflects a low share of value added in gross output.

Value-added shares.—In 1994, value added accounted for 30 percent of the gross output of all manufacturing affiliates, compared with a value-added share of 37 percent for domestically owned companies in manufacturing (table 3). The difference in shares at the aggregate level is more than accounted for by differences within the 32 industries: The value-added share for all affiliates would have been 27 percent if the industry

17. A substantial portion of the data for affiliates in motor vehicles and equipment is accounted for by affiliates that produce motor vehicle parts and accessories. In addition, some of the largest affiliates with operations in automobile manufacturing are classified in wholesale trade (where their sales are largest) rather than in manufacturing. In 1994, five affiliates that were classified in motor vehicles wholesale trade had at least one-fourth of their sales in motor vehicles manufacturing; these affiliates were primarily engaged

in the distribution of vehicles or parts manufactured by their foreign parents. As might be expected, their domestic-content share of output—60 percent—was significantly below that of the affiliates classified as manufacturers of motor vehicles and equipment.

Table 3.—Value-Added Share of Gross Output for U.S. Affiliates and Domestically Owned U.S. Parent Companies in Manufacturing, by Industry, 1989 and 1994

	Value added as a percentage of gross output				Ratio of measure for U.S. affiliates to measure for U.S. parent companies	
	U.S. affiliates		U.S. parent companies		1989	1994
	1989	1994	1989	1994		
Manufacturing ¹	30.6	29.7	38.2	37.3	0.80	0.80
Beverages	32.0	30.9	45.3	42.4	.71	.73
Other food and kindred products	21.7	23.9	29.2	24.8	.74	.97
Textile mill products	31.8	36.9	38.8	39.8	.82	.93
Apparel and other textile products	28.2	32.6	37.6	38.9	.75	.84
Lumber and wood products	33.5	32.3	32.4	33.5	1.03	.96
Furniture and fixtures	25.4	21.0	40.4	41.2	.63	.51
Paper and allied products	37.2	31.8	42.3	38.0	.88	.84
Printing and publishing	29.9	38.7	41.8	45.8	.72	.84
Industrial chemicals and synthetics	35.6	35.8	43.5	38.5	.82	.93
Drugs	37.9	35.1	54.4	46.0	.70	.76
Soap, cleaners, and toilet goods	23.1	26.0	33.0	36.8	.70	.71
Other chemicals	28.0	25.6	36.8	35.0	.76	.73
Rubber products	33.9	37.3	41.8	44.7	.81	.83
Miscellaneous plastics products	26.6	29.0	34.9	37.2	.76	.78
Glass products	39.6	33.2	51.9	43.9	.76	.76
Stone, clay, and concrete products	33.6	36.0	38.9	31.9	.86	1.13
Primary ferrous metals	27.7	27.5	35.3	35.6	.79	.77
Primary nonferrous metals	24.7	19.7	40.1	30.3	.62	.65
Fabricated metal products	33.2	26.9	33.1	38.9	1.00	.69
Construction and mining machinery ²	27.4	23.8	34.2	34.5	.80	.69
Metalworking machinery ²	32.1	31.1	34.1	34.4	.94	.91
Special industrial machinery ²	33.8	27.0	40.6	39.3	.83	.69
General industrial machinery ²	32.9	36.9	44.2	45.6	.74	.81
Computer and office equipment ²	41.6	15.4	45.0	36.0	.93	.43
Other industrial machinery and equipment ²	28.9	26.6	37.4	33.3	.77	.80
Audio, video, and communications equipment ²	29.3	24.4	37.4	31.4	.78	.78
Electronic components and accessories ²	32.9	27.1	43.8	36.3	.75	.75
Household appliances and other electrical machinery ²	28.9	29.9	41.6	42.1	.69	.71
Motor vehicles and equipment ²	12.9	18.9	27.5	33.4	.47	.57
Other transportation equipment ²	26.8	29.0	43.2	44.3	.62	.66
Instruments and related products ²	37.3	38.9	49.1	49.9	.76	.78
Other manufacturing	39.6	37.2	39.9	43.1	.99	.86
Addendum: Manufacturing, standardized for industry mix ³	28.0	27.0	38.2	37.3	.73	.72

1. See table 2, footnote 1.
2. "Machinery-type" industries.
3. See table 2, footnote 3.

NOTE.—See the section in the appendix on data used to construct measures.

composition of output for affiliates had been the same as that for domestically owned companies.

By industry, the value-added shares of gross output for affiliates were less than 40 percent in all 32 industries and were less than 30 percent in 17 industries. The value-added shares were lowest in computer and office equipment (15 percent), motor vehicles and equipment (19 percent), and primary nonferrous metals (20 percent). The value-added shares for domestically owned companies in these industries were also relatively low.¹⁸

The value-added shares for affiliates were lower than those for domestically owned companies in 30 industries in 1989 and in 31 industries in 1994; in most industries, the shares for affiliates were at least 20 percent lower than those

for domestically owned companies. In both years, the value-added shares for affiliates were more than 30 percent lower than those for domestically owned companies in four industries—furniture and fixtures, primary nonferrous metals, motor vehicles and equipment, and other transportation equipment—indicating that the production operations of affiliates in these industries tend to be much less vertically integrated than the operations of their domestically owned counterparts.

Imported inputs.—Both in the aggregate and across industries, affiliates purchase most of their intermediate inputs from domestic suppliers, but they rely on imports to a much greater degree than do domestically owned companies. In 1994, the import share of intermediate inputs purchased by all manufacturing affiliates was 19 percent, compared with an import share of 11 percent for domestically owned companies in

18. The value-added shares for affiliates and for domestically owned companies tend to be higher or lower in the same industries: Across the 32 industries, the coefficient of correlation between the value-added shares for U.S. affiliates and those for domestically owned companies is 0.69 in 1989 and 0.61 in 1994. For both U.S. affiliates and domestically owned companies, the machinery-type industries are among the industries with the highest and lowest value-added shares.

Table 4.—Import Share of Intermediate Inputs for U.S. Affiliates and Domestically Owned U.S. Parent Companies in Manufacturing, by Industry, 1989 and 1994

	Imports as a percentage of intermediate inputs				Ratio of measure for U.S. affiliates to measure for U.S. parent companies	
	U.S. affiliates		U.S. parent companies		1989	1994
	1989	1994	1989	1994		
Manufacturing ¹	16.8	18.7	10.8	11.3	1.55	1.65
Beverages	17.0	15.6	1.7	2.4	9.92	6.38
Other food and kindred products	5.6	7.6	1.9	2.4	2.93	3.16
Textile mill products	20.8	8.8	1.0	3.4	20.79	2.58
Apparel and other textile products	11.3	12.7	8.4	9.5	1.36	1.33
Lumber and wood products	7.7	8.3	1.9	1.7	3.95	4.92
Furniture and fixtures	25.0	5.6	4.6	3.5	5.47	1.60
Paper and allied products	14.1	11.0	3.6	4.2	3.98	2.59
Printing and publishing	1.5	2.1	4.2	2.4	.37	.90
Industrial chemicals and synthetics	13.6	14.8	8.7	9.0	1.57	1.65
Drugs	18.1	19.9	5.6	5.6	3.22	3.59
Soap, cleaners, and toilet goods	3.1	3.4	7.2	4.7	.44	.71
Other chemicals	11.5	17.0	4.7	2.6	2.46	6.48
Rubber products	11.9	27.9	10.5	13.1	1.13	2.13
Miscellaneous plastics products	15.0	15.5	3.0	3.9	5.00	3.99
Glass products	12.4	13.6	2.8	1.9	4.52	7.19
Stone, clay, and concrete products	6.3	7.7	3.5	3.4	1.83	2.27
Primary ferrous metals	11.1	14.8	6.4	7.2	1.72	2.05
Primary nonferrous metals	23.8	21.9	12.6	8.8	1.89	2.50
Fabricated metal products	9.4	12.5	2.5	3.7	3.72	3.40
Construction and mining machinery ²	19.7	37.1	17.5	16.6	1.13	2.23
Metalworking machinery ²	30.2	25.5	11.7	6.6	2.57	3.88
Special industrial machinery ²	18.0	24.1	6.5	5.6	2.75	4.34
General industrial machinery ²	40.7	20.7	4.7	18.3	8.70	1.13
Computer and office equipment ²	49.4	39.6	24.1	30.6	2.05	1.29
Other industrial machinery and equipment ²	11.0	23.2	10.6	8.7	1.04	2.66
Audio, video, and communications equipment ²	47.4	41.1	10.0	12.5	4.74	3.30
Electronic components and accessories ²	33.8	29.1	21.5	13.8	1.57	2.11
Household appliances and other electrical machinery ²	18.0	25.4	3.3	5.7	5.39	4.43
Motor vehicles and equipment ²	49.1	31.8	25.5	24.1	1.93	1.32
Other transportation equipment ²	23.7	22.8	4.4	7.1	5.38	3.23
Instruments and related products ²	15.9	14.9	9.2	11.4	1.73	1.31
Other manufacturing	13.4	12.9	4.6	8.7	2.90	1.49
Addendum:						
Manufacturing, standardized for industry mix ³	24.9	20.6	10.8	11.3	2.29	1.82

1. See table 2, footnote 1.

2. "Machinery-type" industries

3. The measures shown in columns 1-4 of this line were derived as weighted averages of the measures for individual industries, using the industry shares in U.S.-parent-company intermediate inputs as the weights. See table 2, footnote 3.

NOTE.—See the section in the appendix on data used to construct measures.

manufacturing (table 4).¹⁹ As with the domestic-content and value-added shares, the difference between the import shares at the aggregate level is more than accounted for by differences within industries: The import share for affiliates would have been 21 percent if the industry composition of output for affiliates had been the same as that for domestically owned companies.

In both 1989 and 1994, the import shares of intermediate inputs were higher for affiliates than for domestically owned companies in all but two industries (printing and publishing and soap, cleaners, and toilet goods). In about two-thirds of the industries, the import shares for affiliates were more than twice as high as those for domestically owned companies. However, in many of these industries, the high ratios reflect very low import shares for domestically owned companies; for example, in the three industries in which the ratios were higher than 6 in 1994—glass products, other chemicals, and beverages—the import shares for domestically owned companies were lower than 3 percent.²⁰

For both U.S. affiliates and domestically owned companies, the import shares of intermediate inputs have tended to be highest in machinery-type industries: In 1994, these industries accounted for 9 of the 10 industries with the highest import shares for U.S. affiliates and for 7 of the 10 industries with the highest import shares for domestically owned companies.²¹ For affiliates, the import shares were highest in audio, video, and communications equipment (41 percent) and in computer and office equipment (40 percent). For domestically owned companies, the import shares were highest in computer and office equipment (31 percent) and in motor vehicles and equipment (24 percent).

In five machinery-type industries—household appliances and other electrical machinery; special

industrial machinery; metalworking machinery; audio, video, and communications equipment; and “other” transportation equipment—the import shares for affiliates in 1994 were more than three times as high as the shares for the domestically owned companies. The relatively high import shares for these affiliates appear to reflect a high reliance on their parent companies for specialized inputs; in each industry, more than two-thirds of the affiliates’ imports were from their foreign parents and other members of their foreign parent groups (table 5).²² In some cases, this reliance may reflect direct invest-

22. The foreign parent group consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent’s ownership chain, that owns more than 50 percent of the person below it, up to and including the ultimate beneficial owner, and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.

Table 5.—Intrafirm Imports of U.S. Affiliates as a Percentage of Affiliates’ Total Imports and Intermediate Inputs, 1989 and 1994

	Intrafirm imports as a percentage of total imports		Intrafirm imports as a percentage of intermediate inputs	
	1989	1994	1989	1994
Manufacturing ¹	69.0	69.7	11.6	12.9
Beverages	54.4	67.5	9.3	10.5
Other food and kindred products	39.9	56.4	2.3	4.3
Textile mill products	55.0	54.8	11.4	4.8
Apparel and other textile products	72.0	52.9	8.2	6.7
Lumber and wood products	27.0	55.2	2.1	4.6
Furniture and fixtures	79.3	50.5	19.9	2.8
Paper and allied products	67.8	65.0	9.6	7.1
Printing and publishing	38.1	48.4	.6	1.0
Industrial chemicals and synthetics	63.1	48.0	8.6	7.1
Drugs	94.5	90.2	17.1	18.0
Soap, cleaners, and toilet goods	44.3	75.8	1.4	2.5
Other chemicals	75.8	93.2	8.7	15.8
Rubber products	57.3	64.6	6.8	18.0
Miscellaneous plastics products	91.9	41.0	13.8	6.3
Glass products	57.7	92.9	7.2	12.7
Stone, clay, and concrete products	37.4	48.4	2.4	3.7
Primary ferrous metals	52.8	51.2	5.8	7.6
Primary nonferrous metals	71.7	76.1	17.0	16.6
Fabricated metal products	59.1	70.1	5.6	8.8
Construction and mining machinery ²	60.5	73.6	11.9	27.3
Metalworking machinery ²	89.8	70.5	27.1	18.0
Special industrial machinery ²	69.3	76.3	12.4	18.4
General industrial machinery ²	90.6	82.5	36.9	17.1
Computer and office equipment ²	93.9	42.9	46.3	17.0
Other industrial machinery and equipment ²	65.0	80.6	7.2	18.7
Audio, video, and communications equipment ²	52.6	70.7	24.9	29.1
Electronic components and accessories ²	62.9	56.0	21.3	16.3
Household appliances and other electrical machinery ²	77.8	67.9	14.0	17.3
Motor vehicles and equipment ²	95.2	92.3	46.7	29.4
Other transportation equipment ²	88.5	87.7	21.0	20.0
Instruments and related products ²	72.9	71.3	11.6	10.6
Other manufacturing	32.1	48.0	4.3	6.2

1. See table 2, footnote 1.

2. “Machinery-type” industries

NOTES.—Intrafirm imports are imports by affiliates from their foreign parent groups (see footnote 22 in the text).

See the section in the appendix on data used to construct measures.

19. As noted before, these estimates understate the import content of intermediate inputs to the extent that imports are embodied in the inputs purchased from domestic suppliers. A rough estimate indicates that the share of imports in inputs purchased from domestic suppliers may be as high as 7 percent for all manufacturing affiliates and as high as 4 percent for all domestically owned companies in manufacturing. This share, which probably represents an upper bound, is based on an estimate of the imports used by all manufacturing establishments computed from data in BEA’S 1992 benchmark input-output accounts. Adding the estimated value of imports in domestically supplied intermediate inputs to the data on direct imports, the respective import shares of intermediate inputs for U.S. manufacturing affiliates and domestically owned U.S. parent companies in manufacturing in 1994 are estimated to be 24 percent and 15 percent; their domestic content shares are estimated to be 83 percent and 90 percent.

20. The relatively high import share for affiliates in the beverage industry appears to reflect their secondary operations in wholesale trade: As shown in the appendix, most of the imports by these affiliates are goods for resale without further manufacture by the affiliates.

21. Across the 32 industries, the coefficient of correlation between the import share of intermediate inputs for U.S. affiliates and that for the domestically owned companies is 0.65 in 1989 and 0.74 in 1994.

ment in final-assembly operations by the parent companies that may have been in response to potential or actual trade barriers.

Intrafirm imports accounted for about two-thirds of the imports by all manufacturing affiliates in both 1989 and 1994. By industry, the intrafirm shares of affiliate imports have been particularly high in the drug industry and in most of the machinery-type industries. In a number of machinery-type industries, intrafirm imports have accounted for a substantial share—more than 20 percent—of the affiliates' total purchases of intermediate inputs, suggesting that affiliates in these industries may rely extensively on their parent companies (or other foreign firms with which the parents have ownership ties) for customized parts and other inputs subject to product differentiation across firms. In many cases, foreign multinationals with affiliates in these industries may be able to realize economies of scale in the design and production of firm-specific parts and

components by concentrating their production in one location rather than trying to produce the parts in each country in which they have affiliates.

Market for output

Production by U.S. manufacturing affiliates is targeted for the U.S. market even more than the production by domestically owned manufacturers. For all manufacturing affiliates combined, exports accounted for only about 10 percent of total sales in 1994, compared with 14 percent of total sales for the domestically owned companies (table 6).²³

The export shares for affiliates were less than those for domestically owned companies in 20 industries in 1989 and in 22 industries in 1994. The

23. The low export share for affiliates in comparison with that for domestically owned companies in manufacturing does not reflect differences in industry mix: As shown in the addendum to table 6, the aggregate share for affiliates would be 9.4 percent instead of 9.5 percent if the industry composition of output for affiliates was the same as that for domestically owned companies.

Table 6.—Export Share of Sales for U.S. Affiliates and Domestically Owned U.S. Parent Companies in Manufacturing, by Industry, 1989 and 1994

	Exports as a percentage of sales				Ratio of measure for U.S. affiliates to measure for U.S. parent companies	
	U.S. affiliates		U.S. parent companies		1989	1994
	1989	1994	1989	1994		
Manufacturing ¹	9.0	9.5	11.7	13.9	0.77	0.68
Beverages	2.0	4.1	6.1	5.9	.33	.69
Other food and kindred products	3.6	5.2	5.4	8.4	.67	.62
Textile mill products	6.2	7.3	4.4	5.7	1.41	1.28
Apparel and other textile products	4.6	3.6	2.1	2.6	2.22	1.36
Lumber and wood products	B	A	12.9	8.4	(^D)	(^D)
Furniture and fixtures	A	A	3.2	5.8	(^D)	(^D)
Paper and allied products	8.8	11.0	7.3	10.0	1.20	1.11
Printing and publishing	1.6	1.6	.7	1.4	2.31	1.14
Industrial chemicals and synthetics	13.4	12.8	12.5	17.9	1.07	.71
Drugs	5.7	7.4	10.3	9.6	.55	.77
Soap, cleaners, and toilet goods	2.3	4.1	3.8	4.4	.60	.93
Other chemicals	10.0	10.8	11.9	12.6	.84	.86
Rubber products	5.6	9.0	7.8	9.2	.72	.98
Miscellaneous plastics products	4.8	5.8	6.5	8.1	.74	.72
Glass products	7.9	5.7	7.2	9.7	1.09	.59
Stone, clay, and concrete products	2.0	2.8	3.9	6.1	.52	.46
Primary ferrous metals	2.8	2.5	3.7	6.9	.75	.37
Primary nonferrous metals	9.6	10.6	10.0	10.9	.96	.97
Fabricated metal products	7.3	7.0	5.8	8.0	1.27	.88
Construction and mining machinery ²	11.0	18.1	19.1	28.4	.58	.64
Metalworking machinery ²	8.9	12.0	13.6	8.1	.65	1.47
Special industrial machinery ²	12.4	17.2	16.6	25.3	.75	.68
General industrial machinery ²	8.4	9.3	16.3	19.2	.52	.49
Computer and office equipment ²	21.1	12.1	22.8	25.8	.93	.47
Other industrial machinery and equipment ²	5.2	11.9	12.7	15.5	.41	.77
Audio, video, and communications equipment ²	27.7	14.5	11.4	14.0	2.42	1.03
Electronic components and accessories ²	16.1	15.7	22.5	22.2	.72	.71
Household appliances and other electrical machinery ²	9.9	16.2	8.5	12.3	1.15	1.31
Motor vehicles and equipment ²	3.8	6.1	13.8	15.0	.28	.41
Other transportation equipment ²	19.3	14.3	20.3	25.5	.95	.56
Instruments and related products ²	13.7	17.5	15.5	16.5	.88	1.06
Other manufacturing	8.8	19.8	6.0	11.0	1.47	1.80
Addendum:						
Manufacturing, standardized for industry mix ³	9.9	9.4	11.7	13.9	.85	.68

^D Suppressed to avoid disclosure of data of individual companies.

1. See table 2, footnote 1.

2. "Machinery-type" industries

3. The measures shown in columns 1-4 of this line were derived as weighted averages of the measures for individual industries, using the industry shares in U.S.-parent-company sales as

the weights. See table 2, footnote 3.

NOTES.—See the section in the appendix on data used to construct measures.

Size ranges are given in the percentage cells that are suppressed; these ranges are A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

lower export propensity of U.S. affiliates suggests that the affiliates operate in the United States to service the U.S. market rather than to exploit any locational advantages associated with production in the United States (such as proximity to U.S. research centers) to service worldwide markets. Foreign multinationals appear to service non-U.S. markets primarily through sales by the parent companies or affiliates located in other countries.

For both U.S. affiliates and the domestically owned companies, the export shares of sales have tended to be highest in machinery-type industries.²⁴ In most of these industries, the export shares for affiliates were substantially lower than those for the domestically owned companies in

24. The export shares of sales for U.S. affiliates and domestically owned companies tend to be higher or lower in the same industries: Across the 32 industries, the coefficient of correlation between the export share for U.S. affiliates and that for domestically owned companies is 0.69 in 1989 and 0.75 in 1994.

Table 7.—Intrafirm Exports of U.S. Affiliates as a Percentage of Affiliates' Total Exports and Sales, 1989 and 1994

	Intrafirm exports as a percentage of total exports		Intrafirm exports as a percentage of sales	
	1989	1994	1989	1994
Manufacturing¹	25.3	28.4	3.2	2.7
Beverages	33.3	41.6	1.0	1.7
Other food and kindred products	33.1	35.9	1.5	1.9
Textile mill products	23.2	16.4	2.1	1.2
Apparel and other textile products	90.5	53.8	5.5	1.9
Lumber and wood products	26.7	23.6	(D)	(D)
Furniture and fixtures	94.1	1.2	(D)	(*)
Paper and allied products	45.0	37.2	6.2	4.1
Printing and publishing	20.3	31.2	.5	.5
Industrial chemicals and synthetics	21.8	17.8	4.5	2.3
Drugs	50.4	54.6	4.6	4.0
Soap, cleaners, and toilet goods	15.3	50.7	.4	2.1
Other chemicals	11.9	48.5	1.6	5.3
Rubber products	26.0	21.4	2.2	1.9
Miscellaneous plastics products	42.6	17.2	2.7	1.0
Glass products	14.3	9.0	1.9	.5
Stone, clay, and concrete products	10.0	13.2	.3	.4
Primary ferrous metals	27.3	16.1	1.0	.4
Primary nonferrous metals	42.1	37.4	5.3	4.0
Fabricated metal products	11.5	14.3	1.2	1.0
Construction and mining machinery ²	11.2	24.7	1.7	4.5
Metalworking machinery ²	49.2	33.0	6.2	4.0
Special industrial machinery ²	29.5	14.4	5.5	2.5
General industrial machinery ²	55.7	26.0	6.7	2.4
Computer and office equipment ²	23.9	33.5	8.6	4.0
Other industrial machinery and equipment ²	26.9	24.1	1.9	2.9
Audio, video, and communications equipment ²	13.6	29.4	5.2	4.3
Electronic components and accessories ²	38.7	24.4	9.2	3.8
Household appliances and other electrical machinery ²	39.0	30.0	5.3	4.9
Motor vehicles and equipment ²	21.0	32.1	.9	2.0
Other transportation equipment ²	14.1	24.4	3.6	3.5
Instruments and related products ²	29.0	25.2	6.3	4.4
Other manufacturing	29.6	27.3	4.3	5.4

* Less than 0.05 percent.

^D Suppressed to avoid disclosure of data of individual companies.

1. See table 2, footnote 1.

2. "Machinery-type" industries.

NOTES.—Intrafirm exports are exports by affiliates to their foreign parent groups. See the section in the appendix on data used to construct measures.

both 1989 and 1994; in motor vehicles and equipment, the export share for affiliates was less than one-half as much as the share for the domestically owned companies. However, in audio, video, and communications equipment and in household appliances and other electrical machinery, the export shares for affiliates were higher than those for the domestically owned companies.

In contrast to affiliate imports, which have been dominated by trade with the affiliates' foreign parent groups, affiliate exports have been mainly accounted for by trade with unrelated parties (table 7). In both 1989 and 1994, intrafirm exports accounted for only one-fourth of the total exports of all manufacturing affiliates and for less than one-half of affiliate exports in all but a few industries. In 1994, intrafirm exports accounted for less than 3 percent of total sales and for less than 6 percent of sales for any of the 32 industries.

Trends in Content and Market Orientation

This section examines the changes in the domestic content of production and in the market orientation of sales for a panel of U.S. manufacturing affiliates in 1988–94.

In the case of investment in new manufacturing facilities—often referred to as “greenfield” investment—foreign direct investment typically begins with affiliates undertaking final assembly operations that rely heavily on components and parts from the foreign parent or other suppliers abroad. Over time, these affiliates are expected to increase the domestic content of their output through vertical expansion of their production operations, which results in a higher share of value added in gross output, and through increased procurement from domestic suppliers, which results in a lower share of imports in intermediate inputs. In addition, affiliates that were initially set up to service the domestic market begin with a very low export share of sales, but this share is expected to increase with the expanded scale of production operations over time.

For U.S. affiliates, however, the expected pattern of affiliate behavior over time is more ambiguous, because much of the foreign direct investment in U.S. manufacturing industries has been to acquire existing U.S. companies. In some cases, an acquisition may simply represent a change in management and results in no change in domestic content or the international orientation of sales. In other cases, the domestic content of an acquired firm might decrease, as the firm's

operations become more integrated with those of its foreign parent.

To investigate changes in domestic content and market orientation that are isolated from the effects of changes in the population of affiliates, a panel was constructed of affiliates that were classified in the 12 machinery-type industries in 1994 and that existed in each of the years 1987–94 (see the section “Data used to construct measures” in the appendix).²⁵ Affiliates in the machinery-type industries are of special interest because the shares of both imports in intermediate inputs and exports in sales tend to be the highest in these industries. The affiliates in the panel account for a dominant share—69 percent—of the gross output of all affiliates in machinery-type industries in 1994.

Aggregating the data for affiliates in the panel, the four measures have been computed at the industry level for each of the years 1988–94. The results show little sustained change in affiliate behavior; in most industries, the four measures are either steady or fluctuate without showing a trend (table 8). However, in the few industries in which a sustained trend is shown, the movement is in the direction described in the discussion on greenfield investment.

25. As noted earlier, differences between years in the measures for the universe of affiliates may reflect not only changes in the behavior of individual affiliates but also changes in the population of affiliates. While working with a panel of affiliates is an important step towards isolating changes in the behavior of economic entities from changes in the population of entities, there may be some problems in drawing inferences based on changes in operating behavior even for the same set of affiliates, because some of these affiliates may have acquired or sold off operating units during this period.

In two industries—electronic components and motor vehicles—the domestic content of affiliate output trends upward, reflecting, in each industry, a sustained decrease in the import share of the affiliates’ intermediate inputs—from more than 50 percent in 1988 to less than 35 percent in 1994 (chart 2). The upward trend in domestic content for affiliates in the motor vehicles industry is consistent with expectations, given that this industry has been characterized by a high degree of greenfield investment in relation to foreign acquisition activity.

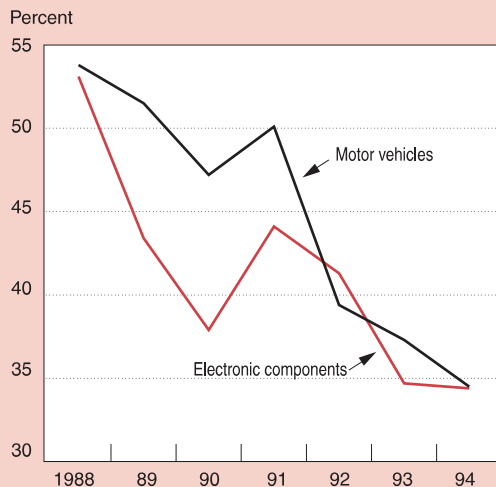
In a number of industries, the import shares of intermediate inputs drop sharply between 1988 and 1989, perhaps because of lagged substitution effects in response to the substantial depreciation of the U.S. dollar in international currency markets in 1985–88.²⁶ After this drop, the import shares fluctuate in most industries but show a high degree of stability in two industries: Metalworking machinery and household appliances and other electrical machinery.

The export shares of affiliate sales trend upward in three industries: Construction machinery, metalworking machinery, and instruments and related products (chart 3). In each of these industries, the export share has more than doubled since 1988, suggesting an expanded orientation toward world markets that reflected locational advantages associated with production in the

26. In 1985–88, the multilateral trade-weighted value of the U.S. dollar in real terms depreciated 33 percent. See the *Economic Report of the President* (Washington, DC: U.S. Government Printing Office, February 1997): Table B–108.

CHART 2

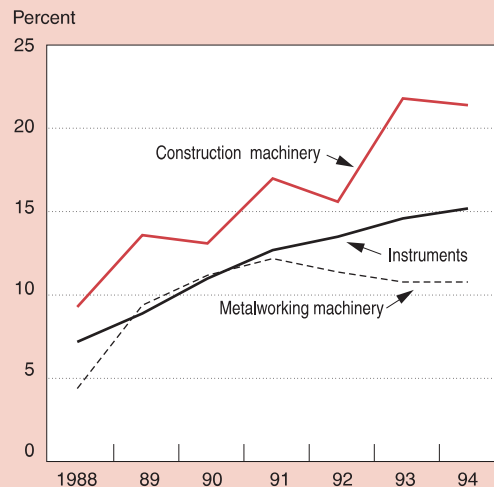
Import Share of Intermediate Inputs:
Selected Industries, 1988-94



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

CHART 3

Export Share of Sales:
Selected Industries, 1988-94



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

United States. Particularly in an industry such as instruments, in which the United States is very competitive in world markets, affiliates initially set up to service the U.S. market may turn increasingly to exports as they expand operations.²⁷

Comparisons by Country of Ownership

This section examines the differences in the four measures of domestic content and market orientation among affiliates with ultimate beneficial owners in six major investing countries: Canada, France, Germany, Switzerland, the United Kingdom, and Japan. In terms of affiliate value added and gross output, these six countries are the largest investing countries in U.S. manufactur-

27. Census Bureau data on trade in goods by product indicate that U.S. exports of professional, scientific, and controlling instruments were about double U.S. imports in each of the years 1988-94.

Table 8.—Measures for a Panel of U.S. Affiliates in Machinery-Type Industries, 1988-94

	1988	1989	1990	1991	1992	1993	1994
Domestic content as a percentage of gross output:							
Construction and mining machinery	72.8	77.2	77.7	83.2	78.0	76.1	70.3
Metalworking machinery	76.9	81.6	81.1	81.1	80.7	80.5	80.3
Special industrial machinery	85.7	85.6	87.0	84.5	86.4	85.8	84.8
General industrial machinery	83.0	85.1	85.5	86.4	87.7	88.6	86.3
Computer and office equipment	E	C	C	C	C	60.2	75.0
Other industrial machinery and equipment	85.9	85.0	83.2	68.5	83.0	75.7	75.5
Audio, video, and communications, equipment	62.2	65.2	64.8	71.8	67.6	69.0	68.1
Electronic components and accessories	62.7	69.0	71.7	68.9	71.9	74.8	74.5
Household appliances and other electrical machinery	78.7	82.1	80.6	81.5	81.4	79.9	80.3
Motor vehicles and equipment	54.7	55.3	59.7	58.5	67.2	68.9	71.3
Other transportation equipment	70.3	78.6	80.9	82.3	83.0	78.9	76.4
Instruments and related products	87.3	89.1	89.7	91.7	91.7	91.2	90.7
Value added as a percentage of gross output:							
Construction and mining machinery	24.2	23.8	23.9	27.5	26.1	21.6	21.1
Metalworking machinery	30.9	31.5	35.9	34.1	34.7	34.7	33.9
Special industrial machinery	25.9	27.0	25.3	27.8	29.4	30.2	29.2
General industrial machinery	32.8	38.2	38.4	39.7	36.3	37.7	38.7
Computer and office equipment	C	C	C	C	B	21.2	43.6
Other industrial machinery and equipment	21.4	25.6	30.6	24.1	23.5	24.4	25.0
Audio, video, and communications, equipment	23.8	27.3	26.7	24.8	28.1	26.5	24.2
Electronic components and accessories	29.5	28.6	25.3	29.4	31.9	27.2	25.8
Household appliances and other electrical machinery	29.3	28.7	28.5	30.2	29.3	27.5	27.2
Motor vehicles and equipment	15.8	13.1	14.5	17.2	16.9	16.5	17.0
Other transportation equipment	25.3	30.2	32.1	27.3	31.5	28.9	25.5
Instruments and related products	35.0	36.3	36.8	40.1	41.6	40.9	39.6
Imports as a percentage of intermediate inputs:							
Construction and mining machinery	35.9	29.9	29.3	23.2	29.8	30.5	37.6
Metalworking machinery	33.4	26.9	29.5	28.6	29.6	29.9	29.8
Special industrial machinery	19.3	19.7	17.4	21.5	19.3	20.4	21.4
General industrial machinery	25.3	24.0	23.5	22.6	19.3	18.3	22.4
Computer and office equipment	E	F	F	F	E	50.5	44.3
Other industrial machinery and equipment	17.9	20.2	24.2	41.5	22.2	32.1	32.6
Audio, video, and communications, equipment	49.6	47.9	48.0	37.5	45.1	42.2	42.1
Electronic components and accessories	53.1	43.4	37.9	44.1	41.3	34.7	34.4
Household appliances and other electrical machinery	30.1	25.0	27.2	26.6	26.3	27.7	27.1
Motor vehicles and equipment	53.8	51.5	47.2	50.1	39.4	37.3	34.5
Other transportation equipment	39.8	30.7	28.1	24.3	24.9	29.7	31.7
Instruments and related products	19.6	17.2	16.2	13.8	14.2	14.9	15.3
Exports as a percentage of sales:							
Construction and mining machinery	9.3	13.6	13.1	17.0	15.6	21.8	21.4
Metalworking machinery	4.4	9.4	11.2	12.2	11.4	10.8	10.8
Special industrial machinery	16.3	12.6	16.1	19.5	19.2	18.7	14.5
General industrial machinery	3.6	5.8	7.0	6.1	5.3	4.8	8.7
Computer and office equipment	A	B	22.0	21.8	18.5	18.5	21.2
Other industrial machinery and equipment	6.7	6.9	10.3	10.9	10.4	10.1	10.1
Audio, video, and communications, equipment	28.3	27.3	24.6	8.7	9.4	9.1	15.0
Electronic components and accessories	8.3	12.5	16.7	17.8	17.6	14.0	14.1
Household appliances and other electrical machinery	11.6	11.5	15.1	17.4	13.3	20.0	16.1
Motor vehicles and equipment	4.3	3.2	3.6	5.4	8.4	6.0	5.3
Other transportation equipment	13.7	23.0	16.0	13.4	18.4	17.3	15.4
Instruments and related products	7.2	8.9	11.0	12.7	13.5	14.6	15.2
Addendum:							
Multilateral trade-weighted value of the U.S. dollar, adjusted by changes in consumer prices (March 1973 = 100) ¹	88.2	94.4	86.0	86.5	83.4	90.0	88.7

1. *Economic Report of the President* (Washington, DC: U.S. Government Printing Office, February 1997): Table B-108.

sified in the industry in 1994; the panel consists of affiliates that existed in 1987 and were fully operational in each of the years 1988-94.

Size ranges are given in the percentage cells that are suppressed; these ranges are A-0.01 to 19.9; B-20.0 to 39.9; C-40.0 to 59.9; E-60.0 to 79.9; F-80.0 to 100.

NOTES.—Industry-level measures were constructed from data for a fixed panel of affiliates clas-

ing; in 1994, the manufacturing affiliates of these countries accounted for about 80 percent of both the value added and the gross output of all U.S. manufacturing affiliates.

Comparisons among the investing countries' affiliates are made in terms of mean values of affiliate-level measures "normalized" by industry; to normalize, each measure for a given affiliate was divided by the corresponding industry-level measure for domestically owned U.S. parent companies in the affiliate's industry.

The mean values for samples of affiliates of each country for 1989 and 1994 are shown in tables 9.1 and 9.2, respectively. The samples of affiliates consist of the affiliates in all the manufacturing industries and the affiliates in two industry subgroups: Machinery-type industries and all the other manufacturing industries.²⁸

28. Each sample consists of all the manufacturing affiliates that had at least \$5 million in sales. Smaller affiliates were excluded to prevent the averages from being skewed by the presence of large outliers that may result when the denominator (total output, purchased inputs, or sales) in the measure for an affiliate is very small. The extreme measures for some small affiliates may reflect the start-up or shutdown of affiliate operations in the year for which the measures are constructed.

A mean value of 1 indicates that the measure for affiliates, on average, equals that for the domestically owned companies in comparable industries.²⁹ For affiliates of each investing country, a *t* test was performed to determine if the mean is significantly different from 1, which would indicate that the measure for affiliates differs systematically from the measure for the domestically owned companies.

Content of output

In 1994, German-, Swiss-, and Japanese-owned affiliates show the lowest average domestic content in relation to domestically owned companies in comparable industries. For German- and Swiss-owned affiliates, the mean value for

29. In interpreting the figures in tables 9.1 and 9.2, it should be noted that the all-country averages for the normalized measures are conceptually different from the aggregate ratios shown in tables 2-4 and 6, because in those tables, the numerator of each ratio is the industry-level measure for the affiliates and is constructed by aggregating the data for all the affiliates in the industry. In contrast, the figures in tables 9.1 and 9.2 are unweighted averages (across the sample of affiliates) of the affiliate-level measures relative to the industry-level measures for U.S. parent companies in corresponding industries.

Table 9.1.—Means of Normalized Measures for U.S. Affiliates, by Country of UBO, 1989

[Standard deviations in parentheses]

	All countries	Canada	France	Germany	Switzerland	United Kingdom	Japan	Other countries
Domestic content as a percentage of gross output:								
All industries	0.88 (.27)	0.92 (.19)	0.89 (.21)	0.84 (.21)	0.87 (.19)	0.96 (.15)	0.81 (.45)	0.88 (.21)
Machinery-type industries .....	.84 (.28)	.97 ^a (.19)	.83 (.27)	.80 (.23)	.82 (.25)	.96 (.18)	.75 (.40)	.83 (.26)
Other industries .....	.90 (.25)	.91 (.18)	.91 (.17)	.88 (.18)	.91 (.15)	.97 (.12)	.84 (.49)	.90 (.18)
Value added as a percentage of gross output:								
All industries .....	.72 (.52)	.76 (.38)	.70 (.38)	.72 (.42)	.76 (.36)	.83 (.37)	.66 (.62)	.68 (.68)
Machinery-type industries .....	.66 (.62)	.78 (.36)	.57 (.35)	.69 (.38)	.81 (.40)	.82 (.37)	.51 (.54)	.57 (1.05)
Other industries .....	.76 (.45)	.76 (.39)	.75 (.38)	.75 (.44)	.74 (.33)	.84 (.37)	.76 (.66)	.72 (.40)
Imports as a percentage of intermediate inputs:								
All industries	4.43 (9.80)	4.70 (9.47)	5.25 (8.93)	5.04 (7.00)	4.34 (5.42)	2.18 (3.82)	4.66 (15.87)	4.88 (9.25)
Machinery-type industries	3.51 (4.79)	2.00 ^a (3.71)	4.71 (6.29)	4.62 (4.90)	3.82 (3.68)	1.66 (2.31)	3.73 (5.36)	3.99 (5.39)
Other industries	4.98 (11.81)	5.67 (10.66)	5.47 (9.85)	5.39 (8.36)	4.63 (6.20)	2.62 (4.71)	5.33 (20.34)	5.29 (10.55)
Exports as a percentage of total sales:								
All industries	1.18 (3.10)	.77 ^a (1.88)	1.36 ^a (2.34)	.96 ^a (1.57)	.81 ^a (1.20)	.93 ^a (2.22)	1.73 (4.30)	1.30 ^a (4.09)
Machinery-type industries .....	.73 (.96)	.53 (.77)	1.16 ^a (1.70)	.66 (.82)	.76 ^a (.81)	.78 (1.01)	.64 (.96)	.78 (.85)
Other industries	1.45 (3.83)	.86 ^a (2.14)	1.44 ^a (2.57)	1.21 ^a (1.96)	.84 ^a (1.37)	1.07 ^a (2.88)	2.53 (5.46)	1.55 ^a (4.89)
Addenda: Number of affiliates:								
All industries	1,441	163	99	253	89	220	264	353
Machinery-type industries	543	43	29	115	32	101	111	112
Other industries	898	120	70	138	57	119	153	241

^a Not statistically different from 1 at the 95-percent confidence level.

NOTES.—To normalize, the measure of content calculated for each affiliate was divided by the corresponding aggregate measure for domestically owned U.S. parent companies classified in the

affiliate's industry.

The sample consists of all manufacturing affiliates that existed in both 1988 and 1989 and had at least \$5 million in sales in 1989.
UBO Ultimate beneficial owner

all manufacturing industries is 0.88, indicating that their domestic content averages 12 percent less than that of domestically owned companies in comparable industries (table 9.2). For Japanese-owned affiliates, the domestic content averages 11 percent less than that for domestically owned companies. In machinery-type industries, the domestic content for German-, Swiss-, and Japanese-owned affiliates averages 15–17 percent less than that for domestically owned companies.

The relatively low domestic content for German- and Swiss-owned affiliates reflects a relatively high reliance on foreign sources for their intermediate inputs; the import shares of their purchased inputs average almost four times that of the domestically owned companies.³⁰ For Japanese-owned affiliates, the relatively low domestic content reflects a relatively low share of value added in gross output (averaging two-thirds of the share for domestically owned companies)

as well as a high import share of purchased intermediate inputs. The relatively low value-added share for Japanese-owned affiliates (particularly in machinery-type industries) is consistent with established patterns of organizing production in Japan, where manufacturing companies tend to rely heavily on subcontracting.³¹

The average domestic content of Japanese-owned affiliates is substantially higher in 1994 than in 1989. In 1989, Japanese-owned affiliates show the lowest domestic content among the six investing countries, averaging 81 percent of that of domestically owned companies in all industries and 75 percent of that of domestically owned companies in machinery-type industries (table 9.1). In machinery-type industries, the low domestic content partly reflects a lower share of value added in the total output of Japanese-owned affiliates (averaging only one-half of the share for domestically owned companies). In all industries, the import share of intermedi-

30. As shown in the appendix, the high import share for Swiss-owned affiliates partly reflects substantial imports of goods for resale without further manufacture by the affiliates.

31. See, for example, Masahiko Aoki, "Toward an Economic Model of the Japanese Firm," *Journal of Economic Literature* 28 (March 1990): 1–27.

Table 9.2.—Means of Normalized Measures for U.S. Affiliates, by Country of UBO, 1994

[Standard deviations in parentheses]

	All countries	Canada	France	Germany	Switzerland	United Kingdom	Japan	Other countries
Domestic content as a percentage of gross output:								
All industries	0.91 (.20)	0.93 (.19)	0.91 (.19)	0.88 (.20)	0.88 (.18)	0.96 (.16)	0.89 (.23)	0.90 (.20)
Machinery-type industries .....	.88 (.24)	.99 ^a (.19)	.90 (.23)	.85 (.20)	.83 (.21)	.97 ^a (.16)	.84 (.26)	.90 (.24)
Other industries .....	.92 (.18)	.92 (.19)	.92 (.16)	.91 (.18)	.91 (.16)	.96 (.13)	.93 (.19)	.91 (.18)
Value added as a percentage of gross output:								
All industries .....	.74 (.53)	.75 (.49)	.77 (.62)	.78 (.39)	.83 (.44)	.83 (.44)	.67 (.62)	.71 (.52)
Machinery-type industries .....	.71 (.57)	.79 (.61)	.65 (.74)	.75 (.39)	.78 (.42)	.82 (.42)	.61 (.74)	.71 (.41)
Other industries .....	.76 (.50)	.74 (.45)	.83 (.54)	.82 (.39)	.85 (.45)	.84 (.46)	.72 (.52)	.71 (.56)
Imports as a percentage of intermediate inputs:								
All industries	3.20 (5.83)	3.46 (7.36)	3.01 (5.68)	3.86 (6.02)	3.88 (5.29)	2.01 (3.93)	2.98 (5.75)	3.49 (5.98)
Machinery-type industries	2.40 (3.05)	1.44 ^a (2.97)	1.96 (2.90)	3.15 (3.29)	3.40 (3.52)	1.41 ^a (2.34)	2.51 (2.92)	2.36 (3.13)
Other industries	3.68 (6.93)	4.06 (8.13)	3.52 (6.59)	4.51 (7.68)	4.15 (6.05)	2.39 (4.63)	3.31 (7.06)	4.07 (6.94)
Exports as a percentage of total sales:								
All industries	1.04 ^a (2.01)	.99 ^a (1.84)	1.06 ^a (1.39)	.94 ^a (1.46)	.91 ^a (1.19)	.82 (1.43)	1.18 (2.08)	1.09 ^a (2.73)
Machinery-type industries	0.87 (1.03)	0.85 ^a (1.20)	1.02 ^a (1.10)	0.80 (.89)	0.76 (.73)	0.68 (.68)	0.83 (1.04)	1.08 ^a (1.24)
Other industries	1.15 (2.41)	1.03 ^a (2.00)	1.08 ^a (1.51)	1.07 ^a (1.83)	0.99 ^a (1.38)	0.91 ^a (1.74)	1.43 (2.53)	1.10 ^a (3.24)
Addenda: Number of affiliates:								
All industries	2,236	219	157	323	116	272	627	522
Machinery-type industries	836	50	52	155	41	105	256	177
Other industries	1,400	169	105	168	75	167	371	345

^a Not statistically different from 1 at the 95-percent confidence level.

NOTES.—To normalize, the measure of content calculated for each affiliate was divided by the corresponding aggregate measure for domestically owned U.S. parent companies classified in the

affiliate's industry.

The sample consists of all manufacturing affiliates that existed in both 1993 and 1994 and had at least \$5 million in sales in 1994.
UBO Ultimate beneficial owner

ate inputs is much higher in 1989 (averaging more than four times that of domestically owned companies) than in 1994.

In both 1989 and 1994, British-owned affiliates had the highest share of domestic content (in 1994, it averaged 96 percent of that for domestically owned companies), the highest value-added share (83 percent of the share for the domestically owned companies), and the lowest import share of intermediate inputs (but twice that of the domestically owned companies). In 1994, both the domestic content and the import share of purchased inputs for British-owned affiliates in machinery-type industries are barely distinguishable from those for domestically owned companies. This similarity may reflect the fact that British direct investment in U.S. manufacturing industries tends to be older and has almost exclusively been to acquire existing U.S. companies.³²

Canadian-owned affiliates in machinery-type industries also show a high share of domestic content and a low share of imports in intermediate inputs; in 1994, both measures were similar to those for domestically owned companies.³³ However, for Canadian-owned affiliates in other manufacturing industries, the domestic-content share is relatively low (averaging 92 percent of that for domestically owned companies in 1994) and the import share of intermediate inputs is very high (averaging more than four times that of domestically owned companies). The high import share may be related to the relatively low costs of shipping bulk materials (which serve as intermediate inputs in many of these industries) from Canadian parent companies to their U.S. affiliates due to Canada's proximity to the United States.

Market for output

For most of the major investing countries, the average export shares of sales for affiliates in all industries do not differ significantly from the export shares for the domestically owned companies. Japanese-owned affiliates stand out as having high average export shares of sales in relation to those of domestically owned companies

(averaging 18 percent higher in 1994), particularly in industries other than machinery-type industries (43 percent higher), in which the export shares for both the domestically owned companies and affiliates are generally low. Among specific industries, the export shares for Japanese-owned affiliates average more than eight times the aggregate share for domestically owned companies in lumber and wood products and more than three times the aggregate share for the domestically owned companies in other food and kindred products. In other food and kindred products, exports on average account for more than one-fourth of the sales of Japanese-owned affiliates, reflecting very high export shares for affiliates specializing in seafood products, meat products, and preserved fruits and vegetables. The relatively high export activity in these industries suggests that some Japanese investments in the United States are aimed at obtaining access to primary resources in which the United States is relatively abundant (with some processing taking place in the United States in order to reduce transportation and other costs) rather than at increasing sales to the U.S. market.

In machinery-type industries, Japanese-owned affiliates, together with German-, Swiss- and British-owned affiliates, on average, have substantially lower export shares than domestically owned companies, indicating that their production in these industries is much more oriented toward the domestic market.

Geographic Pattern of International Purchases and Sales

This section examines differences in the geographic pattern of international purchases and of sales by manufacturing affiliates in 1992, on the basis of data collected in the 1992 benchmark survey of foreign direct investment in the United States.

Aggregate figures on the geographic origin of intermediate inputs purchased from abroad by U.S. manufacturing affiliates of the six major investing countries show considerable diversity in the reliance on the investing country for imported intermediate inputs. Imports from the ultimate beneficial owner (UBO) country account for almost 90 percent of the imported inputs of Japanese-owned affiliates and for about three-fourths of the imported inputs of German- and Swiss-owned affiliates (table 10). In contrast, imports from the investing country account for only one-third of the inputs imported by

32. Outlays to acquire existing U.S. businesses accounted for 96 percent of the total outlays by British direct investors to acquire or establish U.S. manufacturing enterprises in 1987-92, according to data from BEA's survey of new investment; in comparison, 86 percent of total outlays by Japanese direct investors and 92 percent of total outlays by direct investors from all countries were to acquire existing U.S. businesses.

33. The relatively high domestic content for these Canadian-owned affiliates may also reflect the fact that Canadian direct investment has mainly been to acquire existing U.S. companies: Outlays to acquire existing U.S. businesses accounted for 97 percent of the total outlays by Canadian direct investors in 1987-92.

Table 10.—Geographic Origin of Imports by Manufacturing Affiliates of Selected UBO Countries, 1992

[Percentage of imports from all countries]

Country of origin	Country of UBO					
	Canada	France	Germany	Switzerland	United Kingdom	Japan
All industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	66.6	12.9	6.4	3.4	7.0	2.1
Europe	11.9	50.9	85.7	87.6	68.6	1.6
France	A	34.3	.9	3.2	4.3	.2
Germany	1.3	2.4	78.6	3.8	2.8	.3
Switzerland .....	.2	.1	.3	76.3	A	(*)
United Kingdom	4.1	1.5	.9	1.2	39.4	.2
Other	A	12.6	5.0	3.1	A	.9
Latin America and Other Western Hemisphere	12.0	11.8	2.7	3.6	8.3	3.0
Mexico	A	8.7	1.5	A	1.0	2.5
Other	A	3.0	1.2	A	7.3	.5
Africa	A	1.9	(*)	A	2.1	(*)
Middle East	0	0	(*)	0	0	(*)
Asia and Pacific	7.7	22.2	3.4	4.4	13.0	90.8
Japan	A	4.9	2.3	2.5	2.5	86.6
Other	A	17.3	1.1	1.9	10.5	4.2
Unallocated	A	.3	1.7	A	1.0	2.4
Machinery-type industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	92.1	6.7	1.4	.3	9.2	.5
Europe	1.2	35.1	90.3	92.2	58.2	1.2
France	(*)	24.3	.6	(*)	1.1	A
Germany	A	1.6	85.9	9.1	5.0	.2
Switzerland	0	0	.1	78.1	A	(*)
United Kingdom	A	1.0	A	1.1	44.5	A
Other .....	.5	8.3	A	3.9	A	.8
Latin America and Other Western Hemisphere	0	A	1.1	A	1.1	3.0
Mexico	0	A	.5	(*)	1.0	3.0
Other	0	A	.6	A	.2	.1
Africa	0	0	(*)	0	0	0
Middle East	0	0	0	0	0	0
Asia and Pacific	A	44.9	3.8	7.0	30.5	92.6
Japan	A	9.6	3.1	1.9	8.0	88.7
Other	A	35.3	.8	5.2	22.5	3.9
Unallocated	A	A	3.4	A	1.0	2.7
Other industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	59.7	17.6	10.0	4.5	6.5	10.4
Europe	14.7	63.0	82.4	86.0	71.3	4.0
France	A	42.0	1.1	4.3	5.1	A
Germany	A	3.0	73.3	1.9	2.2	1.1
Switzerland .....	.3	.2	.5	75.7	A	0
United Kingdom	A	1.9	A	1.3	38.1	A
Other	A	15.8	A	2.9	A	.9
Latin America and Other Western Hemisphere	15.2	A	3.9	A	10.2	3.0
Mexico	A	A	2.2	A	1.0	.4
Other	A	A	1.7	A	9.2	2.7
Africa	A	3.4	A	A	2.6	A
Middle East	0	0	A	0	0	A
Asia and Pacific	A	4.9	3.1	3.4	8.4	81.7
Japan	A	1.4	1.8	2.7	1.0	75.7
Other	A	3.5	1.4	.7	7.4	6.0
Unallocated	A	A	.5	1.1	1.1	.6

* Less than 0.05 percent.

A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.
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NOTE.—Size ranges are given in the percentage cells that are suppressed; these ranges are

Table 11.—Geographic Destination of Exports by Manufacturing Affiliates of Selected UBO Countries, 1992

[Percentage of exports to all countries]

Country of destination	Country of UBO					
	Canada	France	Germany	Switzerland	United Kingdom	Japan
All industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	30.8	23.4	20.6	16.6	16.9	16.4
Europe	27.5	37.3	38.6	46.0	38.2	17.7
France	3.1	21.3	2.0	2.5	3.4	2.1
Germany	3.6	4.8	24.5	4.5	4.9	4.0
Switzerland	A	.6	.4	26.8	.9	.4
United Kingdom	4.4	3.2	2.3	3.5	18.4	4.2
Other	A	7.3	9.4	8.6	10.6	7.0
Latin America and Other Western Hemisphere	13.1	10.8	8.8	9.0	7.7	8.8
Mexico	4.8	6.8	4.8	3.6	3.8	5.9
Other	8.4	4.0	4.1	5.4	3.9	2.9
Africa .....	.5	.6	.8	4.0	.6	.7
Middle East .....	.8	.8	.6	2.3	3.5	.4
Asia and Pacific	25.7	21.6	25.8	17.6	24.9	52.1
Japan	10.2	9.5	6.4	3.9	11.0	38.4
Other	15.6	12.1	19.4	13.7	13.8	13.6
Unallocated	1.6	5.6	4.8	4.5	8.1	4.0
Machinery-type industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	49.8	18.8	18.9	13.8	16.7	17.8
Europe	13.3	37.6	52.6	32.5	43.4	18.1
France	2.8	29.3	4.2	2.1	4.0	1.8
Germany	1.2	1.1	41.7	5.1	7.0	3.4
Switzerland	A	.2	.2	12.3	.1	A
United Kingdom	4.6	2.3	1.9	4.7	24.8	4.8
Other	A	4.8	4.5	8.3	7.5	A
Latin America and Other Western Hemisphere	17.6	14.4	7.4	8.2	7.3	11.1
Mexico	8.0	8.0	4.8	4.7	4.3	7.8
Other	9.6	6.4	2.6	3.5	2.9	3.3
Africa	A	.7	.1	7.9	.7	.9
Middle East	A	.9	.4	A	1.1	.3
Asia and Pacific	17.3	22.8	16.2	29.4	17.5	46.9
Japan	A	10.7	4.4	4.8	5.4	29.4
Other	A	12.1	11.8	24.7	12.1	17.5
Unallocated	1.8	4.8	4.4	A	13.5	4.7
Affiliates in other manufacturing industries						
All countries	100.0	100.0	100.0	100.0	100.0	100.0
Canada	26.3	26.7	21.4	19.1	17.1	14.4
Europe	30.8	37.1	32.0	58.0	35.4	17.1
France	3.1	15.7	.9	2.9	3.2	2.4
Germany	4.2	7.5	16.3	4.1	3.8	4.7
Switzerland	A	1.0	.5	39.8	1.3	A
United Kingdom	4.3	3.8	2.5	2.4	14.8	3.5
Other	A	9.2	11.7	8.9	12.4	A
Latin America and Other Western Hemisphere	12.1	8.2	9.5	9.7	8.0	5.6
Mexico	4.0	5.8	4.7	2.6	3.5	3.4
Other	8.1	2.3	4.7	7.1	4.5	2.3
Africa	A	.6	1.2	.6	.6	.3
Middle East	A	.7	.7	A	4.9	.5
Asia and Pacific	27.7	20.8	30.3	7.0	29.0	59.1
Japan	A	8.6	7.3	3.1	14.2	50.7
Other	A	12.2	23.0	3.9	4.1	8.4
Unallocated	1.6	6.1	4.9	A	5.1	2.9

NOTE.—Size ranges are given in the percentage cells that are suppressed; these ranges are A—0.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

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French- and British-owned affiliates. In machinery-type industries, French- and British-owned affiliates purchase a substantial share of their imported inputs from the developing and newly industrializing countries of East Asia. For affiliates in all six countries, more than 80 percent of the imports from the investing country are intrafirm imports from the affiliates' foreign parent groups.³⁴

The destinations of foreign sales by U.S. manufacturing affiliates of the six countries are less geographically concentrated than the origins of affiliate imports. In most cases, exports to the investing country account for 20–30 percent of all affiliate exports (table 11). The investing-country share is largest for Japanese-owned affiliates (38 percent); exports to Japan account for one-half of the exports by Japanese-owned affiliates in industries other than machinery-type industries. In machinery-type industries, the share of exports to the investing country is largest for German-owned affiliates (42 percent).

Appendix

Data used to construct measures

The measures of domestic content and market orientation that are examined in this article are based on BEA's data for U.S. affiliates of foreign companies and U.S. parent companies of foreign affiliates. For analytical purposes, adjustments have been made to these data; hence their presentation in this article differs in a number of ways from the standard presentation in BEA publications.

The data used to construct the measures of content and market orientation for U.S. manufacturing affiliates are from BEA's benchmark and annual surveys of foreign direct investment in the United States. These data are collected at the enterprise level from reports by fully consolidated enterprises. All of the data for an affiliate are assigned to the affiliate's "primary" industry—the industry in which it has the most sales—even though the affiliate may have production and sales in more than one industry. As a result, data for a given manufacturing industry may include some data for secondary activities in other industries.³⁵

34. However, imports from the investing country do not account for a uniformly large share of the affiliates' imports from their foreign parent groups: Only 56 percent of the intrafirm imports by British-owned affiliates originate in the United Kingdom and only 69 percent of the intrafirm imports by French-owned affiliates originate in France.

35. The data on affiliate sales can be broken down by each industry in which the given affiliate reports sales. In 1994, manufacturing sales accounted

The data used to construct the four measures for domestically owned U.S. parent companies are from BEA's benchmark surveys of U.S. direct investment abroad for 1989 and 1994. Because some U.S. parent companies are also U.S. affiliates of foreign companies, the data on U.S. parent companies have been adjusted to exclude U.S. parents that are foreign owned. (In 1994, foreign-owned U.S. parents accounted for 12 percent of the gross output of all U.S. parent companies in manufacturing.)

Domestically owned U.S. parent companies in manufacturing are used in the comparisons for four reasons. First, these companies are very similar to U.S. affiliates because of their international orientation and typically large size. Second, both the data for these companies and those for U.S. affiliates are collected at the enterprise level, using the same survey methods and the same procedures for industry classification.³⁶ Third, the data covering U.S. parent companies provide the only directly collected industry-level data on the imported intermediate inputs used by domestically owned U.S. companies.³⁷ Fourth, domestically owned U.S. parent companies in manufacturing can be viewed as representative of U.S. manufacturing companies insofar as they account for a large share—more than one-half—of the gross output of all domestically owned U.S. companies in manufacturing.³⁸

The industry-level measures for U.S. affiliates and domestically owned U.S. parent companies were constructed for 32 detailed manufacturing

for 85 percent of the total sales of affiliates classified in manufacturing; about 7 percent of their sales were accounted for by sales in wholesale trade.

36. Like the data for U.S. manufacturing affiliates, the data for U.S. parent companies classified in manufacturing include some data related to the companies' secondary activities in nonmanufacturing industries: In 1994, nonmanufacturing sales accounted for 15 percent of the total sales of U.S. parent companies in manufacturing.

37. Some researchers have constructed indirect estimates of imported inputs used in U.S. manufacturing industries by combining input-output data with data on imports classified by the industries producing the imported goods. These estimates are based on the assumption that the share of imports in the goods supplied by an industry is identical for all industries using the supplying industry's goods as intermediate inputs.

38. In 1994, domestically owned U.S. parent companies in manufacturing accounted for 56 percent of the gross output of all domestically owned companies in manufacturing. To compute this share, the gross output of U.S. corporations in manufacturing was computed from data in 1994 *Corporation Source Book of Statistics of Income* from the Internal Revenue Service (IRS); the gross output of domestically owned U.S. manufacturing companies was derived by subtracting the gross output of U.S. manufacturing affiliates from the gross output of U.S. corporations in manufacturing. (This share may be understated because of potential double-counting in the IRS data due to less than fully consolidated reporting by some U.S. corporations.)

Of the 32 manufacturing industries in table 2, domestically owned U.S. parent companies accounted for more than one-half of the gross output of all domestically owned companies in 17 industries, including 8 of the 12 machinery-type industries. The shares were less than 20 percent in the lumber and wood products, fabricated metal products, and other manufacturing industries. (Because the level of consolidation for company reports to the IRS may differ from that required in BEA's surveys of direct investment, these shares by detailed industry are approximate.)

industries (tables 2–7); this presentation is more detailed than the industry presentation in BEA's standard tables for either U.S. affiliates or U.S. parent companies.³⁹ Specifically, the industries are disaggregated to represent the production stages or processes in an industry group; for example, lumber and wood products is separated from furniture and fixtures. In addition, more detail is shown for industries that are usually grouped in "other industrial machinery and equipment."

For *industry-level results*, the data used to construct the measures for the manufacturing affiliates in 1994 are restricted to affiliates that also existed in 1993, so that the change-in-inventories component of gross output could be computed from reported data on inventory levels. This group of affiliates accounts for 98 percent of the gross product and sales of manufacturing affiliates in the universe in 1994. Similarly, the data used to construct the measures for affiliates in 1989 are restricted to those for affiliates that also existed in 1988. For domestically owned U.S. parent companies, the change-in-inventories component of total output was estimated (table 1), because data on U.S.-parent-company inventories are collected only in benchmark survey years.

For *changes in behavior over time*, panel data for affiliates classified in machinery-type industries are used in order to isolate changes in affiliate behavior from changes in the population of affiliates. The panel consists of 371 affiliates that were classified in machinery-type industries in 1994 and that existed in each of the years 1987–94.⁴⁰ The panel affiliates accounted for only about one-third of the 1,110 affiliates that were classified in machinery-type industries in 1994, but they accounted for 69 percent of the gross output of all affiliates in those industries in 1994; in 9 of the 12 industries, they accounted for more than one-half of the gross output (table 12).⁴¹ The panel data include data for inventories for 1987 and data for each of the items needed to compute the measures of content and market orientation for

Table 12.—Gross Output of Affiliates in the Panel as a Percentage of Gross Output of All Affiliates in the Industry, Machinery-Type Industries, 1994

Construction and mining machinery	58.6
Metalworking machinery	45.8
Special industrial machinery	56.0
General industrial machinery	85.3
Computer and office equipment	15.4
Other industrial machinery and equipment	43.0
Audio and video, and communications, equipment	92.6
Electronic components and accessories	65.6
Household appliances and other electrical machinery	76.8
Motor vehicles and equipment	72.5
Other transportation equipment	59.2
Instruments and related products	76.4

1988–94. Aggregating the data for affiliates in the panel, the four measures were computed at the industry level for each of the years 1988–94.

For *comparisons by country of ownership*, the four measures for 1989 and 1994 were constructed at the affiliate level for affiliates that also existed the previous year (so that the change-in-inventories component of affiliate gross output could be computed). To control for industry-mix effects in the comparisons, the affiliate-level measures were normalized by dividing the measure for each affiliate by the corresponding industry-level measure for domestically owned U.S. parent companies in the affiliate's industry. The comparisons are made in terms of unweighted averages of the normalized measures across samples of affiliates. The samples are restricted to manufacturing affiliates that had at least \$5 million in sales in order to prevent the averages from being skewed by the presence of large outliers that may result when the denominator (total output, purchased inputs, or sales) in the measure for an affiliate is very small.

Intended use of imports by U.S. affiliates

The results reported for U.S. affiliates—particularly the import share of their intermediate inputs—may be biased by the inclusion of imports that are unrelated to their manufacturing production. Some affiliates classified in manufacturing may have substantial imports of goods for resale without further manufacture as a result of their secondary operations in wholesale trade.

The degree of this bias can be examined using BEA's data on U.S. affiliate operations in 1994, which provide information on the intended use of affiliate imports. Specifically, the data include the value of that portion of affiliate imports that consists of the goods intended for further processing, assembly, or manufacture by the affiliate (in contrast to goods intended for resale without

39. For examples of the standard level of detail, see tables 19.1 and 19.2 in "Foreign Direct Investment in the United States: New Investment in 1996 and Affiliate Operations in 1995," and tables 17.1 and 17.2 in "U.S. Multinational Companies: Operations in 1995," SURVEY 77 (October 1997). For the most detailed presentation, see table A-1 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Revised 1994 Estimates* (Washington, DC: U.S. Government Printing Office, June 1997).

40. The panel is based on the industry classification of the affiliates in 1994; however, some of the affiliates that were classified in a given industry in 1994 may have been classified in other industries in other years covered by the panel.

41. However, the affiliates in the panel accounted for only 15 percent of the total output of affiliates in computer and office equipment, so the behavior of the affiliates in the panel may not be generalized to that of all affiliates in this industry.

further manufacture or to capital goods intended as additions to the affiliate's capital stock).⁴²

In 1994, imports of goods for further manufacture accounted for 53 percent of the total imports of the affiliates in manufacturing (table 13, column 3). The shares of affiliate imports accounted for by goods intended for further manufacture were less than 50 percent in one-half of the 32 industries and were less than 30 percent in five of them—beverages, rubber products, glass products, household appliances and other electrical equipment, and instruments.

The degree of bias that is introduced by the inclusion of these imports can be assessed by reconstructing the measure for a restricted sample

of affiliates for whom goods intended for further manufacture account for at least 50 percent of imports. Table 13 shows the industry-level import-share measures for this restricted sample of affiliates (column 4) in comparison with the measures for all manufacturing affiliates (column 1); the last two columns show the ratios of these measures to the corresponding measure for domestically owned U.S. parent companies.⁴³

In most industries, the import shares for the full and restricted samples of affiliates are very similar, both in absolute terms and relative to the measures for the domestically owned companies. In a few industries, however, the import-share measures are substantially lower for affiliates in

42. Data on imports intended for further manufacture have been collected annually beginning with the 1992 benchmark survey. The benchmark-survey data also include separate data on imports of goods for resale without further manufacture and on imports of capital equipment; in 1992, imports for resale accounted for 95 percent of manufacturing affiliates' imports of goods that were not intended for further manufacture.

43. For most of the affiliates in the restricted sample, the shares of imports accounted for by goods intended for further manufacture are much higher than 50 percent. As shown in column 6 of table 13, imports for further manufacture accounted for 88 percent of the total imports of affiliates in the restricted sample; at the industry level, the shares in two-thirds of the 32 industries are more than 90 percent.

Table 13.—Import-Share Measures for Full and Restricted Samples of U.S. Manufacturing Affiliates, by Industry, 1994

	Full sample			Restricted sample ¹			Addenda:	
	Imports as a percentage of intermediate inputs	Imports of goods for further manufacture as a percentage of intermediate inputs	Imports of goods for further manufacture as a percentage of total imports	Imports as a percentage of intermediate inputs	Imports of goods for further manufacture as a percentage of intermediate inputs	Imports of goods for further manufacture as a percentage of total imports	Imports as a percentage of intermediate inputs: Ratio of measure for U.S. affiliates to measure for U.S. parent companies ²	
	(1)	(2)	(3)	(4)	(5)	(6)	Full sample (7)	Restricted sample (8)
Manufacturing³	18.7	10.0	53.3	17.2	15.2	88.0	1.65	1.52
Beverages	15.6	A	A	.2	.2	100.0	6.38	.07
Other food products	7.6	A	C	8.0	7.4	93.3	3.16	3.30
Textile mill products	8.8	4.2	48.5	5.8	5.8	99.0	2.58	1.72
Apparel and other textile products	12.7	9.3	72.9	12.4	10.2	82.4	1.33	1.30
Lumber and wood products	8.3	5.6	67.4	6.3	6.3	100.0	4.92	3.70
Furniture and fixtures	5.6	4.5	80.7	4.9	4.9	100.0	1.60	1.41
Paper and allied products	11.0	7.7	70.3	9.4	8.2	87.2	2.59	2.23
Printing and publishing	2.1	.9	40.6	1.3	1.2	98.6	.90	.53
Industrial chemicals and synthetics	14.8	7.8	52.6	13.0	10.8	83.4	1.65	1.45
Drugs	19.9	10.8	54.5	18.1	15.1	83.2	3.59	3.26
Soap, cleaners, and toilet goods	3.4	1.6	47.6	3.8	3.6	95.8	.71	.80
Other chemicals	17.0	11.4	67.0	22.7	21.9	96.5	6.48	8.66
Rubber products	27.9	5.0	17.8	16.2	14.9	92.2	2.13	1.24
Miscellaneous plastics products	15.5	5.2	33.7	6.5	6.2	95.5	3.99	1.67
Glass products	13.6	3.6	26.4	10.6	10.6	100.0	7.19	5.60
Stone, clay, and concrete products	7.7	3.5	45.2	5.6	4.7	82.8	2.27	1.67
Primary ferrous metals	14.8	8.9	60.1	15.7	15.2	97.1	2.05	2.17
Primary nonferrous metals	21.9	14.0	64.2	23.0	16.3	71.2	2.50	2.62
Fabricated metal products	12.5	4.0	31.9	8.5	6.3	74.4	3.40	2.30
Construction and mining machinery	37.1	19.5	52.7	34.9	26.7	76.5	2.23	2.10
Metalworking machinery	25.5	12.4	48.8	22.2	22.2	100.0	3.88	3.39
Special industrial machinery	24.1	18.0	74.6	27.6	25.8	93.4	4.34	4.98
General industrial machinery	20.7	9.5	46.0	14.7	11.4	78.1	1.13	.80
Computer and office equipment	39.6	22.8	57.6	43.3	33.0	76.3	1.29	1.41
Other industrial machinery and equipment	23.2	10.6	45.9	17.3	16.6	95.9	2.66	1.98
Audio, video, and communications equipment	41.1	29.2	71.1	45.4	44.1	97.1	3.30	3.64
Electronic components and accessories	29.1	11.8	40.6	21.4	21.3	99.2	2.11	1.55
Household appliances and other electrical machinery	25.4	6.2	24.5	11.6	11.5	99.5	4.43	2.02
Motor vehicles and equipment	31.8	23.8	74.7	32.2	29.3	91.1	1.32	1.33
Other transportation equipment	22.8	10.6	46.5	15.2	14.6	95.6	3.23	2.16
Instruments and related products	14.9	4.4	29.2	9.3	8.6	91.8	1.31	.82
Other manufacturing	12.9	9.6	74.5	13.1	10.9	83.6	1.49	1.51

1. Restricted to manufacturing affiliates that had at least \$5 million in sales and whose imports, if any, consisted mainly of goods intended for further processing, assembly, or manufacture by the affiliate.

2. Import share for the given sample of affiliates divided by the import share for domestically owned U.S. parent companies shown in table 4.

3. See table 2, footnote 1.

NOTE.—Size ranges are given in the percentage cells that are suppressed; these ranges are A—.01 to 19.9; B—20.0 to 39.9; C—40.0 to 59.9; E—60.0 to 79.9; F—80.0 to 100.

the restricted sample, indicating that the measures for the full sample are biased by the inclusion of imports that are unrelated to manufacturing production. The bias is particularly pronounced in beverages, rubber products, miscellaneous plastics products, and household appliances.

The restricted sample of affiliates was also used to evaluate the degree to which the comparisons by country of ownership in table 9.2 reflect imports unrelated to manufacturing production. Table 14 presents the mean values of the normalized measures for affiliates of each country based on the restricted sample. For the import-share measure, the means shown in table 14 for the restricted sample are generally


lower than the means shown in table 9.2 for the full sample; however the overall pattern across countries is very similar. In both tables, German-owned affiliates have very high import shares, and British-owned affiliates have relatively low shares. The rankings among countries in terms of the import shares are also similar for Canadian- and Japanese-owned affiliates. For French- and Swiss-owned affiliates, however, the average import shares are substantially lower in the restricted sample than in the full sample, indicating that the shares in the full sample are inflated by imports unrelated to their manufacturing production. 

Table 14.—Means of Normalized Measures for Restricted Sample of Manufacturing Affiliates, by Country of UBO, 1994

[Standard deviations in parentheses]

	All countries	Canada	France	Germany	Switzerland	United Kingdom	Japan	Other countries
Domestic content as a percentage of gross output:								
All industries	0.93 (.21)	0.95 (.19)	0.92 (.21)	0.89 (.22)	0.91 (.18)	0.99 ^a (.15)	0.91 (.24)	0.93 (.19)
Machinery-type industries .....	.90 (.24)	1.03 ^a (.12)	.86 (.28)	.85 (.23)	.87 (.21)	1.00 ^a (.20)	.85 (.27)	.93 (.22)
Other industries .....	.94 (.18)	.92 (.20)	.95 ^a (.16)	.92 (.20)	.93 (.17)	.98 ^a (.12)	.95 (.19)	.94 (.18)
Value added as a percentage of gross output:								
All industries .....	.73 (.50)	.71 (.51)	.74 (.74)	.77 (.43)	.83 (.51)	.83 (.49)	.68 (.50)	.72 (.47)
Machinery-type industries .....	.71 (.49)	.80 ^a (.69)	.52 (.84)	.73 (.44)	.80 ^a (.53)	.84 (.44)	.66 (.41)	.70 (.46)
Other industries .....	.75 (.51)	.69 (.45)	.85 ^a (.66)	.80 (.42)	.84 (.50)	.83 (.52)	.70 (.55)	.72 (.48)
Imports as a percentage of intermediate inputs:								
All industries	2.70 (6.08)	3.12 (8.07)	2.28 (4.26)	3.61 (6.62)	3.10 (5.42)	1.63 (4.05)	2.50 (6.00)	2.84 (6.10)
Machinery-type industries	2.16 (3.02)	.77 ^a (1.29)	2.29 ^a (3.56)	3.14 (3.75)	2.66 (3.06)	1.13 ^a (2.36)	2.27 (2.65)	2.09 (3.20)
Other industries	3.01 (7.24)	3.79 (9.01)	2.27 (4.61)	4.02 (8.35)	3.28 (6.15)	1.92 (4.75)	2.66 (7.49)	3.19 (7.04)
Exports as a percentage of total sales:								
All industries	1.04 ^a (1.96)	1.10 ^a (2.07)	.97 ^a (1.50)	.86 ^a (1.59)	.90 ^a (1.19)	.77 ^a (1.56)	1.25 (2.29)	1.01 ^a (2.03)
Machinery-type industries .....	.87 (1.13)	.97 ^a (1.33)	1.05 ^a (1.23)	.74 (.90)	.86 ^a (.76)	.61 (.71)	.85 ^a (1.11)	1.09 ^a (1.43)
Other industries	1.13 ^a (2.29)	1.14 ^a (2.23)	.92 ^a (1.63)	.96 ^a (2.01)	.91 ^a (1.33)	.86 ^a (1.89)	1.53 (2.80)	.98 ^a (2.26)
Addenda: Number of affiliates:								
All industries	1,436	159	90	194	62	173	419	339
Machinery-type industries	518	35	31	90	18	64	172	108
Other industries	918	124	59	104	44	109	247	231

^a Not statistically different from 1 at the 95-percent confidence level.

NOTES.—To normalize, the measure of content calculated for each affiliate was divided by the corresponding aggregate measure for U.S. parent companies classified in the industry of the affiliate.

The sample is restricted to manufacturing affiliates that had at least \$5 million in sales and whose imports, if any, consisted mainly of goods intended for further processing, assembly, or manufacture by the affiliate.

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U.S. International Transactions, Fourth Quarter and Year 1997

By Christopher L. Bach

FOURTH QUARTER 1997

THE U.S. current-account deficit increased to \$45.6 billion in the fourth quarter from \$43.1 billion (revised) in the third (table A, table 1).¹ A decrease in the deficit on goods was more than offset by an increase in net unilateral transfers, a decrease in the surplus on services, and an increase in the deficit on investment income.

In the capital account, net recorded inflows were \$85.2 billion in the fourth quarter, compared with net inflows of \$72.6 billion in the third. The step-up in net inflows reflected a larger slowdown

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

in the increase in U.S. assets abroad than in the increase in foreign assets in the United States.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$39.6 billion in the fourth quarter, compared with a negative \$29.5 billion in the third. In the fourth quarter, and perhaps in the third, the size of the discrepancy is believed to reflect the imperfect recording of short-term capital flows.

The following are highlights for the fourth quarter of 1997:

- The deficit on goods fell as exports resumed their rise.
- Net U.S. purchases of foreign securities were sharply lower, reflecting uncertainties created by financial problems in Asia. Direct investment outflows were sharply higher, off-

Table A.—Summary of U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included indicated in ()	1996	1997 ^p	Change: 1996-97	1996				1997				Change: 1997 III-IV
					I	II	III	IV	I ^r	II ^r	III ^r	IV ^r	
1	Exports of goods, services, and income (1)	1,055,233	1,167,610	112,377	256,382	262,335	261,979	274,545	279,320	293,668	295,527	299,096	3,569
2	Goods, adjusted, excluding military (2)	612,069	678,348	66,279	150,048	153,411	150,764	157,846	162,341	171,227	170,255	174,525	4,270
3	Services (3)	236,764	253,220	16,456	57,057	58,736	59,322	61,656	61,736	63,335	64,397	63,754	-643
4	Income receipts on investments (11)	206,400	236,043	29,643	49,277	50,188	51,893	55,043	55,243	59,106	60,875	60,817	-58
5	Imports of goods, services, and income (15)	-1,163,450	-1,295,530	-132,080	-278,860	-289,231	-295,865	-299,493	-310,659	-322,608	-329,571	-332,691	-3,120
6	Goods, adjusted, excluding military (16)	-803,239	-877,282	-74,043	-192,973	-200,973	-203,257	-206,036	-212,185	-218,415	-222,256	-224,426	-2,170
7	Services (17)	-156,634	-167,929	-11,295	-38,671	-38,953	-39,345	-39,664	-41,216	-41,817	-42,303	-42,592	-289
8	Income payments on investments (25)	-203,577	-250,320	-46,743	-47,216	-49,305	-53,263	-53,793	-57,258	-62,376	-65,012	-65,673	-661
9	Unilateral transfers (29)	-39,968	-38,526	1,442	-10,406	-8,689	-8,947	-11,926	-8,577	-8,855	-9,070	-12,024	-2,954
10	U.S. assets abroad, net (increase/capital outflow (-)) (33)	-352,444	-426,938	-74,494	-70,768	-49,698	-77,542	-154,436	-128,297	-91,264	-110,696	-96,678	14,018
11	U.S. official reserve assets, net (34)	6,668	-1,010	-7,678	17	-523	7,489	-315	4,480	-236	-730	-4,524	-3,794
12	U.S. Government assets, other than official reserve assets, net (39)	-690	177	867	-210	-358	162	-284	-21	-268	461	5	-456
13	U.S. private assets, net (43)	-358,422	-426,105	-67,683	-70,575	-48,817	-85,193	-153,837	-132,756	-90,760	-110,427	-92,159	18,268
14	Foreign assets in the United States, net (increase/ capital inflow (+)) (48)	547,555	690,497	142,942	88,233	106,114	158,629	194,579	182,282	143,059	183,292	181,863	-1,429
15	Foreign official assets, net (49)	122,354	18,157	-104,197	52,014	13,154	24,089	33,097	28,891	-5,374	21,867	-27,227	-49,094
16	Other foreign assets, net (56)	425,201	672,340	247,139	36,219	92,960	134,540	161,482	153,391	148,433	161,425	209,090	47,665
17	Allocations of special drawing rights (62)												
18	Statistical discrepancy (63)	-46,927	-97,113	-50,186	15,419	-20,831	-38,254	-3,269	-14,069	-14,000	-29,482	-39,566	-10,084
Memoranda:													
19	Balance on goods (64)	-191,170	-198,934	-7,764	-42,925	-47,562	-52,493	-48,190	-49,844	-47,188	-52,001	-49,901	2,100
20	Balance on goods and services (66)	-111,040	-113,643	-2,603	-24,539	-27,779	-32,516	-26,198	-29,324	-25,670	-29,907	-28,739	1,168
21	Balance on investment income (67)	2,824	-14,277	-17,101	2,061	883	-1,370	1,250	-2,015	-3,270	-4,137	-4,856	-719
22	Balance on current account (70)	-148,184	-166,446	-18,262	-32,884	-35,585	-42,833	-36,874	-39,916	-37,795	-43,114	-45,619	-2,505
23	Net capital flows (33 and 48)	195,111	263,559	68,448	17,465	56,416	81,087	40,143	53,985	51,795	72,596	85,185	12,589

^r Revised.

^p Preliminary.

setting some of the decline in outflows for net securities purchases.

- U.S. banks borrowed heavily to fund strong demand for credit at financial centers in the Caribbean and the United Kingdom and to replace the drop-off in deposit inflows to foreign-owned banks in the United States. In addition, some foreigners elected to hold deposits at banks in the United States, rather than at foreign banking institutions, in the face of uncertainties created by deteriorating economic and financial conditions in Asia.

U.S. dollar in exchange markets

In the fourth quarter, the U.S. dollar depreciated 1 percent on a trade-weighted quarterly average basis against the currencies of 10 industrial countries. Against the European currencies, the dollar depreciated 3–4 percent. Against the Japanese yen, the dollar appreciated 6 percent. Against the currencies of developing countries in Asia, appreciation was substantial: 7 percent against the Singapore dollar, 10 percent against the Taiwan dollar, 24 percent against the Thai baht, 25 percent against the Malaysian ringgit, 31 percent against the South Korean won, and 47 percent against the Indonesian rupiah (table B, chart 1).

The U.S. dollar depreciated 3–4 percent against most European currencies in the quarter. Weakness of the dollar for much of the quarter partly reflected a decision by German monetary authorities to raise short-term interest rates 30 basis points in early October. By the end of the quarter, the market had pushed German rates up further, leading to a more rapid rise in German rates than in U.S. rates and a narrowing of the interest differential in favor of U.S. assets (charts 2 and 3). The dollar strengthened late in the quarter, partly because the U.S. economy came to be seen as less vulnerable to the financial problems in Asia than the European economies. In addition, at the end of the quarter, German and other European officials reached an understanding to orient interest rates toward the lowest interest rates among “core” countries of the European Monetary Union.

The U.S. dollar appreciated 6 percent against the Japanese yen, as additional evidence accumulated of slowing economic growth in Japan. Negative prospects about future economic growth were exacerbated when several large, prominent, financial institutions failed in November. By early December, concerns over creditworthiness led to a widening to 100 basis points of the

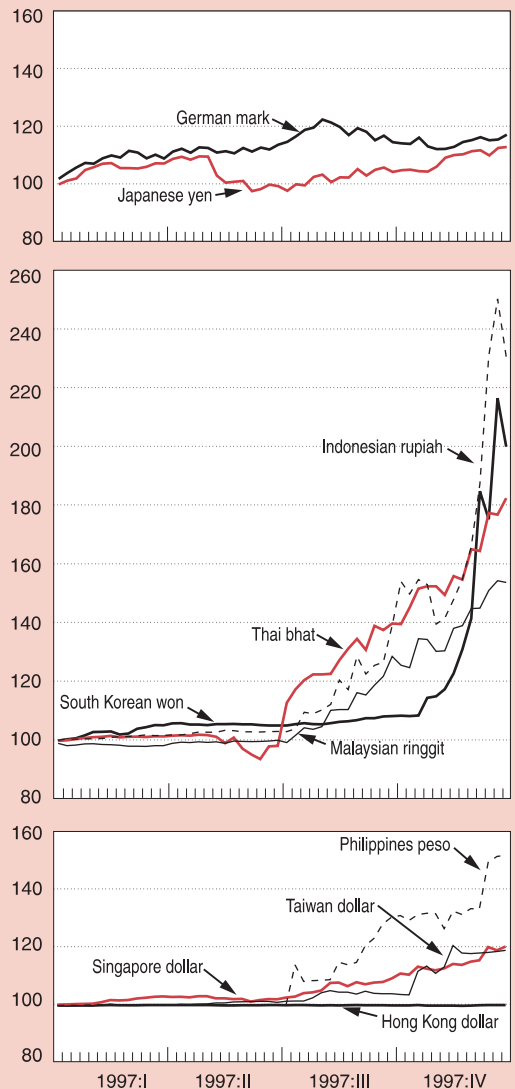
premium paid by some Japanese banks over non-Japanese banks for dollar funding. Falling equity prices, asset values, and currency prices in developing Asian countries also adversely affected the Japanese economy and exchange rate. Late in December, Japanese monetary authorities confirmed that they had intervened to support the yen in exchange markets.

In late October, the Hong Kong Monetary Authority moved to defend the tie of the Hong Kong dollar to the U.S. dollar, despite the round of

CHART 1

Indexes of Foreign Currency Price of the U.S. Dollar

December 31, 1996=100



Indexes prepared by BEA from weekly data.

Data: Federal Reserve Board and The Wall Street Journal

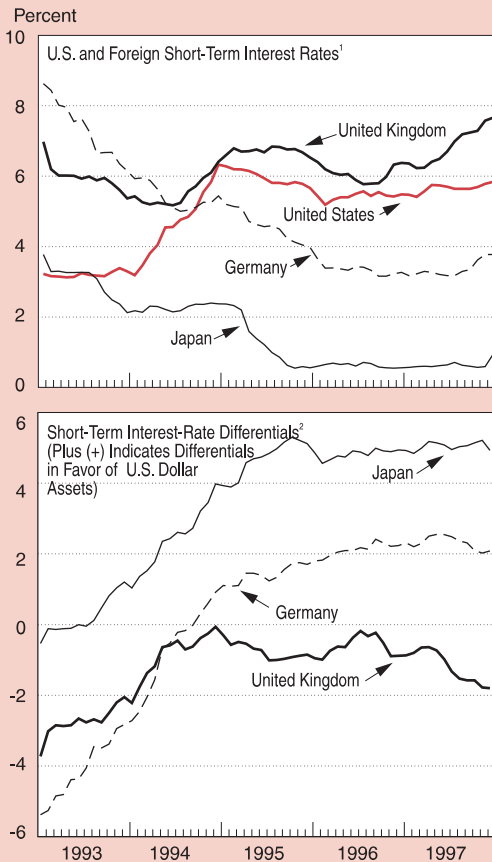
U.S. Department of Commerce, Bureau of Economic Analysis

competitive currency devaluations just completed by other developing countries in Asia, including Taiwan. A sharp rise in interest rates halted depreciation of the Hong Kong dollar, but led to a sudden, sizable drop in prices on the Hong Kong

stock exchange, which in turn triggered temporary sharp price declines in stock markets around the world and sharply raised risk premiums in world bond markets. In November, the Republic of Korea announced that it would no longer

CHART 2

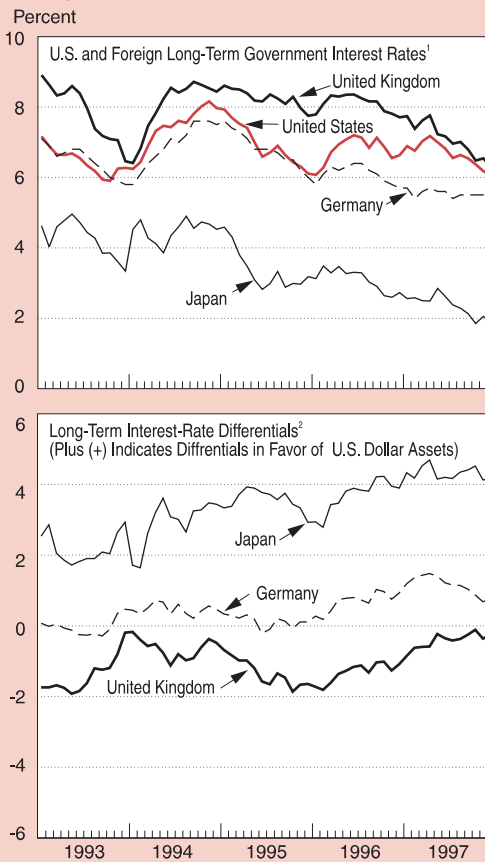
Short-Term Interest Rates



1. Interest rates for 90-day deposits.
2. U.S. interest rates less respective foreign interest rates.
Data: OECD.
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 3

Long-Term Interest Rates



1. Secondary-market yields on long-term government bonds—U.S.(composite over 10 years); Germany (7-15 year public sector bonds); U.K. (20-year government bonds); Japan (Central Government 10-year benchmark bond)
2. U.S. interest rates less respective foreign interest rates.
Data: OECD.
U.S. Department of Commerce, Bureau of Economic Analysis

Table B.—Indexes of Foreign Currency Price of the U.S. Dollar

[March 1973=100]

	1996					1997												
	IV	I	II	III	IV	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Trade-weighted average against 10 currencies ¹	87.9	93.7	95.7	98.6	97.4	88.7	91.0	94.5	95.6	96.4	95.3	95.4	97.5	100.0	98.3	97.1	96.4	98.8
Selected currencies: ²																		
Canada	135.5	136.4	139.1	139.0	141.3	136.7	135.4	136.0	137.7	139.9	138.5	138.9	138.2	139.5	139.2	139.1	141.7	143.2
European currencies:																		
Belgium	80.1	86.8	89.8	94.7	92.0	81.2	84.0	87.7	88.7	89.6	89.3	90.5	94.0	96.5	93.6	92.0	90.7	93.3
France	114.6	123.9	128.0	134.7	130.3	116.1	119.9	125.2	126.6	127.7	127.3	129.1	134.0	137.3	132.9	130.6	128.4	131.9
Germany	54.4	58.9	61.0	64.2	62.4	55.2	57.0	59.5	60.2	60.9	60.6	61.4	63.8	65.4	63.5	62.5	61.6	63.2
Italy	267.9	288.3	297.6	310.1	302.8	269.0	276.0	291.3	297.7	298.2	296.4	298.3	307.3	316.3	306.8	302.9	298.7	306.9
Netherlands	59.8	64.9	67.2	70.9	68.9	60.7	62.8	65.5	66.4	67.1	66.8	67.7	70.4	72.1	70.1	69.0	68.0	69.8
Switzerland	40.0	44.6	44.9	46.3	44.5	41.3	43.2	45.2	45.5	45.4	44.5	44.8	46.1	47.0	45.7	45.1	43.7	44.7
United Kingdom	151.0	151.6	151.2	152.2	148.9	148.6	149.1	152.1	153.6	151.7	151.5	150.3	148.1	154.2	154.4	151.4	146.4	149.0
Japan	43.1	46.3	45.7	45.1	47.9	43.5	45.0	47.0	46.9	48.0	45.5	43.7	44.1	45.0	46.2	46.2	47.9	49.5

1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.
2. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

support the won in exchange markets and, experiencing a large number of corporate failures and an inability to pay interest on its foreign currency debt, applied to the International Monetary Fund (IMF) for assistance. An IMF rescue package was approved in early December for Korea. An IMF rescue package for Indonesia had previously been approved in November.

Current Account

Goods and services

The deficit on goods and services decreased to \$28.7 billion in the fourth quarter from \$29.9 billion in the third. The deficit on goods decreased, and the surplus on services decreased.

Goods.—The deficit on goods decreased to \$49.9 billion in the fourth quarter from \$52.0 billion in the third. The reduction resulted from a larger increase in exports than in imports (table A, table 2).

Exports.—Exports increased \$4.3 billion, or 3 percent, to \$174.5 billion in the fourth quarter. Quantity, measured in chained (1992) dollars, also increased 3 percent. Prices were unchanged.

Nonagricultural goods increased \$3.5 billion, or 2 percent, to \$159.2 billion. Quantity increased 3 percent, and prices decreased 1 percent. In value, capital goods accounted for nearly two-thirds of the increase. Gains for the quarter included record deliveries of civilian aircraft, mostly in December, over two-thirds of which was to Saudi Arabia. The bunching of deliveries late in the quarter reflected a makeup for production that was curtailed by parts shortages during the summer and autumn months. Excluding civilian aircraft and parts, capital goods were virtually unchanged. Automotive products increased to both Canada and Mexico. Consumer goods, mostly to Western Europe, also increased. Nonagricultural industrial supplies and materials changed little; they had decreased in the third quarter when nonmonetary gold shipments had dropped sharply.

Agricultural exports increased \$0.8 billion, or 6 percent, to \$15.4 billion. Quantity increased 7 percent, and prices fell 1 percent. In value, an especially strong increase in soybeans more than accounted for the rise, with large shipments to Asia, Western Europe, and Latin America.

Imports.—Imports increased \$2.2 billion, or 1 percent, to \$224.4 billion in the fourth quarter. Quantity, measured in chained (1992) dol-

lars, increased 2 percent, and prices decreased 1 percent.

All of the increase was accounted for by non-petroleum products, which increased \$2.2 billion, or 1 percent, to \$206.8 billion. Quantity increased 2 percent, and prices decreased 1 percent. In value, consumer goods accounted for nearly all of the increase, with over one-half of the increase from Western Europe and other large increases from Japan, Latin America, and Canada. Consumer goods from China declined. Capital goods increased slightly; an increase in most types of machinery, mostly from Japan, was partly offset by declines in computers and parts, mostly from Singapore, and in semiconductors, all from Japan. Nonpetroleum industrial supplies and materials rose slightly. Automotive imports fell; the decline consisted largely of autos from Japan.

Petroleum imports were unchanged at \$17.6 billion. The average number of barrels imported daily decreased to 10.87 million from 10.96 million, but the average price per barrel increased to \$17.72 from \$17.58. Both consumption and production increased, while inventories fell.

Balances by area.—The deficit on goods decreased to \$49.9 billion in the fourth quarter from \$52.0 billion in the third. The deficit with Asia, excluding Japan, fell \$5.1 billion, to \$23.1 billion, more than accounting for the decrease in the global deficit; the deficit with China—which declined \$2.3 billion, to \$12.9 billion—accounted for nearly one-half of the reduction. Trade with the newly industrialized countries was mixed, as a lower deficit with Taiwan and a higher surplus with Hong Kong were partly offset by higher deficits with the Republic of Korea and Singapore.

The decrease in the deficit with Asia, excluding Japan, was partly offset by an increase in the deficit with industrial countries to \$24.7 billion from \$21.1 billion. Most of the increase was with Canada, followed by Western Europe and Japan.

Services.—The surplus on services decreased to \$21.2 billion in the fourth quarter from \$22.1 billion in the third (table A, table 3). Most major categories of service receipts decreased, more than offsetting the rise in “other” transportation receipts. Within service payments, travel, passenger fares, “other” transportation, and direct defense expenditures abroad increased, and royalties and license fees and “other” services decreased.

Foreign visitors spent \$18.5 billion on travel in the United States, down 1 percent. Receipts from overseas visitors (excluding Canada and Mexico)

were \$16.0 billion, down 1 percent; a decline in visitors from Asia as a result of the financial problems in the region partly offset continued growth in visitors from the rest of the world. However, receipts from Canada and Mexico were both down. U.S. travelers spent \$13.2 billion abroad, up 3 percent. Payments by U.S. travelers overseas were \$10.5 billion, up 5 percent; payments to Canada were unchanged, and payments to Mexico were down.

Passenger fare receipts were \$5.4 billion, down 1 percent, and passenger fare payments were \$4.3 billion, up 3 percent.

“Other” transportation receipts increased \$0.3 billion, to \$7.2 billion, as a result of higher port expenditure receipts and freight receipts. “Other” transportation payments increased \$0.1 billion, to \$7.5 billion, as a result of higher port expenditure payments.

Royalties and license fee receipts were unchanged at \$7.5 billion, and royalties and license fee payments decreased \$0.2 billion, to \$1.8 billion.

“Other” private service receipts decreased to \$21.0 billion from \$21.3 billion, largely as a result of a decrease in affiliated services. Among unaffiliated services, receipts on financial services decreased, as foreign activity dropped sharply in U.S. financial markets in response to market concerns over Asian financial problems. “Other” private service payments decreased to \$12.0 billion from \$12.3 billion, as affiliated service payments declined. Among unaffiliated services, payments on financial services abroad decreased, as U.S. activity in foreign financial markets dropped sharply in response to the same concerns about Asian financial problems.

Transfers under U.S. military sales contracts were \$4.0 billion, down from \$4.3 billion; despite the decline, deliveries in the fourth quarter remained above the levels of most recent quarters. Direct defense expenditures abroad were \$3.1 billion, up from \$2.9 billion. Increased maneuvers in the Persian Gulf in response to tensions in Iraq and higher purchases of contractual services boosted expenditures.

Investment income

The deficit on investment income increased to \$4.9 billion in the fourth quarter from \$4.1 billion in the third, as payments increased more than receipts (table A).

Direct investment income.—Receipts of income on U.S. direct investment abroad, which consist of

earnings and interest, decreased to \$27.2 billion in the fourth quarter from \$28.2 billion in the third. A \$1.1 billion decrease in earnings more than accounted for the drop. Earnings increased for affiliates in Western Europe, but they decreased for Canada, Other Western Hemisphere, and Asia. Within Asia, decreases were largest in Hong Kong and Japan, where about half of U.S. direct investment in Asia is located. For Indonesia, Korea, and Thailand, which experienced the largest currency depreciations and account for about 17 percent of investment in Asia, earnings were down slightly.

Payments of income on foreign direct investment in the United States decreased to \$11.1 billion in the fourth quarter from \$11.7 billion in the third, reflecting a decrease in earnings. The largest decrease was in affiliates of Western European parents and was concentrated in chemicals, machinery, and petroleum.

“Other” private and U.S. Government income.—Receipts of income on “other” private investment increased to \$32.8 billion in the fourth quarter from \$31.8 billion in the third, mostly as a result of higher outstanding bank claims. Payments of income on “other” private investment increased to \$30.9 billion from \$29.9 billion, as a result of higher outstanding bank liabilities.

Receipts of income on U.S. Government assets decreased slightly to \$0.8 billion in the fourth quarter. Payments of income on U.S. Government liabilities increased to \$23.7 billion from \$23.5 billion.

Unilateral transfers

Net unilateral transfers were \$12.0 billion in the fourth quarter, up from \$9.1 billion in the third (table A, table 1). Nearly all of the increase was attributable to U.S. Government grants, which rose to \$5.1 billion from \$2.2 billion as a result of cash grants to Israel—\$1.8 billion under the credit waiver program to finance military purchases and \$1.2 billion to finance economic purchases. Normally, these funds are drawn in their entirety as soon as the U.S. Congress appropriates the funds early in the new fiscal year, usually in October. This year, because of delays in the budget process, these funds were appropriated and drawn in December.

Capital Account

Net recorded capital inflows—that is, the difference between changes in net U.S. assets abroad and changes in net foreign assets in the United States—were \$85.2 billion in the fourth quarter, compared with net inflows of \$72.6 billion in the third. The step-up in net inflows from the third to the fourth quarter reflected a larger slowdown in the increase in U.S. assets abroad than in the increase in foreign assets in the United States.

U.S. assets abroad

U.S. assets abroad increased \$96.7 billion in the fourth quarter, compared with an increase of \$110.7 billion in the third. The slowdown reflected sharply lower net outflows for U.S. purchases of foreign securities. Direct investment outflows increased sharply.

U.S. official reserve assets.—U.S. official reserve assets increased \$4.5 billion in the fourth quarter, compared with an increase of \$0.7 billion in the third. In the fourth quarter, the U.S. reserve position with the International Monetary Fund (IMF) increased \$4.2 billion, mainly reflecting drawings by Indonesia and Korea on the IMF's credit facilities (table C, table 1).

Claims reported by U.S. banks.—U.S. claims on foreigners reported by U.S. banks increased \$30.5 billion in the fourth quarter, compared with an increase of \$30.6 billion in the third (table 8). Banks' own claims payable in dollars increased strongly in the fourth quarter, by \$48.1 billion, in response to heightened demands for credit in the Eurodollar market, particularly by banks in the Caribbean and the United Kingdom. U.S.-owned

banks supplied funds to meet heavy foreign purchases of U.S. Treasury securities in October; to meet strong interbank demand for credit, particularly in Europe, toward the end of the quarter; and to provide liquidity at a time when overseas markets were reacting to deteriorating financial conditions in Asia. Foreign-owned banks also supplied funds to the interbank market in Europe, but on a smaller scale than U.S.-owned banks. U.S. banks' domestic customers' claims fell sharply, \$12.6 billion, as U.S. residents reduced their deposits with banks in foreign financial centers, possibly in response to concerns about the Asian financial situation.

Foreign securities.—Net U.S. purchases of foreign securities were \$3.7 billion in the fourth quarter, down sharply from \$39.2 billion in the third (table 6).

Net U.S. purchases of foreign bonds fell to \$6.3 billion from \$23.7 billion, largely as a result of a drop in foreign new issues in the United States to \$12.5 billion from \$23.6 billion. Uncertainties about credit risks of new bond issues by emerging market countries in Asia as well as Latin America led to a sharp reduction in new bond issues in the U.S. market. Corporations in these areas had been heavy borrowers in the first half of the year, but by the fourth quarter, risk premiums on new issues by Asian emerging countries had risen 180–200 basis points from the first half of the year, effectively curtailing much borrowing. Some borrowing may have shifted to the banking markets. New issues from the emerging market countries in Latin America were also adversely affected by the Asian developments, although the risk premiums on these issues rose only 40–60 basis points. Borrowing by Latin

Table C.—Selected Transactions With Official Agencies

[Millions of dollars]

	1996	1997 ^P	Change: 1996–97	1996				1997				Change: 1997 III–IV
				I	II	III	IV	I	II	III ^r	IV ^P	
Changes in foreign official assets in the United States, net (decrease –) (table 1, line 49)	122,354	18,157	-104,197	52,014	13,154	24,089	33,097	28,891	-5,374	21,867	-27,227	-49,094
Industrial countries ¹	65,498	11,188	-54,310	39,787	9,434	11,367	4,910	18,013	6,326	4,944	-18,095	-23,039
Members of OPEC ²	12,278	12,782	504	-1,539	5,239	5,263	3,315	9,272	2,287	2,619	-1,396	-4,015
Other countries	44,578	-5,813	-50,391	13,766	-1,519	7,459	24,872	1,606	-13,987	14,304	-7,736	-22,040
Changes in U.S. official reserve assets, net (increase –) (table 1, line 34)	6,668	-1,010	-7,678	17	-523	7,489	-315	4,480	-236	-730	-4,524	-3,794
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: ³												
Foreign drawings, or repayments (–), net	-8,300	-3,500	4,800	-1,300	.....	-7,000	.....	-3,500	.....	.....	.....	.....
Drawings .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Repayments	-8,300	-3,500	4,800	-1,300	.....	-7,000	.....	-3,500	.....	.....	.....	.....

^r Revised.

^P Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

3. Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

America dropped to \$1.5 billion from \$6.8 billion, and by other emerging market countries (mainly Asia) to \$3.6 billion from \$9.1 billion. Issues from Eastern Europe were delayed. Borrowing by corporations in Western Europe was \$6.0 billion, up from \$5.5 billion. In total, foreign new bond issues in the United States dropped to their lowest level since the second quarter of 1996. Trading activity in bonds—gross purchases plus gross sales—increased less than 1 percent.

U.S. transactions in foreign stocks shifted to net sales of \$2.6 billion from net purchases of \$15.6 billion. Transactions in Japanese stocks shifted to net sales of \$4.2 billion from net purchases of \$3.1 billion, reflecting weak economic prospects for that country and large declines in stock prices and currency values of Japan and other Asian countries. The repercussions of Asian developments were also felt in the European markets, where U.S. transactions shifted to net sales of \$0.1 billion from net purchases of \$7.9 billion; the shift was partly in response to the sharp, but temporary, pullback in European stock prices that quickly followed the sudden drop in Hong Kong stock prices at the end of October. Trading activity in stocks increased 6 percent.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$32.9 billion in the fourth quarter, up from \$22.8 billion in the third (table 5). Equity capital outflows increased \$8.6 billion, and reinvested earnings increased \$1.8 billion. Equity capital outflows financed several exceptionally large mergers, particularly in the European investment management and securities industries.

Foreign assets in the United States

Foreign assets in the United States increased \$181.9 billion in the fourth quarter, compared with an increase of \$183.3 billion in the third. U.S. banks acquired an exceptionally large amount of foreign funds in the fourth quarter. These inflows were partly offset by a sharp reduction in inflows for net foreign purchases of U.S. securities other than U.S. Treasury securities and by a decrease in foreign official assets in the United States.

Foreign official assets.—Foreign official assets in the United States decreased \$27.2 billion in the fourth quarter, following a \$21.9 billion increase in the third. In the fourth quarter, industrial countries accounted for about two-thirds of the decrease, partly through intervention sales in

exchange markets, and developing countries accounted for one-third. Dollar assets of developing Asian countries were mixed; some countries sold dollar assets in response to financial problems, and others purchased dollar assets (table C, table 1).

Liabilities reported by banks.—U.S. liabilities reported by U.S. banks, excluding U.S. Treasury securities, increased \$87.0 billion in the fourth quarter, up sharply from an increase of \$10.1 billion in the third (table 9). U.S.-owned banks borrowed heavily from banks in financial centers in the Caribbean and the United Kingdom in order to fund especially strong interbank demand in the Eurodollar market, particularly toward the end of the quarter. In addition, some inflows were in response to the desire to hold liquid dollar assets at a time when financial conditions in Asia were deteriorating. In contrast, most foreign-owned banks in the United States borrowed little from financial centers abroad. However, Japanese-owned banks in the United States borrowed heavily from parent banks in Japan in order to replace deposit inflows that fell sharply in response to adverse developments both in Japan and throughout Asia.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities remained strong at \$33.8 billion in the fourth quarter, down \$2.5 billion from the third (table 9). The U.S. Treasury bond market continued to rally in the fourth quarter, benefiting from continued low inflation and news of a pending Federal budget surplus. These conditions, together with a desire to hold U.S. Treasury securities as the seriousness of the Asian situation became evident, led to exceptionally large purchases in October, nearly all from Western Europe. Net purchases weakened significantly in November and shifted to net sales in December—partly as Japan sold securities to meet liquidity needs, perhaps to fund banks in the United States whose borrowing costs escalated after several prominent financial institutions in Japan failed in November, and partly as investors in Western European countries reassessed their outlook following the initial reaction to the financial problems in Asia. Net purchases through the Caribbean picked up substantially, perhaps reflecting a shift of transactions from other market centers. Trading activity in U.S. Treasury securities decreased 5 percent.

U.S. currency flows.—Net outflows of U.S. currency were \$9.9 billion in the fourth quarter, up

from \$6.6 billion in the third (table 9). Much of the growth in recent quarters was concentrated in Russia and other states of the Commonwealth of Independent States. Elsewhere, the demand for U.S. banknotes has been relatively stable.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$38.4 billion in the fourth quarter, down from \$60.4 billion in the third quarter (table 6).

Net foreign purchases of U.S. stocks were \$11.8 billion, down from \$23.2 billion. Transactions by brokers and dealers in the Caribbean shifted to net sales of \$4.6 billion from net purchases of \$6.3 billion, most likely reflecting both the temporary 7-percent decline in U.S. stock prices at the end of October and uncertainties created by financial problems in Asia. However, net purchases by Western Europeans continued unabated, rising to \$16.7 billion from \$15.1 billion. Trading activity in stocks increased 10 percent.

Net foreign purchases of U.S. bonds were \$26.6 billion, down from \$37.2 billion. The decline was more than accounted for by a sharp drop in new issues sold abroad by U.S. corporations to \$8.2 billion from \$27.5 billion. As the financial situation in Asia deteriorated, many new issues were postponed or borrowing shifted to banking markets, either in the United States or abroad, as borrowers reassessed their funding needs in the face of a possible economic slowdown in Asia. Trading activity in bonds decreased 13 percent.

Direct investment.—Net capital inflows for foreign direct investment in the United States were \$24.6 billion in the fourth quarter, down from \$25.9 billion in the third (table 5). A \$5.1 billion decrease in intercompany debt inflows and a \$1.2 billion decrease in reinvested earnings were partly offset by a \$5.0 billion increase in equity capital inflows. For intercompany debt, both receivables and payables registered especially large

swings; Other Western Europe and Australia contributed the most to the net decrease. Equity inflows included especially large acquisitions of U.S. pharmaceutical and U.S. insurance companies by Western European companies but primarily reflected capital contributions to existing U.S. affiliates.

THE YEAR 1997

The U.S. current-account deficit increased to \$166.4 billion in 1997 from \$148.2 billion in 1996. The increase was more than accounted for by a shift to a deficit on investment income and an increase in the goods deficit. The surplus on services increased, and net unilateral transfers decreased (table D).

In the capital account, net inflows in 1997 were higher than in 1996—\$263.6 billion, compared with \$195.1 billion—reflecting a larger step-up in the increase in foreign assets in the United States than in the increase in U.S. assets abroad.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$97.1 billion in 1997, compared with a negative \$46.9 billion in 1996. Much of increase occurred in the last half of the year; in the fourth quarter, and perhaps in the third, the size of the discrepancy is believed to reflect the imperfect recording of short-term capital flows.

The following are highlights for the year 1997:

- Goods exports and goods imports both accelerated in 1997. Exports increased nearly twice as fast as in 1996 in response to a pickup in economic activity in industrial countries abroad in the last half of 1996 and in 1997; export growth was between the strong increases in 1994 and 1995. Imports increased somewhat more rapidly in 1997 than in 1996, reflecting more rapid growth in the U.S.

Table D.—Selected Balances on U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	1995	1996	1997 ^a	1997			
				I ^r	II ^r	III ^r	IV ^p
Goods, net	-173,560	-191,170	-198,934	-49,844	-47,188	-52,001	-49,901
Services, net	71,703	80,130	85,291	20,520	21,518	22,094	21,162
Investment income, net	6,808	2,824	-14,277	-2,015	-3,270	-4,137	-4,856
Direct, net	60,004	66,758	67,700	17,326	17,722	16,523	16,128
Other private, net	3,388	2,763	5,566	963	810	1,930	1,863
U.S. Government, net	-56,584	-66,698	-87,543	-20,304	-21,802	-22,590	-22,847
Unilateral transfers, net	-34,046	-39,968	-38,526	-8,577	-8,855	-9,070	-12,024
Current account balance	-129,095	-148,184	-166,446	-39,916	-37,795	-43,114	-45,619

^r Revised.
^p Preliminary.

economy over the past 2 years; however, import growth remained well below the sizable increases in 1994 and 1995.

- Net U.S. purchases of foreign securities were sharply lower in 1997 than in 1996; although purchases in the first three quarters were ahead of the pace of a year earlier, uncertainties and higher risks created by Asian financial conditions sharply curtailed net purchases in the fourth quarter. In contrast, net foreign purchases of U.S. securities other than U.S. Treasury securities were substantially higher in 1997 than in 1996, despite a slowdown in the fourth quarter when foreign investors reassessed the impact of financial conditions in Asia. Net foreign purchases of U.S. Treasury securities remained strong.
- The increase in credit extended by U.S. banks to their offices abroad in 1997 was in response to the heightened level of financial activity in interbank markets abroad, to the strong pace of merger and acquisition activity, particularly in Western Europe, and to the unique set of developments in the fourth quarter that led U.S. banks to provide liquidity in response to developments in Asia. During the first three quarters, U.S. banks borrowed relatively small amounts from abroad to finance this overseas lending, but in the fourth quarter, heavy borrowing from foreign banks and the receipt of funds in response to uncertainties created by financial developments in Asia led to very large net inflows of capital to U.S. banks.
- Foreign official assets in the United States increased much less in 1997 than in 1996.

U.S. dollar in exchange markets

The dollar appreciated 11 percent on a trade-weighted basis against the currencies of 10 industrial countries in 1997. Appreciation against the German mark and most other major European currencies averaged 14 percent, and appreciation against the Japanese yen was also 14 percent. Appreciation was even larger against the currencies of many developing countries in Asia: 19 percent against the Taiwan dollar, 20 percent against the Singapore dollar, 53 percent against the Malaysian ringgit, 82 percent against the Thai baht, 100 percent against the South Korean won, and 230 percent against the Indonesian rupiah ([table B, chart 1](#)).

Early in 1997, the dollar advanced sharply against the European currencies, encouraged by a

further increase in short- and long-term interest-rate differentials in favor of U.S. dollar assets. U.S. interest rates were pushed higher, partly by a strengthening in U.S. economic activity and partly by expectations that U.S. monetary policy might be tightened. In late March, the Federal Reserve Board raised the target federal funds rate 25 basis points. Subsequently, through the summer months, the U.S. expansion continued while inflation remained low, and the dollar reached an 8-year high in August against the German mark and registered strong increases against other European currencies. During this period, German economic growth remained below that of the United States. In October and November, a strengthening in German economic growth and a rise in German and other European interest rates led to a temporary strengthening of the mark and other European currencies against the dollar. Nonetheless, interest-rate differentials in favor of dollar assets remained large ([charts 2 and 3](#)). At times during the last half of the year, there were concerns that the European Monetary Union (EMU) would include a broad group of currencies and thus would result in a “weak” single currency. There were also temporary concerns that France and, perhaps, Germany might not meet the requirements for participation in the EMU. However, by yearend, European countries had made major progress in converging their interest rates and lowering inflation, in reducing central government fiscal deficits relative to gross domestic product, and in increasing the growth rates of their economies. In addition, at yearend, German and other European officials reached an understanding to orient interest rates toward the lowest rates among “core” countries of the EMU.

The dollar also appreciated strongly against the Japanese yen, especially in the first and fourth quarters. Early in the year, there was concern about the economic health of Japanese financial institutions, particularly banks and brokerage firms. Subsequently, it became apparent that Japanese growth would, at best, be moderate, and interest-rate differentials in favor of U.S. assets remained large ([charts 2 and 3](#)). Additional evidence of weakening Japanese growth accumulated over the last half of the year, and several large, prominent Japanese financial institutions failed in November. During the last half of the year, currency devaluations and declining stock prices in many other Asian countries had negative repercussions on the Japanese economy and were additional factors holding down the value of the yen against the dollar.

Several Asian countries were unable to maintain their currencies' fixed exchange rates against the U.S. dollar during the last half of the year. Efforts to do so led initially to the loss of large amounts of reserve assets and then to decisions by many countries to permit their currencies to fluctuate freely in exchange markets. A decision by Thailand in July to break its link with the dollar was followed by similar decisions by Indonesia in August, by Malaysia and the Philippines in September, by Taiwan in October, and by the Republic of Korea in November. Currency values relative to the dollar fell sharply immediately following these decisions and continued to depreciate through yearend. The declines in currency values, stock prices, and financial asset values reduced prospects for economic growth in the region and had a major impact on international capital flows, including those to the United States. The spread of the economic difficulties to the regional banking centers of Hong Kong and Singapore reflected the dominant role of these regional centers in financing local economies. The economic difficulties also adversely affected Japan, another major supplier of banking capital to the region.

Current Account

Goods and services

The deficit on goods and services increased to \$113.6 billion in 1997 from \$111.0 billion in 1996. The larger deficit on goods more than accounted

for the increase; the surplus on services increased (table D).

Goods.—The deficit on goods increased to \$198.9 billion in 1997 from \$191.2 billion in 1996. Both exports and imports increased substantially, but the increase in imports exceeded that in exports.

Goods exports increased \$66.3 billion, or 11 percent, to \$678.3 billion. The 11-percent increase was up sharply from a 6-percent increase in 1996 and was between the strong increases of 10 percent and 15 percent in 1994 and 1995, respectively. Agricultural exports decreased \$3.1 billion, while nonagricultural exports increased \$69.4 billion, more than double the increase in 1996 (tables E and F).

Goods imports increased \$74.0 billion, or 9 percent, to \$877.3 billion. The 9-percent increase exceeded the 7-percent increase in 1996 but was well below the sizable increases of 13 percent and 12 percent in 1994 and 1995, respectively. An increase in the volume of petroleum imports was more than offset by a sharp decline in prices, leading to a \$0.7 billion reduction in petroleum imports for the year. Nonpetroleum imports increased \$74.7 billion, double the increase in 1996.

U.S. exports increased substantially in 1997, reflecting considerably faster economic expansion abroad in industrial countries and in Latin America (especially Mexico) and slightly slower economic expansion in the developing countries of Asia. Economic expansion accelerated in Canada, the United Kingdom, Germany, and

Table E.—U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars								Chained (1992) dollars ¹							
	1995	1996	1997 ^P	1997				1995	1996	1997 ^P	1997					
				I ^r	II ^r	III ^r	IV ^P				I ^r	II ^r	III ^r	IV ^P		
Exports	575,871	612,069	678,348	162,341	171,227	170,255	174,525	565,887	622,803	716,675	169,813	180,049	180,355	186,458		
Agricultural products	57,229	61,488	58,414	14,352	14,137	14,559	15,366	49,484	48,569	49,430	11,950	11,820	12,391	13,269		
Nonagricultural products	518,642	550,581	619,934	147,989	157,090	155,696	159,159	516,856	575,745	670,523	158,616	169,278	168,685	173,944		
Foods, feeds, and beverages	50,472	55,533	51,371	12,861	12,224	12,485	13,801	44,476	43,978	44,045	10,862	10,290	10,744	12,149		
Industrial supplies and materials	146,374	147,973	158,102	38,451	40,733	39,605	39,313	120,631	127,873	137,125	33,291	35,328	34,231	34,275		
Capital goods, except automotive	233,776	253,141	294,122	68,899	74,129	74,505	76,589	263,489	310,356	387,815	88,902	97,027	98,944	102,942		
Automotive vehicles, parts, and engines	61,828	65,022	73,391	17,669	18,292	18,213	19,217	59,955	62,385	69,828	16,844	17,404	17,313	18,267		
Consumer goods (nonfood), except automotive	64,425	70,138	77,418	18,792	19,699	19,222	19,705	62,607	67,260	73,713	17,931	18,797	18,272	18,713		
Exports, n.e.c.	18,996	20,262	23,944	5,669	6,150	6,225	5,900	17,961	19,553	23,750	5,602	6,077	6,200	5,871		
Imports	749,431	803,239	877,282	212,185	218,415	222,256	224,426	741,078	817,392	935,491	221,026	232,852	238,728	242,885		
Petroleum and products	56,155	72,744	72,053	19,153	17,732	17,581	17,587	59,285	63,823	66,966	15,521	17,017	17,287	17,141		
Nonpetroleum products	693,276	730,495	805,229	193,032	200,683	204,675	206,839	680,515	751,801	868,677	205,572	215,788	221,510	225,807		
Foods, feeds, and beverages	33,176	35,711	39,704	9,516	9,997	10,148	10,043	29,319	32,253	35,506	8,550	8,839	9,069	9,048		
Industrial supplies and materials	184,987	209,497	217,397	54,904	55,023	53,621	53,849	176,418	189,345	200,243	47,909	51,471	50,348	50,515		
Capital goods, except automotive	221,429	229,049	254,167	59,344	62,940	65,634	66,249	246,462	294,526	377,732	85,142	92,423	98,402	101,765		
Automotive vehicles, parts, and engines	123,796	128,938	140,720	35,406	34,430	35,772	35,112	114,769	118,781	129,337	32,602	31,733	32,848	32,154		
Consumer goods (nonfood), except automotive	159,906	171,007	192,947	45,321	48,031	48,787	50,808	155,136	165,317	188,680	44,130	46,905	47,784	49,861		
Imports, n.e.c., and U.S. goods returned	26,137	29,037	32,347	7,694	7,994	8,294	8,365	24,337	27,032	30,384	7,184	7,513	7,795	7,892		

^r Revised.

^P Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

most other countries in Europe. Expansion in Japan slowed sharply. Expansion in the developing countries in Asia slowed, as it has every year since 1994 (chart 4).

U.S. imports accelerated in 1997, reflecting faster growth in the U.S. economy. Growth in U.S. real gross domestic product (GDP) was 3.8 percent in 1997, above the 2.8 percent growth in 1996 and 2.0 percent growth in 1995.²

Domestic prices of exports decreased in 1997; the largest declines were in foods and many types of capital goods (table G). Prices of total industrial supplies and materials, automotive products, and consumer goods changed little. However, prices increased significantly for most major categories when converted into foreign currencies, as depreciation of foreign currencies more than offset the decrease in domestic prices or added to small domestic price increases (table H).

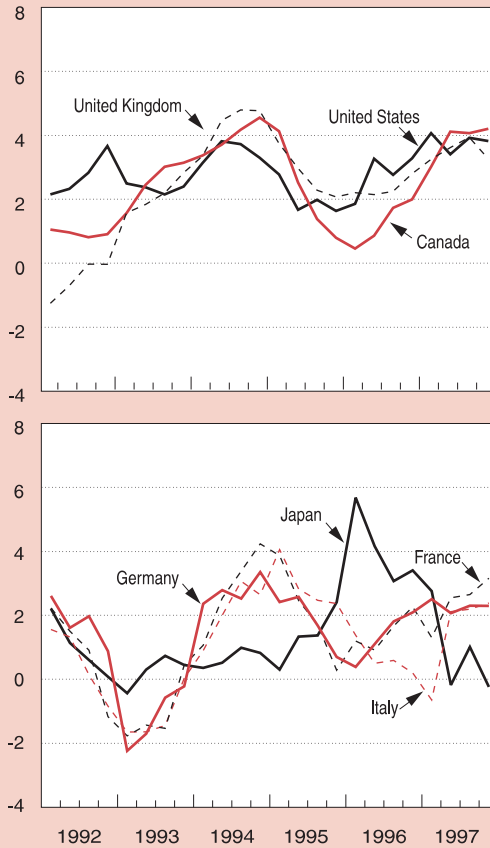
Dollar prices of most imports decreased or changed little. Prices of many capital goods, nonpetroleum industrial supplies and materials, petroleum products, and consumer goods were all lower (table G).

Exports.—Nonagricultural exports increased \$69.4 billion, or 13 percent, to \$619.9 billion in 1997, up sharply from a 6-percent increase in 1996. Quantity increased 17 percent, following an 11-percent increase. In value, capital goods increased \$41.0 billion in 1997, up from an increase of \$19.4 billion in 1996, and total industrial supplies and materials increased \$10.1 billion, up from an increase of \$1.6 billion. Automotive products and consumer

CHART 4

Major Industrial Countries: Real GDP

Percent change from four quarters earlier



Data: International Monetary Fund.

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

2. GDP estimates are shown in table 1.2 on page D-2 in this issue.

Table F.—Percent Changes in U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis]

	Current dollars			Chained (1992) dollars		
	1995	1996	1997 ^P	1995	1996	1997 ^P
Exports	14.6	6.3	10.8	12.6	10.1	15.1
Agricultural products	21.6	7.4	-5.0	11.5	-1.8	7.2
Nonagricultural products	13.9	6.2	12.6	12.8	11.4	16.5
Foods, feeds, and beverages	20.3	10.0	-7.5	10.8	-1.1	.2
Industrial supplies and materials	20.4	1.1	6.8	6.2	6.0	7.2
Capital goods, except automotive	13.9	8.3	16.2	20.6	17.8	25.0
Automotive vehicles, parts, and engines	7.0	5.2	12.9	5.7	4.1	11.9
Consumer goods (nonfood), except automotive	7.4	8.9	10.4	6.0	7.4	9.6
Exports, n.e.c.	19.6	6.7	18.2	15.8	8.9	21.5
Imports	12.1	7.2	9.2	9.6	10.3	14.4
Petroleum and products	9.5	29.5	-9	-1.5	7.7	4.9
Nonpetroleum products	12.3	5.4	10.2	10.6	10.5	15.5
Foods, feeds, and beverages	7.2	7.6	11.2	2.2	10.0	10.1
Industrial supplies and materials	12.2	13.2	3.8	2.2	7.3	5.8
Capital goods, except automotive	20.1	3.4	11.0	25.1	19.5	28.3
Automotive vehicles, parts, and engines	4.7	4.2	9.1	1.7	3.5	8.9
Consumer goods (nonfood), except automotive	9.3	6.9	12.8	7.7	6.6	14.1
Imports, n.e.c., and U.S. goods returned	9.9	11.1	11.4	5.6	11.1	12.4

^P Preliminary.

goods also increased significantly more in 1997 than in 1996 (chart 5).

Capital goods jumped \$41.0 billion, or 16 percent, to \$294.1 billion, following an 8-percent increase; in both dollar and percentage terms, this jump exceeded the sizable increases in 1994 and 1995. Quantity increased 25 percent, following an 18-percent increase. In value, exports to all major areas rose strongly in 1997; Latin America (\$11.3 billion), Western Europe (\$11.1 billion), and Asia, excluding Japan (\$9.2 billion) accounted for over three-fourths of the increase. The gains in 1996 were as follows: Latin America (\$3.9 billion), Western Europe (\$2.0 billion), and Asia, excluding Japan (\$6.6 billion).

About one-fourth of the jump in 1997 in capital goods was attributable to civilian aircraft, en-

gines, and parts, which rose \$10.6 billion, more than double a 1996 increase that in turn followed declines in 1993–95. The strength in 1997 occurred in the first half of the year, as production problems and parts shortages curtailed shipments in the last half. Although there were scattered cancellations of future deliveries by Asian countries, there was no effect on deliveries in 1997.

Table G.—Percent Changes in U.S. Goods Trade Chain-Weighted Price Indexes

[Based on index numbers (1992=100)]

	1995	1996	1997 ^p
Exports	1.7	-3.3	-3.7
Agricultural products	9.2	9.4	-6.6
Nonagricultural products	1.0	-4.8	-3.3
Foods, feeds, and beverages	8.6	11.3	-7.7
Industrial supplies and materials	13.3	-4.6	-3
Capital goods, except automotive	-5.6	-8.0	-7.0
Computers, peripherals, and parts	-18.8	-24.5	-24.7
Civilian aircraft, engines, and parts	3.4	4.0	3.7
Other capital goods	-3.7	-5.6	-4.2
Automotive vehicles, parts, and engines	1.3	1.2	.8
Consumer goods (nonfood), except automotive	1.4	1.4	.7
Exports, n.e.c.	3.2	-2.1	-2.7
Imports	2.2	-2.8	-4.6
Petroleum and products	11.2	20.4	-5.6
Nonpetroleum products	1.6	-4.6	-4.6
Foods, feeds, and beverages	4.9	-2.2	1.0
Industrial supplies and materials	9.6	5.6	-1.9
Capital goods, except automotive	-4.1	-13.4	-13.5
Computers, peripherals, and parts	-14.4	-18.1	-20.8
Civilian aircraft, engines, and parts	2.4	4.3	4.1
Other capital goods	-5	-12.8	-11.8
Automotive vehicles, parts, and engines	3.0	.6	.2
Consumer goods (nonfood), except automotive	1.5	.3	-1.1
Imports, n.e.c., and U.S. goods returned	4.1	0	-8

^p Preliminary.

Table H.—Percent Changes in Foreign Currency Cost of U.S. Exports of Goods

[Based on index numbers (1992=100)]

	1995	1996	1997 ^p
Exports	-6.1	0.1	6.3
Agricultural products .....	.8	13.4	3.0
Nonagricultural products	-6.8	-1.4	6.6
Foods, feeds, and beverages .....	.3	15.3	1.8
Industrial supplies and materials	4.6	-1.2	9.9
Capital goods, except automotive	-12.9	-4.7	2.6
Computers, peripherals, and parts	-25.0	-21.8	-16.9
Civilian aircraft, engines, and parts	-4.5	7.8	14.4
Other capital goods	-11.1	-2.2	5.7
Automotive vehicles, parts, and engines	-6.5	4.8	11.2
Consumer goods (nonfood), except automotive	-6.4	5.0	11.1
Exports, n.e.c.	-4.7	1.4	7.3

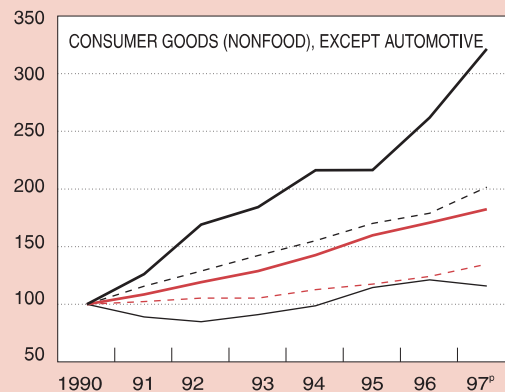
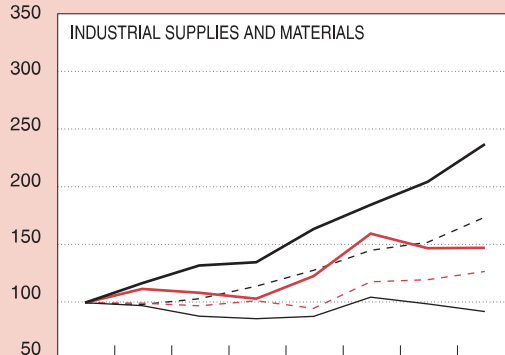
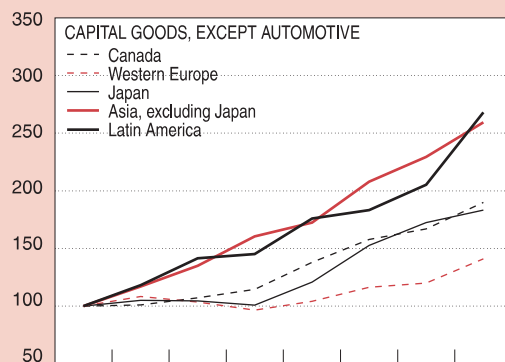
^p Preliminary.

NOTE.—Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom.

CHART 5

Growth in Exports by Selected Commodity Categories and Areas

1990=100



^p Preliminary

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

Excluding civilian aircraft, engines, and parts, capital goods increased \$30.4 billion, or 14 percent, to \$252.7 billion. This double-digit growth rate is more in line with the growth rates of 16 percent in 1994 and 19 percent in 1995 than with the 7-percent growth rate in 1996. Computers, peripherals, and parts strengthened in 1997, but the increase was less than in 1995; in 1997, ex-

ports were particularly strong to the Netherlands and the United Kingdom. Semiconductors continued to rise, but the increase was modest in comparison with the increase in 1995, which was three times as large; higher exports to Asia and Mexico more than accounted for the rise in 1997. Telecommunications equipment jumped, led by stronger sales to Mexico and Brazil, but the in-

Table I.—U.S. Trade in Capital Goods, Except Automotive

[Balance of payments basis, millions of dollars]

	1992	1993	1994	1995	1996	1997 ^P
Exports	176,070	182,096	205,248	233,776	253,141	294,122
Computers, peripherals, and parts	28,763	29,317	33,320	39,654	43,719	49,276
Semiconductors	15,987	19,122	25,178	34,153	35,768	38,823
Telecommunications equipment	11,450	13,513	16,296	20,248	20,323	23,795
Scientific, hospital, and medical equipment and parts	9,930	10,569	11,523	13,073	14,747	16,160
Industrial, agricultural, and service industry machinery	26,291	28,422	31,922	37,088	40,096	45,564
Machine tools, metalworking equipment, and control instruments	9,836	10,650	12,320	14,259	15,606	18,236
Oil drilling, mining, and construction machinery	9,620	9,474	10,216	11,514	12,693	14,824
Industrial engines, pumps, and compressors	6,658	7,506	9,176	10,160	10,287	12,518
Electric generating machinery, electric apparatus, and parts	15,480	16,959	19,674	23,040	24,113	27,940
Civilian aircraft, engines, parts	37,725	32,678	31,475	26,129	30,792	41,398
Other capital goods, n.e.c.	4,330	3,886	4,148	4,458	4,997	5,588
Imports	134,252	152,305	184,369	221,429	229,049	254,167
Computers, peripherals, and parts	31,686	38,026	46,160	56,276	61,515	70,186
Semiconductors	15,475	19,482	26,156	39,042	36,707	36,868
Telecommunications equipment	10,776	11,275	14,184	15,332	14,375	15,601
Scientific, hospital, and medical equipment and parts	5,436	5,746	5,908	6,669	7,208	8,151
Industrial, agricultural, and service industry machinery	23,358	26,149	31,852	36,707	37,671	41,287
Machine tools, metalworking equipment, and control instruments	7,055	8,040	9,804	12,244	13,463	14,959
Oil drilling, mining, and construction machinery	2,948	4,314	5,325	5,481	5,685	6,656
Industrial engines, pumps, and compressors	3,618	4,094	5,758	6,176	6,266	6,528
Electric generating machinery, electric apparatus, and parts	15,336	17,421	20,030	24,150	24,749	27,921
Civilian aircraft, engines, parts	12,581	11,275	11,298	10,709	12,671	16,664
Other capital goods, n.e.c.	5,983	6,483	7,894	8,643	8,739	9,346

^P Preliminary.

Table J.—U.S. Trade in Industrial Supplies and Materials, Excluding Agricultural Products

[Balance of payments basis, millions of dollars]

	1992	1993	1994	1995	1996	1997 ^P
Exports	101,688	105,002	112,558	135,485	137,935	147,373
Energy products	14,364	12,713	12,041	13,777	15,533	16,266
Chemicals, excluding medicinals	29,840	30,082	35,137	42,985	42,472	46,843
Paper and paper base stocks	9,298	8,483	10,104	14,488	12,482	12,782
Textile supplies and related materials	6,809	6,999	8,183	9,284	9,555	10,703
Building materials, except metals	8,078	8,751	8,839	9,061	9,261	9,477
Other nonmetals	10,302	10,750	11,900	13,410	15,262	16,641
Metals and nonmetallic products	22,997	27,224	26,354	32,480	33,370	34,661
Steelmaking materials and iron and steel products	5,405	5,443	5,789	8,575	7,564	8,155
Nonferrous metals	10,963	14,649	12,279	14,602	15,480	15,020
Other metals and nonmetallic products	6,629	7,132	8,286	9,303	10,326	11,486
Imports	136,035	147,879	160,224	179,416	203,036	211,150
Energy products	56,820	57,390	58,080	62,159	80,278	80,276
Chemicals, excluding medicinals	16,872	18,081	21,359	25,551	26,897	29,159
Paper and paper base stocks	8,232	8,320	8,931	12,880	10,871	10,681
Textile supplies and related materials	6,866	7,550	8,182	8,617	8,843	10,109
Building materials, except metals	8,282	10,556	12,684	12,819	15,035	16,833
Other nonmetals	9,455	10,330	11,047	12,503	13,353	14,139
Metals and nonmetallic products	29,508	35,652	39,941	44,887	47,759	49,953
Steelmaking materials and iron and steel products	12,603	13,591	18,377	19,134	20,265	21,167
Nonferrous metals	13,228	18,128	16,728	20,260	21,679	22,034
Other metals and nonmetallic products	3,677	3,933	4,836	5,493	5,815	6,752

^P Preliminary.

crease was less than those in 1994 and in 1995. Most types of heavy machinery also contributed to the rise in capital goods exports in 1997; the increase exceeded that in the peak year of 1995 (table I).

Nonagricultural industrial supplies and materials increased \$9.4 billion, or 7 percent, to \$147.4 billion in 1997, compared with a 2-percent increase in 1996. Quantity increased 7 percent, following a 6-percent increase. In value, chemicals, textiles, and metals and nonmetallic products were all higher. Chemicals increased 10 percent, or \$4.4 billion, compared with a decrease of 1 percent; nearly one-half of the increase was to Canada and Mexico. Textile supplies increased 12 percent, or \$1.2 billion. Within metals, iron and steel products and steelmaking materials increased, and nonmonetary gold fell sharply after a sizable increase in 1996 (table J).

Automotive products increased \$8.4 billion, or 13 percent, to \$73.4 billion in 1997, following a 5-percent increase in 1996. Quantity increased 12 percent, following a 4-percent increase. In value, the surge was due to a 17-percent increase in engines and parts, largely to Mexico. In 1995, shipments to Mexico were held down as a result of the December 1994 currency devaluation and economic recession in 1995, but they grew rapidly in both 1996 and 1997 as auto manufacturers shifted production to Mexico. Shipments of engines and parts, as well as of completed autos, to Canada also accelerated sharply in 1997.

Consumer goods increased \$7.3 billion, or 10 percent, to \$77.4 billion, up from a 9-percent increase. Quantity increased 10 percent, following an 8-percent increase. In value, shipments picked up substantially to Canada and Mexico.

Agricultural products decreased \$3.1 billion, or 5 percent, to \$58.4 billion, in contrast to a 7-percent increase in 1996. The decrease was more than accounted for by a 7-percent decline in prices; prices had increased 9 percent in 1996 when production shortages had driven prices for grains and soybeans to record levels. Quantity increased 2 percent, following a 2-percent decrease. In value, sharply reduced shipments of corn and wheat more than accounted for the decline. The largest declines were to Asia and Mexico.

Corn dropped \$3.2 billion, or 36 percent, to \$5.7 billion. Prices fell 27 percent, as world supplies improved, while quantity declined 8 percent. Shipments to Asia and Mexico dropped the most.

Wheat dropped \$2.2 billion, or 34 percent to \$4.2 billion. Prices dropped 20 percent, as world supplies improved, while quantity dropped 16

percent. Shipments to Asia and Latin America dropped the most.

Soybeans increased \$0.1 billion, or 1 percent, to \$7.5 billion, following increases of 36 percent in 1996 and 24 percent in 1995. Shipments increased to Latin America. In the fourth quarter, shipments increased sharply when the United States had a record crop and supplies abroad remained tight.

Imports.—Nonpetroleum imports increased \$74.7 billion, or 10 percent, to \$805.2 billion in 1997, up from a 5-percent increase in 1996. Quantity increased 16 percent, up from a 10-percent increase. In value, capital goods increased \$25.1 billion, up from a \$7.6 billion increase, and consumer goods increased \$21.9 billion, up from an \$11.1 billion increase. Automotive products also increased. Petroleum imports fell after a substantial increase in 1996 (chart 6).

Capital goods increased \$25.1 billion, or 11 percent, to \$254.2 billion, compared with a 3-percent increase in 1996. Quantity increased 28 percent, following a 20-percent increase. Computers, peripherals, and parts increased \$8.7 billion, or 14 percent, up from an increase of 9 percent in 1996 but below the 21-percent and 22-percent increases in 1994 and 1995, respectively. Semiconductors increased \$0.2 billion, rebounding from a 6-percent decline in 1996 that resulted from overproduction. As with computers, peripherals, and parts, imports came primarily from Asia, excluding Japan. Telecommunications equipment increased \$1.2 billion, rebounding from a \$1.0 billion decrease in 1996. Machinery increased strongly in 1997, following a lackluster performance in 1996 and larger increases in 1994 and 1995. Within this group, industrial, agricultural, and service industry machinery increased \$3.6 billion, or 10 percent, and electric generating machinery, electric apparatus, and parts increased \$3.2 billion, or 13 percent. Civilian aircraft, engines, and parts were sharply higher, increasing \$4.0 billion, or 32 percent (table I).

Consumer goods increased \$22.0 billion, or 13 percent, to \$192.9 billion, up from a 7-percent increase. Quantity increased 14 percent, up from a 7-percent increase. In value, imports from China increased \$7.1 billion, accounting for 33 percent of the growth. Other sizable increases were from Mexico and Canada. Three-fifths of the increase was accounted for by nondurable goods, mainly apparel, footwear, and household goods. Two-fifths of the increase was accounted for by durable goods, mainly household goods and recreational equipment.

Automotive products increased \$11.8 billion, or 9 percent, to \$140.7 billion, following a 4-percent increase. Quantity increased 9 percent, following a 3-percent increase. In value, imports of autos from Germany, Canada, and Japan were higher than in 1996.

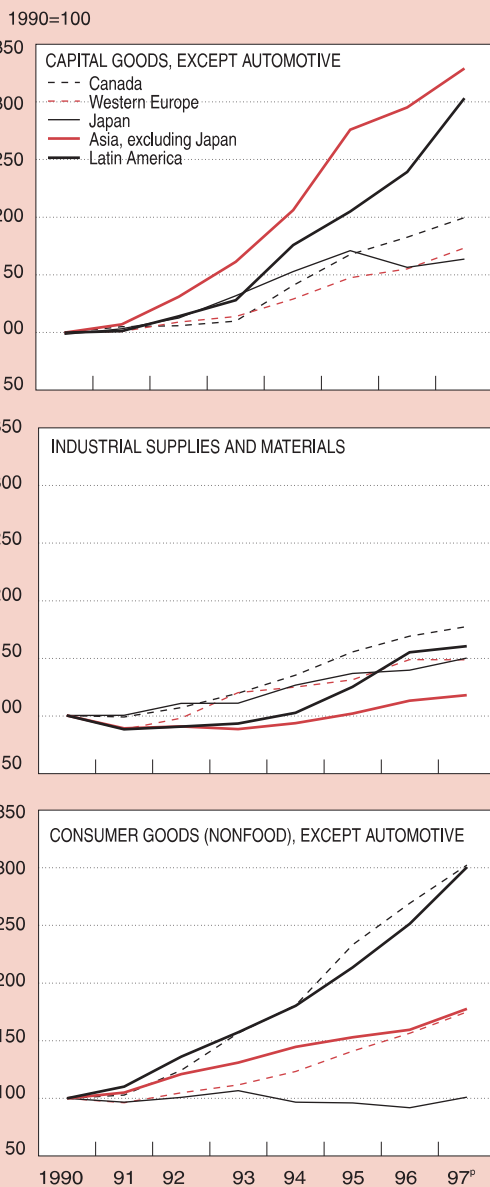
Nonpetroleum industrial supplies and materials increased \$8.6 billion, or 6 percent, to \$145.3 billion, following a 6-percent increase. Quantity increased 6 percent, following an 8-percent in-

crease. In value, chemicals increased \$2.3 billion, or 8 percent. A 6-percent rise in industrial production in the United States led to strong imports and rising prices for most imported chemical products. Metals and nonmetallic products increased \$2.2 billion, or 5 percent; the increase was held down by a decrease in nonmonetary gold. Building materials increased \$1.8 billion, or 12 percent; paper and paper based stocks declined. Textile supplies increased \$1.3 billion, or 14 percent (table J).

Petroleum imports decreased \$0.7 billion, or 1 percent, to \$72.1 billion in 1997, compared with a 30-percent increase. The decrease in 1997 resulted from a decline in prices to an average of \$18.58 per barrel from \$19.71 per barrel. Quantity increased to 10.62 million barrels per day from 10.11 million barrels. OPEC's share of total petroleum imports remained about unchanged at 48 percent. In quantity, imports from Saudi

CHART 6

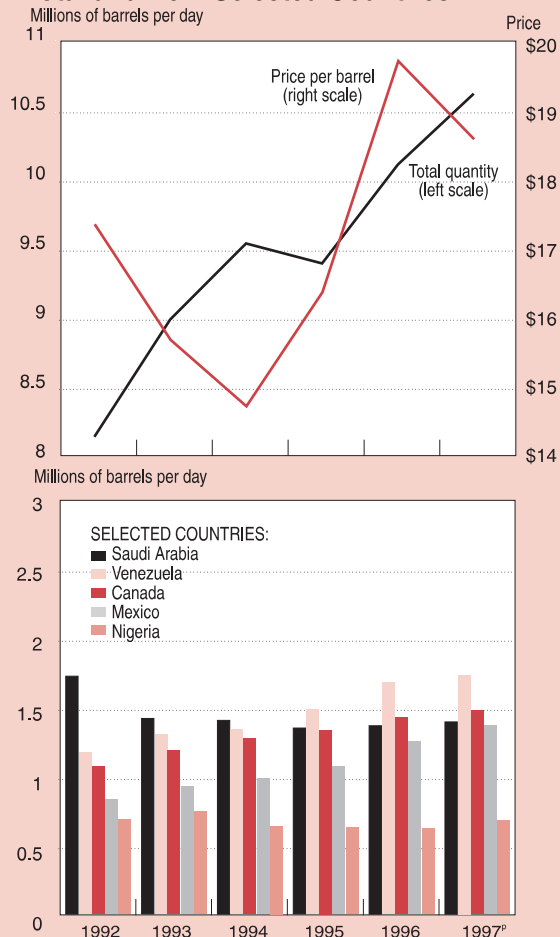
Growth in Imports by Selected Commodity Categories and Areas



p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 7

U.S. Petroleum Imports and Price, Total and from Selected Countries



p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

and consumer goods that followed sharp declines in these categories in 1996.

The deficit with Latin America decreased to \$8.9 billion from \$17.2 billion. Sharply higher exports, mostly of capital goods but also of total industrial supplies and materials and automotive products, were only partly offset by continued strength in most import categories, except petroleum imports, which changed little.

The deficit with the Asia, excluding Japan, increased to \$90.0 billion from \$77.4 billion. Exports of capital goods recovered somewhat from the sharp slowdown in 1996, and total industrial supplies and materials were unchanged. Imports of capital goods, largely computers and semiconductors, picked up somewhat (but those from Hong Kong, the Republic of Korea, Singapore, and Taiwan, collectively, increased about the same amount as in 1996), while imports of consumer goods from China accelerated sharply.

Services.—The surplus on services increased to \$85.3 billion in 1997 from \$80.1 billion in 1996, a smaller increase than in 1996. In 1997, service receipts increased to \$253.2 billion from \$236.8

billion, and service payments increased to \$167.9 billion from \$156.6 billion (table L).

Foreign visitors spent \$74.4 billion for travel in the United States in 1997, an increase of 6 percent. Receipts from overseas (excluding Canada and Mexico) increased 7 percent, following an 11-percent increase; the growth in visitors from Western Europe was less than in 1996, partly reflecting the restraining effect of dollar appreciation against the European currencies. The growth in visitors from Asia was also less; it was held down by a decline in visitors in the fourth quarter when financial conditions in Asia deteriorated. Receipts from Canada were unchanged, and receipts from Mexico increased.

U.S. residents spent \$52.0 billion for travel abroad in 1997, an increase of 7 percent. Expenditures overseas increased 7 percent, following a 5-percent increase; the growth in travelers to Western Europe and Japan were both up 11 percent, as U.S. income continued to rise strongly and the dollar appreciated. Expenditures in Canada were down, and expenditures in Mexico increased.

“Other” transportation receipts were \$28.2 billion in 1997, up 4 percent after a 1-percent

Table L.—Services

[Millions of dollars, quarters seasonally adjusted]

	1995	1996	1997 ^a	1997			
				I ^r	II ^r	III ^r	IV ^p
Exports	218,739	236,764	253,220	61,736	63,335	64,397	63,754
Travel	63,395	69,908	74,407	18,585	18,634	18,732	18,456
Passenger fares	19,125	20,557	21,710	5,316	5,508	5,468	5,418
Other transportation	27,412	27,216	28,194	7,001	7,045	6,939	7,210
Royalties and license fees	27,383	29,974	30,269	7,688	7,608	7,520	7,452
Other private services	66,850	73,569	82,681	19,753	20,622	21,277	21,031
Affiliated services	20,272	22,810	25,483	6,103	6,425	6,622	6,334
Unaffiliated services	46,578	50,759	57,198	13,650	14,197	14,655	14,697
Education	7,512	7,807	8,134	1,986	2,003	2,074	2,071
Financial	7,029	8,034	10,104	2,259	2,492	2,701	2,652
Insurance	1,390	2,121	2,558	620	637	648	654
Telecommunications	3,183	3,405	3,596	845	895	913	944
Business, professional, and technical	17,765	19,247	22,116	5,287	5,543	5,642	5,644
Other	9,699	10,145	10,690	2,653	2,627	2,677	2,732
Military transactions ¹	13,756	14,647	15,175	3,190	3,727	4,261	3,997
U.S. Government receipts	818	893	784	203	191	200	190
Imports	147,036	156,634	167,929	41,216	41,817	42,303	42,592
Travel	46,053	48,739	52,029	13,004	12,989	12,813	13,224
Passenger fares	14,433	15,776	16,927	4,272	4,190	4,166	4,298
Other transportation	28,249	28,453	29,771	7,377	7,541	7,368	7,484
Royalties and license fees	6,503	7,322	7,512	1,797	1,846	2,043	1,826
Other private services	39,285	42,796	47,548	11,327	11,893	12,320	12,009
Affiliated services	13,597	16,026	17,610	4,227	4,368	4,600	4,415
Unaffiliated services	25,689	26,770	29,938	7,100	7,525	7,720	7,594
Education	949	1,041	1,131	276	279	285	291
Financial	2,472	3,184	4,059	888	1,106	1,182	883
Insurance	5,383	4,387	4,817	1,139	1,195	1,232	1,251
Telecommunications	7,773	8,385	8,576	2,076	2,137	2,157	2,205
Business, professional, and technical	4,691	5,253	6,464	1,540	1,612	1,648	1,664
Other	4,420	4,520	4,891	1,180	1,196	1,215	1,299
Direct defense expenditures ²	9,890	10,861	11,345	2,753	2,679	2,863	3,050
U.S. Government payments	2,623	2,687	2,796	686	679	730	701

^a Revised.
^p Preliminary.
 1. Consists of transfers under U.S. military agency sales contracts. Includes goods which cannot be separately identified.

2. Consists of imports of U.S. defense agencies. Includes goods which cannot be separately identified.

decrease in 1996. The increase in overseas demand for U.S. goods exports, particularly by Western Europe and Latin America, had the greatest impact on air export volumes, resulting in substantial growth in air freight receipts; ocean export volumes decreased slightly. Port service receipts were up slightly.

“Other” transportation payments were \$29.8 billion in 1997, up 5 percent after a 1-percent increase in 1996. Like receipts, the increase in payments was strong for Western Europe and Latin America. Freight payments increased: While ocean freight payments were held down by the continued erosion of liner freight rates, particularly on imports from Asia due to overcapacity on that trade route, air freight payments continued to rise, partly because of a jump in import tonnage carried by Asian airlines. Air port service payments increased, reflecting both larger import and export volumes carried by U.S. airlines, and ocean port service payments decreased for the second consecutive year.

“Other” private service receipts were \$82.7 billion in 1997, up from \$73.6 billion in 1996. Affiliated services increased about the same amount in 1997 as in 1996. Among unaffiliated services, business, professional, and technical services increased more rapidly in 1997 than in 1996. Financial services also increased more rapidly than in 1996, reflecting heightened activity in U.S. financial markets that was tempered late in the year by repercussions from financial problems in Asia.

“Other” private service payments were \$47.5 billion in 1997, up from \$42.8 billion in 1996. Affiliated services increased less in 1997 than in

1996. Among unaffiliated services, business, professional, and technical services increased more rapidly in 1997 than in 1996. Financial services increased only slightly more rapidly than in 1996: Activity in financial markets abroad was particularly high in the second and third quarters, but fell sharply in the fourth quarter as a result of repercussions from financial problems in Asia.

Transfers under U.S. military sales contracts increased to \$15.2 billion in 1997, up from \$14.6 billion in 1996. Most of the increase was in the delivery of aircraft, missiles, and weapons systems to Turkey, Saudi Arabia, and Taiwan.

Direct defense expenditures abroad were \$11.3 billion in 1997, up from \$10.9 billion in 1996. Much of the increase was attributable to higher personnel expenditures. Key developments within the year included the continuation of the U.S. peace-keeping mission to Bosnia at half the troop strength of 1996 and, toward yearend, the repositioning of U.S. troops to the Persian Gulf area as tensions escalated with Iraq over the access of United Nations’ weapons inspection teams to Iraqi facilities.

Investment income

The balance on investment income shifted to a deficit of \$14.3 billion in 1997 from a surplus of \$2.8 billion in 1996 (table D). “Other” private receipts increased much more strongly than in 1996; direct investment receipts also increased more strongly. All types of payments—U.S. Government, “other” private, and direct investment—increased substantially more than in 1996.

Table M.—Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	1995	1996	1997 ^P	1997			
				I ^r	II ^r	III ^r	IV ^P
Income							
Income receipts on U.S. direct investment abroad	90,349	98,890	109,227	25,864	27,963	28,189	27,209
Distributed earnings	32,991	37,629	40,778	9,036	10,975	11,835	8,932
Reinvested earnings	54,007	57,885	63,955	15,938	15,933	15,135	16,949
Interest, net,	3,350	3,377	4,491	890	1,055	1,219	1,328
Income payments on foreign direct investment in the United States	-30,345	-32,132	-41,527	-8,538	-10,241	-11,666	-11,081
Distributed earnings	-12,254	-12,024	-10,953	-2,200	-3,575	-2,299	-2,879
Reinvested earnings	-9,826	-12,187	-20,355	-4,229	-3,894	-6,707	-5,525
Interest, net	-8,265	-7,921	-10,217	-2,110	-2,772	-2,660	-2,677
Capital							
U.S. direct investment abroad (increase/capital outflow (-))	-86,737	-87,813	-119,443	-26,754	-36,988	-22,763	-32,936
Equity capital	-36,611	-21,605	-48,054	-11,252	-10,036	-9,102	-17,664
Reinvested earnings	-54,007	-57,885	-63,955	-15,938	-15,933	-15,135	-16,949
Intercompany debt	3,881	-8,323	-7,433	436	-11,019	1,474	1,677
Foreign direct investment in the United States (increase/capital inflow (+))	67,526	76,955	107,927	30,685	26,652	25,949	24,641
Equity capital	45,057	53,030	47,849	11,799	8,558	11,265	16,226
Reinvested earnings	9,826	12,187	20,355	4,229	3,894	6,707	5,525
Intercompany debt	12,643	11,739	39,724	14,657	14,200	7,977	2,890

^r Revised.

^P Preliminary.

Direct investment income.—Receipts of income on U.S. direct investment abroad were \$109.2 billion in 1997, compared with \$98.9 billion in 1996 (table M, chart 8). The increase was about the same as that in 1996, but both years trailed an increase in 1995 that was more than twice as large. Most of the increase in earnings in 1997 was in finance, wholesale trade, services, and “other” industries. Earnings of manufacturing affiliates increased moderately (chart 9).

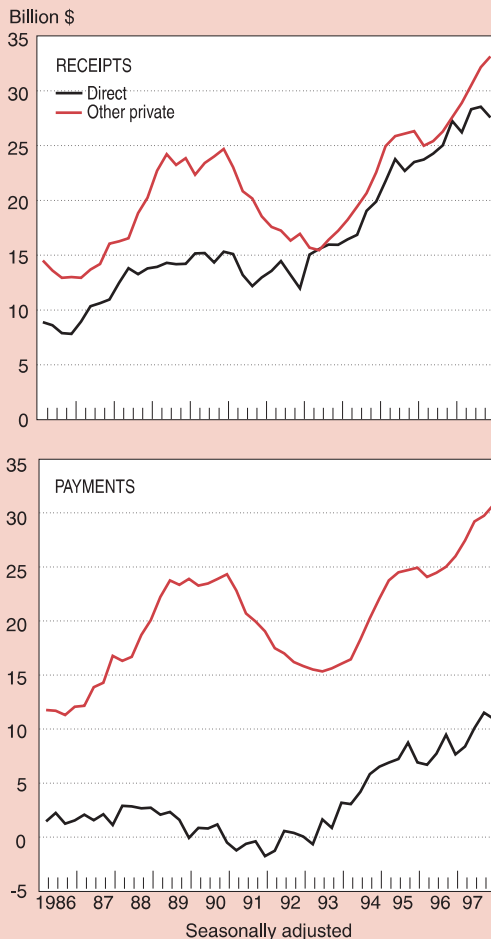
Payments of income on foreign direct investment in the United States were a record \$41.5 billion in 1997, up sharply from the previous record of \$32.1 billion in 1996 (table M, chart 8). Earnings in “other” industries increased \$4.5 billion, mainly in insurance and finance, following a decline in 1996. Earnings in manufacturing increased \$2.0 billion, more than twice the increase in 1996; more than half of the increase in 1997 was

in machinery. Earnings in petroleum increased \$0.6 billion (chart 10).

“Other” private and U.S. Government income.—Receipts of income on “other” private investment increased to a record \$123.3 billion in 1997, up from the previous record of \$102.9 billion in 1996 (table N, chart 8). All the major components increased, led by higher interest income receipts by banks and nonbanks, as increased financial activity resulted in higher outstanding claims on foreigners. Income receipts from stocks and bonds reflected an increase in U.S. holdings of foreign securities.

CHART 8

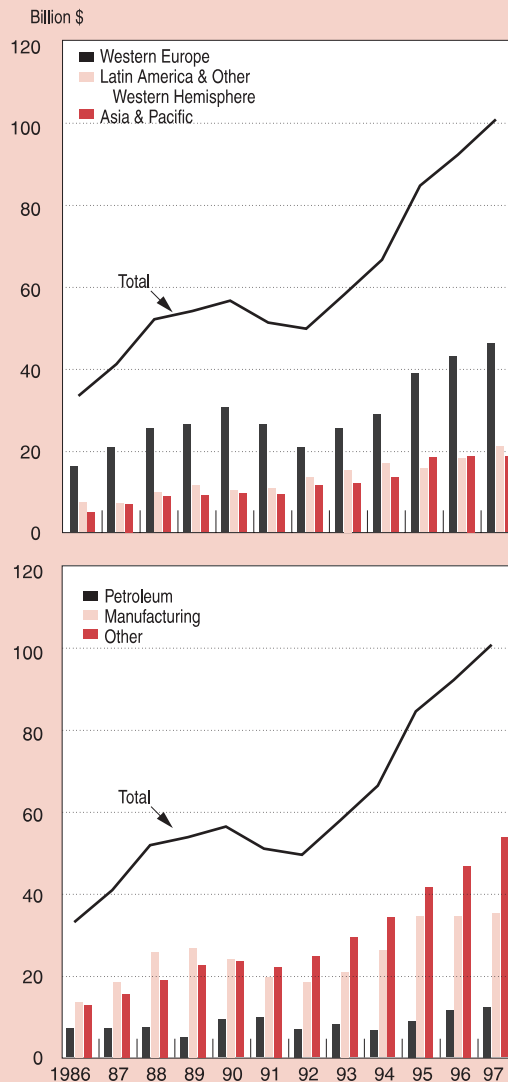
Private Investment Income



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

CHART 9

Earnings on U.S. Direct Investment Abroad



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.
U.S. Department of Commerce, Bureau of Economic Analysis

Receipts of income on U.S. Government assets decreased to \$3.5 billion from \$4.6 billion (table O).

Payments of income on "other" private investment increased to a record \$117.7 billion from the previous record of \$100.1 billion in 1996 (table N, chart 8). Payments of interest on U.S. corporate bonds increased the most, largely as a result of higher foreign holdings. Payments of interest on U.S. bank liabilities reflected higher outstanding liabilities, as interest rates changed little.

Payments of income on U.S. Government liabilities were a record \$91.1 billion, up from the previous record of \$71.3 billion, as a result of a large increase in foreign holdings of U.S. Treasury securities (table O).

Table N.—Other Private Income
[Billions of dollars]

	1995	1996	1997 ^P
Receipts	101.8	102.9	123.3
Dividends	17.9	20.7	24.7
Interest on bonds	26.9	26.0	28.0
Interest on bank claims	31.0	29.6	36.7
Interest on other claims ¹	26.0	26.6	33.9
Payments	98.4	100.1	117.7
Dividends	11.2	12.3	14.3
Interest on bonds	29.1	33.5	40.2
Interest on bank liabilities	42.7	37.7	42.8
Interest on other liabilities ¹	15.4	16.6	20.4

^P Preliminary.
1. Primarily income of business concerns other than banks.
NOTE.—Excludes direct investment income receipts and payments.

Table O.—Selected U.S. Government Transactions
[Millions of dollars]

	1995	1996	1997 ^P	1997			
				I	II	III ^r	IV ^P
U.S. Government grants	-11,096	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103
Disbursed	-11,096	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103
For debt forgiveness	-434	-179	-179	-69	-89	-89	-21
Other disbursements	-10,662	-14,933	-11,509	-2,109	-2,176	-2,142	-5,082
Received							
For Defense Cooperation Account							
Other receipts							
U.S. Government credits and other long-term assets	-4,803	-4,930	-5,237	-1,107	-1,613	-1,415	-1,102
For debt rescheduling	-1,067	-876	-1,114	-80	-593	-352	-89
Other disbursements	-3,736	-4,054	-4,123	-1,027	-1,020	-1,063	-1,013
Repayments of U.S. Government credits and other long-term assets	4,115	4,134	5,439	1,111	1,358	1,876	1,094
From debt rescheduling	174	373	878	26	480	323	49
From debt forgiveness	408	138	138	66	63	63	9
Other repayments	3,533	3,761	4,423	1,085	812	1,490	1,036
U.S. Government receipts of income	4,695	4,644	3,538	955	747	1,019	817
From debt rescheduling	103	150	174	45	80	26	23
From debt forgiveness	26		39		1	25	13
Other receipts	4,567	4,494	3,325	910	666	968	781
U.S. Government payments of income	-61,279	-71,342	-91,081	-21,139	-22,794	-23,469	-23,679

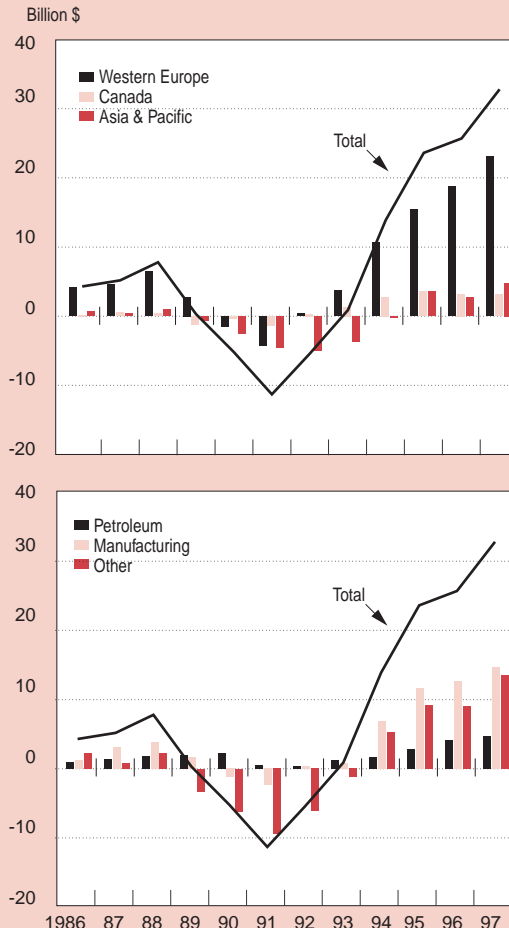
^r Revised.
^P Preliminary.

Unilateral transfers

Net unilateral transfers were \$38.5 billion in 1997, compared with \$40.0 billion in 1996. U.S. Government grants decreased to \$11.7 billion from \$14.9 billion (table O); they had been boosted to an unusually high level in early 1996 as the Federal Government resumed operations after the budget deadlock and U.S. Government shutdown at the end of 1995. Grant disbursements for debt forgiveness were \$0.2 billion in 1997, compared with none in 1996. The decrease in grants was partly offset by an increase in private remittances and other transfers.

CHART 10

Earnings on Foreign Direct Investment in the United States



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

Capital Account

Net recorded capital inflows—that is, the difference between changes in net U.S. assets abroad and changes in net foreign assets in the United States—were \$263.6 billion in 1997, compared with \$195.1 billion in 1996, reflecting a larger step-up in the increase in foreign assets in the United States than in the increase in U.S. assets abroad.

U.S. assets abroad

U.S. assets abroad increased \$426.9 billion in 1997, compared with an increase of \$352.4 billion in 1996. The increases in U.S. claims on foreigners

reported by U.S. banks and in U.S. direct investment outflows were both higher in 1997 than in 1996. Net U.S. purchases of foreign securities were lower.

U.S. official reserve assets.—U.S. official reserve assets increased \$1.0 billion in 1997, compared with a decrease of \$6.7 billion in 1996. In 1997, reserve assets decreased in the first quarter, when Mexico made the last repayment on its medium-term swap arrangement with the United States, and increased in the fourth, when the U.S. reserve position with the IMF increased, mainly reflecting drawings by Indonesia and the Republic of Korea on the IMF's credit facilities. U.S. mone-

Table P.—Private Capital Flows, Net

[Billions of dollars]

Claims (increase/capital outflow (-)); liabilities (increase/capital inflow (+))	1995	1996	1997 ^P	1997			
				I	II	III ^r	IV ^P
Private capital flows	43.6	66.9	246.2	20.6	57.6	50.9	116.9
Bank-reported capital, net ¹	-44.9	-88.4	-8.6	-44.6	.1	-20.5	56.4
U.S. claims	-75.1	-98.2	-151.1	-62.0	-28.0	-30.6	-30.5
U.S. liabilities ¹	30.2	9.8	142.5	17.4	28.1	10.1	86.9
Securities, net	95.8	181.2	273.1	72.0	74.9	57.5	68.5
Net U.S. purchases of foreign securities	-100.1	-108.2	-79.3	-14.6	-21.9	-39.2	-3.7
Stocks	-50.4	-58.8	-38.0	-11.8	-13.3	-15.6	2.6
Bonds	-49.7	-49.4	-41.3	-2.8	-8.6	-23.6	-6.3
Net foreign purchases of U.S. securities	195.9	289.4	352.4	86.6	96.8	96.7	72.2
U.S. Treasury securities	99.5	155.6	163.1	47.8	45.1	36.3	33.8
Other than U.S. Treasury securities	96.4	133.8	189.3	38.8	51.7	60.4	38.4
Stocks	13.5	12.6	66.9	10.2	21.7	23.2	11.8
Bonds	82.9	121.2	122.4	28.6	30.0	37.2	26.6
U.S. currency flows, net	12.3	17.3	24.8	3.5	4.8	6.6	9.9
Direct investment, net	-19.2	-10.8	-11.5	4.0	-10.3	3.1	-8.3
U.S. direct investment abroad	-86.7	-87.8	-119.4	-26.7	-37.0	-22.8	-32.9
Foreign direct investment in the United States	67.5	77.0	107.9	30.7	26.7	25.9	24.6
Nonbank-reported capital, net	-4	-32.4	-31.6	-14.3	-11.9	4.2	-9.6
U.S. claims	-35.0	-64.2	-76.3	-29.5	-4.0	-17.8	-25.0
U.S. liabilities	34.6	31.8	44.7	15.2	-7.9	22.0	15.4

^r Revised.

^P Preliminary.

1. Liabilities exclude U.S. Treasury securities.

Table Q.—U.S. Bank-Reported Claims and Liabilities by Type

[Billions of dollars]

	1995	1996	1997 ^P	1997			
				I	II	III ^r	IV ^P
Claims on foreigners reported by U.S. banks (increase/capital outflow (-))	-75.1	-98.2	-151.1	-62.0	-27.9	-30.6	-30.5
Banks' claims for own accounts, payable in dollars:							
Own foreign offices	-24.4	-35.1	-86.1	-17.8	-19.1	5.0	-54.2
Unaffiliated banks	8.8	-11.9	4.4	-4.9	-1.1	14.8	-4.4
Public borrowers and other foreigners	-31.6	-21.2	-22.6	-13.2	5.2	-25.0	10.5
Banks' claims for domestic customers' accounts, payable in dollars	-19.4	-26.8	-27.5	-19.6	.2	-19.0	10.9
Claims payable in foreign currencies	-8.5	-3.1	-19.3	-6.5	-13.2	-6.4	6.7
Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/capital inflow (+))¹	30.2	9.8	142.5	17.4	28.1	10.1	87.0
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices .....	.8	5.2	82.5	12.0	5.1	-8.1	73.5
Unaffiliated banks	3.4	-10.1	-3.5	-7.1	3.2	-5.5	5.9
Other private foreigners and international financial institutions	7.1	14.5	17.2	7.7	4.0	1.5	4.1
Banks' custody liabilities, payable in dollars	-1.7	2.7	26.6	-4.2	16.7	11.2	2.9
Liabilities payable in foreign currencies	20.5	-2.6	19.7	9.0	-9	11.0	6

^r Revised.

^P Preliminary.

1. Excludes liabilities to foreign official agencies.

tary authorities did not intervene in the foreign exchange markets in 1997 (table C).

Claims reported by banks.—Claims on foreigners reported by U.S. banks increased \$151.1 billion in 1997, compared with an increase of \$98.2 billion in 1996 (tables P and Q).

Banks' own claims payable in dollars increased \$104.2 billion in 1997, up sharply from an increase of \$68.3 billion in 1996. The 1997 increase was just under the record \$104.3 billion increase in 1982. Foreign-owned banks accounted for much of the increase in claims in 1997. Outflows were especially strong in the first half of the year, when foreign-owned banks extended \$65.0 billion in credit, but their lending slowed to \$12.3 billion in the second half. In the first half, foreign-owned banks shifted the booking of international loans from overseas to their U.S. offices, but this practice ended abruptly in the third quarter. The lending supported buoyant credit conditions in Europe, where consolidation and merger and acquisition activity among both industrial companies and major European banking groups accelerated in preparation for the beginning of the European Monetary Union. The lending also supported, through October, strong foreign purchases of U.S. Treasury bonds, as bond prices rose and the dollar appreciated. In the fourth quarter, foreign-owned banks were joined by U.S.-owned banks in meeting the surge in borrowing abroad that was partly attributable to uncertainties created by financial problems in Asia and to the desire of many foreign borrowers to enter into shorter term borrowing arrangements.

U.S.-owned banks did not participate in the cross-border funding of financial activity in Europe or elsewhere during the first three quarters; their claims decreased \$10.2 billion during this period. In the fourth quarter, however, U.S.-owned banks provided \$37.2 billion in credit to meet a surge in demand for credit by banks in financial centers in the Caribbean and the United Kingdom. Much of the increased lending financed unusually strong purchases of U.S. Treasury securities in October and met a step-up in credit demand toward the end of the quarter. However, some lending provided dollar credits during a period of uncertainty when the Asian financial situation depressed credit availability and Asian currencies depreciated rapidly. Uncertainty also adversely affected the bond markets worldwide. With the temporary drying up of available funds, particularly for less than highly rated borrowers, some borrowing was shifted to

the banking markets, particularly borrowing for working capital purposes.

Banks' claims on other private foreigners and foreign public borrowers increased \$22.6 billion in 1997, following a \$21.2 billion increase in 1996. A large part of the 1997 increase occurred in the third quarter, when U.S. securities dealers lent to international bond mutual funds in the Caribbean to finance purchases of U.S. Treasury securities, largely in the form of repurchase agreements. The step-up in lending to public (sovereign) borrowers in Latin America in the fourth quarter reflected a shift of borrowing to the bank markets when risk premiums on emerging market new issues rose sharply as a result of financial problems in Asia.

Banks' own claims payable in foreign currencies increased \$20.8 billion in 1997, compared with a decrease of \$5.4 billion in 1996. Most of the increase in 1997 was in the first half of the year and was mostly to Western Europe.

Banks' domestic customers' claims increased \$26.0 billion in 1997, down from an increase of \$35.3 billion in 1996. In 1997, the increase in deposits abroad was sharply lower, and less commercial paper was issued in the United States by foreigners. Outstanding collections shifted to an increase.

Foreign securities.—Net U.S. purchases of foreign securities were \$79.3 billion in 1997, down from \$108.2 billion in 1996; a sharp decline occurred in the fourth quarter, reflecting uncertainties created by Asian financial problems. For the year, net U.S. purchases of foreign stocks were \$38.0 billion, down from \$58.8 billion, and net purchases of foreign bonds were \$41.3 billion, down from \$49.4 billion (table P, charts 11 and 14).

A decline of 97 basis points in U.S. corporate Aaa rates from a high in April sharply reduced the cost of borrowing in the United States in 1997. Lower U.S. rates than foreign rates and longer maturities available in the U.S. market than in foreign markets led to record borrowing in the first three quarters of the year before uncertainties and elevated risk premiums for most borrowers from Asia and Latin America slowed borrowing in the fourth quarter. Stock prices in most foreign markets were sharply higher, particularly in Western Europe where gains averaged more than 40 percent in local currencies even after sharp, but temporary, retrenchments in the fourth quarter. Stock prices in Latin America also pulled back sharply in the fourth quarter but were up 28 percent for the year. However, stock prices in Asian countries, including Japan, fell

nearly 40 percent for the year, mostly in the last half (chart 12).

U.S. institutional investors maintained their cross-border portfolio holdings in 1997. The value of U.S. pension fund assets invested abroad as a share of total U.S. pension fund assets increased to approximately 18 percent late in 1997 from 14 percent late in 1996, reflecting strong price gains and, to a lesser extent, new investments. The share of total capital flows into U.S. equity mutual funds that was invested abroad in 1997 remained unchanged at approximately 11 percent. The value of U.S. equity mutual fund assets invested abroad as a share of total U.S. equity mutual fund assets decreased to approximately 15 percent at yearend 1997 from 16 percent at yearend 1996.

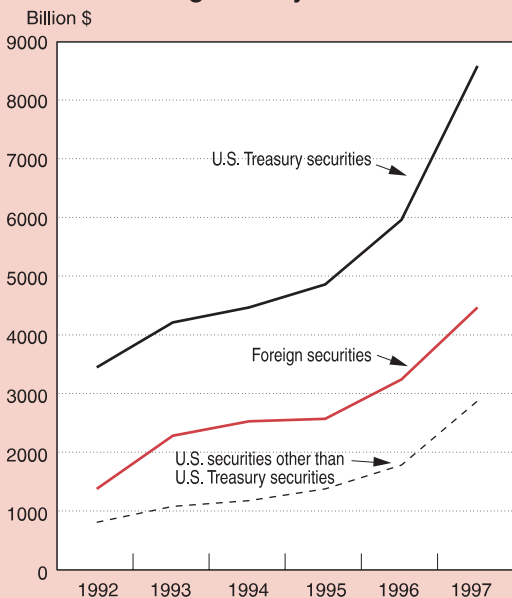
Net U.S. purchases of foreign stocks were \$38.0 billion in 1997, down from \$58.8 billion in 1996. Net purchases in the first three quarters of 1997 were just under the strong net purchases in first three quarters of 1996. However, declines in Asian currency markets and equity markets in the fourth quarter led to a sharp and substantial shift to net sales for the quarter in most major countries and areas, including many countries in Western Europe, as investors became cautious of the economic and financial implications of developments in Asia. For the year 1997, net purchases from Western Europe, at

\$13.3 billion, were less than half the 1996 total. There were large slowdowns or shifts to net sales with France, Germany, and Switzerland; however, net purchases from the United Kingdom increased. Transactions with Canada declined to net purchases of \$1.3 billion from net purchases of \$3.5 billion, and transactions with Latin America slowed to net purchases of \$0.3 billion from net purchases of \$3.6 billion. Net purchases from Japan declined slightly to \$9.4 billion. Net purchases in other markets, mostly Asian emerging markets, slowed to \$5.3 billion from \$8.6 billion; emerging-market countries account for only 6 percent of U.S. holdings of foreign equities. Trading activity in stocks—gross purchases plus gross sales—increased 53 percent in 1997.

Net U.S. purchases of foreign bonds were \$41.3 billion, down from \$49.4 billion. However, new issues placed in U.S. markets increased \$14.1 billion to \$66.5 billion. The continued strength in new issues reflected low U.S. long-term rates, compared with foreign rates, and heavy financing needs of foreign governments and corporations. The pace of new issues was stronger in the first three quarters of 1997 than in the first three quarters of 1996, but fell off sharply in the fourth quarter when the market placed substantial risk premiums on new issues from emerging-market countries, more so for Asian issues than for Latin American issues (chart 13).

CHART 11

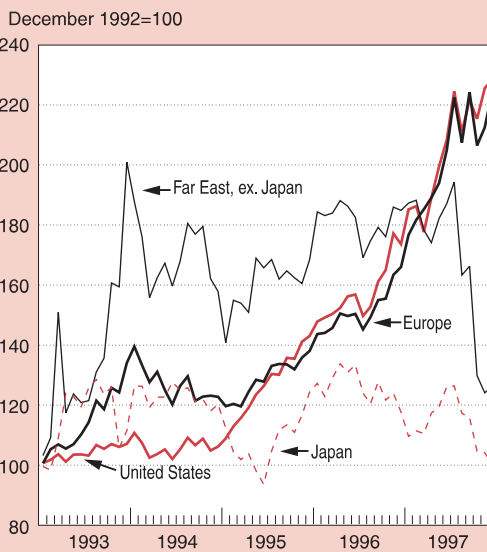
Gross Trading Activity



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

CHART 12

Selected Stock Price Indexes in Local Currencies



Source: Morgan Stanley Capital International
Indexes rebased by BEA.

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

Transactions in outstanding bonds shifted to net sales of \$9.3 billion from net purchases of \$13.1 billion. Net purchases in the United Kingdom, where much of the trading takes place, slowed substantially to \$2.3 billion from \$17.6 billion. Much of the reduction occurred in the first half of the year; there was renewed interest, particularly in British "gilt-edged" securities, in the last half. Trading activity in bonds increased 33 percent in 1997.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$119.4 billion in 1997, up from \$87.8 billion in 1996. Equity capital outflows more than doubled, and reinvested earnings were higher. In contrast, intercompany debt outflows were lower (table M).

Equity capital outflows were a record \$48.1 billion, up from \$21.6 billion in 1996 and well above the previous record of \$36.6 billion in 1995. The outflows in 1997 reflected numerous multibillion dollar acquisitions. Several of the largest transactions occurred in the finance industry, where consolidations and restructurings were propelled partly by the continuing integration of capital markets around the world and partly by the advent of the European Monetary Union. Additional large investments occurred in public utilities (electric power and telecommunications); these transactions partly reflected the desire to capitalize on new market opportunities provided by privatizations of State-owned

enterprises and partly reflected the desire to enter foreign markets where the potential for growth was greater than in the United States. Western Europe accounted for nearly 60 percent of equity outflows in 1997.

Reinvested earnings were \$64.0 billion, up from \$57.9 billion; the largest increase was in Western Europe.

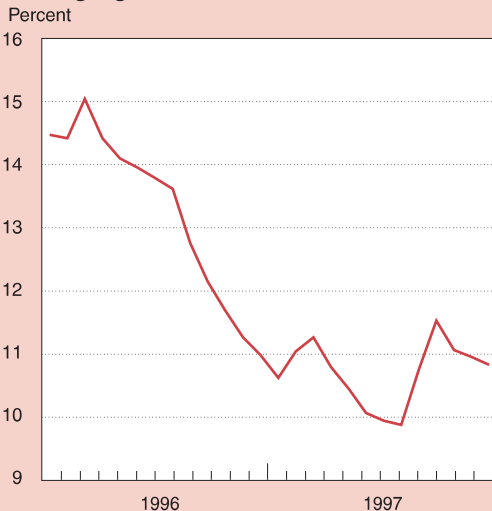
Intercompany debt outflows were \$7.4 billion, down from \$8.3 billion. Although little changed for the year, debt flows fluctuated widely during the year, particularly as U.S. parents borrowed or loaned funds to their finance affiliates abroad.

Foreign assets in the United States

Foreign assets in the United States increased \$690.5 billion in 1997, compared with an increase of \$547.6 billion in 1996. The increases in U.S. liabilities reported by U.S. banks, in net inflows

CHART 13

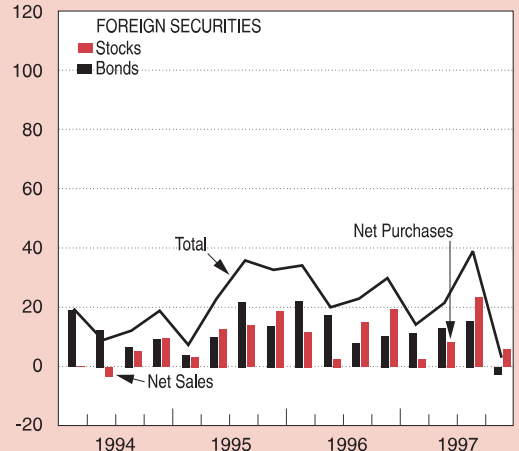
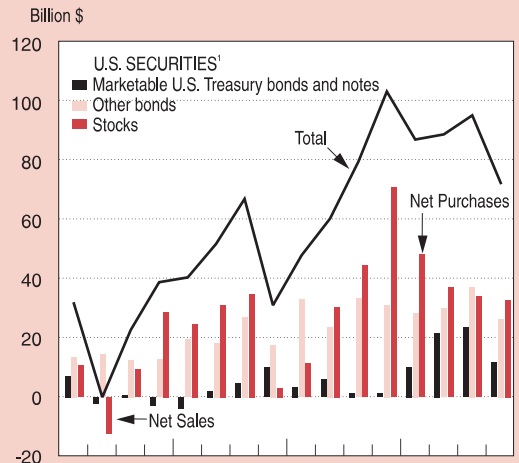
Emerging Market Bond Yields



Source: J.P. Morgan . Emerging Market Bond Index Plus, EMBI+, represents external currency denominated debt in emerging markets. It is comprised mostly of U.S. dollar issues.
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 14

Securities Transactions



1. Excluding transactions of foreign official agencies.
U.S. Department of Commerce, Bureau of Economic Analysis

for foreign direct investment in the United States, and in net foreign purchases of U.S. securities other than U.S. Treasury securities were all substantially larger in 1997 than in 1996. The increase in foreign official assets in the United States was substantially smaller.

Foreign official assets.—Foreign official assets in the United States increased \$18.2 billion in 1997, compared with an increase of \$122.4 billion in 1996, as both industrial and developing countries slowed their accumulation of dollar assets (table C). Dollar assets of industrial countries increased \$11.2 billion, down from an increase of \$65.5 billion. The accumulation was in the first three quarters; in the fourth, there were net sales, partly to support certain currencies in exchange markets.

Assets of developing countries increased \$7.0 billion, following an increase of \$56.9 billion. While most developing countries had accumulated dollar assets in 1996, many sold dollar assets in 1997. In 1997, large increases by several countries in Latin America and Asia were offset in large part by decreases by several emerging-market countries in Asia.

Liabilities reported by banks.—U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$142.5 billion in 1997, compared with an increase of \$9.8 billion in 1996; the previous record inflow was \$104.3 billion in 1994 (tables P and Q).

U.S.-owned banks' liabilities payable in dollars increased little during the first three quarters of 1997. Given the strong growth in domestic deposits, U.S.-owned banks had little need to borrow from abroad to meet either domestic or foreign demand for credit. In the fourth quarter, U.S.-owned banks borrowed heavily to fund the strong demand for credit at financial centers in the Caribbean and the United Kingdom, as well as in other countries in Western Europe, particularly toward the end of the quarter. In addition, some foreigners elected to hold dollar deposits at U.S. banking institutions rather than at foreign banking institutions, in the face of uncertainties created by the deteriorating financial situation in Asia.

Foreign-owned banks' liabilities increased only moderately in the first half of the year. During the first half, funds drawn from related branches in the Caribbean complemented funds raised in the United States to finance increased dollar lending in the United States and overseas. In the fourth quarter, the surge in borrowing was

attributable to transactions of Japanese-owned banks and, to a small extent, of other Asian-owned banks in the United States. Repercussions from Asian financial problems led to a substantial loss in deposit inflows to Japanese banks located in the United States. In order to replace these inflows and to continue to meet their loan commitments, Japanese banks borrowed heavily from their parent offices in Japan rather than borrow in the U.S. interbank market where borrowing costs had risen sharply to reflect the failure of several Japanese banking and securities firms. In order to provide these funds, parent banks in Japan may have liquidated holdings of U.S. Treasury securities. European-owned banks in the United States also accelerated their foreign borrowing in the fourth quarter, mostly to finance overseas lending.

Banks' liabilities to "other" private foreigners increased \$19.3 billion in 1997, following an increase of \$11.5 billion in 1996. Most of the borrowing in 1997 was by U.S. securities dealers from international bond mutual funds in the Caribbean and was likely in the form of repurchase agreements.

Banks' custody liabilities increased \$26.6 billion in 1997, compared with an increase of \$2.7 billion in 1996. Much of the increase in 1997 reflected strong borrowing from banks in the United Kingdom and Caribbean by U.S. nonbanking concerns.

Banks' liabilities payable in foreign currencies increased \$19.7 billion in 1997, compared with an increase of \$2.6 billion in 1996. Most of the increase in 1997 was in liabilities to Japan, the Caribbean, and Western Europe.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities were a record \$163.1 billion in 1997, up from the previous record of \$155.6 billion in 1996. Net purchases in the first three quarters of 1997 were well ahead of net purchases in the first three quarters of 1996, but they fell off in the fourth quarter (table P, charts 11 and 14).

Economic conditions in the United States were particularly favorable for bonds. Low inflation and the prospects of a dwindling supply of U.S. Treasury bonds as the Federal budget deficit moved toward a surplus led to the lowest yields since 1993. Yield differentials in favor of U.S. Treasury bonds over German and Japanese Government bonds widened in the early months of the year, but even with some narrowing later in the year, differentials in favor of U.S. Treasury bonds remained sizable (chart 3). Dollar

appreciation increased the attractiveness of U.S. Treasury bonds and complemented large price appreciation.

Net purchases by Western Europeans increased substantially. Early in the year, the strength was attributable to a rise in the interest-rate differential in favor of U.S. Treasury bonds, and in the July-October period, it was related indirectly to preparations for the European Monetary Union and the desire to hold dollar assets when financial difficulties in Asia first became evident. In contrast, net purchases by Japan were sharply lower in 1997 than in 1996; net sales began in the third quarter and accelerated in the fourth as balance sheets of Japanese financial institutions weakened. Net purchases by Asian countries other than Japan were also sharply lower in 1997 than in 1996; there were few net purchases over the last three quarters. Net purchases by international bond mutual funds in the Caribbean fell substantially, reflecting net sales in the first three quarters when international bond funds took profits before a shift to net purchases in the fourth. Trading activity in U.S. Treasury bonds increased 37 percent in 1997.

U.S. currency flows.—Net outflows of U.S. currency were \$24.8 billion in 1997, compared with \$17.3 billion in 1996 (table P). A large part of the increase in currency outflows in 1997, and since 1994, has been to Russia and the other states in the Commonwealth of Independent States. Pur-

chases of U.S. currency by these areas have not declined, even after their political and economic situations have stabilized. Their high demand most likely reflects the underdevelopment of their financial sector, as well as strengthening in their income and consumption. At the end of 1997, dollar purchases in Russia increased, likely reflecting concern about the ruble redenomination. Elsewhere in the world, the demand for U.S. bank notes has been relatively stable.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$189.3 billion in 1997, compared with the previous record of \$133.8 billion in 1996. Net foreign purchases of U.S. stocks increased more than fivefold—to \$66.9 billion from \$12.6 billion (table P, charts 11 and 14).

U.S. stock prices continued to advance; the Standard and Poor's 500 index rose 32 percent in 1997. Falling U.S. interest rates, low U.S. inflation, strong corporate earnings, and rising valuations placed on those earnings pushed U.S. stock prices to record highs. After rising early in the year, yields on U.S. corporate bonds declined an average of 85 basis points through yearend 1997, leading to an average price rise of 14 percent.

Net foreign purchases of U.S. stocks surged to a record \$66.9 billion—over five times the purchases of \$12.6 billion in 1996 and over three times the previous record of \$19.0 billion in 1993. The increase in the demand for U.S. stocks was

Table R.—New International Bond Issues by U.S. Borrowers

[Millions of dollars]

	1995	1996	1997 ^P	1997			
				I ^P	II	III ^P	IV ^P
Total	71,400	64,858	91,411	24,616	26,889	30,492	9,414
By issuer:							
Industrial corporations	3,540	2,410	7,810	2,303	1,113	3,592	803
Banking corporations ¹	10,967	15,539	23,543	8,034	5,943	7,376	2,190
Nonbank financial corporations ²	35,571	27,741	44,014	9,250	14,884	15,855	4,025
U.S. federally sponsored agencies	12,139	11,413	11,278	3,876	3,170	3,016	1,216
All other borrowers	9,183	7,755	4,766	1,153	1,779	654	1,181
By instrument:							
Of which: Issued through medium-term note programs	14,233	13,869	6,259	2,045	1,919	2,033	262
Straight fixed-rate bonds	49,339	39,254	53,240	12,856	16,014	18,999	5,371
Floating-rate notes	19,662	24,195	34,967	11,206	10,816	10,006	2,940
Zero-coupon bonds	1,037	298	2,059	554	59	688	757
Bonds convertible into stock	1,167	801	601	.....	.....	601	.....
Other debt instruments	195	310	544	.....	.....	198	346
By currency:							
U.S. dollars	43,869	39,572	61,165	17,599	18,802	19,060	5,703
Foreign currencies	27,531	25,286	30,246	7,017	8,087	11,431	3,711
Japanese yen	6,112	5,416	2,774	699	690	1,014	372
Swiss franc	4,148	1,762	3,331	737	860	953	782
German mark	8,664	8,372	4,751	1,331	1,073	2,255	92
British pound	978	2,363	6,432	2,461	1,212	2,421	337
European currency unit	488	.....	456	.....	171	285	.....
Canadian dollar	346	147	257	102	144	12	.....
Other currencies	6,795	7,226	12,244	1,687	3,937	4,491	2,128

^P Preliminary.
^R Revised.

1. Includes banks and bank holding companies.
 2. Principally credit, securities, brokerage, and insurance companies.

from Western Europe; purchases by the United Kingdom increased fivefold to a record \$21.3 billion, and purchases by Germany, Switzerland also accelerated sharply. These increases occurred despite stock price increases of more than 40 percent in local currencies in many European markets, which exceeded the 32-percent increase

in the U.S. market. Foreign purchases dropped sharply in the fourth quarter, to one-half of those in the third quarter, largely as a result of uncertainties created by developments in Asia and by the related sharp, but temporary, drop in U.S. stock prices at the end of October; however, net purchases in the fourth quarter were still

Table S.—Selected U.S. Transactions With OPEC Members

[Millions of dollars]

(Credits +; debits -)	1983	1984	1985	1986	1987	1988 ^r	1989 ^r	1990 ^r	1991 ^r	1992 ^r	1993 ^r	1994 ^r	1995 ^r	1996 ^r	1997 ^p
Exports of goods, services, and income:															
Goods, adjusted, excluding military	15,257	13,775	11,397	10,386	10,714	13,777	12,669	12,712	18,446	19,726	18,692	17,113	18,384	20,325	24,240
Transfers under U.S. military agency sales contracts	5,555	3,241	2,890	2,992	2,781	1,430	1,309	2,687	3,809	4,454	3,675	2,980	4,490	4,974	4,588
Royalties and license fees ¹	81	75	84	48	103	77	71	94	149	140	173	161	216	219	241
Other private services ¹	3,397	2,611	2,482	² 2,270	1,939	1,516	1,541	1,547	2,029	2,708	2,363	2,186	2,441	2,503	2,621
U.S. Government miscellaneous services	44	48	41	15	25	18	16	20	16	22	13	14	17	11	10
Income receipts on U.S. assets abroad:															
Direct investment receipts	2,830	3,366	2,485	1,858	1,965	1,875	1,835	2,854	3,293	3,224	2,745	2,782	4,047	4,359	4,639
Other private receipts	2,256	2,453	1,995	1,535	1,680	1,941	2,435	2,326	1,441	1,202	1,045	1,470	1,593	1,489	1,829
U.S. Government receipts	274	212	222	196	167	215	154	261	217	187	141	122	200	343	311
Imports of goods, services, and income:															
Goods, adjusted, excluding military	-24,919	-26,853	-22,834	-18,893	-24,416	-23,016	-29,243	-37,024	-33,431	-32,377	-32,644	-31,674	-35,609	-44,393	-46,286
Direct defense expenditures	-1,976	-1,440	-962	-494	-370	-377	-614	-1,419	-784	-883	-455	-360	-335	-545	-767
Royalties and license fees ¹	(^D)	(^D)	(^D)	(^D)	(*)	-6	-1	(*)	-1	-2	-37	-4	(*)	-20	-23
Other private services ¹	(^D)	(^D)	(^D)	² (^D)	-253	-259	-245	-330	-483	-410	-361	-412	-475	-599	-581
U.S. Government miscellaneous services	-106	-116	-120	-102	-118	-96	-104	-96	-87	-47	-26	-39	-34	-31	-31
Income payments on foreign assets in the United States:															
Direct investment payments	27	38	-72	114	-78	164	-50	-98	-93	182	-82	-49	-94	-179	-329
Other private payments	-2,914	-3,094	-2,499	-1,916	-1,837	-2,175	-2,798	-2,892	-2,669	-2,302	-2,176	-1,964	-2,944	-2,789	-3,111
U.S. Government payments	-5,462	-4,806	-4,241	-3,141	-2,586	-2,141	-2,758	-3,297	-2,784	-2,514	-2,218	-1,995	-2,406	-2,685	-3,943
U.S. Government grants	-51	-66	-62	-74	-84	-97	-130	3,368	27,422	1,019	-196	-203	-196	-147	-38
U.S. Government pensions and other transfers	-8	-8	-9	-21	-25	-20	5	-25	-305	-32	-27	-28	-27	-94	-60
U.S. assets abroad, net (increase/capital outflow (-))	-4,294	-1,138	2,005	-945	-571	-782	-1,875	1,847	-577	-12,161	-513	-2,556	324	-6,163	-8,279
U.S. Government assets, other than official reserve assets, net	82	-92	-7	158	141	-59	135	-253	-788	-528	19	-421	-509	-180	134
U.S. credits and other long-term assets	-525	-425	-358	-195	-165	-396	-212	-647	-246	-275	-85	-232	-924	-851	-410
Repayments on U.S. credits and other long-term assets	586	331	348	349	308	344	343	481	397	278	224	177	208	507	581
U.S. foreign currency holdings and U.S. short-term assets, net	21	2	3	4	-2	-7	4	-87	-939	-531	-120	-366	207	164	-37
U.S. private assets, net	-4,376	-1,046	2,012	-1,103	-712	-723	-2,010	2,100	211	-11,633	-532	-2,135	833	-5,983	-8,413
Direct investment	-1,292	-1,665	331	-1,357	-64	1,133	535	-1,277	-2,706	-1,465	-1,597	-3,037	-2,584	-2,144	-3,468
Foreign securities	-77	324	156	33	58	-365	96	-2,815	-17	337	-679	-2,077	-675	-2,777	-2,297
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	98	171	208	43	81	41	100	13	-224	-44	-306	-134	-31	-473	17
U.S. claims reported by U.S. banks, not included elsewhere	-3,105	124	1,317	178	-787	-1,532	-2,741	6,179	3,158	-10,461	2,050	3,113	4,123	-589	-2,665
Foreign assets in the United States, net (increase/capital inflow(+))	-7,931	-3,133	-3,393	-9,380	-5,371	-728	15,282	3,320	-4,416	14,529	-8,902	1,350	5,247	17,145	17,953
Of which: foreign official	-8,561	-4,664	-6,644	-9,308	-9,939	-2,885	10,724	1,555	-5,235	5,626	-3,848	-1,508	4,034	12,278	12,782
U.S. Treasury securities and U.S. currency flows	-6,650	-3,501	-1,389	-4,938	-5,398	1,688	7,815	-244	-5,902	4,323	-6,302	-1,668	1,829	13,926	9,844
Other U.S. securities	-1,947	-3,228	-2,327	-1,746	-1,808	-2,591	3,170	-2,676	1,989	4,186	3,322	-820	1,592	334	3,265
Other U.S. Government liabilities	-276	838	23	-427	-957	177	437	505	151	569	732	1,753	590	-214	-858
U.S. liabilities reported by U.S. banks, not included elsewhere	1,043	3,458	325	-1,459	2,405	-1,146	1,836	5,686	-164	4,793	-5,665	1,677	1,059	1,773	4,198
Direct investment in the United States	-11	747	176	510	296	1,629	1,503	-662	81	167	-812	245	-246	767	651
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-90	-1,447	-201	-1,320	91	-485	521	711	-571	491	-177	163	423	559	853
All other transactions with OPEC and transfers of funds between foreign areas, net	18,217	15,086	10,876	15,834	16,335	8,684	2,501	14,145	-11,192	3,335	18,790	11,106	5,161	6,277	7,016
Memorandum:															
Balance on goods	-9,662	-13,078	-11,437	-8,507	-13,702	-9,239	-16,574	-24,312	-14,985	-12,651	-13,952	-14,561	-17,225	-24,068	-22,046

^D Suppressed to avoid disclosure of data of individual companies.

^r Revised.

^p Preliminary.

* Less than \$500,000 (±).

1. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents.

The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

2. Break in series. See Technical Notes in June 1989 and June 1990 SURVEY.

NOTE.—OPEC members are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Beginning in January 1993, excludes Ecuador. Individual country information is not available for all accounts; therefore, some accounts are estimated from regional data.

considerably stronger than those in most quarters in recent years. Purchases from Western Europe continued unabated during the fourth quarter; the large shift to net sales occurred in transactions conducted through brokers and dealers in the Caribbean. Trading activity in stocks was 56 percent higher than in 1996.

Net foreign purchases of U.S. bonds were a record \$122.4 billion, slightly higher than the previous record of \$121.2 billion in 1996. New issues sold abroad by U.S. corporations were \$80.1 billion, up from \$53.4 billion, reflecting continued strong demand from Western Europe for new issues, many of which were part of global launch programs or asset-backed securities; issues of asset-backed securities were strongest in the third and fourth quarters. Both bank and nonbank financial institutions stepped up their borrowing considerably. By type of instrument, straight fixed-rate instruments increased considerably more than floating-rate instruments. The dollar was increasingly favored as the most popular currency of issue. New issues fell by two-thirds in the fourth quarter in response to uncertainties created by the situation in Asia (table R). Net foreign purchases of outstanding U.S. bonds slowed, partly because foreigners

sold bonds to realize capital gains resulting from the large run-up in bond prices. Trading activity in bonds was 48 percent higher than in 1996.

Direct investment.—Net capital inflows for foreign direct investment in the United States were a record \$107.9 billion in 1997, up from the previous record of \$77.0 billion in 1996. Intercompany debt inflows increased sharply, reinvested earnings increased, and equity capital inflows decreased (table M).

Intercompany debt inflows were \$39.7 billion, up from \$11.7 billion. Inflows in 1997 were dominated by a few exceptionally large transactions by a number of European financial institutions who loaned large amounts to their finance affiliates in the United States. In addition, other large inflows of funds to financial institutions occurred from the Caribbean. Reinvested earnings were \$20.4 billion, up from \$12.2 billion; increases were strong for affiliates of Western European and Japanese parents. Equity capital inflows were \$47.8 billion, down from \$53.0 billion; new acquisitions trailed those in 1996 because several large-scale transactions in 1996 were not matched by comparable transactions in 1997.


Tables 1 through 10 follow. 

Table 4.—Selected U.S. Government Transactions

[Millions of dollars]

Line		1996	1997 ^a	Not seasonally adjusted							
				1996				1997			
				I	II	III	IV	I	II	III ^b	IV ^b
A1	U.S. Government grants and transactions increasing Government assets, total	19,758	16,949	5,544	3,652	3,735	6,828	3,240	3,871	3,645	6,192
	By category										
2	Grants, net (table 1, line 30, with sign reversed)	14,933	11,688	4,321	2,423	2,690	5,499	2,109	2,245	2,231	5,103
3	Financing military purchases ¹	5,461	3,661	1,739	527	812	2,383	534	423	419	2,284
4a	Other grants	9,472	8,028	2,582	1,896	1,878	3,116	1,575	1,822	1,812	2,820
4b	Cash contributions received from coalition partners for Persian Gulf operations										
5	Credits and other long-term assets (table 1, line 40, with sign reversed)	4,930	5,237	1,076	1,489	1,127	1,238	1,107	1,613	1,415	1,102
6	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,814	1,588	438	358	433	586	427	411	415	336
7	Credits repayable in U.S. dollars	2,487	2,982	498	974	531	484	525	1,030	832	595
8	Credits repayable in other than U.S. dollars	-6	-5	-6	(*)	(*)	(*)	1		1	-7
9	Other long-term assets	636	670	145	158	164	169	154	173	166	178
10	Foreign currency holdings and short-term assets, net (table 1, line 42 with sign reversed)	-106	25	147	-261	-83	91	25	13		-13
11	Foreign currency holdings (excluding administrative cash holdings), net	-20	60	4	-20	-5	2	13	23	26	-3
	Receipts from:										
12	Sales of agricultural commodities	(*)	(*)	(*)		(*)	(*)	(*)			
13	Interest	13	18	4	3	4	2	7	1	9	1
14	Repayments of principal	40	27	21	10	4	6	10	5	10	2
15	Reverse grants										
16	Other sources	6	2	(*)	1	4	1	(*)	(*)	1	1
	Less currencies disbursed for:										
17	Grants and credits in the recipient's currency	2		1	1						
18	Other grants and credits										
19	Other U.S. Government expenditures	77	-13	20	34	16	6	4	-17	-6	6
20	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-147	-17	70	-215	25	-27	-5	-7	(*)	-5
21	Other assets held under Commodity Credit Corporation Charter Act, net	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
22	Assets financing military sales contracts, net ²										
23	Other short-term assets (including changes in administrative cash holdings), net	60	-19	73	-26	-103	116	16	-3	-27	-6
	By program										
24	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,814	1,588	438	358	433	586	427	411	415	336
25	Under Agricultural Trade Development and Assistance Act and related programs	823	811	207	196	175	245	147	190	261	213
26	Under Foreign Assistance Act and related programs	13,710	10,738	4,173	2,143	2,461	4,933	1,947	2,136	1,927	4,729
27	Under Export-Import Bank Act	1,356	1,552	218	478	392	269	336	405	413	398
28	Under Commodity Credit Corporation Charter Act	216	505	109	71	31	6	29	346	118	13
29	Under other grant and credit programs	1,161	1,044	176	295	187	503	171	192	347	334
30	Other foreign currency assets acquired (lines A13, A14, and A16)	58	47	25	14	11	8	17	6	20	4
31	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	77	-13	20	34	16	6	4	-17	-6	6
32	Other (including changes in administrative cash holdings), net	696	651	218	132	61	285	170	170	139	172
	By disposition³										
33	Estimated transactions involving no direct dollar outflow from the United States	12,012	10,609	3,337	2,329	2,458	3,888	1,988	2,543	2,365	3,713
34	Expenditures on U.S. goods	6,282	5,067	2,135	674	869	2,603	737	737	964	2,629
35	Expenditures on U.S. services ⁴	2,635	2,533	662	718	669	586	627	736	642	529
36	Financing of military sales contracts by U.S. Government ⁵ (line C6)	2,553	2,011	447	654	813	638	588	505	442	477
37	By long-term credits	457	259	151	147	67	92	77	102	65	16
38	By short-term credits ¹										
39	By grants ¹	2,096	1,752	297	508	746	545	511	404	377	460
40	U.S. Government grants and credits to repay prior U.S. Government credits ^{1,4}	413	940	42	231	91	48	36	523	309	73
41	U.S. Government long- and short-term credits to repay prior U.S. private credits ⁶ and other assets	233	61	70	93	50	19	4	34	5	18
42	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line C11)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
43	Less receipts on short-term U.S. Government assets (a) financing military sales contracts ¹ (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	27	16	(*)	8	19		1	8	1	6
44	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	77	-13	20	34	16	6	4	-17	-6	6
45	Estimated dollar payments to foreign countries and international financial institutions	7,747	6,339	2,206	1,323	1,277	2,940	1,252	1,328	1,280	2,480
B1	Repayments on U.S. Government long-term assets, total (table 1, line 41)	4,134	5,439	1,013	870	1,206	1,045	1,111	1,358	1,876	1,094
2	Receipts of principal on U.S. Government credits	3,482	4,752	850	704	1,040	887	938	1,191	1,713	910
3	Under Agricultural Trade Development and Assistance Act and related programs	402	490	69	72	92	169	39	96	181	174
4	Under Foreign Assistance Act and related programs	1,585	1,731	558	213	565	249	529	340	578	284
5	Under Export-Import Bank Act	1,145	1,786	172	398	295	279	337	421	728	300
6	Under Commodity Credit Corporation Charter Act	175	501	51	21	63	41	33	331	113	24
7	Under other credit programs	175	244	(*)	(*)	26	149	(*)	3	113	128
8	Receipts on other long-term assets	652	687	163	165	167	157	173	167	163	184
C1	U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 53)	720	539	-143	-204	907	160	478	654	-510	-83
2	Associated with military sales contracts ²	724	553	-107	-209	854	187	503	666	-550	-66
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds. ¹	14,993	11,945	3,561	2,913	3,714	4,804	2,790	3,631	3,180	2,344
4	Less U.S. Government receipts from principal repayments	867	869	368	31	386	83	333	83	342	111
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	1,307	-2,643	657	-216	-285	1,151	-648	-341	-432	-1,222
6	Plus financing of military sales contracts by U.S. Government ⁵ (line A36)	2,553	2,011	447	654	813	638	588	505	442	477
7	By long-term credits	457	259	151	147	67	92	77	102	65	16
8	By short-term credits ¹										
9	By grants ¹	2,096	1,752	297	508	746	545	511	404	377	460
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) ^{1,2/} (table 1, line 4)	14,647	15,175	3,092	3,961	3,572	4,022	3,190	3,727	4,261	3,997
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line A42)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
12	Associated with other liabilities	-5	-15	-36	5	53	-27	-26	-13	40	-17
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation	34	-61	1	1	44	-11	-34	-3	18	-41
14	Sales of space launch and other services by National Aeronautics and Space Administration	-43	47	-39	8	-3	-10	3	-3	23	23
15	Other sales and miscellaneous operations	5	-1	2	-4	12	-6	5	-7	(*)	(*)

See footnotes on page 91.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1996	1997 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 1997
				1996				1997				
				I	II	III	IV	I	II	III ^p	IV ¹	
A1	Claims, total (table 1, line 46)	-64,234	-76,298	-15,778	-5,047	-17,294	-26,115	-29,466	-3,984	-17,848	-25,000	449,040
2	Financial claims	-61,568	-76,021	-16,257	-4,832	-17,774	-22,705	-30,369	-4,005	-16,647	-25,000	420,239
3	Denominated in U.S. dollars	-41,661	-61,437	-4,470	-4,891	-8,639	-23,661	-26,035	2,596	-12,998	-25,000	332,387
4	Denominated in foreign currencies	-19,907	-14,583	-11,787	59	-9,135	956	-4,334	-6,601	-3,648		87,852
5	By type: Deposits ²	-60,856	-75,859	-16,147	-4,672	-17,563	-22,474	-30,823	-3,749	-16,287	-25,000	415,206
6	Other claims ^{2,3}	-712	-162	-110	-160	-211	-231	454	-256	-360		5,033
7	By area: Industrial countries ⁴	-29,780	-26,878	-14,987	6,319	-8,112	-13,000	-16,197	-2,656	-8,025		168,270
8	Of which United Kingdom	-18,167	-15,681	-10,672	3,180	-4,072	-6,603	-8,873	-4,827	-1,981		80,468
9	Canada	-1,061	2,814	-141	55	3,126	-4,101	894	2,843	-923		8,418
10	Caribbean banking centers ⁵	-30,719	-48,294	-1,234	-10,854	-9,399	-9,232	-14,279	-957	-8,058	-25,000	238,835
11	Other	-1,069	-848	-36	-297	-263	-473	107	-392	-563		13,134
12	Commercial claims	-2,666	-278	479	-215	480	-3,410	903	21	-1,202		28,802
13	Denominated in U.S. dollars	-2,657	168	410	-166	432	-3,333	916	148	-896		27,060
14	Denominated in foreign currencies	-9	-446	69	-49	48	-77	-13	-127	-306		1,742
15	By type: Trade receivables	-2,227	673	875	-153	266	-3,215	1,015	-52	-290		25,148
16	Advance payments and other claims	-439	-951	-396	-62	214	-195	-112	73	-912		3,654
17	By area: Industrial countries ⁴	-1,161	-348	-231	-72	645	-1,503	485	159	-992		16,071
18	Members of OPEC ⁶	-278	29	-100	120	-91	-207	68	83	-122		1,979
19	Other	-1,227	41	810	-263	-74	-1,700	350	-221	-88		10,752
B1	Liabilities, total (table 1, line 60)	31,786	44,740	6,800	7,288	20,610	-2,912	15,210	-7,916	22,046	15,400	321,788
2	Financial liabilities	26,194	41,780	5,774	7,108	18,375	-5,063	13,863	-8,161	20,678	15,400	287,212
3	Denominated in U.S. dollars	12,420	47,270	3,574	3,100	11,156	-5,410	11,301	-3,713	24,282	15,400	252,462
4	Denominated in foreign currencies	13,774	-1,490	2,200	4,008	7,219	347	2,562	-448	-3,604		34,750
5	By area: Industrial countries ⁴	27,031	18,900	10,054	6,530	10,247	200	11,177	-1,118	8,841		94,490
6	Of which United Kingdom	25,140	20,721	7,757	7,738	9,176	469	11,896	167	8,658		82,714
7	Caribbean banking centers ⁵	-657	22,600	-4,105	900	7,897	-5,349	2,300	-7,000	11,900	15,400	176,000
8	Other	-180	280	-175	-322	231	86	386	-43	-63		16,722
9	Commercial liabilities	5,592	2,960	1,026	180	2,235	2,151	1,347	245	1,368		34,576
10	Denominated in U.S. dollars	5,919	2,896	1,338	102	2,356	2,123	1,434	236	1,226		33,405
11	Denominated in foreign currencies	-327	64	-312	78	-121	28	-87	9	142		1,171
12	By type: Trade payables	1,506	-1,761	-198	266	524	914	-1,200	-393	-168		10,954
13	Advance receipts and other liabilities	4,086	4,721	1,224	-86	1,711	1,237	2,547	638	1,536		23,622
14	By area: Industrial countries ⁴	3,967	1,511	1,371	-143	1,217	1,522	637	46	828		15,802
15	Members of OPEC ⁶	632	1,095	-225	304	260	293	308	131	656		4,005
16	Other	993	354	-120	19	758	336	402	68	-116		14,769

See footnotes on page 91.

Table 8.—Claims on Foreigners Reported by U.S. Banks
[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	1996	1997 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 1997
				1996				1997				
				I	II	III	IV	I	II	III ^r	IV ^p	
1	Total, net (table 1, line 47)	-98,186	-151,076	1,868	192	-33,589	-66,657	-62,026	-27,947	-30,602	-30,501	1,004,111
2	By type:											
3	Banks' own claims	-62,878	-125,038	5,304	-1,932	-11,136	-55,114	-44,047	-26,233	-11,673	-43,085	787,491
4	Payable in dollars	-68,258	-104,231	1,257	-4,736	-8,734	-56,045	-35,969	-14,957	-5,219	-48,086	704,762
5	By borrower:											
6	Claims on:											
7	own foreign offices	-35,084	-86,107	9,811	-9,802	-4,170	-30,923	-17,832	-19,085	4,983	-54,173	428,616
8	unaffiliated foreign banks	-11,929	4,432	-2,107	-1,814	-4,033	-3,975	-4,891	-1,083	14,796	-4,390	109,139
9	foreign public borrowers ¹	294	1,441	-5,338	4,775	153	704	-6,657	-530	-888	9,516	20,771
10	other private foreigners	-21,539	-23,997	-1,109	2,105	-684	-21,851	-6,589	5,741	-24,110	961	146,236
11	By bank ownership: ²											
12	U.S.-owned banks' claims on:											
13	own foreign offices	-17,794	-23,612	-1,317	582	-5,814	-11,245	7,062	3,428	2,433	-36,535	166,653
14	unaffiliated foreign banks	-11,568	11,745	3,727	-6,760	-4,784	-3,751	1,591	600	7,676	1,878	38,885
15	other foreigners	-11,389	-15,137	-4,213	7,364	3,991	-18,531	-1,634	2,992	-13,963	-2,532	107,549
16	Foreign-owned banks' claims on:											
17	own foreign offices	-17,290	-62,495	11,128	-10,384	1,644	-19,678	-24,894	-22,513	2,550	-17,638	261,963
18	unaffiliated foreign banks	-361	-7,313	-5,834	4,946	751	-224	-6,482	-1,683	7,120	-6,268	70,254
19	other foreigners	-9,856	-7,419	-2,234	-484	-4,522	-2,616	-11,612	2,219	-11,035	13,009	59,458
20	Payable in foreign currencies	5,380	-20,807	4,047	2,804	-2,402	931	-8,078	-11,276	-6,454	5,001	82,729
21	Banks' domestic customers' claims	-35,308	-26,038	-3,436	2,124	-22,453	-11,543	-17,979	-1,714	-18,929	12,584	216,620
22	Payable in dollars	-26,840	-27,513	-3,197	3,294	-22,617	-4,320	-19,600	221	-18,984	10,850	208,144
23	Deposits	-19,131	-7,907	-10,431	-1,453	-10,292	3,045	-17,474	556	-7,092	16,103	85,580
24	Foreign commercial paper ³	-10,668	-6,897	3,577	-2,142	-10,163	-1,940	-1,107	1,211	-8,271	-1,270	72,901
25	Other negotiable and readily transferable instruments ⁴	-1,993	-5,207	1,387	5,377	-2,060	-6,697	-1,153	-1,508	-2,967	-1,885	27,006
26	Outstanding collections and other	4,952	-7,502	2,270	1,512	-102	1,272	-2,172	-38	-654	-4,638	22,657
27	Payable in foreign currencies	-8,468	1,475	-239	-1,170	164	-7,223	1,621	-1,935	55	1,734	8,476
28	By area:											
29	Industrial countries ⁵	-52,753	-71,511	12,303	-8,637	-33,987	-22,432	-61,572	-3,218	4,093	-10,814	512,160
30	Western Europe	-40,870	-70,579	-700	-7,479	-24,806	-7,885	-50,727	1,681	-19,244	-2,289	355,762
31	Of which United Kingdom	-17,842	-31,239	-4,309	1,857	-16,076	686	-21,261	3,574	-82	-13,470	169,394
32	Canada	-10,760	-4,031	2,487	-4,189	-6,129	-2,929	-12,749	-2,552	14,165	-2,895	56,510
33	Japan	2,305	3,773	10,724	2,416	-210	-10,625	1,468	-1,208	7,829	-4,316	86,616
34	Other	-3,428	-674	-208	615	-2,842	-993	436	-1,139	1,343	-1,314	13,272
35	Caribbean banking centers ⁶	-17,366	-64,338	-2,497	14,461	-3,663	-25,667	8,308	-16,988	-33,307	-22,351	306,746
36	Other areas	-28,067	-15,227	-7,938	-5,632	4,061	-18,558	-8,762	-7,741	-1,388	2,664	185,205
37	Of which Members of OPEC, included below ⁷	-589	-2,665	2,609	-733	-1,862	-603	-197	-122	1,219	-3,565	18,780
38	Latin America	-10,505	-15,269	677	-675	-1,449	-9,058	144	-4,427	-2,518	-8,468	96,177
39	Asia	-15,430	-2,600	-4,914	-7,494	4,729	-7,751	-4,920	-5,174	2,422	5,072	78,995
40	Africa	128	-456	-78	-30	213	23	-61	-571	82	94	3,238
41	Other ⁸	-2,260	3,098	-3,623	2,567	568	-1,772	-3,925	2,431	-1,374	5,966	6,795
42	Memoranda:											
43	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above)	-17,199	-34,681	3,223	1,012	2,326	-23,760	-10,367	-2,403	2,728	-24,639	254,277
44	By borrower:											
45	Claims on:											
46	own foreign offices	-15,723	-21,247	6,264	-3,304	2,744	-21,427	-4,188	1,574	-634	-17,999	152,186
47	unaffiliated foreign banks	563	-3,396	-3,870	4,443	-525	515	-3,854	-4,703	5,534	-373	59,095
48	foreign public borrowers	1,495	-289	859	963	145	-472	339	670	-86	-1,212	6,868
49	all other foreigners	-3,534	-9,749	-30	-1,090	-38	-2,376	-2,664	56	-2,086	-5,055	36,128
50	By bank ownership: ²											
51	U.S.-owned IBF's	4,872	-4,009	-278	-141	3,309	1,982	-1,341	2,430	1,484	-6,582	61,948
52	Foreign-owned IBF's	-22,071	-30,672	3,501	1,153	-983	-25,742	-9,026	-4,833	1,244	-18,057	192,329
53	Banks' dollar acceptances payable by foreigners	-1214	825	-622	-303	-61	-228	-810	-235	583	1287	9587

See footnotes on page 91.

FOOTNOTES TO U.S. INTERNATIONAL TRANSACTIONS TABLES 1-10

General notes for all tables: *P* Preliminary. *R* Revised. *Less than \$500,000 (\pm)
D Suppressed to avoid disclosure of data of individual companies.

- Table 1:**
- Credits, +: Exports of goods, services, and income; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.
 - Debits, -: Imports of goods, services, and income; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.
 - Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis; see *table 2*.
 - Includes some goods: Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 18; and fuels purchased by airline and steamship operators in lines 7 and 21.
 - Includes transfers of goods and services under U.S. military grant programs.
 - Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.
 - Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.
 - For all areas, amounts outstanding December 31, 1997, were as follows in millions of dollars: Line 34, 69,955; line 35, 11,047; line 36, 10,027; line 37, 18,071; line 38, 30,809. Data are preliminary.
 - Includes sales of foreign obligations to foreigners.
 - Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.
 - Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.
 - Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see *table 4*.
 - Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.
 - Conceptually, the sum of lines 70 and 62 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in the "Reconciliation and Other Special Tables" section in this issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables (published annually in the August issue of the SURVEY).
 - Additional footnotes for historical data in June issues of the SURVEY:
 - For 1974, includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions," June 1974 SURVEY, p. 27.
 - For 1978-83, includes foreign currency-denominated notes sold to private residents abroad.
 - Break in series. See Technical Notes in the June 1989, June 1990, June 1992, June 1993, June 1995, July 1996, and July 1997 issues of the SURVEY.

- Table 2:**
- Exports, Census basis, represent transactions values, f.a.s. U.S. port of exportation, for all years; imports, Census basis, represent Customs values (see Technical Notes in the June 1982 SURVEY), except for 1974-81, when they represent transactions values, f.a.s. foreign port of exportation (see June issues of the SURVEY for historical data).
 - From 1983 forward, both unadjusted and seasonally adjusted data have been prepared by BEA from "actual" and "revised statistical" month data supplied by the Census Bureau (see Technical Notes in the December 1985 SURVEY).
 - Seasonally adjusted data reflect the application of seasonal factors developed jointly by Census and BEA. The seasonally adjusted data are the sum of seasonally adjusted five-digit end-use categories (see Technical Notes in the June 1980 SURVEY, in the June 1988 SURVEY, and in the June 1991 SURVEY). Prior to 1983, annual data are as published by the Census Bureau, except that for 1975-80 published Census data are adjusted to include trade between the U.S. Virgin Islands and foreign countries.
 - Beginning in 1990, the Census Bureau replaced its compiled export statistics with counterpart Canadian import statistics. Similarly, Statistics Canada replaced its compiled export statistics with counterpart U.S. import statistics. This exchange of data has eliminated the need for the inland freight adjustment on U.S. exports, but not on U.S. imports.
 - Adjustments in lines A5 and A13, B12, B47, and B82 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.
 - Exports of military equipment under U.S. military agency sales contracts with foreign governments (line A6), and direct imports by the Department of Defense and the Coast Guard (line A14), to the extent such trade is identifiable from Customs declarations. The exports are included in tables 1 and 10, line 4 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 10, line 18 (direct defense expenditures).
 - Addition of electrical energy; deduction of exposed motion picture film for rental rather than sale; net change in stock of U.S.-owned grains in storage in Canada; coverage adjustments for special situations in which shipments were omitted from Census data; deduction of the value of repairs and alterations to foreign-owned equipment shipped to the United States for repair; and the inclusion of fish exported outside of U.S. customs area. Also includes deduction of exports to the Panama Canal Zone before October 1, 1979, and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 - Deduction of foreign charges for repair of U.S. vessels abroad, which are included in tables 1 and 10, line 21 (other transportation); coverage adjustments for special situations in which shipments were omitted from Census data; and the deduction of the value of repairs and alterations to U.S.-owned equipment shipped abroad for repair. Also includes addition of understatement of inland freight in f.a.s. values of U.S. imports of goods from Canada in 1974-81; deduction of imports from the Panama Canal Zone before October 1, 1979; and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 - For 1988-89, correction for the understatement of crude petroleum imports from Canada.
 - Annual and unadjusted quarterly data shown in this table correspond to country and area data in table 10, lines 2 and 16. Trade with international organizations includes purchases of nonmonetary gold from the International Monetary Fund, transfers of tin to the International Tin Council (ITC), and sales of satellites to Intelsat. The memoranda are defined as follows: *Industrial countries:* Western Europe, Canada, Japan, Australia, New Zealand, and South Africa; *Members of OPEC:* Venezuela, Ecuador, Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Indonesia, Algeria, Libya, Nigeria, and Gabon (beginning in January 1993, excludes Ecuador); *Other countries:* Eastern Europe, Latin America and Other Western Hemisphere, and other countries in Asia and Africa, less OPEC. Before 1984, complete geographic area detail was not available for some balance of payments adjustments. Therefore, the detail shown does not always sum to the values shown for the area aggregates. For all years, "Asia" and "Africa" exclude certain Pacific Islands and unidentified countries included in "Other countries in Asia and Africa."
 - Includes the former German Democratic Republic (East Germany) beginning in fourth quarter of 1990. In earlier periods, the German Democratic Republic was included in Eastern Europe.
 - Beginning in 1986, New Zealand and South Africa are included in "Other countries in Asia and Africa," with New Zealand included as part of "Asia" and South Africa as part of "Africa."
 - Includes nuclear fuel materials and fuels.

- Table 3:**
- Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.
 - Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.
 - Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

- Table 4:**
- Expenditures to release foreign governments from their contractual liabilities to pay for military goods and services purchased through military sales contracts—first authorized (for Israel) under Public Law 93-199, section 4, and subsequently authorized (for many recipients) under similar legislation—are included in line A3. Deliveries against these military sales contracts are included in line C10; see *footnote 2*. Of the line A3 items, part of these military expenditures is applied in lines A40 and A43 to reduce short-term assets previously recorded in lines A38 and C8; this application of funds is excluded from lines C3 and C4. A second part of line A3 expenditures finances future deliveries under military sales contracts for the recipient countries and is applied directly to lines A39 and C9. A third part of line A3, disbursed directly to finance purchases by recipient countries from commercial suppliers in the United States, is included in line A34. A fourth part of line A3, representing dollars paid to the recipient countries to finance purchases from countries other than the United States, is included in line A45.
 - Transactions under military sales contracts are those in which the Department of Defense sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. Purchases by foreigners directly from commercial suppliers are *not* included as transactions under military sales contracts. The entries for the several categories of transactions related to military sales contracts in this and other tables are partly estimated from incomplete data.
 - The identification of transactions involving direct dollar outflows from the United States is made in reports by each operating agency.
 - Line A35 includes foreign currency collected as interest and line A40 includes foreign currency collected as principal, as recorded in lines A13 and A14, respectively.
 - Includes (a) advance payments to the Department of Defense (on military sales contracts) financed by loans extended to foreigners by U.S. Government agencies and (b) the contraentry for the part of line C10 that was delivered without prepayment by the foreign purchaser. Also includes expenditures of appropriations available to release foreign purchasers from liability to make repayment.
 - Includes purchases of loans from U.S. banks and exporters and payments by the U.S. Government under commercial export credit and investment guarantee programs.
 - Excludes liabilities associated with military sales contracts financed by U.S. Government grants and credits and included in line C2.
- Table 5:**
- Beginning with 1991, payments and receipts of interest related to interest rate and foreign currency swaps between affiliates and parents are netted and are shown as either net payments or net receipts. Receipts and payments of other types of interest are shown on a gross basis.
 - Petroleum includes, and manufacturing and "other" industries exclude, the exploration, development, and production of crude oil and gas, and the transportation, refining, and marketing of petroleum products, exclusive of petrochemicals. "Other" industries includes wholesale trade; banking; finance (except banking), insurance, and real estate; services; and other industries—agriculture, forestry, and fishing; mining; construction; transportation, communication, and public utilities; and retail trade.
 - Acquisition of equity holdings in existing and newly established companies, capital contributions, capitalization of intercompany debt, and other equity contributions.
 - Sales (total and partial), liquidations, returns of capital contributions, and other dispositions of equity holdings.
- Table 6:**
- Primarily provincial, regional, and municipal.
 - Largely transactions by International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), and Inter-American Development Bank (IDB).
 - Estimate for scheduled redemptions and identifiable early retirements. Includes estimates based on Canadian statistics for redemptions of Canadian issues held in the United States. Unidentified and nonscheduled retirements appear in line A30.
- Table 7:**
- Estimates of transactions other than those with U.S. banks' Caribbean branches are not available.
 - Deposits (line A5) include other financial claims (line A6) for some countries due to the commingling of these categories in foreign source data.
 - Primarily mortgages, loans, and bills and notes drawn on foreigners.
 - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
- Table 8:**
- Includes central governments and their agencies and corporations; state, provincial, and local governments and their agencies and corporations; and international and regional organizations.
 - U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' accounts may be commingled in some categories. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 - Commercial paper issued in the U.S. market by foreign incorporated entities; excludes commercial paper issued through foreign direct investment affiliates in the United States.
 - Negotiable and readily transferable instruments other than commercial paper, payable in dollars; consists largely of negotiable certificates of deposit.
 - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
 - Includes Eastern Europe and international and regional organizations.
- Table 9:**
- Negotiable certificates of deposit issued by banks in the United States are included in banks' custody liabilities and are separately identified in memorandum line 8. Nonnegotiable certificates of deposit are included in time deposits.
 - Includes borrowing under Federal funds or repurchase arrangements, deferred credits, and liabilities other than deposits.
 - Mainly negotiable and readily transferable instruments, excluding U.S. Treasury securities.
 - Mainly International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), and the Trust Fund of the International Monetary Fund.
 - U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' liabilities may be commingled in some categories. Foreign-owned banks are U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 - U.S. currency flows are not included, because no geographic data are available.
 - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
 - Includes Eastern Europe and international and regional organizations.

- Table 10:**
- For footnotes 1-13, see *table 1*.
 - The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.
 - The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.
 - Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.
 - Details not shown separately; see totals in lines 49 and 56.
 - Details not shown separately are included in line 61.

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Western Europe						European Union ¹⁴	
		1996	1997 ²	1997				1996	1997 ²
				I	II	III ³	IV ³		
1	Exports of goods, services, and income	305,718	340,426	82,285	85,940	84,503	87,698	275,794	306,248
2	Goods, adjusted, excluding military ²	137,194	152,936	38,645	39,866	35,316	39,109	124,786	138,823
3	Services ³	80,819	86,836	19,651	21,070	24,087	22,028	72,288	76,950
4	Transfers under U.S. military agency sales contracts ⁴	3,451	3,833	934	879	1,111	909	2,334	2,344
5	Travel	22,166	23,945	4,678	5,896	7,537	5,834	20,092	21,704
6	Passenger fares	6,804	7,294	1,448	1,728	2,375	1,743	6,443	6,908
7	Other transportation	7,703	8,057	1,942	2,002	2,020	2,093	6,113	6,525
8	Royalties and license fees ⁵	15,522	14,752	3,711	3,540	3,582	3,919	14,804	14,020
9	Other private services ⁵	25,007	28,795	6,896	6,990	7,419	7,490	22,357	25,310
10	U.S. Government miscellaneous services	167	160	42	35	43	40	145	139
11	Income receipts on U.S. assets abroad	87,705	100,655	23,990	25,004	25,100	26,561	78,720	90,475
12	Direct investment receipts	45,686	49,089	12,013	12,442	11,690	12,944	39,496	42,760
13	Other private receipts	40,948	50,646	11,695	12,392	13,135	13,424	38,298	46,927
14	U.S. Government receipts	1,071	920	282	170	275	193	926	788
15	Imports of goods, services, and income	-324,755	-367,894	-83,405	-94,876	-94,566	-95,047	-293,572	-334,568
16	Goods, adjusted, excluding military ²	-161,629	-175,884	-40,901	-45,115	-43,106	-46,762	-146,293	-160,207
17	Services ³	-61,827	-66,322	-14,442	-17,876	-18,462	-15,542	-54,592	-58,712
18	Direct defense expenditures	-7,043	-6,900	-1,780	-1,594	-1,724	-1,802	-5,678	-5,424
19	Travel	-16,738	-17,912	-3,057	-5,009	-5,728	-3,518	-15,573	-16,663
20	Passenger fares	-7,863	-8,337	-1,752	-2,338	-2,455	-1,792	-7,529	-7,529
21	Other transportation	-9,527	-10,294	-2,456	-2,683	-2,577	-2,578	-7,545	-8,155
22	Royalties and license fees ⁵	-4,543	-4,989	-1,213	-1,196	-1,331	-1,249	-3,820	-4,225
23	Other private services ⁵	-14,903	-16,721	-3,890	-4,168	-4,354	-4,309	-13,812	-15,712
24	U.S. Government miscellaneous services	-1,210	-1,168	-293	-288	-293	-294	-1,061	-1,004
25	Income payments on foreign assets in the United States	-101,299	-125,689	-28,063	-31,885	-32,998	-32,743	-92,688	-115,649
26	Direct investment payments	-25,805	-31,539	-6,311	-8,578	-8,698	-7,952	-23,311	-28,333
27	Other private payments	-48,444	-58,237	-13,688	-14,475	-14,829	-15,245	-45,539	-54,400
28	U.S. Government payments	-27,050	-35,913	-8,064	-8,832	-9,471	-9,546	-23,838	-32,916
29	Unilateral transfers, net	360	169	45	63	-2	63	1,230	1,049
30	U.S. Government grants ⁴	-476	-457	-102	-134	-145	-76	-97	-28
31	U.S. Government pensions and other transfers	-1,259	-1,269	-281	-330	-322	-336	-1,049	-1,087
32	Private remittances and other transfers ⁶	2,095	1,895	428	527	465	475	2,376	2,164
33	U.S. assets abroad, net (increase/capital outflow (-))	-171,397	-182,434	-83,486	-21,851	-54,737	-22,360	-154,604	-161,454
34	U.S. official reserve assets, net ⁷	-649	-611	-196	-139	-142	-134	-609	-1,377
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
37	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....
38	Foreign currencies	-649	-611	-196	-139	-142	-134	-609	-1,377
39	U.S. Government assets, other than official reserve assets, net	326	534	157	-17	186	208	222	355
40	U.S. credits and other long-term assets	-563	-332	-86	-112	-71	-63	-247	-166
41	Repayments on U.S. credits and other long-term assets ⁸	933	908	255	109	281	263	506	564
42	U.S. foreign currency holdings and U.S. short-term assets, net	-44	-42	-12	-14	-24	8	-37	-43
43	U.S. private assets, net	-171,074	-182,357	-83,447	-21,695	-54,781	-22,434	-154,217	-160,432
44	Direct investment	-43,470	-58,456	-12,590	-22,885	-8,044	-14,937	-38,973	-52,546
45	Foreign securities	-57,674	-23,576	-3,366	4,773	-19,773	-5,210	-54,498	-23,609
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-29,176	-29,747	-16,678	-5,269	-7,800	.....	-28,199	-29,378
47	U.S. claims reported by U.S. banks, not included elsewhere	-40,754	-70,578	-50,813	1,686	-19,164	-2,287	-32,547	-54,899
48	Foreign assets in the United States, net (increase/capital inflow (+))	290,120	427,129	111,398	85,754	126,783	103,194	284,192	390,522
49	Foreign official assets in the United States, net	29,320	6,617	11,034	1,172	832	-6,421	(18)	(18)
50	U.S. Government securities	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
51	U.S. Treasury securities ⁹	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
52	Other ¹⁰	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	696	695	73	209	101	312	44	689
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
55	Other foreign official assets ¹²	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
56	Other foreign assets in the United States, net	260,800	420,512	100,364	84,582	125,951	109,615	(18)	(18)
57	Direct investment	59,640	77,352	26,390	14,755	18,650	17,557	59,898	57,355
58	U.S. Treasury securities and U.S. currency flows	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	80,868	128,594	30,948	32,525	38,745	26,376	77,157	119,055
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	28,281	22,021	12,825	-368	9,564	.....	28,090	21,506
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	18 119,003	18 191,917
62	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-100,047	-217,396	-26,837	-55,030	-61,981	-73,548	-113,039	-201,796
64	Memoranda:								
65	Balance on goods (lines 2 and 16)	-24,435	-22,948	-2,256	-5,249	-7,790	-7,653	-21,507	-21,384
66	Balance on services (lines 3 and 17)	18,993	20,514	5,209	3,194	5,625	6,486	17,696	18,238
67	Balance on goods and services (lines 64 and 65)	-5,442	-2,434	2,953	-2,055	-2,165	-1,167	-3,811	-3,146
68	Balance on investment income (lines 11 and 25)	-13,594	-25,034	-4,073	-6,881	-7,898	-6,182	-13,968	-25,174
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	-19,036	-27,468	-1,120	-8,936	-10,063	-7,349	-17,779	-28,321
70	Unilateral transfers, net (line 29)	360	169	45	63	-2	63	1,230	1,049
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-18,676	-27,299	-1,075	-8,873	-10,065	-7,286	-16,549	-27,272

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Eastern Europe						Canada	
		1996	1997 ²	1997				1996	1997 ²
				I	II	III ³	IV ³		
1	Exports of goods, services, and income	12,028	12,867	3,108	3,403	3,217	3,139	172,286	192,907
2	Goods, adjusted, excluding military ²	7,359	7,582	1,811	2,110	1,743	1,918	134,609	151,824
3	Services ³	3,548	3,637	881	846	981	929	20,181	20,767
4	Transfers under U.S. military agency sales contracts ⁴	477	318	96	80	56	86	166	92
5	Travel	842	909	173	227	287	222	6,763	6,746
6	Passenger fares	100	109	20	22	29	38	1,331	1,160
7	Other transportation	474	454	99	97	130	128	2,889	3,015
8	Royalties and license fees ⁵	127	160	42	36	41	41	1,416	1,392
9	Other private services ⁵	1,485	1,643	442	374	423	404	7,552	8,310
10	U.S. Government miscellaneous services	42	44	9	10	15	10	63	51
11	Income receipts on U.S. assets abroad	1,122	1,648	416	447	493	292	17,497	20,316
12	Direct investment receipts	497	898	247	302	242	107	8,642	10,610
13	Other private receipts	348	492	100	109	131	152	8,855	9,706
14	U.S. Government receipts	277	258	69	36	120	33		
15	Imports of goods, services, and income	-10,897	-12,723	-2,792	-3,108	-3,552	-3,271	-182,614	-196,614
16	Goods, adjusted, excluding military ²	-7,003	-8,444	-1,864	-2,009	-2,325	-2,246	-158,640	-170,829
17	Services ³	-2,612	-2,641	-580	-722	-777	-562	-13,967	-14,986
18	Direct defense expenditures	-309	-252	-79	-51	-37	-85	-47	-60
19	Travel	-1,087	-1,162	-212	-338	-407	-205	-4,606	-4,840
20	Passenger fares	-276	-294	-52	-96	-94	-52	-391	-455
21	Other transportation	-309	-276	-80	-70	-73	-53	-3,607	-3,787
22	Royalties and license fees ⁵	-8	-7	-2	-1	-2	-2	-192	-265
23	Other private services ⁵	-561	-589	-142	-151	-146	-150	-5,022	-5,440
24	U.S. Government miscellaneous services	-62	-62	-14	-15	-18	-15	-101	-140
25	Income payments on foreign assets in the United States	-1,282	-1,638	-348	-377	-450	-463	-10,007	-10,799
26	Direct investment payments	-1	15	-3	5	8	5	-3,285	-3,356
27	Other private payments	-410	-482	-99	-99	-137	-147	-4,429	-5,234
28	U.S. Government payments	-871	-1,171	-246	-283	-321	-321	-2,293	-2,209
29	Unilateral transfers, net	-3,283	-2,659	-653	-687	-799	-520	-338	-361
30	U.S. Government grants ⁴	-1,972	-1,296	-292	-359	-459	-186		
31	U.S. Government pensions and other transfers	-36	-38	-9	-10	-10	-9	-408	-421
32	Private remittances and other transfers ⁶	-1,275	-1,325	-352	-318	-330	-325	70	60
33	U.S. assets abroad, net (increase/capital outflow (-))	-3,816	-2,444	-3,738	1,044	-2,636	2,886	-25,200	-16,722
34	U.S. official reserve assets, net ⁷								
35	Gold								
36	Special drawing rights								
37	Reserve position in the International Monetary Fund								
38	Foreign currencies								
39	U.S. Government assets, other than official reserve assets, net	-122	11	11	-13	20	-7	7	10
40	U.S. credits and other long-term assets	-132	-647	-28	-328	-235	-56		
41	Repayments on U.S. credits and other long-term assets ⁸	47	615	27	315	226	47		
42	U.S. foreign currency holdings and U.S. short-term assets, net	-37	43	12		29	2	7	10
43	U.S. private assets, net	-3,694	-2,455	-3,749	1,057	-2,656	2,893	-25,207	-16,732
44	Direct investment	-1,804	-1,502	-748	-578	-352	176	-8,875	-11,281
45	Foreign securities	-421	-1,092	-85	-577	-609	179	-6,324	-3,763
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	98	-16	38	-31	-23		-1,248	2,343
47	U.S. claims reported by U.S. banks, not included elsewhere	-1,567	155	-2,954	2,243	-1,672	2,538	-10,760	-4,031
48	Foreign assets in the United States, net (increase/capital inflow (+))	3,467	213	1,180	3,708	1,911	-6,586	24,647	440
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	1,829	-2,578
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
53	Other U.S. Government liabilities ¹¹	76	-14	-22	1	32	-25	-41	21
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	22,818	3,018
57	Direct investment	169	-67	-217	75	158	-83	5,670	8,436
58	U.S. Treasury securities and U.S. currency flows	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
59	U.S. securities other than U.S. Treasury securities	87	270	-33	73	189	41	6,058	5,028
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-44	204	33	-47	218		765	-1,313
61	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁸ 3,179	¹⁸ -180	¹⁸ 1,419	¹⁸ 3,606	¹⁸ 1,314	¹⁸ -6,519	(17)	(17)
62	Allocations of special drawing rights								
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	2,501	4,747	2,896	-4,360	1,859	4,352	11,219	20,351
64	Memoranda:								
65	Balance on goods (lines 2 and 16)	356	-862	-53	101	-582	-328	-24,031	-19,005
66	Balance on services (lines 3 and 17)	936	996	301	124	204	367	6,214	5,781
67	Balance on goods and services (lines 64 and 65)	1,292	134	248	225	-378	39	-17,617	-13,224
68	Balance on investment income (lines 11 and 25)	-161	10	68	70	43	-171	7,490	9,517
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	1,131	143	315	295	-335	-132	-10,327	-3,708
70	Unilateral transfers, net (line 29)	-3,283	-2,659	-653	-687	-799	-520	-338	-361
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-2,152	-2,516	-338	-392	-1,134	-652	-10,665	-4,069

See footnotes on page 91.

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Australia					
		1996	1997 ²	1997			
				I	II	III ³	IV ⁴
1	Exports of goods, services, and income	21,726	23,347	5,319	6,174	6,005	5,849
2	Goods, adjusted, excluding military ²	11,705	11,904	2,823	3,095	3,071	2,915
3	Services ³	4,792	5,365	1,122	1,293	1,470	1,480
4	Transfers under U.S. military agency sales contracts ⁴	204	378	35	46	76	221
5	Travel	1,819	1,941	392	480	608	461
6	Passenger fares	461	494	100	133	143	118
7	Other transportation	297	320	72	79	84	85
8	Royalties and license fees ⁵	575	625	141	159	161	164
9	Other private services ⁵	1,423	1,595	379	393	396	427
10	U.S. Government miscellaneous services	13	12	3	3	2	4
11	Income receipts on U.S. assets abroad	5,229	6,078	1,374	1,786	1,464	1,454
12	Direct investment receipts	2,979	3,598	777	1,169	836	816
13	Other private receipts	2,250	2,480	597	617	628	638
14	U.S. Government receipts						
15	Imports of goods, services, and income	-6,820	-8,194	-2,074	-1,658	-2,196	-2,266
16	Goods, adjusted, excluding military ²	-3,869	-4,870	-1,159	-1,169	-1,290	-1,252
17	Services ³	-2,501	-2,702	-743	-567	-645	-747
18	Direct defense expenditures	-53	-88	-21	-12	-25	-30
19	Travel	-943	-1,003	-325	-175	-197	-306
20	Passenger fares	-503	-538	-157	-114	-126	-141
21	Other transportation	-326	-241	-61	-60	-65	-65
22	Royalties and license fees ⁵	-32	-77	-8	-8	-54	-7
23	Other private services ⁵	-599	-702	-155	-187	-174	-186
24	U.S. Government miscellaneous services	-45	-54	-17	-11	-14	-12
25	Income payments on foreign assets in the United States	-450	-622	-172	78	-261	-267
26	Direct investment payments	31	-75	-65	213	-108	-115
27	Other private payments	-333	-468	-88	-115	-133	-132
28	U.S. Government payments	-148	-79	-19	-20	-20	-20
29	Unilateral transfers, net	-92	-88	-25	-22	-21	-20
30	U.S. Government grants ⁴						
31	U.S. Government pensions and other transfers	-34	-35	-9	-9	-9	-8
32	Private remittances and other transfers ⁶	-58	-53	-16	-13	-12	-12
33	U.S. assets abroad, net (increase/capital outflow (-))	-11,507	-4,782	-595	-2,026	-146	-2,015
34	U.S. official reserve assets, net ⁷						
35	Gold						
36	Special drawing rights						
37	Reserve position in the International Monetary Fund						
38	Foreign currencies						
39	U.S. Government assets, other than official reserve assets, net	15	(*)	-1	-1	2	
40	U.S. credits and other long-term assets						
41	Repayments on U.S. credits and other long-term assets ⁸			-1			
42	U.S. foreign currency holdings and U.S. short-term assets, net	15	(*)		-1	2	
43	U.S. private assets, net	-11,522	-4,782	-594	-2,025	-148	-2,015
44	Direct investment	-3,789	-1,658	-797	-632	207	-436
45	Foreign securities	-4,470	-2,727	-1,082	-197	-921	-517
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-222	150	142	-57	65	
47	U.S. claims reported by U.S. banks, not included elsewhere	-3,041	-547	1,153	-1,139	501	-1,062
48	Foreign assets in the United States, net (increase/capital inflow (+))	4,280	4,887	-921	2,560	2,788	460
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	-53	-150	23	2	-16	-159
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	2,129	3,412	469	213	3,277	-547
58	U.S. Treasury securities and U.S. currency flows	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	-614	717	272	325	295	-175
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	427	-73	128	-153	-48	
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 2,391	18 981	18 -1,813	18 2,173	18 -720	18 1,341
62	Allocations of special drawing rights						
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-7,587	-15,169	-1,703	-5,028	-6,430	-2,008
64	Memoranda:						
65	Balance on goods (lines 2 and 16)	7,836	7,034	1,664	1,926	1,781	1,663
66	Balance on services (lines 3 and 17)	2,291	2,862	378	726	825	733
67	Balance on goods and services (lines 64 and 65)	10,127	9,896	2,042	2,652	2,606	2,396
68	Balance on investment income (lines 11 and 25)	4,779	5,456	1,202	1,864	1,203	1,187
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	14,906	15,152	3,244	4,516	3,809	3,583
70	Unilateral transfers, net (line 29)	-92	-88	-25	-22	-21	-20
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	14,814	15,064	3,219	4,494	3,788	3,563

National Data

A. Selected NIPA Tables

The tables in this section include the most recent estimates of gross domestic product and its components; these estimates were released on March 26, 1998 and include the "final" estimates for the fourth quarter of 1997 and for the year 1997.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly. In most tables, the annual estimates are also shown. Most of the "annual only" NIPA tables were presented in the August 1997 SURVEY OF CURRENT BUSINESS; tables 8.20–8.26 were presented in the September 1997 SURVEY; and the remaining "annual only" tables—tables 3.15–3.20 and 9.1–9.6—were presented in the October 1997 SURVEY.

The selected NIPA tables are available on printouts or diskettes from BEA. To order NIPA subscription products using Visa or MasterCard, call the BEA Order Desk at 1-800-704-0415 (outside the United States, 202-606-9666).

The news release on gross domestic product (GDP) is available at the time of release, and the selected NIPA tables are available later that day, on STAT-USA's Economic Bulletin Board and Internet services; for information, call STAT-USA ON 202-482-1986. In addition, the GDP news release is available the afternoon of the day of the release, and the selected NIPA tables are available about 2 weeks later (when the SURVEY is sent to the printer), on BEA's Internet site <<http://www.bea.doc.gov>>.

1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product	7,636.0	8,079.9	7,676.0	7,792.9	7,933.6	8,034.3	8,124.3	8,227.4
Personal consumption expenditures	5,207.6	5,485.8	5,227.4	5,308.1	5,405.7	5,432.1	5,527.4	5,577.8
Durable goods	634.5	659.3	634.5	638.2	658.4	644.5	667.3	666.8
Nondurable goods	1,534.7	1,592.0	1,538.3	1,560.1	1,587.4	1,578.9	1,600.8	1,600.9
Services	3,038.4	3,234.5	3,054.6	3,109.8	3,159.9	3,208.7	3,259.3	3,310.0
Gross private domestic investment	1,116.5	1,242.5	1,149.2	1,151.1	1,193.6	1,242.0	1,250.2	1,284.1
Fixed investment	1,090.7	1,174.1	1,112.0	1,119.2	1,127.5	1,160.8	1,201.3	1,206.8
Nonresidential	781.4	846.9	798.6	807.2	811.3	836.3	872.0	868.0
Structures	215.2	230.2	217.7	227.0	227.4	226.8	232.9	233.9
Producers' durable equipment	566.2	616.7	580.9	580.2	583.9	609.5	639.1	634.2
Residential	309.2	327.2	313.5	312.0	316.2	324.6	329.3	338.8
Change in business inventories	25.9	68.4	37.1	31.9	66.1	81.1	48.9	77.2
Net exports of goods and services	-94.8	-101.1	-114.0	-88.6	-98.8	-88.7	-111.3	-105.3
Exports	870.9	957.1	863.7	904.6	922.2	960.3	965.8	980.0
Goods	617.5	686.3	609.7	640.5	656.2	690.0	691.1	707.9
Services	253.3	270.8	254.0	264.2	266.0	270.3	274.8	272.1
Imports	965.7	1,058.1	977.6	993.2	1,021.0	1,049.0	1,077.1	1,085.4
Goods	809.0	888.5	820.2	834.6	855.8	880.1	905.6	912.6
Services	156.7	169.6	157.5	158.6	165.2	168.9	171.6	172.7
Government consumption expenditures and gross investment	1,406.7	1,452.7	1,413.5	1,422.3	1,433.1	1,449.0	1,457.9	1,470.9
Federal	520.0	523.8	521.6	517.6	516.1	526.1	525.7	527.3
National defense	352.8	350.3	354.8	350.6	343.3	350.6	352.1	355.2
Nondefense	167.3	173.5	166.8	167.0	172.8	175.5	173.6	172.0
State and local	886.7	928.9	891.9	904.7	917.0	923.0	932.3	943.6

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

Table 1.2.—Real Gross Domestic Product

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product	6,928.4	7,188.8	6,943.8	7,017.4	7,101.6	7,159.6	7,214.0	7,280.0
Personal consumption expenditures	4,714.1	4,867.5	4,718.2	4,756.4	4,818.1	4,829.4	4,896.2	4,926.1
Durable goods	611.1	645.5	611.9	617.1	637.8	629.0	656.1	659.3
Nondurable goods	1,432.3	1,458.5	1,433.9	1,441.2	1,457.8	1,450.0	1,465.5	1,460.9
Services	2,671.0	2,764.1	2,672.8	2,698.2	2,723.9	2,749.8	2,776.1	2,806.4
Gross private domestic investment	1,069.1	1,197.0	1,100.3	1,104.8	1,149.2	1,197.1	1,204.6	1,237.2
Fixed investment	1,041.7	1,123.6	1,060.9	1,068.7	1,079.0	1,111.4	1,149.3	1,154.6
Nonresidential	771.7	848.3	789.3	800.8	808.9	837.0	874.5	872.7
Structures	188.7	195.4	190.0	196.9	195.9	193.5	196.7	195.5
Producers' durable equipment	586.0	659.0	602.9	606.7	616.6	649.3	685.3	684.8
Residential	272.1	279.5	274.1	271.1	273.3	278.2	280.1	286.3
Change in business inventories	25.0	65.7	37.9	32.9	63.7	77.6	47.5	74.0
Net exports of goods and services	-114.4	-146.5	-138.9	-105.6	-126.3	-136.6	-164.1	-159.1
Exports	857.0	962.7	851.4	901.1	922.7	962.5	973.0	992.7
Goods	628.4	725.0	623.0	666.2	686.2	725.8	731.8	756.3
Services	229.9	241.7	229.4	236.8	238.9	240.8	245.0	241.8
Imports	971.5	1,109.2	990.2	1,006.6	1,048.9	1,099.1	1,137.1	1,151.8
Goods	823.1	947.5	841.7	857.5	891.3	938.4	972.7	987.6
Services	149.0	163.0	149.3	150.0	158.4	161.8	165.8	165.9
Government consumption expenditures and gross investment	1,257.9	1,269.6	1,261.5	1,261.8	1,260.5	1,270.1	1,273.4	1,274.4
Federal	464.2	457.0	465.7	459.6	452.8	460.1	458.8	456.1
National defense	317.8	308.6	319.4	313.6	303.9	309.4	310.3	311.1
Nondefense	146.1	147.9	146.0	145.7	148.5	150.2	148.0	144.8
State and local	793.7	812.7	795.9	802.3	807.7	810.1	814.7	818.3
Residual	-1.6	-4.3	-2.4	-3.8	-2.9	-3.9	-4.6	-6.0

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

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

Table 1.9.—Relation of Gross Domestic Product, Gross National Product, Net National Product, National Income, and Personal Income

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product	7,636.0	8,079.9	7,676.0	7,792.9	7,933.6	8,034.3	8,124.3	8,227.4
Plus: Receipts of factor income from the rest of the world	234.3	262.2	235.4	248.8	248.2	261.6	269.4	269.8
Less: Payments of factor income to the rest of the world	232.6	282.0	242.3	245.6	262.5	282.3	290.1	293.1
Equals: Gross national product	7,637.7	8,060.1	7,669.1	7,796.1	7,919.2	8,013.6	8,103.5	8,204.2
Less: Consumption of fixed capital	830.1	867.9	835.4	845.6	855.0	863.0	871.6	881.9
Private	682.7	716.9	687.7	697.2	705.4	712.3	720.3	729.4
Capital consumption allowances	709.9	750.4	715.4	725.3	736.6	745.9	754.3	764.8
Less: Capital consumption adjustment	27.1	33.6	27.8	28.1	31.2	33.6	34.0	35.5
Government	147.4	151.0	147.8	148.4	149.6	150.6	151.3	152.6
General government	125.1	127.8	125.4	125.8	126.8	127.4	128.0	129.0
Government enterprises	22.3	23.3	22.4	22.6	22.9	23.3	23.4	23.6
Equals: Net national product	6,807.6	7,192.2	6,833.6	6,950.4	7,064.2	7,150.7	7,231.9	7,322.3
Less: Indirect business tax and nontax liability	604.8	619.4	600.9	625.3	610.2	616.2	625.4	625.8
Business transfer payments	33.6	35.3	33.8	34.2	34.4	35.0	35.9	36.0
Statistical discrepancy	-59.9	-86.0	-79.5	-59.5	-64.3	-73.5	-103.2	-103.1
Plus: Subsidies less current surplus of government enterprises	25.4	26.1	24.9	26.0	26.1	26.0	25.8	26.7
Equals: National income	6,254.5	6,649.7	6,303.3	6,376.5	6,510.0	6,599.0	6,699.6	6,790.1
Less: Corporate profits with inventory valuation and capital consumption adjustments	735.9	805.0	739.6	747.8	779.6	795.1	827.3	818.1
Net interest	425.1	448.7	430.9	430.6	440.5	448.1	451.8	454.2
Contributions for social insurance	692.0	732.1	696.8	705.1	719.5	726.9	735.0	746.9
Wage accruals less disbursements	1.1	1.2	1.1	1.1	1.2	1.2	1.2	1.2
Plus: Personal interest income	735.7	768.6	742.7	749.8	757.2	766.1	772.6	778.4
Personal dividend income	291.2	321.5	292.0	295.2	312.5	318.3	324.5	330.7
Government transfer payments to persons	1,042.0	1,094.1	1,046.3	1,055.1	1,080.5	1,090.0	1,098.4	1,107.3
Business transfer payments to persons	26.0	27.1	26.1	26.4	26.7	26.9	27.2	27.5
Equals: Personal income	6,495.2	6,873.9	6,541.9	6,618.4	6,746.2	6,829.1	6,906.9	7,013.5
Addenda:								
Gross domestic income	7,695.9	8,165.9	7,755.5	7,852.4	7,997.9	8,107.9	8,227.4	8,330.5
Gross national income	7,697.6	8,146.2	7,748.5	7,855.5	7,983.6	8,087.2	8,206.7	8,307.3
Net domestic product	6,805.9	7,212.0	6,840.6	6,947.3	7,078.5	7,171.4	7,252.6	7,345.5

Table 1.10.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Net National Product

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product	6,928.4	7,188.8	6,943.8	7,017.4	7,101.6	7,159.6	7,214.0	7,280.0
Plus: Receipts of factor income from the rest of the world	214.2	236.3	214.8	226.0	224.6	236.3	242.5	242.0
Less: Payments of factor income to the rest of the world	210.2	250.1	218.1	219.8	234.0	250.8	256.9	258.7
Equals: Gross national product	6,932.0	7,174.4	6,940.2	7,023.1	7,091.8	7,144.4	7,198.8	7,262.6
Less: Consumption of fixed capital	776.4	807.3	779.8	786.7	797.3	806.5	816.0	809.5
Private	642.4	672.2	645.7	652.2	662.6	671.5	680.8	674.0
Government	134.2	135.4	134.3	134.6	135.0	135.3	135.6	135.8
General government	114.1	114.9	114.2	114.4	114.6	114.8	115.0	115.1
Government enterprises	20.0	20.5	20.1	20.2	20.3	20.4	20.6	20.7
Equals: Net national product	6,155.6	6,367.2	6,160.4	6,236.4	6,294.5	6,338.2	6,383.3	6,452.8
Addenda:								
Gross domestic income ¹	6,982.7	7,265.3	7,015.7	7,070.9	7,159.2	7,225.2	7,305.6	7,371.2
Gross national income ²	6,986.3	7,250.9	7,012.1	7,076.7	7,149.4	7,210.0	7,290.5	7,353.8
Net domestic product	6,151.9	6,381.5	6,164.0	6,230.7	6,304.4	6,353.3	6,398.3	6,470.1

1. Gross domestic income deflated by the implicit price deflator for gross domestic product.

2. Gross national income deflated by the implicit price deflator for gross national product.

NOTE.—Except as noted in footnotes 1 and 2, chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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 1.11.—Command-Basis Real Gross National Product

[Billions of chained (1992) dollars]

Gross national product	6,932.0	7,174.4	6,940.2	7,023.1	7,091.8	7,144.4	7,198.8	7,262.6
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,071.7	1,199.2	1,066.8	1,127.6	1,147.3	1,198.9	1,216.0	1,234.7
Plus: Command-basis exports of goods and services and receipts of factor income ¹	1,091.1	1,239.2	1,090.2	1,143.4	1,171.9	1,241.7	1,261.9	1,281.3
Equals: Command-basis gross national product	6,951.4	7,214.4	6,963.6	7,038.9	7,116.4	7,187.2	7,244.8	7,309.3
Addendum:								
Terms of trade ²	101.8	103.3	102.2	101.4	102.1	103.6	103.8	103.8

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

2. Ratio of the implicit price deflator for exports of goods and services and receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 1.14.—National Income by Type of Income

(Billions of dollars)

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
National income	6,254.5	6,649.7	6,303.3	6,376.5	6,510.0	6,599.0	6,699.6	6,790.1
Compensation of employees ...	4,426.9	4,703.6	4,461.0	4,520.7	4,606.3	4,663.4	4,725.2	4,819.6
Wage and salary accruals	3,633.6	3,878.6	3,664.0	3,718.0	3,792.7	3,842.7	3,897.3	3,981.6
Government	642.6	665.3	645.5	648.9	657.8	662.0	667.7	673.7
Other	2,991.0	3,213.3	3,018.4	3,069.0	3,134.9	3,180.8	3,229.6	3,307.9
Supplements to wages and salaries	793.3	825.0	797.0	802.7	813.6	820.7	827.9	837.9
Employer contributions for social insurance	385.7	408.4	388.6	393.6	401.3	405.6	410.2	416.6
Other labor income	407.6	416.6	408.4	409.1	412.3	415.1	417.7	421.4
Proprietors' income with inventory valuation and capital consumption adjustments	520.3	544.5	523.8	528.3	534.6	543.6	547.2	552.5
Farm	37.2	40.7	40.1	40.4	40.2	43.6	40.9	38.2
Proprietors' income with inventory valuation adjustment	45.0	48.3	47.9	48.1	47.9	51.2	48.5	45.7
Capital consumption adjustment	-7.8	-7.6	-7.8	-7.8	-7.7	-7.6	-7.5	-7.5
Nonfarm	483.1	503.8	483.7	487.9	494.4	500.0	506.3	514.3
Proprietors' income	455.3	474.5	456.1	460.0	466.3	470.8	477.0	484.1
Inventory valuation adjustment	-2	.3	-1	.3	-1	.6	.2	.5
Capital consumption adjustment	28.0	28.9	27.8	27.5	28.1	28.7	29.1	29.8
Rental income of persons with capital consumption adjustment	146.3	147.9	148.0	149.2	149.0	148.7	148.0	145.7
Rental income of persons	193.3	197.3	195.5	197.3	197.9	197.6	197.7	196.0
Capital consumption adjustment	-47.0	-49.4	-47.5	-48.1	-48.9	-48.9	-49.7	-50.3
Corporate profits with inventory valuation and capital consumption adjustments	735.9	805.0	739.6	747.8	779.6	795.1	827.3	818.1
Corporate profits with inventory valuation adjustment	674.1	735.3	676.4	683.4	711.9	725.7	757.1	746.5
Profits before tax	676.6	729.8	679.1	680.0	708.4	719.8	753.4	737.3
Profits tax liability	229.0	249.4	231.6	226.0	241.2	244.5	258.2	253.6
Profits after tax	447.6	480.3	447.5	454.0	467.2	475.3	495.2	483.7
Dividends	304.8	336.1	305.7	309.1	326.8	333.0	339.1	345.6
Undistributed profits ...	142.8	144.2	141.8	144.9	140.3	142.3	156.1	138.1
Inventory valuation adjustment	-2.5	5.5	-2.7	3.3	3.5	5.9	3.6	9.2
Capital consumption adjustment	61.8	69.7	63.2	64.4	67.7	69.4	70.3	71.6
Net interest	425.1	448.7	430.9	430.6	440.5	448.1	451.8	454.2
Addenda:								
Corporate profits after tax with inventory valuation and capital consumption adjustments	506.9	555.6	508.0	521.8	538.4	550.6	569.1	564.5
Net cash flow with inventory valuation and capital consumption adjustments ...	654.3	695.1	657.8	674.6	678.9	690.2	707.9	703.4
Undistributed profits with inventory valuation and capital consumption adjustments	202.1	219.5	202.3	212.6	211.5	217.6	230.0	218.9
Consumption of fixed capital	452.3	475.6	455.5	462.0	467.4	472.6	478.0	484.5
Less: Inventory valuation adjustment	-2.5	5.5	-2.7	3.3	3.5	5.9	3.6	9.2
Equals: Net cash flow	656.8	689.6	660.5	671.3	675.5	684.4	704.3	694.2

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

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product of corporate business	4,624.9	4,942.6	4,661.0	4,733.2	4,824.8	4,897.2	4,989.2	5,059.3
Consumption of fixed capital	452.3	475.6	455.5	462.0	467.4	472.6	478.0	484.5
Net domestic product	4,172.6	4,467.0	4,205.5	4,271.2	4,357.4	4,424.6	4,511.3	4,574.9
Indirect business tax and nontax liability plus business transfer payments less subsidies	463.9	476.3	460.9	485.0	465.9	474.4	483.1	481.9
Domestic income	3,708.7	3,990.7	3,744.6	3,786.2	3,891.5	3,950.2	4,028.2	4,093.0
Compensation of employees	2,926.7	3,127.3	2,951.4	2,997.9	3,056.5	3,098.2	3,142.3	3,212.2
Wage and salary accruals	2,433.5	2,614.4	2,456.3	2,500.7	2,550.7	2,588.0	2,627.6	2,691.3
Supplements to wages and salaries	493.2	512.9	495.1	497.3	505.8	510.2	514.7	520.9
Corporate profits with inventory valuation and capital consumption adjustments	640.0	706.5	647.8	640.3	682.2	694.4	727.5	721.8
Profits before tax	580.7	631.2	587.4	572.5	611.0	619.1	653.5	641.0
Profits tax liability	229.0	249.4	231.6	226.0	241.2	244.5	258.2	253.6
Profits after tax	351.6	381.8	355.7	346.5	369.8	374.5	395.3	387.4
Dividends	270.8	298.2	265.6	281.6	292.7	293.6	292.0	314.4
Undistributed profits	80.8	83.6	90.1	64.9	77.1	80.9	103.3	73.0
Inventory valuation adjustment	-2.5	5.5	-2.7	3.3	3.5	5.9	3.6	9.2
Capital consumption adjustment	61.8	69.7	63.2	64.4	67.7	69.4	70.3	71.6
Net interest	142.1	157.0	145.4	148.0	152.8	157.6	158.4	159.0
Gross domestic product of financial corporate business	492.5	539.9	495.2	513.2	525.1	536.1	543.0	555.3
Gross domestic product of nonfinancial corporate business	4,132.4	4,402.8	4,165.8	4,220.1	4,299.7	4,361.1	4,446.3	4,504.1
Consumption of fixed capital	393.4	413.3	396.2	401.8	406.3	410.7	415.3	420.8
Net domestic product	3,739.0	3,989.5	3,769.7	3,818.3	3,893.4	3,950.4	4,031.0	4,083.3
Indirect business tax and nontax liability plus business transfer payments less subsidies	421.8	439.6	423.7	430.0	432.2	437.0	445.3	443.8
Domestic income	3,317.2	3,549.9	3,345.9	3,388.3	3,461.2	3,513.3	3,585.7	3,639.4
Compensation of employees	2,682.9	2,866.8	2,704.7	2,745.3	2,801.9	2,840.1	2,880.6	2,944.6
Wage and salary accruals	2,228.6	2,394.2	2,248.7	2,287.5	2,335.8	2,370.0	2,406.3	2,464.6
Supplements to wages and salaries	454.4	472.6	456.0	457.8	466.0	470.1	474.2	480.0
Corporate profits with inventory valuation and capital consumption adjustments	545.8	596.9	553.3	561.7	575.4	586.7	618.2	607.5
Profits before tax	477.2	511.7	483.4	484.4	494.5	501.5	534.2	516.5
Profits tax liability	154.8	165.4	156.8	159.0	159.4	161.8	174.1	166.4
Profits after tax	322.4	346.3	326.6	325.5	335.1	339.8	360.1	350.2
Dividends	196.4	211.1	191.8	199.4	207.0	208.1	207.7	221.8
Undistributed profits	126.0	135.2	134.8	126.1	128.2	131.7	152.4	128.4
Inventory valuation adjustment	-2.5	5.5	-2.7	3.3	3.5	5.9	3.6	9.2
Capital consumption adjustment	71.1	79.7	72.6	74.0	77.4	79.3	80.4	81.8
Net interest	88.5	86.2	88.0	81.3	83.9	86.6	87.0	87.3
	Billions of chained (1992) dollars							
Gross domestic product of nonfinancial corporate business ¹	3,887.8	4,108.4	3,913.7	3,963.5	4,022.2	4,068.9	4,146.5	4,196.1
Consumption of fixed capital ²	374.4	402.7	376.6	381.7	396.0	402.2	408.2	404.2
Net domestic product ³	3,513.5	3,705.8	3,537.1	3,581.8	3,626.2	3,666.7	3,738.3	3,791.9

1. Chained-dollar gross domestic product of nonfinancial corporate business equals the current-dollar product deflated by the implicit price deflator for goods and structures in gross domestic product.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net domestic product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

3. Government Receipts, Current Expenditures, and Gross Investment

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Receipts	2,412.7	2,589.6	2,426.7	2,479.0	2,526.6	2,566.8	2,616.7	2,648.5
Personal tax and nontax receipts	886.9	988.7	897.3	922.6	955.7	979.2	998.0	1,022.1
Corporate profits tax accruals	229.0	249.4	231.6	226.0	241.2	244.5	258.2	253.6
Indirect business tax and nontax accruals	604.8	619.4	600.9	625.3	610.2	616.2	625.4	625.8
Contributions for social insurance	692.0	732.1	696.8	705.1	719.5	726.9	735.0	746.9
Current expenditures	2,417.8	2,510.6	2,423.6	2,455.8	2,477.4	2,498.7	2,516.1	2,550.5
Consumption expenditures	1,182.4	1,226.8	1,189.8	1,197.0	1,209.7	1,221.6	1,230.8	1,244.8
Transfer payments (net)	1,058.3	1,107.3	1,058.2	1,078.0	1,091.0	1,100.8	1,108.5	1,128.9
To persons	1,042.0	1,094.1	1,046.3	1,055.1	1,080.5	1,090.0	1,098.4	1,107.3
To the rest of the world (net)	16.3	13.2	11.9	22.9	10.5	10.8	10.0	21.6
Net interest paid	165.4	165.1	164.4	168.8	164.9	164.9	165.6	165.0
Interest paid	317.7	319.2	318.1	320.7	317.9	319.1	319.7	320.0
To persons and business	246.4	228.1	244.1	241.3	233.3	227.9	225.9	225.3
To the rest of the world	71.3	91.1	74.0	79.4	84.6	91.2	93.9	94.7
Less: Interest received by government	152.3	154.1	153.7	152.0	153.0	154.1	154.1	155.0
Less: Dividends received by government	13.6	14.6	13.7	14.0	14.3	14.7	14.7	14.9
Subsidies less current surplus of government enterprises	25.4	26.1	24.9	26.0	26.1	26.0	25.8	26.7
Subsidies	33.5	34.6	33.5	33.7	34.1	34.6	34.7	34.9
Less: Current surplus of government enterprises	8.1	8.4	8.5	7.7	8.0	8.6	8.8	8.2
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-5.1	79.0	3.1	23.2	49.2	68.1	100.6	98.0
Social insurance funds	126.6	135.1	129.7	132.0	129.9	132.0	135.8	142.8
Other	-131.7	-56.1	-126.6	-108.8	-80.7	-63.9	-35.1	-44.8

Table 3.2.—Federal Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Receipts	1,587.6	1,723.4	1,598.6	1,641.6	1,675.3	1,709.3	1,741.8	1,767.4
Personal tax and nontax receipts	686.7	774.4	695.7	717.5	746.9	767.9	781.9	801.0
Income taxes	666.8	751.1	674.8	697.2	725.0	744.1	758.5	776.9
Estate and gift taxes	17.5	20.6	18.4	17.7	19.3	21.1	20.7	21.4
Nontaxes	2.5	2.7	2.5	2.6	2.6	2.6	2.7	2.7
Corporate profits tax accruals	194.5	211.9	196.7	192.0	204.9	207.7	219.3	215.5
Federal Reserve banks	20.1	21.5	20.1	20.4	20.9	21.2	21.7	22.1
Other	174.4	190.4	176.6	171.7	184.0	186.5	197.7	193.4
Indirect business tax and nontax accruals	95.8	91.3	91.5	110.2	88.2	92.2	92.4	92.3
Excise taxes	56.4	58.7	55.7	59.6	56.5	59.0	59.0	60.4
Customs duties	19.2	19.7	20.2	16.8	18.6	20.5	20.9	19.0
Nontaxes	20.2	12.9	15.5	33.7	13.2	12.7	12.6	13.0
Contributions for social insurance	610.5	645.9	614.8	622.0	635.3	641.5	648.2	658.6
Current expenditures	1,698.1	1,752.2	1,698.2	1,718.8	1,730.8	1,746.0	1,752.6	1,779.5
Consumption expenditures	451.5	463.8	454.0	453.6	458.0	464.2	464.7	468.4
Transfer payments (net)	763.5	795.5	761.5	777.3	785.9	791.4	794.5	810.2
To persons	747.2	782.3	749.7	754.4	775.5	780.5	784.5	788.6
To the rest of the world (net)	16.3	13.2	11.9	22.9	10.5	10.8	10.0	21.6
Grants-in-aid to State and local governments	218.3	224.2	218.7	217.5	219.6	222.5	224.2	230.6
Net interest paid	227.1	230.3	226.6	231.8	228.9	229.8	231.2	231.3
Interest paid	253.1	254.5	253.4	256.1	253.2	254.4	255.1	255.4
To persons and business	181.8	163.5	179.5	176.7	168.7	163.3	161.2	160.6
To the rest of the world	71.3	91.1	74.0	79.4	84.6	91.2	93.9	94.7
Less: Interest received by government	26.0	24.2	26.9	24.3	24.4	24.6	23.9	24.1
Subsidies less current surplus of government enterprises	37.7	38.4	37.4	38.5	38.4	38.1	37.9	39.0
Subsidies	33.1	34.2	33.1	33.4	33.8	34.3	34.3	34.5
Less: Current surplus of government enterprises	-4.6	-4.2	-4.2	-5.1	-4.7	-3.9	-3.6	-4.5
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-110.5	-28.8	-99.5	-77.1	-55.5	-36.8	-10.8	-12.1
Social insurance funds	55.3	63.7	58.2	60.6	58.7	60.4	64.4	71.3
Other	-165.8	-92.5	-157.8	-137.7	-114.2	-97.2	-75.2	-83.4

Table 3.3.—State and Local Government Receipts and Current Expenditures

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Receipts	1,043.4	1,090.4	1,046.7	1,054.9	1,070.9	1,080.0	1,099.1	1,111.7
Personal tax and nontax receipts	200.2	214.3	201.7	205.1	208.7	211.3	216.1	221.1
Income taxes	149.1	159.8	150.3	153.1	155.7	157.4	161.2	165.1
Nontaxes	28.8	31.0	29.1	29.6	30.1	30.7	31.3	31.8
Other	22.3	23.5	22.3	22.5	22.9	23.3	23.7	24.1
Corporate profits tax accruals	34.5	37.6	34.9	34.0	36.4	36.8	38.9	38.1
Indirect business tax and nontax accruals	508.9	528.1	509.4	515.1	522.0	524.0	533.0	533.5
Sales taxes	249.8	257.4	249.6	251.9	256.2	255.6	258.4	259.3
Property taxes	202.3	208.8	203.0	204.7	206.2	207.8	209.4	211.9
Other	56.8	62.0	56.8	58.5	59.6	60.6	65.2	62.4
Contributions for social insurance	81.4	86.2	82.0	83.1	84.2	85.4	86.8	88.4
Federal grants-in-aid	218.3	224.2	218.7	217.5	219.6	222.5	224.2	230.6
Current expenditures	938.0	982.6	944.2	954.5	966.1	975.1	987.7	1,001.5
Consumption expenditures	730.9	762.9	735.9	743.3	751.7	757.4	766.1	776.4
Transfer payments to persons	294.8	311.8	296.6	300.6	305.1	309.5	314.0	318.7
Net interest paid	-61.7	-65.2	-62.2	-63.0	-64.0	-64.9	-65.6	-66.3
Interest paid	64.6	64.6	64.6	64.7	64.6	64.6	64.6	64.7
Less: Interest received by government	126.3	129.8	126.8	127.7	128.6	129.5	130.3	130.9
Less: Dividends received by government	13.6	14.6	13.7	14.0	14.3	14.7	14.7	14.9
Subsidies less current surplus of government enterprises	-12.3	-12.2	-12.4	-12.5	-12.3	-12.2	-12.1	-12.4
Subsidies	.3	.3	.3	.3	.3	.3	.3	.3
Less: Current surplus of government enterprises	12.7	12.6	12.8	12.8	12.7	12.5	12.4	12.7
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	105.3	107.8	102.6	100.4	104.7	104.9	111.4	110.1
Social insurance funds	71.3	71.4	71.5	71.4	71.3	71.6	71.4	71.5
Other	34.1	36.3	31.1	28.9	33.5	33.3	40.0	38.6

Table 3.10.—National Defense Consumption Expenditures and Gross Investment

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
National defense consumption expenditures and gross investment ¹	352.8	350.3	354.8	350.6	343.3	350.6	352.1	355.2
Consumption expenditures	305.7	310.9	309.3	307.6	306.4	311.3	311.6	314.4
Durable goods ²	22.3	20.9	24.7	20.6	20.6	21.9	20.5	20.7
Aircraft	9.7	9.6	10.6	9.2	9.2	10.1	9.2	9.8
Missiles	3.2	3.0	3.8	2.8	2.8	3.1	3.2	2.9
Ships .....	.9	.7	1.3	.6	.7	.7	.7	.6
Vehicles	1.0	.9	1.1	.9	1.2	.9	.8	.6
Electronics	2.6	2.5	2.9	2.3	2.5	2.6	2.6	2.4
Other durable goods	5.0	4.3	5.0	4.8	4.1	4.4	4.0	4.4
Nondurable goods	7.9	7.1	8.5	7.2	7.6	6.8	7.2	7.0
Petroleum products	3.4	2.9	4.1	3.0	3.1	3.0	3.0	2.5
Ammunition	1.1	1.3	1.1	.7	1.5	1.1	1.1	1.5
Other nondurable goods	3.4	3.0	3.3	3.6	3.0	2.7	3.2	3.1
Services	275.6	282.9	276.1	279.8	278.2	282.7	283.9	286.6
Compensation of general government employees, except force-account construction ³	135.2	135.9	135.9	134.7	136.8	136.1	135.8	134.8
Military	85.8	86.7	86.3	86.2	87.1	86.7	86.8	86.3
Civilian	49.4	49.1	49.5	48.5	49.7	49.4	49.0	48.5
Consumption of general government fixed capital ⁴	57.3	57.0	57.2	57.1	57.1	57.0	56.9	57.0
Other services	83.0	90.0	83.0	87.9	84.3	89.6	91.2	94.9
Research and development	23.5	27.5	24.2	26.2	25.8	27.5	25.9	30.7
Installation support	27.4	26.8	28.3	26.4	25.9	26.7	27.9	26.7
Weapons support	6.3	6.8	5.4	8.0	5.9	6.9	7.7	6.8
Personnel support	19.0	22.3	18.8	20.5	20.2	22.4	23.3	23.5
Transportation of material	4.7	4.4	4.7	4.7	4.5	4.2	4.1	4.6
Travel of persons	4.3	3.8	4.2	4.1	3.9	3.9	3.7	3.7
Other	-2.1	-1.6	-2.6	-1.9	-1.8	-2.0	-1.5	-1.1
Gross investment	47.0	39.4	45.5	42.9	37.0	39.3	40.5	40.8
Structures	6.8	6.2	6.6	6.6	6.3	6.2	6.2	6.3
Equipment	40.2	33.1	38.8	36.3	30.7	33.1	34.3	34.5
Aircraft	9.3	5.8	7.6	5.9	4.7	4.0	6.8	7.5
Missiles	4.1	3.0	4.3	3.7	2.9	3.4	2.9	2.9
Ships	6.8	6.1	6.6	6.3	5.6	6.7	6.4	5.8
Vehicles .....	.9	1.2	.9	.8	1.0	1.3	1.3	1.2
Electronics	3.6	3.3	4.0	3.2	3.3	3.4	3.3	3.1
Other equipment	15.5	13.7	15.5	16.3	13.2	14.3	13.5	14.0
Addendum:								
Compensation of general government employees ³	135.2	135.9	135.9	134.7	136.8	136.1	135.8	134.8

Table 3.11.—Real National Defense Consumption Expenditures and Real Gross Investment

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
National defense consumption expenditures and gross investment ¹	317.8	308.6	319.4	313.6	303.9	309.4	310.3	311.1
Consumption expenditures	275.5	272.9	278.1	274.4	270.3	273.9	273.6	273.9
Durable goods ²	21.8	20.3	24.1	20.2	20.0	21.2	19.9	20.2
Aircraft	9.3	9.3	10.2	8.9	8.9	9.8	8.9	9.6
Missiles	3.4	3.0	4.0	3.1	2.9	3.1	3.2	2.9
Ships .....	.8	.7	1.2	.5	.7	.7	.7	.6
Vehicles .....	.9	.8	1.1	.9	1.2	.9	.7	.6
Electronics	2.7	2.7	3.0	2.4	2.6	2.8	2.8	2.5
Other durable goods	4.6	3.9	4.6	4.4	3.8	4.0	3.7	4.0
Nondurable goods	7.2	6.6	7.8	6.2	6.6	6.3	6.9	6.6
Petroleum products	3.1	2.8	3.7	2.4	2.6	2.9	3.1	2.5
Ammunition	1.0	1.1	1.0	.6	1.3	.9	.9	1.3
Other nondurable goods	3.2	2.8	3.1	3.4	2.8	2.6	3.0	2.9
Services	246.5	245.8	246.3	247.8	243.5	246.3	246.6	246.9
Compensation of general government employees, except force-account construction ³	117.2	112.9	117.2	115.4	114.5	113.3	113.0	111.0
Military	76.9	74.9	76.7	76.1	75.5	74.8	74.9	74.4
Civilian	40.4	38.2	40.6	39.4	39.0	38.6	38.2	36.9
Consumption of general government fixed capital ⁴	51.4	50.4	51.3	51.0	50.8	50.5	50.3	50.0
Other services	78.0	83.0	77.9	81.6	78.4	83.0	83.9	86.7
Research and development	23.5	27.0	24.3	26.0	25.7	27.1	25.4	29.9
Installation support	24.9	24.2	25.6	23.8	23.5	24.2	25.2	23.9
Weapons support	5.7	6.0	4.9	7.1	5.2	6.1	6.7	5.9
Personnel support	17.2	19.6	17.0	18.1	17.7	19.8	20.5	20.3
Transportation of material	4.7	4.3	4.6	4.6	4.4	4.1	4.0	4.6
Travel of persons	4.1	3.5	4.0	3.8	3.6	3.6	3.4	3.4
Other	-1.9	-1.4	-2.3	-1.6	-1.6	-1.7	-1.3	-1.0
Gross investment	42.3	35.7	41.4	39.2	33.5	35.4	36.7	37.2
Structures	5.6	5.0	5.4	5.4	5.0	4.9	4.9	5.0
Equipment	36.5	30.6	35.8	33.7	28.2	30.3	31.7	32.1
Aircraft	7.1	4.9	6.4	5.0	4.0	3.3	5.9	6.5
Missiles	4.4	3.0	4.5	4.0	2.9	3.4	2.9	2.8
Ships	6.1	5.4	5.9	5.6	4.9	5.9	5.6	5.1
Vehicles .....	.8	1.0	.7	.7	.9	1.1	1.1	1.0
Electronics	4.4	4.5	5.0	4.2	4.3	4.6	4.5	4.4
Other equipment	14.1	12.3	13.9	14.7	11.8	12.7	12.0	12.6
Residual	-6	-1.3	-1.0	-9	-5	-1.3	-9	-1.5
Addendum:								
Compensation of general government employees ³	117.2	112.9	117.2	115.4	114.5	113.3	113.0	111.0

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the line in the addendum.

See footnotes to table 3.10.

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

4. Foreign Transactions

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

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Receipts from the rest of the world	1,105.1	1,219.3	1,099.0	1,153.4	1,170.4	1,221.9	1,235.2	1,249.9
Exports of goods and services ...	870.9	957.1	863.7	904.6	922.2	960.3	965.8	980.0
Goods ¹	617.5	686.3	609.7	640.5	656.2	690.0	691.1	707.9
Durable	421.2	481.5	415.8	438.8	455.9	486.3	485.6	498.2
Nondurable	196.3	204.8	193.9	201.6	200.3	203.7	205.4	209.8
Services ¹	253.3	270.8	254.0	264.2	266.0	270.3	274.8	272.1
Receipts of factor income	234.3	262.2	235.4	248.8	248.2	261.6	269.4	269.8
Capital grants received by the United States (net)	0	0	0	0	0	0	0	0
Payments to the rest of the world	1,105.1	1,219.3	1,099.0	1,153.4	1,170.4	1,221.9	1,235.2	1,249.9
Imports of goods and services ...	965.7	1,058.1	977.6	993.2	1,021.0	1,049.0	1,077.1	1,085.4
Goods ¹	809.0	888.5	820.2	834.6	855.8	880.1	905.6	912.6
Durable	533.6	589.9	540.3	541.3	563.4	583.8	603.2	609.2
Nondurable	275.5	298.6	279.8	293.3	292.5	296.3	302.4	303.4
Services ¹	156.7	169.6	157.5	158.6	165.2	168.9	171.6	172.7
Payments of factor income	232.6	282.0	242.3	245.6	262.5	282.3	290.1	293.1
Transfer payments (net)	39.8	39.4	35.4	47.4	35.2	36.5	36.9	48.9
From persons (net)	15.9	17.9	15.9	16.7	17.0	17.6	18.2	18.7
From government (net)	16.3	13.2	11.9	22.9	10.5	10.8	10.0	21.6
From business	7.6	8.2	7.7	7.8	7.7	8.1	8.7	8.5
Net foreign investment	-132.9	-160.2	-156.4	-132.9	-148.4	-146.0	-168.9	-177.4

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

Table 4.2.—Real Exports and Imports of Goods and Services and Receipts and Payments of Factor Income

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Exports of goods and services	857.0	962.7	851.4	901.1	922.7	962.5	973.0	992.7
Goods ¹	628.4	725.0	623.0	666.2	686.2	725.8	731.8	756.3
Durable	463.3	553.2	460.8	494.0	517.0	555.8	559.8	580.0
Nondurable	169.1	180.6	166.4	177.0	176.0	179.2	181.1	186.1
Services ¹	229.9	241.7	229.4	236.8	238.9	240.8	245.0	241.8
Receipts of factor income	214.2	236.3	214.8	226.0	224.6	236.3	242.5	242.0
Imports of goods and services	971.5	1,109.2	990.2	1,006.6	1,048.9	1,099.1	1,137.1	1,151.8
Goods ¹	823.1	947.5	841.7	857.5	891.3	938.4	972.7	987.6
Durable	569.9	671.1	582.6	596.6	630.8	660.7	688.5	704.2
Nondurable	253.5	279.5	259.4	261.6	263.3	280.1	287.2	287.4
Services ¹	149.0	163.0	149.3	150.0	158.4	161.8	165.8	165.9
Payments of factor income	210.2	250.1	218.1	219.8	234.0	250.8	256.9	258.7

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.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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 4.3.—Exports and Imports of Goods and Services by Type of Product

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
			1996	1997	1996	1997	1996	1997
Exports of goods and services	870.9	957.1	863.7	904.6	922.2	960.3	965.8	980.0
Exports of goods ¹	617.5	686.3	609.7	640.5	656.2	690.0	691.1	707.9
Foods, feeds, and beverages	55.5	51.0	55.1	55.8	51.1	48.6	49.6	54.9
Industrial supplies and materials	141.0	152.7	139.5	145.9	147.4	154.0	155.3	154.0
Durable goods	51.0	55.0	51.0	51.9	53.2	55.7	55.5	55.8
Nondurable goods	90.1	97.7	88.5	94.0	94.3	98.3	99.8	98.2
Capital goods, except automotive	253.1	294.3	246.8	265.3	275.9	296.9	298.4	306.1
Civilian aircraft, engines, and parts ..	30.8	41.4	26.8	36.7	39.6	45.5	36.3	44.3
Computers, peripherals, and parts	43.7	49.5	43.5	43.3	46.3	50.1	52.6	48.8
Other	178.6	203.5	176.5	185.2	190.0	201.3	209.5	213.1
Automotive vehicles, engines, and parts ..	65.0	73.6	66.2	67.0	70.9	73.4	73.1	77.0
Consumer goods, except automotive	70.1	77.1	69.4	72.9	75.3	78.9	77.0	79.0
Durable goods	35.8	40.0	35.5	37.8	38.1	41.2	39.8	40.7
Nondurable goods	34.3	37.6	33.9	35.1	37.2	37.7	37.2	38.2
Other	32.7	37.1	32.7	33.5	35.6	38.2	37.7	36.9
Durable goods	16.3	18.5	16.3	16.8	17.8	19.1	18.8	18.5
Nondurable goods	16.3	18.5	16.3	16.8	17.8	19.1	18.8	18.5
Exports of services ¹	253.3	270.8	254.0	264.2	266.0	270.3	274.8	272.1
Transfers under U.S. military agency								
sales contracts	13.5	13.4	12.8	14.9	12.3	14.0	14.2	13.0
Travel	69.9	73.6	70.6	72.7	74.5	72.6	74.1	73.0
Passenger fares	20.6	21.3	20.9	21.1	21.3	21.2	21.5	21.3
Other transportation	27.2	29.1	26.9	28.6	28.2	28.8	29.2	30.3
Royalties and license fees	30.0	31.5	30.0	30.8	30.9	31.9	31.8	31.5
Other private services	72.2	80.5	72.4	75.2	77.7	80.2	82.5	81.5
Other	19.9	21.5	20.4	20.8	21.0	21.5	21.6	21.6
Imports of goods and services	965.7	1,058.1	977.6	993.2	1,020.0	1,049.0	1,077.1	1,085.4
Imports of goods ¹	809.0	888.5	820.2	834.6	855.8	880.1	905.6	912.6
Foods, feeds, and beverages	35.7	39.7	35.8	36.7	38.0	40.0	40.5	40.1
Industrial supplies and materials, except								
petroleum and products	125.2	135.0	127.1	128.7	130.7	134.3	137.6	137.5
Durable goods	63.1	69.1	64.7	64.9	65.7	69.4	70.3	71.0
Nondurable goods	62.1	65.9	62.4	63.8	65.0	64.9	67.3	66.6
Petroleum and products	72.7	71.8	76.2	82.2	76.7	71.0	70.4	69.2
Capital goods, except automotive	229.0	254.2	227.4	231.4	237.3	251.7	262.5	265.4
Civilian aircraft, engines, and parts ...	12.7	16.7	13.0	14.0	13.6	15.5	19.0	18.6
Computers, peripherals, and parts	61.5	70.1	61.7	62.8	65.5	70.5	73.6	70.9
Other	154.9	167.4	152.7	154.6	158.2	165.6	169.9	175.9
Automotive vehicles, engines, and parts ..	128.9	141.4	133.7	128.9	142.2	138.3	143.7	141.4
Consumer goods, except automotive	171.0	192.8	173.2	179.4	181.2	192.0	195.1	203.0
Durable goods	89.3	98.4	91.2	92.4	93.2	98.0	98.8	103.5
Nondurable goods	81.7	94.4	82.0	87.0	88.0	94.1	96.3	99.5
Other	46.4	53.5	46.7	47.2	49.6	52.8	55.8	56.0
Durable goods	23.2	26.8	23.4	23.6	24.8	26.4	27.9	28.0
Nondurable goods	23.2	26.8	23.4	23.6	24.8	26.4	27.9	28.0
Imports of services ¹	156.7	169.6	157.5	158.6	165.2	168.9	171.6	172.7
Direct defense expenditures	10.9	11.6	11.1	10.9	11.2	11.4	11.5	12.2
Travel	48.7	53.2	47.7	49.0	52.3	52.6	53.0	54.7
Passenger fares	15.8	17.5	15.7	16.2	17.1	17.2	17.6	18.1
Other transportation	28.5	29.9	28.9	28.7	29.3	30.0	29.9	30.4
Royalties and license fees	7.3	8.2	8.6	7.1	7.6	8.4	8.8	7.9
Other private services	38.9	42.5	38.9	40.0	40.9	42.4	43.9	42.7
Other	6.6	6.8	6.7	6.8	6.8	6.8	6.9	6.8
Addenda:								
Exports of agricultural goods ²	61.5	58.3	60.4	61.8	57.3	56.4	58.1	61.4
Exports of nonagricultural goods	556.0	628.0	549.3	578.7	598.9	633.5	632.9	646.5
Imports of nonpetroleum goods	736.3	816.7	743.9	752.4	779.1	809.1	835.2	843.5

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

2. Includes parts of foods, feeds, and beverages; of nondurable industrial supplies and materials; and of nondurable nonautomotive consumer goods.

Table 4.4.—Real Exports and Imports of Goods and Services by Type of Product

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
			1996	1997	1996	1997	1996	1997
Exports of goods and services	857.0	962.7	851.4	901.1	922.7	962.5	973.0	992.7
Exports of goods ¹	628.4	725.0	623.0	666.2	686.2	725.8	731.8	756.3
Foods, feeds, and beverages	44.0	43.8	42.8	47.2	43.2	40.9	42.7	48.3
Industrial supplies and materials	121.9	132.4	121.3	126.6	127.6	133.5	134.3	134.2
Durable goods	44.8	48.8	45.4	46.3	46.9	49.1	48.9	50.2
Nondurable goods	77.1	83.7	76.0	80.4	80.8	84.5	85.4	84.1
Capital goods, except automotive	310.4	388.0	305.8	337.2	356.1	388.7	396.0	411.4
Civilian aircraft, engines, and parts ...	27.0	35.0	23.3	31.8	33.7	38.7	30.6	37.2
Computers, peripherals, and parts	97.2	145.9	100.3	106.8	122.3	142.5	160.7	158.0
Other	203.3	241.9	202.4	217.2	224.7	238.7	249.4	254.7
Automotive vehicles, engines, and parts ..	62.4	70.1	63.5	64.1	67.6	69.8	69.5	73.2
Consumer goods, except automotive	67.3	73.8	66.5	69.8	71.8	75.2	73.2	75.0
Durable goods	34.9	38.5	34.5	36.8	36.8	39.7	38.4	39.2
Nondurable goods	32.4	35.3	32.0	33.0	35.0	35.5	34.8	35.8
Other	31.5	36.8	31.6	33.0	35.1	37.8	37.5	36.7
Durable goods	15.8	18.4	15.8	16.5	17.6	18.9	18.7	18.4
Nondurable goods	15.8	18.4	15.8	16.5	17.6	18.9	18.7	18.4
Exports of services ¹	229.9	241.7	229.4	236.8	238.9	240.8	245.0	241.8
Transfers under U.S. military agency								
sales contracts	12.2	12.1	11.6	13.5	11.1	12.6	12.8	11.7
Travel	62.6	64.0	62.9	64.4	65.3	63.4	64.6	62.8
Passenger fares	18.7	20.1	19.1	18.8	20.7	19.4	19.9	20.3
Other transportation	25.8	27.5	25.4	26.7	26.5	27.2	27.8	28.6
Royalties and license fees	27.4	28.4	27.3	28.0	28.0	28.8	28.6	28.3
Other private services	67.0	73.6	67.0	69.3	71.4	73.5	75.4	74.2
Other	16.3	16.4	16.2	16.2	16.3	16.3	16.4	16.4
Residual	-27.7	-59.2	-29.9	-32.4	-42.8	-55.9	-70.3	-67.1
Imports of goods and services	971.5	1,109.2	990.2	1,006.1	1,049.1	1,099.1	1,137.1	1,158.8
Imports of goods ¹	823.1	947.5	841.7	857.5	891.3	938.4	972.7	987.6
Foods, feeds, and beverages	32.3	35.5	32.5	33.2	34.2	35.3	36.2	36.1
Industrial supplies and materials, except								
petroleum and products	114.2	123.2	116.9	117.7	118.3	123.3	125.5	125.7
Durable goods	57.3	61.7	58.8	59.1	59.1	61.7	62.2	63.7
Nondurable goods	56.8	61.5	58.1	58.5	59.2	61.6	63.2	61.9
Petroleum and products	63.8	66.7	67.5	64.0	62.2	68.1	69.2	67.5
Capital goods, except automotive	294.5	377.7	298.6	319.6	340.3	369.4	393.4	407.6
Civilian aircraft, engines, and parts ...	11.2	14.2	11.4	12.2	11.7	13.2	16.1	15.7
Computers, peripherals, and parts	118.3	170.3	121.5	130.2	144.4	165.2	183.7	188.1
Other	177.6	217.6	179.1	191.8	202.8	214.5	221.2	231.8
Automotive vehicles, engines, and parts ..	118.8	130.0	123.1	118.7	131.0	127.6	132.0	129.4
Consumer goods, except automotive	165.3	188.6	167.6	173.9	176.5	187.6	191.0	199.2
Durable goods	86.6	97.6	88.6	90.0	91.5	97.0	98.2	103.5
Nondurable goods	78.7	91.0	78.9	83.9	84.9	90.5	92.7	95.8
Other	43.2	50.3	43.6	44.0	46.4	49.6	52.4	52.8
Durable goods	21.6	25.1	21.8	22.0	23.2	24.8	26.2	26.4
Nondurable goods	21.6	25.1	21.8	22.0	23.2	24.8	26.2	26.4
Imports of services ¹	149.0	163.0	149.3	150.0	158.4	161.8	165.8	165.9
Direct defense expenditures	10.1	11.5	10.3	10.0	11.0	11.2	11.7	12.3
Travel	44.6	50.3	43.0	44.7	49.1	49.9	50.6	51.7
Passenger fares	14.9	15.7	15.0	15.1	15.7	15.3	15.6	16.1
Other transportation	27.6	28.9	28.0	27.4	28.1	28.9	29.1	29.5
Royalties and license fees	6.7	7.4	7.8	6.4	6.9	7.6	7.9	7.1
Other private services	39.2	43.0	39.3	40.3	41.4	42.9	44.7	43.1
Other	6.0	6.3	6.1	6				

5. Saving and Investment

Table 5.1.—Gross Saving and Investment

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Gross saving	1,267.8	1,394.3	1,295.9	1,303.0	1,332.9	1,396.9	1,411.6	1,435.8
Gross private saving	1,125.5	1,164.2	1,145.1	1,131.4	1,134.0	1,178.1	1,159.6	1,185.2
Personal saving	239.6	226.7	254.0	220.4	215.9	247.0	208.2	235.8
Undistributed corporate profits with inventory valuation and capital consumption adjustments	202.1	219.5	202.3	212.6	211.5	217.6	230.0	218.9
Undistributed profits	142.8	144.2	141.8	144.9	140.3	142.3	156.1	138.1
Inventory valuation adjustment	-2.5	5.5	-2.7	3.3	3.5	5.9	3.6	9.2
Capital consumption adjustment	61.8	69.7	63.2	64.4	67.7	69.4	70.3	71.6
Corporate consumption of fixed capital	452.3	475.6	455.5	462.0	467.4	472.6	478.0	484.5
Noncorporate consumption of fixed capital	230.5	241.2	232.2	235.2	238.0	239.7	242.4	244.9
Wage accruals less disbursements	1.1	1.2	1.1	1.1	1.2	1.2	1.2	1.2
Gross government saving	142.3	230.0	150.8	171.6	198.9	218.8	251.9	250.6
Federal	-39.2	42.8	-28.3	-5.9	15.9	34.7	60.8	59.7
Consumption of fixed capital	71.2	71.6	71.2	71.3	71.4	71.5	71.6	71.8
Current surplus or deficit (-), national income and product accounts	-110.5	-28.8	-99.5	-77.1	-55.5	-36.8	-10.8	-12.1
State and local	181.5	187.3	179.1	177.5	182.9	184.1	191.1	190.9
Consumption of fixed capital	76.2	79.5	76.5	77.2	78.2	79.2	79.7	80.8
Current surplus or deficit (-), national income and product accounts	105.3	107.8	102.6	100.4	104.7	104.9	111.4	110.1
Capital grants received by the United States (net)	0	0	0	0	0	0	0	0
Gross investment	1,207.9	1,308.3	1,216.4	1,243.5	1,268.6	1,323.4	1,308.4	1,332.7
Gross private domestic investment	1,116.5	1,242.5	1,149.2	1,151.1	1,193.6	1,242.0	1,250.2	1,284.1
Gross government investment	224.3	226.0	223.6	225.3	223.3	227.4	227.1	226.1
Net foreign investment	-132.9	-160.2	-156.4	-132.9	-148.4	-146.0	-168.9	-177.4
Statistical discrepancy	-59.9	-86.0	-79.5	-59.5	-64.3	-73.5	-103.2	-103.1
Addendum:								
Gross saving as a percentage of gross national product	16.6	17.3	16.9	16.7	16.8	17.4	17.4	17.5

Table 5.4.—Private Fixed Investment by Type

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Private fixed investment	1,090.7	1,174.1	1,112.0	1,119.2	1,127.5	1,160.8	1,201.3	1,206.8
Nonresidential	781.4	846.9	798.6	807.2	811.3	836.3	872.0	868.0
Structures	215.2	230.2	217.7	227.0	227.4	226.8	232.9	233.9
Nonresidential buildings, including farm	159.8	174.8	162.5	171.2	174.0	172.1	177.5	175.6
Utilities	33.3	33.1	32.7	34.1	32.0	33.7	33.2	33.6
Mining exploration, shafts, and wells	16.1	15.9	16.5	16.0	16.1	15.6	16.2	15.8
Other structures	6.2	6.4	6.0	5.8	5.3	5.5	5.9	8.9
Producers' durable equipment	566.2	616.7	580.9	580.2	583.9	609.5	639.1	634.2
Information processing and related equipment	195.1	212.3	201.1	200.3	202.8	208.4	219.5	218.7
Computers and peripheral equipment ¹	78.7	85.4	80.9	81.0	81.8	84.5	88.1	87.1
Other	116.3	127.0	120.3	119.3	121.0	123.9	131.3	131.5
Industrial equipment	127.5	134.8	128.2	127.9	127.7	134.9	137.5	138.9
Transportation and related equipment	134.5	150.0	140.0	140.1	137.7	147.1	159.9	155.3
Other	109.1	119.5	111.5	111.9	115.7	119.1	122.2	121.3
Residential	309.2	327.2	313.5	312.0	316.2	324.6	329.3	338.8
Structures	301.7	319.3	305.9	304.4	308.3	316.7	321.4	330.9
Single family	159.1	163.6	162.2	160.6	161.0	162.5	163.1	167.9
Multifamily	20.3	22.9	19.2	20.1	21.9	23.0	22.3	24.2
Other structures	122.3	132.8	124.5	123.7	125.3	131.2	135.9	138.8
Producers' durable equipment	7.5	7.9	7.5	7.6	7.9	7.9	8.0	7.9

1. Includes new computers and peripheral equipment only.

Table 5.5.—Real Private Fixed Investment by Type

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Private fixed investment	1,041.7	1,123.6	1,060.9	1,068.7	1,079.0	1,111.4	1,149.3	1,154.6
Nonresidential	771.7	848.3	789.3	800.8	808.9	837.0	874.5	872.7
Structures	188.7	195.4	190.0	196.9	195.9	193.5	196.7	195.5
Nonresidential buildings, including farm	140.0	148.5	141.7	148.4	150.1	147.1	150.1	146.9
Utilities	29.3	28.1	28.7	29.5	27.5	28.7	28.0	28.2
Mining exploration, shafts, and wells	13.9	13.2	14.1	13.8	13.6	13.0	13.4	12.8
Other structures	5.5	5.5	5.4	5.1	4.6	4.7	5.1	7.5
Producers' durable equipment	586.0	659.0	602.9	606.7	616.6	649.3	685.3	684.8
Information processing and related equipment	253.1	306.2	264.3	270.4	281.4	296.9	320.5	325.9
Computers and peripheral equipment ¹	160.8	225.5	170.0	182.4	195.8	216.1	240.5	249.5
Other	116.3	127.3	120.3	119.3	121.5	124.4	131.5	131.9
Industrial equipment	117.0	123.1	117.6	116.9	116.8	123.5	125.6	126.6
Transportation and related equipment	125.0	138.3	129.5	129.7	127.5	136.0	146.8	143.1
Other	100.8	109.6	102.8	102.5	106.1	109.1	112.1	111.0
Residential	272.1	279.5	274.1	271.1	273.3	278.2	280.1	286.3
Structures	265.0	272.0	266.9	263.9	265.9	270.8	272.6	278.7
Single family	136.6	136.7	138.3	136.2	136.2	136.5	135.7	138.4
Multifamily	18.6	20.2	17.5	18.0	19.6	20.4	19.6	21.1
Other structures	110.2	115.7	111.5	110.0	110.5	114.4	117.9	119.9
Producers' durable equipment	7.1	7.5	7.2	7.2	7.4	7.5	7.6	7.6
Residual	-39.4	-75.6	-43.7	-50.3	-58.2	-70.0	-84.6	-89.9

1. Includes new computers and peripheral equipment only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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 5.10.—Change in Business Inventories by Industry

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Change in business inventories	25.9	68.4	37.1	31.9	66.1	81.1	48.9	77.2
Farm	2.9	6.7	5.8	3.2	3.9	6.2	8.1	8.5
Nonfarm	23.0	61.7	31.3	28.7	62.2	74.9	40.9	68.7
Change in book value	28.2	50.5	33.8	32.6	44.5	57.5	38.2	61.8
Inventory valuation adjustment	-5.1	11.2	-2.4	-3.9	17.7	17.4	2.6	7.0
Manufacturing	10.6	22.9	15.3	13.3	22.3	30.9	15.8	22.7
Durable goods	10.2	13.2	14.4	6.8	12.9	19.1	10.3	10.6
Nondurable goods .....	.4	9.7	.9	6.4	9.3	11.8	5.5	12.1
Wholesale trade	3.3	21.8	-7.7	10.1	24.3	26.0	15.8	21.0
Durable goods	2.5	12.3	4.7	-5.5	15.4	23.5	4.0	6.4
Nondurable goods .....	.8	9.4	-12.4	15.6	8.9	2.4	11.8	14.6
Merchant wholesalers	2.4	18.2	-8.0	11.7	18.9	18.4	15.1	20.3
Durable goods	1.9	10.6	4.2	-3.2	12.3	18.6	4.3	7.1
Nondurable goods .....	.5	7.6	-12.1	14.8	6.6	-2	10.9	13.3
Nonmerchant wholesalers .....	.9	3.6	.3	-1.6	5.4	7.6	.7	.7
Durable goods .....	.6	1.8	.6	-2.3	3.1	4.9	-3	-6
Nondurable goods .....	.3	1.8	-3	.8	2.3	2.7	1.0	1.3
Retail trade	4.1	7.5	21.2	1.1	.6	8.3	3.0	18.1
Durable goods	1.9	5.5	14.6	-3.3	1.4	2.4	1.7	16.8
Motor vehicle dealers	-1.6	1.0	11.9	-5.3	-2.9	-4.0	-6	11.7
Other	3.5	4.5	2.7	2.0	4.2	6.4	2.3	5.1
Nondurable goods	2.3	1.9	6.6	4.4	-8	5.9	1.3	1.3
Other	5.0	9.5	2.5	4.3	15.2	9.8	6.3	6.9
Durable goods	2.3	1.9	-5	.8	2.1	1.8	2.6	1.0
Nondurable goods	2.6	7.7	2.9	3.4	13.0	8.0	3.7	5.9

NOTE.—Estimates for nonfarm industries other than manufacturing and trade for 1986 and earlier periods are based on the 1972 Standard Industrial Classification (SIC). Manufacturing estimates for 1981 and earlier periods and trade estimates for 1966 and earlier periods are based on the 1972 SIC; later estimates for these industries are based on the 1987 SIC. The resulting discontinuities are small.

Table 5.11.—Real Change in Business Inventories by Industry

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Change in business inventories	25.0	65.7	37.9	32.9	63.7	77.6	47.5	74.0
Farm	2.6	8.0	6.5	6.4	5.3	7.5	9.5	9.8
Nonfarm	22.5	57.8	31.6	26.5	58.3	70.1	38.3	64.5
Manufacturing	9.9	21.5	14.3	12.3	20.9	29.0	14.8	21.5
Durable goods	9.7	12.6	13.8	6.6	12.3	18.2	9.9	10.2
Nondurable goods .....	.4	8.9	.8	5.7	8.5	10.8	5.0	11.2
Wholesale trade	4.0	20.6	-5.0	9.4	22.9	24.6	14.9	19.7
Durable goods	2.4	11.9	4.5	-5.2	14.8	22.7	3.8	6.2
Nondurable goods	1.6	8.6	-9.0	13.9	8.1	2.3	10.8	13.2
Merchant wholesalers	3.2	17.1	-5.2	10.9	17.8	17.5	14.3	19.0
Durable goods	1.8	10.2	3.9	-3.0	11.8	17.9	4.1	6.8
Nondurable goods	1.3	6.9	-8.7	13.3	6.0	-1	9.9	11.9
Nonmerchant wholesalers .....	.8	3.4	.3	-1.5	5.1	7.2	.6	.7
Durable goods .....	.6	1.7	.5	-2.3	3.0	4.8	-3	-6
Nondurable goods .....	.3	1.7	-2	.6	2.1	2.5	.9	1.3
Retail trade	4.0	7.0	20.0	.9	.6	7.7	2.8	17.0
Durable goods	1.7	5.0	13.3	-3.0	1.2	2.0	1.5	15.4
Motor vehicle dealers	-1.4	.9	10.6	-4.7	-2.5	-3.7	-6	10.6
Other	3.3	4.2	2.5	1.8	3.9	5.9	2.1	4.8
Nondurable goods	2.3	1.9	6.5	4.1	-7	5.8	1.3	1.2
Other	4.5	8.7	2.3	3.9	13.7	8.9	5.7	6.3
Durable goods	2.1	1.6	-4	.7	1.8	1.5	2.3	.9
Nondurable goods	2.4	7.1	2.8	3.2	12.0	7.5	3.4	5.5
Residual	-4	0	-7	.5	.2	-1.0	0	.4

NOTE.—Chained (1992) dollar series for real change in business inventories are calculated as the period-to-period change in chained-dollar end-of-period inventories. Quarterly changes in end-of-period inventories are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

See note to table 5.10.

Table 5.12.—Inventories and Domestic Final Sales of Business by Industry

[Billions of dollars]

	Seasonally adjusted quarterly totals					
	1996		1997			
	III	IV	I	II	III	IV
Inventories ¹	1,287.1	1,294.5	1,306.1	1,318.1	1,334.1	1,342.5
Farm	106.0	102.6	107.2	107.7	109.1	108.1
Nonfarm	1,181.2	1,191.9	1,198.9	1,210.4	1,225.0	1,234.4
Durable goods	675.6	675.2	684.4	693.2	697.0	703.6
Nondurable goods	505.5	516.7	514.5	517.2	528.0	530.8
Manufacturing	436.3	440.3	443.3	448.0	453.5	457.1
Durable goods	271.4	273.7	277.0	280.7	283.2	285.6
Nondurable goods	164.9	166.6	166.3	167.3	170.3	171.5
Wholesale trade	300.3	300.8	306.2	310.8	316.1	318.6
Durable goods	186.6	184.9	188.7	194.4	195.0	195.6
Nondurable goods	113.6	116.0	117.5	116.4	121.2	123.0
Merchant wholesalers	257.9	258.6	263.4	266.6	271.4	274.3
Durable goods	161.9	160.7	163.9	168.4	169.0	170.0
Nondurable goods	96.0	97.9	99.5	98.2	102.4	104.4
Nonmerchant wholesalers	42.4	42.3	42.8	44.2	44.7	44.3
Durable goods	24.8	24.1	24.9	26.1	25.9	25.6
Nondurable goods	17.6	18.1	17.9	18.2	18.8	18.6
Retail trade	312.5	313.0	313.3	313.2	314.7	318.1
Durable goods	168.8	167.7	168.7	167.7	168.0	171.5
Motor vehicle dealers	85.5	83.9	83.6	80.9	80.7	83.2
Other	83.3	83.9	85.1	86.7	87.3	88.3
Nondurable goods	143.6	145.3	144.6	145.6	146.7	146.6
Other	132.1	137.7	136.1	138.3	140.7	140.6
Durable goods	48.7	48.9	50.0	50.5	50.8	50.9
Nondurable goods	83.4	88.8	86.2	87.9	89.9	89.6
Final sales of domestic business ²	533.1	542.6	550.0	556.2	565.2	570.5
Final sales of goods and structures of domestic business ²	285.9	289.9	294.1	296.1	301.1	302.4
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.41	2.39	2.37	2.37	2.36	2.35
Nonfarm inventories to final sales	2.22	2.20	2.18	2.18	2.17	2.16
Nonfarm inventories to final sales of goods and structures	4.13	4.11	4.08	4.09	4.07	4.08

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

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

Table 5.13.—Real Inventories and Real Domestic Final Sales of Business by Industry

[Billions of chained (1992) dollars]

	Seasonally adjusted quarterly totals					
	1996		1997			
	III	IV	I	II	III	IV
Inventories ¹	1,200.7	1,208.9	1,224.8	1,244.2	1,256.1	1,274.6
Farm	100.9	102.5	103.8	105.7	108.0	110.5
Nonfarm	1,099.3	1,105.9	1,120.5	1,138.0	1,147.6	1,163.7
Durable goods	634.3	634.0	641.5	652.5	656.8	665.0
Nondurable goods	464.9	471.7	478.8	485.4	490.6	498.5
Manufacturing	406.6	409.7	414.9	422.1	425.8	431.2
Durable goods	259.3	260.9	264.0	268.6	271.0	273.6
Nondurable goods	147.5	148.9	151.1	153.8	155.0	157.8
Wholesale trade	280.1	282.4	288.1	294.3	298.0	303.0
Durable goods	179.2	177.9	181.6	187.3	188.3	189.8
Nondurable goods	101.1	104.6	106.6	107.2	109.9	113.2
Merchant wholesalers	240.1	242.8	247.3	251.7	255.2	260.0
Durable goods	155.1	154.3	157.3	161.8	162.8	164.5
Nondurable goods	85.3	88.6	90.1	90.1	92.6	95.5
Nonmerchant wholesalers	39.9	39.5	40.8	42.6	42.8	43.0
Durable goods	24.2	23.6	24.3	25.5	25.5	25.3
Nondurable goods	15.8	16.0	16.5	17.1	17.3	17.6
Retail trade	292.4	292.7	292.8	294.7	295.4	299.7
Durable goods	153.2	152.4	152.7	153.2	153.6	157.5
Motor vehicle dealers	75.7	74.5	73.9	73.0	72.8	75.5
Other	77.5	78.0	79.0	80.4	81.0	82.2
Nondurable goods	138.9	140.0	139.8	141.2	141.5	141.9
Other	120.1	121.1	124.5	126.7	128.2	129.7
Durable goods	42.3	42.5	42.9	43.3	43.9	44.1
Nondurable goods	77.7	78.4	81.4	83.3	84.2	85.6
Residual .....	.5	.7	.7	.4	.5	.5
Final sales of domestic business ²	484.7	491.1	495.1	498.5	505.0	508.4
Final sales of goods and structures of domestic business ²	268.2	271.8	274.5	275.6	280.0	281.0
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.48	2.46	2.47	2.50	2.49	2.51
Nonfarm inventories to final sales	2.27	2.25	2.26	2.28	2.27	2.29
Nonfarm inventories to final sales of goods and structures	4.10	4.07	4.08	4.13	4.10	4.14

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

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

NOTE.—Chained (1992) dollar inventory series are calculated as the product of the chain-type quantity index and the average of the end-of-year fixed-weighted inventories for 1991 and 1992, divided by 100. Chained (1992) dollar final sales series are calculated as the product of the chain-type index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

6. Income and Employment by Industry

Table 6.1C.—National Income Without Capital Consumption Adjustment by Industry

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
National income without capital consumption adjustment	6,219.6	6,608.0	6,267.7	6,340.4	6,470.8	6,557.3	6,657.5	6,746.5
Domestic industries	6,217.9	6,627.8	6,274.7	6,337.3	6,485.1	6,578.0	6,678.2	6,769.7
Private industries	5,362.6	5,741.7	5,415.0	5,472.0	5,608.9	5,696.1	5,788.8	5,873.0
Agriculture, forestry, and fishing	105.6	113.1	109.0	109.6	110.8	115.5	114.1	112.0
Mining	46.9	48.4	46.9	45.0	48.2	49.2	48.0	48.1
Construction	285.2	305.6	286.9	291.4	298.2	302.2	307.4	314.5
Manufacturing	1,110.1	1,170.3	1,120.8	1,122.1	1,134.6	1,160.5	1,187.8	1,198.5
Durable goods	634.5	677.0	642.7	639.4	651.0	669.7	691.2	696.2
Nondurable goods	475.6	493.3	478.1	482.8	483.6	490.8	496.6	502.3
Transportation and public utilities	456.7	475.5	459.3	457.3	467.1	471.5	477.2	486.4
Transportation	191.0	205.7	194.6	192.3	199.6	203.0	207.6	212.7
Communications	135.0	137.6	137.0	133.1	135.5	135.2	139.0	140.8
Electric, gas, and sanitary services	130.8	132.2	127.7	131.9	132.0	133.3	130.6	132.9
Wholesale trade	349.1	383.3	350.6	364.8	372.4	379.3	388.7	392.8
Retail trade	503.7	538.4	506.8	512.3	527.7	533.0	542.6	550.2
Finance, insurance, and real estate	1,095.3	1,192.0	1,111.5	1,116.5	1,168.9	1,185.0	1,199.2	1,215.1
Services	1,410.1	1,515.0	1,423.2	1,452.9	1,481.1	1,500.1	1,523.7	1,555.2
Government	855.3	886.1	859.7	865.2	876.2	881.9	889.4	896.8
Rest of the world	1.7	-19.8	-7.0	3.1	-14.3	-20.7	-20.7	-23.3

Table 6.16C.—Corporate Profits by Industry

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Corporate profits with inventory valuation and capital consumption adjustments	735.9	805.0	739.6	747.8	779.6	795.1	827.3	818.1
Domestic industries	640.0	706.5	647.8	640.3	682.2	694.4	727.5	721.8
Financial	94.2	109.5	94.6	78.5	106.8	107.7	109.3	114.3
Nonfinancial	545.8	596.9	553.3	561.7	575.4	586.7	618.2	607.5
Rest of the world	95.9	98.6	91.8	107.5	97.4	100.8	99.9	96.3
Receipts from the rest of the world	132.7	145.9	133.4	142.6	139.9	148.3	150.5	145.0
Less: Payments to the rest of the world	36.7	47.3	41.6	35.0	42.5	47.5	50.6	48.7
Corporate profits with inventory valuation adjustment	674.1	735.3	676.4	683.4	711.9	725.7	757.1	746.5
Domestic industries	578.2	636.7	584.6	575.8	614.5	624.9	657.2	650.2
Financial	103.5	119.5	104.0	88.1	116.5	117.5	119.4	124.5
Federal Reserve banks	22.0	23.5	22.0	22.3	22.8	23.2	23.7	24.2
Other	81.5	96.0	82.0	65.8	93.7	94.3	95.7	100.3
Nonfinancial	474.7	517.2	480.7	487.8	498.0	507.4	537.8	525.7
Manufacturing	205.5	224.7	210.5	209.7	208.2	221.0	240.4	229.0
Durable goods	99.0	114.5	102.9	99.7	101.3	111.8	128.1	116.6
Primary metal industries	5.6	6.0	7.0	5.1	3.9	5.6	7.6	7.0
Fabricated metal products	17.1	18.9	18.0	18.1	17.4	18.4	20.8	18.8
Industrial machinery and equipment	25.8	28.8	25.6	24.6	24.0	27.8	32.5	30.8
Electronic and other electric equipment	23.9	33.8	25.2	29.6	31.4	33.3	36.7	33.7
Motor vehicles and equipment	-3.2	-1.9	-1.5	-8.3	-1.3	-3.5	.4	-3.3
Other	29.8	28.9	28.6	30.6	25.9	30.2	30.0	29.7
Nondurable goods	106.5	110.2	107.7	109.9	106.9	109.2	112.3	112.4
Food and kindred products	28.5	29.9	28.8	34.2	28.0	28.2	29.1	34.4
Chemicals and allied products	31.2	29.3	31.5	28.9	28.8	29.9	30.0	28.6
Petroleum and coal products	10.0	12.2	10.0	11.9	12.4	10.3	12.4	13.9
Other	36.8	38.7	37.3	34.9	37.7	40.8	40.9	35.6
Transportation and public utilities	91.7	90.7	91.2	90.5	91.5	89.6	90.0	91.5
Transportation	11.7	16.1	13.0	11.4	14.9	16.4	16.9	16.3
Communications	36.0	32.8	37.6	34.8	33.8	30.8	33.4	33.4
Electric, gas, and sanitary services	44.0	41.7	40.6	44.3	42.8	42.4	39.8	41.8
Wholesale trade	38.3	51.1	37.7	47.4	49.0	49.5	54.1	51.7
Retail trade	48.9	55.8	50.6	48.3	55.1	54.9	57.9	55.2
Other	90.3	95.0	90.6	91.9	94.2	92.4	95.3	98.2
Rest of the world	95.9	98.6	91.8	107.5	97.4	100.8	99.9	96.3

NOTE.— Estimates in this table are based on the 1987 Standard Industrial Classification.

7. Quantity and Price Indexes

Table 7.1.—Quantity and Price Indexes for Gross Domestic Product

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted								1996	1997	Seasonally adjusted							
			1996				1997						1996				1997			
			III	IV	I	II	III	IV	III	IV			III	IV	I	II	III	IV		
Gross domestic product:																				
Current dollars	122.29	129.39	122.93	124.80	127.05	128.66	130.10	131.76												
Chain-type quantity index	110.95	115.12	111.20	112.38	113.73	114.66	115.53	116.58												
Chain-type price index	110.22	112.45	110.59	111.10	111.78	112.27	112.67	113.07												
Implicit price deflator	110.21	112.40	110.54	111.05	111.71	112.22	112.62	113.01												
Personal consumption expenditures:																				
Current dollars	123.41	130.00	123.88	125.79	128.10	128.73	130.99	132.18												
Chain-type quantity index	111.71	115.35	111.81	112.72	114.18	114.45	116.03	116.74												
Chain-type price index	110.47	112.71	110.80	111.61	112.21	112.49	112.91	113.24												
Implicit price deflator	110.47	112.70	110.79	111.60	112.20	112.48	112.89	113.23												
Durable goods:																				
Current dollars	129.88	134.95	129.87	130.64	134.77	131.92	136.60	136.50												
Chain-type quantity index	125.09	132.14	125.25	126.32	130.55	128.75	134.31	134.96												
Chain-type price index	103.83	102.17	103.72	103.45	103.27	102.50	101.74	101.18												
Implicit price deflator	103.83	102.12	103.69	103.41	103.24	102.46	101.71	101.14												
Non-durable goods:																				
Current dollars	116.11	120.44	116.38	118.03	120.09	119.45	121.10	121.11												
Chain-type quantity index	108.36	110.34	108.48	109.03	110.29	109.70	110.87	110.52												
Chain-type price index	107.15	109.16	107.29	108.26	108.90	108.89	109.24	109.59												
Implicit price deflator	107.15	109.15	107.28	108.25	108.89	108.88	109.23	109.59												
Services:																				
Current dollars	126.10	134.24	126.78	129.07	131.15	133.17	135.27	137.38												
Chain-type quantity index	110.86	114.72	110.93	111.99	113.05	114.13	115.22	116.48												
Chain-type price index	113.76	117.02	114.29	115.26	116.02	116.70	117.42	117.96												
Implicit price deflator	113.76	117.02	114.28	115.25	116.01	116.69	117.41	117.95												
Gross private domestic investment:																				
Current dollars	141.26	157.19	145.38	145.63	151.01	157.12	158.17	162.45												
Chain-type quantity index	135.26	151.44	139.21	139.77	145.39	151.45	152.40	156.53												
Chain-type price index	104.50	104.13	104.63	104.50	104.23	104.07	104.11	104.10												
Implicit price deflator	104.43	103.79	104.44	104.19	103.86	103.75	103.78	103.78												
Fixed investment:																				
Current dollars	139.22	149.87	141.94	142.86	143.91	148.17	153.34	154.05												
Chain-type quantity index	132.97	143.42	135.42	136.41	137.73	141.86	146.70	147.37												
Chain-type price index	104.70	104.52	104.85	104.75	104.52	104.47	104.55	104.56												
Implicit price deflator	104.70	104.50	104.82	104.73	104.49	104.45	104.52	104.53												
Nonresidential:																				
Current dollars	140.07	151.81	143.15	144.69	145.43	149.90	156.30	155.60												
Chain-type quantity index	138.33	152.06	141.48	143.54	145.00	150.03	156.75	156.43												
Chain-type price index	101.26	99.87	101.21	100.82	100.31	99.93	99.73	99.49												
Implicit price deflator	101.26	99.84	101.18	100.80	100.29	99.91	99.71	99.47												
Structures:																				
Current dollars	127.22	136.09	128.66	134.16	134.40	134.05	137.65	138.24												
Chain-type quantity index	111.51	115.50	112.32	116.40	115.79	114.39	116.26	115.58												
Chain-type price index	114.09	117.86	114.58	115.30	116.11	117.23	118.44	119.65												
Implicit price deflator	114.09	117.82	114.55	115.26	116.07	117.19	118.40	119.61												
Producers' durable equipment:																				
Current dollars	145.67	158.65	149.45	149.27	150.23	156.80	164.42	163.16												
Chain-type quantity index	150.77	169.55	155.10	156.09	158.63	167.05	176.32	176.19												
Chain-type price index	96.62	93.62	96.38	95.65	94.72	93.88	93.27	92.62												
Implicit price deflator	96.62	93.57	96.36	95.63	94.70	93.86	93.25	92.60												
Residential:																				
Current dollars	137.10	145.07	138.97	138.33	140.16	143.90	146.01	150.20												
Chain-type quantity index	120.64	123.91	121.51	120.18	121.17	123.36	124.19	126.93												
Chain-type price index	113.64	117.06	114.37	115.10	115.68	116.65	117.57	118.33												
Implicit price deflator	113.64	117.07	114.36	115.10	115.68	116.65	117.56	118.33												

NOTE.— Chain-type quantity and price indexes are calculated from weighted averages of the detailed output and prices used to prepare each aggregate and component. Implicit price deflators are weighted averages of the detailed price indexes used to prepare each aggregate and component and are calculated as the ratio of current- to chained-

dollar output multiplied by 100.
 Percent change from preceding period for items in this table are shown in table 8.1. (Contributions to the percent change in real gross domestic product are shown in table 8.2).

Table 7.2.—Quantity and Price Indexes for Gross Domestic Product, Final Sales, and Purchases

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted						
			1996		1997				
			III	IV	I	II	III	IV	
Gross domestic product:									
Current dollars	122.29	129.39	122.93	124.80	127.05	128.66	130.10	131.76	
Chain-type quantity index	110.95	115.12	111.20	112.38	113.73	114.66	115.53	116.58	
Chain-type price index	110.22	112.45	110.59	111.10	111.78	112.27	112.67	113.07	
Implicit price deflator	110.21	112.40	110.54	111.05	111.71	112.22	112.62	113.01	
Final sales of domestic product:									
Current dollars	122.01	128.44	122.47	124.43	126.13	127.51	129.47	130.67	
Chain-type quantity index	110.64	114.12	110.70	111.93	112.77	113.47	114.80	115.45	
Chain-type price index	110.28	112.55	110.65	111.17	111.85	112.37	112.78	113.18	
Implicit price deflator	110.28	112.55	110.63	111.16	111.85	112.37	112.78	113.18	
Gross domestic purchases:									
Current dollars	123.22	130.39	124.16	125.62	128.03	129.47	131.27	132.81	
Chain-type quantity index	112.17	116.75	112.77	113.46	115.09	116.14	117.38	118.36	
Chain-type price index	109.86	111.76	110.15	110.79	111.32	111.55	111.90	112.28	
Implicit price deflator	109.85	111.69	110.10	110.72	111.24	111.48	111.83	112.21	
Final sales to domestic purchasers:									
Current dollars	122.95	129.45	123.71	125.25	127.11	128.32	130.63	131.73	
Chain-type quantity index	111.86	115.75	112.28	113.02	114.14	114.96	116.66	117.23	
Chain-type price index	109.91	111.86	110.20	110.85	111.39	111.65	112.00	112.39	
Implicit price deflator	109.91	111.84	110.18	110.83	111.37	111.62	111.98	112.37	
Addenda:									
Chain-type price indexes for gross domestic purchases:									
Food	109.42	112.23	109.98	111.02	111.35	111.79	112.67	113.12	
Energy	107.01	107.42	106.72	109.23	110.89	105.91	106.16	106.71	
Gross domestic purchases less food and energy	110.06	111.93	110.34	110.86	111.36	111.81	112.10	112.47	

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

Table 7.4.—Chain-Type Quantity and Price Indexes for Personal Consumption Expenditures by Major Type of Product

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted						
			1996		1997				
			III	IV	I	II	III	IV	
Chain-type quantity indexes									
Personal consumption expenditures	111.71	115.35	111.81	112.72	114.18	114.45	116.03	116.74	
Durable goods	125.09	132.14	125.25	126.32	130.55	128.75	134.31	134.96	
Motor vehicles and parts	111.82	112.68	111.06	110.19	112.83	107.82	115.39	114.69	
Furniture and household equipment	142.35	156.53	143.80	146.18	151.75	154.35	159.01	161.00	
Other	122.72	131.58	122.66	125.98	131.48	129.70	131.81	133.33	
Nondurable goods	108.36	110.34	108.48	109.03	110.29	109.70	110.87	110.52	
Food	104.51	104.51	104.14	104.39	105.25	104.28	104.48	104.04	
Clothing and shoes	118.70	123.25	120.09	119.73	122.88	121.39	124.74	123.98	
Gasoline and oil	107.02	108.83	107.01	107.69	107.56	108.95	109.05	109.74	
Fuel oil and coal	97.19	91.28	96.86	94.75	86.25	92.53	95.48	90.87	
Other	110.16	115.03	110.55	112.37	114.07	113.98	116.06	115.99	
Services	110.86	114.72	110.93	111.99	113.05	114.13	115.22	116.48	
Housing	108.25	110.36	108.48	108.97	109.52	110.09	110.64	111.21	
Household operation	116.65	118.64	115.15	117.51	116.02	118.51	119.14	120.90	
Electricity and gas	110.55	108.92	107.74	110.47	106.82	110.55	108.60	109.73	
Other household operation	121.17	125.78	120.61	122.71	122.79	124.38	126.86	129.09	
Transportation	123.11	128.27	123.64	124.64	126.10	127.14	129.02	130.81	
Medical care	106.42	109.96	106.67	107.81	108.93	109.61	110.45	110.87	
Other	112.64	118.71	112.84	113.91	116.15	117.59	119.36	121.74	
Chain-type price indexes									
Personal consumption expenditures	110.47	112.71	110.80	111.61	112.21	112.49	112.91	113.24	
Durable goods	103.83	102.17	103.72	103.45	103.27	102.50	101.74	101.18	
Motor vehicles and parts	112.95	112.97	113.15	113.55	113.84	113.26	112.55	112.23	
Furniture and household equipment	93.71	90.29	93.38	92.50	91.84	90.84	89.67	88.81	
Other	106.48	105.82	106.26	106.14	106.22	105.64	105.85	105.58	
Nondurable goods	107.15	109.16	107.29	108.26	108.90	108.89	109.24	109.59	
Food	109.63	112.57	110.20	111.27	111.65	112.09	113.02	113.51	
Clothing and shoes	98.75	99.75	98.08	98.56	99.29	100.37	99.68	99.67	
Gasoline and oil	107.44	107.47	106.47	109.83	112.13	104.77	106.31	106.66	
Fuel oil and coal	108.92	108.81	105.69	116.17	116.49	108.78	104.55	105.42	
Other	108.22	109.85	108.57	108.67	109.21	110.08	109.87	110.24	
Services	113.76	117.02	114.29	115.26	116.02	116.70	117.42	117.96	
Housing	112.43	115.78	112.85	113.60	114.42	115.34	116.25	117.11	
Household operation	109.08	111.29	109.63	110.32	111.37	111.05	111.17	111.58	
Electricity and gas	106.35	108.69	106.92	107.73	109.66	107.98	108.16	108.98	
Other household operation	111.01	113.14	111.55	112.16	112.63	113.21	113.28	113.43	
Transportation	112.22	116.56	112.43	114.15	114.88	116.14	116.98	118.23	
Medical care	117.43	120.13	117.72	118.62	119.41	119.88	120.38	120.87	
Other	113.69	117.49	114.63	115.76	116.33	117.20	118.12	118.30	
Addenda:									
Price indexes for personal consumption expenditures:									
Food	109.63	112.57	110.20	111.27	111.65	112.09	113.02	113.51	
Energy ¹	106.96	108.10	106.63	109.07	111.11	106.47	107.11	107.71	
Personal consumption expenditures less food and energy	110.88	113.06	111.21	111.87	112.41	112.97	113.28	113.58	

1. Consists of prices for gasoline and oil, fuel oil and coal, and electricity and gas.

Table 7.3.—Quantity and Price Indexes for Gross National Product and Command-Basis Gross National Product

[Index numbers, 1992=100]

Gross national product:								
Current dollars	122.10	128.85	122.60	124.63	126.60	128.10	129.54	131.15
Chain-type quantity index	110.81	114.69	110.95	112.27	113.37	114.21	115.08	116.10
Chain-type price index	110.19	112.40	110.55	111.06	111.73	112.22	112.62	113.02
Implicit price deflator	110.18	112.35	110.50	111.01	111.67	112.17	112.57	112.96
Less: Exports of goods and services and receipts of factor income:								
Chain-type quantity index	137.88	154.28	137.24	145.06	147.60	154.24	156.43	158.84
Plus: Command-basis exports of goods and services and receipts of factor income:								
Chain-type quantity index	140.35	159.40	140.23	147.07	150.74	159.72	162.32	164.82
Equals: Command-basis gross national product:								
Chain-type quantity index	111.12	115.33	111.32	112.52	113.76	114.89	115.81	116.84

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

Table 7.6.—Chain-Type Quantity and Price Indexes for Private Fixed Investment by Type

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			
			III	IV	I	II	III	IV
Chain-type quantity indexes								
Private fixed investment								
Nonresidential	132.97	143.42	135.42	136.41	137.73	141.86	146.70	147.37
Structures	138.33	152.06	141.48	143.54	145.00	150.03	156.75	156.43
Nonresidential buildings, including farm	111.51	115.50	112.32	116.40	115.79	114.39	116.26	115.58
Utilities	123.67	131.25	125.22	131.15	132.58	129.98	132.61	129.83
Mining exploration, shafts, and wells	84.83	81.52	83.23	85.66	79.80	83.07	81.32	81.88
Other structures	104.18	99.21	106.20	103.54	102.45	97.40	100.62	96.38
Producers' durable equipment	66.68	66.64	65.30	61.90	55.98	57.50	61.86	91.22
Information processing and related equipment	150.77	169.55	155.10	156.09	158.63	167.05	176.32	176.19
Computers and peripheral equipment ¹	188.61	228.19	196.97	201.54	209.70	221.31	238.88	242.88
Other	365.81	513.06	386.78	414.95	445.54	491.73	547.14	567.82
Industrial equipment	128.90	141.12	133.29	132.21	134.66	137.85	145.77	146.20
Transportation and related equipment	131.01	137.88	131.64	130.91	130.81	138.25	140.67	141.77
Other	145.10	160.53	150.25	150.54	147.92	157.79	170.32	166.09
Residential	127.58	138.65	130.11	129.66	134.23	138.07	141.85	140.47
Structures	120.64	123.91	121.51	120.18	121.17	123.36	124.19	126.93
Single family	120.71	123.91	121.59	120.21	121.13	123.35	124.17	126.99
Multifamily	117.22	117.34	118.73	116.95	116.95	117.14	116.45	118.82
Other structures	142.27	154.15	133.41	137.49	149.84	156.03	149.56	161.16
Producers' durable equipment	122.54	128.64	123.96	122.33	122.86	127.25	131.15	133.31
Chain-type price indexes								
Private fixed investment	104.70	104.52	104.85	104.75	104.52	104.47	104.55	104.56
Nonresidential	101.26	99.87	101.21	100.82	100.31	99.93	99.73	99.49
Structures	114.09	117.86	114.58	115.30	116.11	117.23	118.44	119.65
Nonresidential buildings, including farm	114.14	117.74	114.72	115.38	116.02	117.03	118.33	119.58
Utilities	113.70	117.76	113.75	115.29	116.17	117.45	118.42	119.00
Mining exploration, shafts, and wells	115.89	120.83	116.56	116.21	118.47	120.25	121.28	123.33
Other structures	112.33	116.64	112.46	113.43	114.82	116.51	116.93	118.30
Producers' durable equipment	96.62	93.62	96.38	95.65	94.72	93.88	93.27	92.62
Information processing and related equipment	77.09	69.44	76.06	74.05	72.06	70.16	68.46	67.07
Computers and peripheral equipment ¹	48.98	37.84	47.21	44.10	41.47	38.81	36.41	34.67
Other	100.04	99.74	100.02	100.07	99.65	99.67	99.89	99.75
Industrial equipment	108.96	109.43	109.06	109.41	109.34	109.23	109.47	109.69
Transportation and related equipment	107.56	108.47	108.18	108.03	108.09	108.22	108.97	108.58
Other	108.24	109.11	108.46	109.20	109.05	109.16	108.99	109.26
Residential	113.64	117.06	114.37	115.10	115.68	116.65	117.57	118.33
Structures	113.88	117.38	114.62	115.36	115.94	116.96	117.91	118.71
Single family	116.50	119.68	117.27	117.84	118.15	119.05	120.26	121.26
Multifamily	109.10	113.32	110.17	111.69	111.87	112.73	113.87	114.82
Other structures	111.02	114.81	111.68	112.50	113.47	114.66	115.29	115.82
Producers' durable equipment	104.84	105.23	104.94	105.59	106.27	105.27	104.89	104.49

1. Includes new computers and peripheral equipment only.

Table 7.9.—Chain-Type Quantity and Price Indexes for Exports and Imports of Goods and Services and for Receipts and Payments of Factor Income

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			
			III	IV	I	II	III	IV
Chain-type quantity indexes								
Exports of goods and services								
Goods ¹	134.03	150.56	133.15	140.92	144.30	150.53	152.17	155.25
Durable	140.05	161.59	138.85	148.48	152.94	161.76	163.11	168.57
Nondurable	153.97	183.85	153.17	164.19	171.81	184.74	186.07	192.76
Services ¹	114.40	122.22	112.57	119.77	119.12	121.23	122.57	125.95
Receipts of factor income	120.51	126.69	120.28	124.14	125.27	126.25	128.46	126.78
Imports of goods and services								
Goods ¹	155.36	171.39	155.79	163.87	162.90	171.33	175.83	175.51
Durable	145.22	165.82	148.03	150.48	156.80	164.30	169.98	172.18
Nondurable	151.06	173.90	154.49	157.37	163.58	172.24	178.53	181.25
Services ¹	164.50	193.70	168.17	172.22	182.08	190.72	198.74	203.25
Payments of factor income	127.78	140.86	130.74	131.83	132.70	141.15	144.77	144.85
Chain-type price indexes	120.06	131.33	120.29	120.90	127.64	130.41	133.58	133.67
Exports of goods and services	165.78	197.20	171.97	173.34	184.53	197.73	202.54	203.98
Goods ¹	101.61	99.38	101.47	100.35	99.90	99.72	99.21	98.68
Durable	98.27	94.60	97.89	96.06	95.55	94.99	94.35	93.52
Nondurable	90.93	87.02	90.21	88.77	88.13	87.43	86.69	85.84
Services ¹	116.09	113.26	116.61	113.78	113.67	113.55	113.28	112.54
Receipts of factor income	110.21	112.04	110.70	111.55	111.29	112.23	112.12	112.51
Imports of goods and services	109.36	110.95	109.56	110.08	110.49	110.73	111.10	111.48
Goods ¹	99.41	95.52	98.76	98.75	97.42	95.52	94.81	94.31
Durable	98.30	93.91	97.47	97.42	96.11	93.87	93.18	92.49
Nondurable	93.63	87.95	92.74	90.73	89.31	88.36	87.61	86.53
Services ¹	108.65	107.12	107.94	112.34	111.27	105.99	105.47	105.75
Payments of factor income	105.13	104.08	105.50	105.69	104.31	104.37	103.49	104.15
Chain-type price indexes	110.63	112.81	111.14	111.81	112.24	112.65	113.00	113.35

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

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

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted						1996	1997	Seasonally adjusted						
			1996		1997						1996		1997				
			III	IV	I	II	III	IV			III	IV	I	II	III	IV	
Chain-type quantity indexes																	
Government consumption expenditures and gross investment¹	99.54	100.46	99.83	99.85	99.74	100.50	100.77	100.84	Chain-type price indexes								
Federal	87.92	86.55	88.21	87.04	85.76	87.14	86.89	86.39	Government consumption expenditures and gross investment¹	111.83	114.47	112.07	112.76	113.74	114.14	114.54	115.46
National defense	84.56	82.14	85.00	83.44	80.86	82.33	82.58	82.78	Federal	112.03	114.74	112.05	112.74	114.10	114.46	114.71	115.71
Consumption expenditures	86.20	85.38	86.99	85.84	84.57	85.69	85.60	85.68	National defense	111.02	113.64	111.16	111.94	113.14	113.46	113.62	114.35
Durable goods ²	72.27	67.50	79.98	67.04	66.37	70.43	66.16	67.05	Consumption expenditures	110.96	113.97	111.26	112.16	113.39	113.70	113.95	114.83
Nondurable goods	76.05	69.83	82.30	66.02	70.26	66.46	72.52	70.08	Durable goods ²	102.41	102.96	102.60	102.17	102.89	103.22	103.01	102.73
Services	88.01	87.76	87.94	88.45	86.93	87.94	88.05	88.14	Nondurable goods	109.95	108.29	109.14	116.27	114.14	107.47	105.14	106.43
Compensation of general government employees, except force-account construction ³	81.89	78.91	81.93	80.64	79.99	79.14	78.93	77.58	Services	111.78	115.11	112.12	112.96	114.31	114.81	115.17	116.13
Consumption of general government fixed capital ⁴	94.82	92.92	94.57	94.12	93.62	93.17	92.70	92.19	Compensation of general government employees, except force-account construction ³	115.40	120.33	115.87	116.76	119.51	120.16	120.26	121.41
Other services	94.25	100.29	94.08	98.60	94.74	100.30	101.42	104.70	Consumption of general government fixed capital ⁴	111.40	113.13	111.61	111.91	112.50	112.78	113.26	113.99
Gross investment	75.34	63.61	73.76	69.89	59.66	63.13	65.42	66.25	Other services	106.45	108.49	106.69	107.82	107.65	108.07	108.71	109.55
Structures	107.11	95.17	103.75	102.80	96.54	94.56	93.91	95.67	Gross investment	111.22	111.17	110.39	110.29	111.26	111.65	111.10	110.68
Equipment	71.80	60.08	70.43	66.21	55.49	59.61	62.26	62.98	Structures	121.50	125.40	122.21	123.57	124.09	125.35	126.15	125.99
Nondefense	96.01	97.16	95.93	95.69	97.54	98.71	97.27	95.11	Equipment	110.07	109.40	109.00	108.67	109.72	109.95	109.19	108.72
Consumption expenditures	95.37	97.09	94.84	95.21	97.18	97.60	97.24	96.34	Nondefense	114.47	117.38	114.25	114.72	116.44	116.87	117.30	118.89
Durable goods ²	.....	.....	.....	.....	.....	.....	.....	.....	Consumption expenditures	116.32	119.92	116.10	116.74	118.80	119.30	119.87	121.70
Nondurable goods	.....	.....	.....	.....	.....	.....	.....	.....	Durable goods ²	.....	.....	.....	.....	.....	.....	.....	.....
Commodity Credit Corporation inventory change	.....	.....	.....	.....	.....	.....	.....	.....	Nondurable goods	.....	.....	.....	.....	.....	.....	.....	.....
Other nondurables	75.08	86.91	70.86	74.38	83.75	85.82	85.41	92.66	Commodity Credit Corporation inventory change	.....	.....	.....	.....	.....	.....	.....	.....
Services	95.57	96.62	95.43	95.61	96.75	97.23	97.03	95.46	Other nondurables	112.73	111.18	113.82	109.98	110.07	111.40	111.61	111.64
Compensation of general government employees, except force-account construction ³	90.66	90.43	91.20	90.70	91.10	91.42	90.91	88.28	Services	116.89	120.79	116.64	117.48	119.65	120.14	120.73	122.65
Consumption of general government fixed capital ⁴	115.70	121.31	116.42	117.80	119.30	120.73	122.01	123.19	Compensation of general government employees, except force-account construction ³	126.39	132.74	125.72	126.91	130.91	131.68	132.41	135.95
Other services	99.49	101.89	98.03	99.16	101.47	102.05	102.13	101.90	Consumption of general government fixed capital ⁴	104.51	104.23	104.40	104.15	104.08	103.77	104.43	104.65
Gross investment	100.61	97.46	103.75	99.08	100.06	106.81	97.31	85.67	Other services	106.39	108.10	106.65	107.29	107.60	107.92	108.29	108.58
Structures	97.44	85.27	96.76	97.41	94.95	88.29	90.52	67.31	Gross investment	102.76	101.45	102.53	101.99	101.63	101.67	101.24	101.26
Equipment	104.93	113.31	112.70	101.49	106.77	130.76	105.85	109.86	Structures	113.14	116.64	113.30	113.92	114.63	116.18	117.11	118.63
State and local	107.88	110.46	108.17	109.04	109.78	110.10	110.73	111.22	Equipment	92.16	86.86	91.56	90.00	88.66	87.56	86.12	85.10
Consumption expenditures	108.28	110.44	108.63	108.98	109.53	110.06	110.77	111.41	State and local	111.71	114.31	112.07	112.77	113.54	113.95	114.44	115.32
Durable goods ²	115.98	119.47	116.49	117.32	118.18	119.04	119.90	120.76	Consumption expenditures	111.84	114.44	112.23	113.01	113.71	114.02	114.58	115.45
Nondurable goods	117.38	121.71	117.92	119.06	120.12	121.18	122.24	123.30	Durable goods ²	106.39	106.79	106.32	106.45	106.42	106.45	107.01	107.30
Services	107.08	108.98	107.41	107.66	108.15	108.61	109.28	109.87	Nondurable goods	109.36	108.76	109.07	110.70	110.77	108.30	107.82	108.16
Compensation of general government employees, except force-account construction ³	105.08	106.62	105.44	105.54	105.87	106.30	106.90	107.40	Services	112.25	115.32	112.75	113.43	114.23	114.90	115.60	116.56
Consumption of general government fixed capital ⁴	111.57	114.41	111.94	112.66	113.37	114.07	114.76	115.43	Compensation of general government employees, except force-account construction ³	114.02	117.18	114.45	115.24	116.04	116.75	117.52	118.40
Other services	138.73	146.07	138.20	140.65	143.86	144.66	146.73	149.02	Consumption of general government fixed capital ⁴	108.74	110.56	108.85	108.95	109.84	110.41	110.57	111.40
Gross investment	106.03	110.52	106.03	109.35	110.95	110.28	110.52	110.35	Other services	90.09	93.72	91.97	92.13	92.76	93.05	93.55	95.51
Structures	104.30	108.59	104.15	107.84	109.49	108.43	108.39	108.03	Gross investment	111.14	113.71	111.34	111.69	112.73	113.64	113.78	114.70
Equipment	114.13	119.81	114.91	116.33	117.57	119.08	120.88	121.73	Structures	113.93	117.95	114.25	114.90	116.36	117.75	118.20	119.51
Addenda:									Equipment	99.35	95.94	99.09	98.20	97.49	96.39	95.28	94.59
Compensation of general government employees ³	98.66	99.06	98.98	98.72	98.87	99.00	99.31	99.05	Addenda:								
Federal	84.83	82.79	85.07	84.02	83.73	83.27	82.98	81.17	Compensation of general government employees ³	115.42	119.17	115.75	116.59	118.03	118.73	119.38	120.55
State and local	105.06	106.63	105.42	105.54	105.89	106.31	106.91	107.41	Federal	119.00	124.43	119.08	120.08	123.26	123.94	124.26	126.25
									State and local	114.03	117.18	114.46	115.24	116.04	116.75	117.53	118.41

NOTE.—See footnotes to table 3.7.

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

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			
			III	IV	I	II	III	IV
Chain-type quantity indexes								
Gross domestic product	110.95	115.12	111.20	112.38	113.73	114.66	115.53	116.58
Business ¹	112.70	117.51	112.93	114.35	115.92	116.98	117.94	119.20
Nonfarm ¹	112.99	117.79	113.25	114.69	116.18	117.23	118.23	119.52
Nonfarm less housing	113.61	118.79	113.83	115.36	116.99	118.15	119.27	120.74
Housing	107.83	109.59	108.37	109.05	109.53	109.66	109.67	109.50
Farm	93.75	98.71	92.56	92.75	98.07	99.75	98.78	98.24
Households and institutions	111.52	114.86	111.96	112.66	113.55	114.40	115.28	116.20
Private households	100.06	95.64	98.67	95.09	94.77	95.54	95.97	96.28
Nonprofit institutions	111.96	115.59	112.47	113.33	114.27	115.11	116.02	116.96
General government ²	99.34	99.78	99.63	99.43	99.58	99.72	100.01	99.80
Federal	87.79	85.99	87.94	87.08	86.80	86.40	86.12	84.63
State and local	105.65	107.33	106.00	106.18	106.56	107.00	107.61	108.13
Chain-type price indexes								
Gross domestic product	110.22	112.45	110.59	111.10	111.78	112.27	112.67	113.07
Business ¹	109.56	111.58	109.95	110.43	111.00	111.45	111.80	112.08
Nonfarm ¹	109.46	111.45	109.76	110.21	110.88	111.29	111.67	111.98
Nonfarm less housing	109.11	110.96	109.40	109.82	110.47	110.83	111.14	111.39
Housing	112.48	115.81	112.88	113.63	114.42	115.32	116.29	117.21
Farm	118.34	122.39	125.11	128.16	121.56	124.35	122.82	120.83
Households and institutions	111.19	114.29	111.36	111.98	112.87	113.90	114.79	115.59
Private households	113.51	117.66	114.29	115.40	115.86	116.84	118.22	119.72
Nonprofit institutions	111.10	114.17	111.25	111.86	112.77	113.79	114.68	115.45
General government ²	114.58	118.02	114.89	115.62	116.95	117.60	118.21	119.31
Federal	116.82	121.20	116.92	117.71	120.19	120.74	121.11	122.75
State and local	113.53	116.55	113.93	114.64	115.46	116.15	116.86	117.74

NOTE.—See footnotes to table 1.7.

Table 7.15.—Current-Dollar Cost and Profit Per Unit of Real Gross Domestic Product of Nonfinancial Corporate Business

[Dollars]

Current-dollar cost and profit per unit of real gross domestic product ¹	1.063	1.072	1.064	1.065	1.069	1.072	1.072	1.073
Consumption of fixed capital	.101	.101	.101	.101	.101	.101	.100	.100
Net domestic product	.962	.971	.963	.963	.968	.971	.972	.973
Indirect business tax and nontax liability plus business transfer payments less subsidies	.108	.107	.108	.108	.107	.107	.107	.106
Domestic income	.853	.864	.855	.855	.861	.863	.865	.867
Compensation of employees	.690	.698	.691	.693	.697	.698	.695	.702
Corporate profits with inventory valuation and capital consumption adjustments	.140	.145	.141	.142	.143	.144	.149	.145
Profits tax liability	.040	.040	.040	.040	.040	.040	.042	.040
Profits after tax with inventory valuation and capital consumption adjustments	.101	.105	.101	.102	.103	.104	.107	.105
Net interest	.023	.021	.022	.021	.021	.021	.021	.021

1. Equals the deflator for gross domestic product of nonfinancial corporate business with the decimal point shifted two places to the left.

Table 7.16.—Implicit Price Deflators for Inventories of Business by Industry

[Index numbers, 1992=100]

	Seasonally adjusted					
	1996		1997			
	III	IV	I	II	III	IV
Inventories ¹	107.20	107.08	106.63	105.93	106.21	105.33
Farm	105.03	100.15	103.26	101.90	101.00	97.87
Nonfarm	107.45	107.77	107.00	106.36	106.74	106.07
Durable goods	106.52	106.49	106.69	106.25	106.12	105.80
Nondurable goods	108.74	109.53	107.45	106.54	107.62	106.47
Manufacturing	107.32	107.47	106.84	106.13	106.49	106.00
Durable goods	104.68	104.89	104.92	104.52	104.50	104.39
Nondurable goods	111.79	111.85	110.06	108.80	109.84	108.68
Wholesale	107.22	106.53	106.26	105.62	106.08	105.17
Durable goods	104.14	103.90	103.91	103.80	103.56	103.05
Nondurable goods	112.38	110.90	110.16	108.61	110.27	108.68
Merchant wholesalers	107.39	106.48	106.50	105.93	106.35	105.52
Durable goods	104.39	104.14	104.17	104.06	103.83	103.31
Nondurable goods	112.55	110.43	110.44	109.05	110.61	109.25
Nonmerchant wholesalers	106.18	106.86	104.87	103.79	104.50	103.09
Durable goods	102.54	102.26	102.24	102.07	101.79	101.31
Nondurable goods	111.59	113.64	108.77	106.34	108.52	105.74
Retail trade	106.85	106.96	107.01	106.28	106.53	106.16
Durable goods	110.22	110.06	110.48	109.42	109.38	108.94
Motor vehicle dealers	112.94	112.57	113.16	110.90	110.89	110.30
Other	107.50	107.52	107.79	107.83	107.76	107.46
Nondurable goods	103.39	103.80	103.44	103.08	103.64	103.35
Other	109.96	113.73	109.34	109.15	109.74	108.34
Durable goods	115.20	115.15	116.40	116.50	115.80	115.50
Nondurable goods	107.36	113.22	105.81	105.46	106.73	104.75

1. Implicit price deflators are as of the end of the quarter and are consistent with the inventory stocks shown in tables 5.12 and 5.13.

Table 7.17.—Chain-Type Quantity Indexes for Gross Domestic Product by Major Type of Product

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			
			III	IV	I	II	III	IV
Gross domestic product	110.95	115.12	111.20	112.38	113.73	114.66	115.53	116.58
Final sales of domestic product	110.64	114.12	110.70	111.93	112.77	113.47	114.80	115.45
Change in business inventories								
Goods	114.72	120.99	115.17	116.51	119.31	120.49	121.30	122.87
Final sales	113.89	118.22	113.83	115.32	116.66	117.19	119.31	119.71
Change in business inventories								
Durable goods	127.97	138.89	130.25	128.64	133.71	139.00	140.14	142.71
Final sales	124.84	133.96	125.41	127.35	128.97	132.66	136.70	137.53
Change in business inventories								
Nondurable goods	105.69	108.96	104.94	108.19	109.52	108.07	108.66	109.58
Final sales	106.32	107.48	105.82	107.01	108.17	106.63	107.49	107.61
Change in business inventories								
Services	108.08	111.08	108.15	109.17	109.76	110.65	111.54	112.38
Structures	113.63	116.85	114.19	115.73	116.16	116.27	117.26	117.72
Addenda:								
Motor vehicle output	117.55	122.87	120.25	115.23	120.59	117.22	123.72	129.92
Gross domestic product less motor vehicle output	110.73	114.86	110.89	112.28	113.50	114.57	115.25	116.13

Table 7.18.—Chain-Type Quantity Indexes for Auto Output

[Index numbers, 1992=100]

	1996	1997	Seasonally adjusted					
			1996		1997			
			III	IV	I	II	III	IV
Auto output	98.69	98.77	105.25	93.58	98.45	96.09	100.49	100.04
Final sales	101.94	97.99	101.44	99.35	99.31	94.84	100.39	97.41
Personal consumption expenditures	103.07	103.22	102.94	100.38	105.11	99.69	106.36	101.74
New autos	95.25	95.86	93.43	93.83	96.91	89.70	100.20	96.61
Net purchases of used autos								
Producers' durable equipment	128.03	132.71	133.95	127.22	136.19	130.82	136.50	127.34
New autos	126.10	126.82	133.00	121.72	130.80	126.22	129.36	120.92
Net purchases of used autos								
Net exports								
Exports	112.16	110.83	112.99	110.84	109.44	119.00	106.05	108.81
Imports	126.62	140.15	131.31	125.96	143.81	139.60	143.34	133.87
Gross government investment	102.75	98.19	89.32	115.71	103.02	82.28	100.78	106.68
Change in business inventories of new and used autos								
New								
Used								
Addenda:								
Domestic output of new autos ¹	110.93	110.36	120.25	103.63	109.88	108.14	114.28	109.16
Sales of imported new autos ²	98.06	107.19	97.64	99.15	108.82	102.63	109.56	107.75

1. Consists of final sales and change in business inventories of new autos assembled in the United States.
 2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

Table 7.19.—Chain-Type Quantity Indexes for Truck Output

[Index numbers, 1992=100]

Truck output¹	144.61	157.51	141.72	146.38	152.43	147.62	157.14	172.86
Final sales	147.62	156.53	144.35	152.03	150.72	147.96	158.65	168.80
Personal consumption expenditures	121.78	123.02	118.29	120.90	119.17	113.36	126.05	133.49
Producers' durable equipment	181.34	199.56	184.46	190.80	193.20	192.36	202.08	210.60
Net exports								
Exports	156.23	185.31	147.53	177.17	175.57	169.89	176.36	219.43
Imports	116.45	135.16	125.33	113.92	133.14	130.75	145.62	131.15
Gross government investment	91.90	105.17	79.52	82.80	97.68	109.59	120.72	92.70
Change in business inventories								

1. Includes new trucks only.

8. Supplementary Tables

Table 8.1.—Percent Change From Preceding Period in Selected Series
[Percent]

	1996	1997	Seasonally adjusted at annual rates								1996	1997	Seasonally adjusted at annual rates									
			1996				1997						1996				1997					
			III	IV	I	II	III	IV	III	IV			I	II	III	IV						
Gross domestic product:																						
Current dollars	5.1	5.8	3.6	6.2	7.4	5.2	4.6	5.2	Implicit price deflator 2.4 1.7 4.3 3.1 -9 3.4 -4 1.4													
Chain-type quantity index	2.8	3.8	1.0	4.3	4.9	3.3	3.1	3.7	Imports of goods and services:													
Chain-type price index	2.3	2.0	2.7	1.9	2.4	1.8	1.4	1.4	Current dollars	6.8	9.6	8.1	6.5	11.7	11.4	11.2	3.1					
Implicit price deflator	2.3	2.0	2.6	1.9	2.4	1.8	1.4	1.4	Chain-type quantity index	9.1	14.2	13.2	6.8	17.9	20.5	14.6	5.3					
Personal consumption expenditures:														Chain-type price index	-2.2	-3.9	-4.2	0	-5.3	-7.6	-3.0	-2.1
Current dollars	5.0	5.3	3.0	6.3	7.6	2.0	7.2	3.7	Implicit price deflator	-2.2	-4.0	-4.5	-3	-5.3	-7.6	-3.0	-2.1					
Chain-type quantity index	2.6	3.3	.5	3.3	5.3	.9	5.6	2.5	Imports of goods:													
Chain-type price index	2.4	2.0	2.5	3.0	2.2	1.0	1.5	1.2	Current dollars	6.8	9.8	8.9	7.2	10.5	11.8	12.1	3.1					
Implicit price deflator	2.4	2.0	2.5	2.9	2.2	1.0	1.5	1.2	Chain-type quantity index	9.9	15.1	15.7	7.7	16.7	22.9	15.4	6.2					
Durable goods:														Chain-type price index	-2.8	-4.5	-5.6	-2	-5.3	-9.0	-2.9	-2.9
Current dollars	4.3	3.9	-2.6	2.4	13.3	-8.2	15.0	-3	Implicit price deflator	-2.8	-4.6	-5.9	-4	-5.3	-9.0	-2.9	-2.9					
Chain-type quantity index	4.7	5.6	-1.9	3.5	14.1	-5.4	18.4	1.9	Imports of services:													
Chain-type price index	-4	-1.6	-6	-1.0	-7	-3.0	-2.9	-2.2	Current dollars	6.6	8.3	4.3	2.8	17.9	9.2	6.4	2.8					
Implicit price deflator	-4	-1.6	-7	-1.1	-7	-3.0	-2.9	-2.2	Chain-type quantity index	5.5	9.4	1.2	2.1	24.9	8.9	10.1	.3					
Non durable goods:														Chain-type price index	1.1	-1.0	3.1	.7	-5.1	.2	-3.3	2.5
Current dollars	4.0	3.7	1.6	5.8	7.2	-2.1	5.7	0	Implicit price deflator	1.1	-1.0	3.1	.7	-5.1	.2	-3.3	2.5					
Chain-type quantity index	1.4	1.8	.6	2.1	4.7	-2.1	4.3	-1.2	Government consumption expenditures and gross investment:													
Chain-type price index	2.6	1.9	.9	3.7	2.4	0	1.3	1.3	Current dollars	3.8	3.3	1.8	2.5	3.1	4.5	2.5	3.6					
Implicit price deflator	2.6	1.9	.9	3.7	2.4	0	1.3	1.3	Chain-type quantity index	.5	.9	-1.1	.1	-4	3.1	1.1	.3					
Services:														Chain-type price index	3.3	2.4	3.1	2.5	3.5	1.4	1.4	3.3
Current dollars	5.7	6.5	4.9	7.4	6.6	6.3	6.5	6.4	Implicit price deflator	3.3	2.3	3.0	2.4	3.5	1.4	1.4	3.3					
Chain-type quantity index	2.7	3.5	1.0	3.9	3.9	3.9	3.9	4.4	Federal:													
Chain-type price index	2.9	2.9	3.9	3.4	2.6	2.4	2.5	1.9	Current dollars	2.1	.7	-2.3	-3.0	-1.1	7.9	-3	1.2					
Implicit price deflator	2.9	2.9	3.9	3.4	2.6	2.4	2.5	1.9	Chain-type quantity index	-1.3	-1.6	-4.2	-5.2	-5.8	6.6	-1.1	-2.3					
Gross private domestic investment:														Chain-type price index	3.4	2.4	2.1	2.5	4.9	1.3	.9	3.5
Current dollars	7.5	11.3	16.8	.7	15.6	17.2	2.7	11.3	Implicit price deflator	3.4	2.3	1.9	2.3	4.9	1.3	.9	3.6					
Chain-type quantity index	7.8	12.0	16.5	1.6	17.1	17.7	2.5	11.3	National defense:													
Chain-type price index	-2	-4	1.2	-5	-1.0	-6	.2	0	Current dollars	2.4	-7	-2.8	-4.7	-8.0	8.7	1.8	3.6					
Implicit price deflator	-3	-6	.3	-9	-1.3	-4	.1	0	Chain-type quantity index	-1.5	-2.9	-4.6	-7.1	-11.8	7.5	1.2	1.0					
Fixed investment:														Chain-type price index	3.9	2.4	2.1	2.8	4.3	1.1	.6	2.6
Current dollars	8.2	7.7	11.6	2.6	3.0	12.4	14.7	1.9	Implicit price deflator	3.9	2.2	1.9	2.6	4.3	1.1	.6	2.6					
Chain-type quantity index	8.3	7.9	10.1	3.0	3.9	12.6	14.4	1.8	Nondefense:													
Chain-type price index	-1	-2	1.4	-4	-9	-2	.3	0	Current dollars	1.4	3.7	-1.3	.5	14.6	6.4	-4.3	-3.5					
Implicit price deflator	-1	-2	1.3	-4	-9	-2	.3	0	Chain-type quantity index	-9	1.2	-3.2	-1.0	8.0	4.9	-5.7	-8.6					
Nonresidential:														Chain-type price index	2.3	2.5	2.2	1.7	6.1	1.5	1.5	5.5
Current dollars	8.1	8.4	16.1	4.4	2.1	12.9	18.2	-1.8	Implicit price deflator	2.3	2.5	2.0	1.5	6.1	1.5	1.5	5.5					
Chain-type quantity index	9.2	9.9	16.5	5.9	4.1	14.6	19.2	-8	State and local:													
Chain-type price index	-1.0	-1.4	-3	-1.5	-2.0	-1.5	-8	-1.0	Current dollars	4.8	4.8	4.4	5.9	5.5	2.6	4.1	5.0					
Implicit price deflator	-1.0	-1.4	-3	-1.5	-2.0	-1.5	-8	-1.0	Chain-type quantity index	1.6	2.4	.7	3.3	2.7	1.2	2.3	1.8					
Structures:														Chain-type price index	3.2	2.3	3.6	2.5	2.7	1.5	1.7	3.1
Current dollars	7.3	7.0	14.2	18.2	.7	-1.0	11.2	1.7	Implicit price deflator	3.2	2.3	3.6	2.5	2.7	1.5	1.7	3.1					
Chain-type quantity index	4.8	3.6	10.0	15.3	-2.1	-4.7	6.7	-2.3	Addenda:													
Chain-type price index	2.3	3.3	3.9	2.5	2.8	3.9	4.2	4.1	Final sales of domestic product:													
Implicit price deflator	2.3	3.3	3.8	2.5	2.8	3.9	4.2	4.1	Current dollars	5.2	5.3	2.9	6.6	5.6	4.4	6.3	3.8					
Producers' durable equipment:														Chain-type quantity index	2.8	3.1	.2	4.5	3.0	2.5	4.7	2.3
Current dollars	8.4	8.9	16.9	-5	2.6	18.7	20.9	-3.0	Chain-type price index	2.3	2.1	2.7	1.9	2.5	1.9	1.5	1.4					
Chain-type quantity index	10.9	12.5	19.1	2.6	6.7	23.0	24.1	-3	Implicit price deflator	2.3	2.1	2.7	2.0	2.5	1.9	1.5	1.4					
Chain-type price index	-2.3	-3.1	-1.9	-3.0	-3.8	-3.5	-2.6	-2.8	Gross domestic purchases:													
Implicit price deflator	-2.3	-3.2	-1.9	-3.0	-3.8	-3.5	-2.6	-2.8	Current dollars	5.2	5.8	4.7	4.8	7.9	4.6	5.7	4.8					
Residential:														Chain-type quantity index	2.9	4.1	2.4	2.5	5.9	3.7	4.3	3.4
Current dollars	8.5	5.8	1.0	-1.8	5.4	11.1	6.0	12.0	Chain-type price index	2.2	1.7	2.4	2.4	1.9	.8	1.3	1.4					
Chain-type quantity index	5.9	2.7	-4.5	-4.3	3.3	7.4	2.7	9.1	Implicit price deflator	2.2	1.7	2.2	2.3	1.9	.9	1.3	1.4					
Chain-type price index	2.4	3.0	5.7	2.6	2.0	3.4	3.2	2.6	Final sales to domestic purchasers:													
Implicit price deflator	2.4	3.0	5.7	2.6	2.0	3.4	3.2	2.6	Current dollars	5.2	5.3	4.0	5.1	6.1	3.9	7.4	3.4					
Exports of goods and services:														Chain-type quantity index	3.0	3.5	1.5	2.7	4.0	2.9	6.0	2.0
Current dollars	6.4	9.9	-6	20.4	8.0	17.6	2.3	6.0	Chain-type price index	2.2	1.8	2.4	2.4	2.0	.9	1.3	1.4					
Chain-type quantity index	8.3	12.3	1.9	25.5	9.9	18.4	4.4	8.3	Implicit price deflator	2.2	1.8	2.4	2.4	2.0	.9	1.3	1.4					
Chain-type price index	-1.8	-2.2	-2.6	-4.3	-1.8	-7	-2.0	-2.1	Gross national product:													
Implicit price deflator	-1.8	-2.2	-2.4	-4.1	-1.8	-7	-2.0	-2.1	Current dollars	5.0	5.5	3.1	6.8	6.5	4.9	4.6	5.1					
Exports of goods:														Chain-type quantity index	2.7	3.5	.6	4.9	4.0	3.0	3.1	3.6
Current dollars	5.8	11.1	-2.7	21.8	10.2	22.2	.6	10.1	Chain-type price index	2.3	2.0	2.6	1.9	2.4	1.8	1.4	1.4					
Chain-type quantity index	9.5	15.4	2.5	30.7	12.6	25.1	3.4	14.1	Implicit price deflator	2.3	2.0	2.5	1.8	2.4	1.8	1.4	1.4					
Chain-type price index	-3.4	-3.7	-5.3	-7.3	-2.1	-2.3	-2.6	-3.5	Command-basis gross national product:													
Implicit price deflator	-3.4	-3.7	-5.1	-6.9	-2.1	-2.3	-2.6	-3.5	Chain-type quantity index	2.8	3.8	.8	4.4	4.5	4.0	3.2	3.6					
Exports of services:														Disposable personal income:								
Current dollars	8.0	6.9	4.6	17.1	2.7	6.7	6.8	-3.8	Current dollars	4.7	4.9	5.2	3.7	6.8	4.2	4.1	5.7					
Chain-type quantity index	5.5	5.1	.3	13.5	3.7	3.2	7.2	-5.1	Chained (1992) dollars	2.3	2.9	2.7	.7	4.6	3.1	2.6	4.5					
Chain-type price index	2.4	1.7	4.3	3.1	-9	3.4	-4	1.4														

NOTE.—Contributions to the percent change in real gross domestic product are shown in table 8.2.

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

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Percent change at annual rate:								
Gross domestic product	2.8	3.8	1.0	4.3	4.9	3.3	3.1	3.7
Percentage points at annual rates:								
Personal consumption expenditures	1.8	2.2	.4	2.2	3.6	.6	3.8	1.7
Durable goods .....	.4	.4	-.2	.3	1.1	-.5	1.4	.2
Nondurable goods .....	.3	.4	.1	.4	.9	-.4	.8	-.2
Services	1.1	1.4	.4	1.5	1.5	1.5	1.5	1.8
Gross private domestic investment ...	1.1	1.6	2.3	.2	2.4	2.5	.4	1.7
Fixed investment	1.1	1.1	1.4	.4	.6	1.7	2.0	.3
Nonresidential .....	.9	1.0	1.6	.6	.4	1.4	1.9	-.1
Structures .....	.1	.1	.3	.4	-.1	-.1	.2	-.1
Producers' durable equipment .....	.8	.9	1.3	.2	.5	1.6	1.7	0
Residential .....	.2	.1	-.2	-.2	.1	.3	.1	.4
Change in business inventories	0	.6	.8	-.2	1.8	.8	-1.6	1.4
Net exports of goods and services ...	-.2	-.3	-1.4	1.8	-1.0	-.4	-1.3	.3
Exports .....	.9	1.3	.2	2.7	1.1	2.0	.5	1.0
Goods .....	.7	1.2	.2	2.2	1.0	1.9	.3	1.1
Services .....	.2	.2	0	.4	.1	.1	.2	-.2
Imports	-1.1	-1.7	-1.6	-.8	-2.1	-2.5	-1.7	-.7
Goods	-1.0	-1.5	-1.6	-.8	-1.7	-2.3	-1.6	-.7
Services	-.1	-.2	0	0	-.5	-.2	-.1	0
Government consumption expenditures and gross investment .....	.1	.2	-.2	0	-.1	.6	.2	.1
Federal	-.1	-.1	-.3	-.4	-.4	.4	-.1	-.1
National defense	-.1	-.1	-.2	-.3	-.6	.3	.1	0
Nondefense	0	0	-.1	0	.2	.1	-.1	-.2
State and local .....	.2	.3	.1	.4	.3	.1	.3	.2

Table 8.3.—Selected Per Capita Product and Income Series in Current and Chained Dollars

	[Dollars]							
	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
III			IV	I	II	III	IV	
Current dollars:								
Gross domestic product	28,752	30,161	28,869	29,243	29,715	30,030	30,295	30,602
Gross national product	28,759	30,088	28,843	29,254	29,662	29,952	30,218	30,515
Personal income	24,457	25,660	24,604	24,835	25,268	25,525	25,756	26,087
Disposable personal income	21,117	21,969	21,229	21,373	21,689	21,865	22,034	22,285
Personal consumption expenditures	19,608	20,478	19,660	19,919	20,247	20,303	20,612	20,747
Durable goods	2,389	2,461	2,386	2,395	2,466	2,409	2,488	2,480
Nondurable goods	5,779	5,943	5,786	5,854	5,945	5,901	5,969	5,955
Services	11,441	12,074	11,488	11,669	11,836	11,993	12,154	12,312
Chained (1992) dollars:								
Gross domestic product	26,088	26,835	26,116	26,333	26,599	26,760	26,901	27,078
Gross national product	26,101	26,781	26,102	26,354	26,562	26,704	26,844	27,013
Disposable personal income	19,116	19,493	19,161	19,152	19,331	19,439	19,518	19,681
Personal consumption expenditures	17,750	18,170	17,745	17,848	18,046	18,051	18,258	18,323
Durable goods	2,301	2,410	2,301	2,316	2,389	2,351	2,447	2,452
Nondurable goods	5,393	5,445	5,393	5,408	5,460	5,420	5,465	5,434
Services	10,057	10,318	10,052	10,125	10,202	10,278	10,352	10,438
Population (mid-period, thousands)	265,579	267,889	265,887	266,491	266,987	267,545	268,171	268,854

Table 8.4.—Auto Output

[Billions of dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Auto output	134.6	134.9	144.5	128.7	136.4	130.2	138.1	134.7
Final sales	140.0	134.7	140.2	138.0	137.9	131.1	137.4	132.6
Personal consumption expenditures	141.3	140.8	141.5	138.4	145.2	136.7	144.0	137.3
New autos	86.1	86.8	84.8	85.3	87.9	81.3	90.7	87.2
Net purchases of used autos	55.3	54.1	56.7	53.2	57.3	55.4	53.3	50.1
Producers' durable equipment	45.3	48.4	48.0	45.9	48.8	47.4	50.4	47.0
New autos	79.2	79.8	84.0	76.9	82.5	79.5	81.4	75.9
Net purchases of used autos	-33.9	-31.4	-35.9	-31.1	-33.7	-32.1	-31.0	-28.9
Net exports	-48.9	-56.7	-51.3	-48.8	-58.4	-54.9	-59.4	-54.2
Exports	17.0	16.9	17.1	16.8	16.6	18.1	16.2	16.6
Imports	65.9	73.6	68.3	65.7	75.0	73.0	75.5	70.8
Gross government investment	2.3	2.2	2.0	2.6	2.3	1.9	2.3	2.5
Change in business inventories of new and used autos	-5.4	.1	4.3	-9.3	-1.5	-9	.7	2.2
New	-5.6	.7	3.7	-9.0	-.8	.3	1.1	2.3
Used .....	.2	-6	.6	-.4	-.6	-1.2	-.4	-.1
Addenda:								
Domestic output of new autos ¹	121.1	120.7	131.6	113.5	120.8	116.8	126.3	118.8
Sales of imported new autos ²	58.2	63.7	58.2	59.2	64.8	61.1	65.1	63.8

1. Consists of final sales and change in business inventories of new autos assembled in the United States.

2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

Table 8.5.—Real Auto Output

[Billions of chained (1992) dollars]

	1996	1997	Seasonally adjusted at annual rates					
			1996		1997			
			III	IV	I	II	III	IV
Auto output	119.9	120.0	127.9	113.7	119.7	116.8	122.1	121.6
Final sales	124.4	119.6	123.8	121.3	121.2	115.8	122.6	118.9
Personal consumption expenditures	121.2	121.4	121.0	118.0	123.6	117.2	125.0	119.6
New autos	78.2	78.7	76.7	77.0	79.6	73.7	82.3	79.3
Net purchases of used autos	42.1	41.8	43.2	40.2	43.1	42.4	42.0	39.7
Producers' durable equipment	45.1	46.8	47.2	44.9	48.0	46.1	48.1	44.9
New autos	72.0	72.4	75.9	69.5	74.7	72.1	73.9	69.0
Net purchases of used autos	-26.6	-25.6	-28.4	-24.6	-26.6	-25.9	-25.8	-24.2
Net exports	-43.6	-50.1	-45.6	-43.4	-52.0	-48.7	-52.3	-47.4
Exports	16.0	15.8	16.1	15.8	15.6	17.0	15.1	15.5
Imports	59.6	65.9	61.8	59.2	67.6	65.7	67.4	63.0
Gross government investment	2.1	2.0	1.8	2.3	2.1	1.7	2.0	2.2
Change in business inventories of new and used autos	-4.7	.3	4.0	-7.9	-1.8	.9	-.6	2.5
New	-5.2	1.1	3.6	-8.1	-1.0	2.3	0	2.9
Used .....	.3	-7	.5	0	-7	-1.2	-.5	-.2
Residual .....	.6	.4	.3	.8	.5	.4	.5	.4
Addenda:								
Domestic output of new autos ¹	110.9	110.3	120.2	103.6	109.8	108.1	114.2	109.1
Sales of imported new autos ²	52.9	57.8	52.6	53.5	58.7	55.3	59.1	58.1

1. Consists of final sales and change in business inventories of new autos assembled in the United States.

2. Consists of personal consumption expenditures, producers' durable equipment, and gross government investment.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines, excluding the lines in the addenda.

Table 8.6.—Truck Output

[Billions of dollars]

	1996	1997	1998	1999	2000	2001	2002	2003
Truck output ¹	136.7	149.4	134.2	138.5	145.0	140.2	149.3	163.1
Final sales	137.4	146.2	134.6	141.6	141.1	138.3	148.3	157.0
Personal consumption expenditures	63.7	65.2	62.1	63.9	63.2	60.1	66.8	70.7
Producers' durable equipment	71.6	78.3	72.9	74.9	76.1	75.5	79.3	82.0
Net exports	-4.7	-5.0	-6.3	-3.2	-5.4	-5.4	-6.7	-2.5
Exports	9.0	10.9	8.5	10.2	10.2	10.0	10.4	13.0
Imports	13.7	15.9	14.8	13.4	15.7	15.3	17.1	15.5
Gross government investment	6.8	7.8	5.9	6.1	7.2	8.1	8.9	6.8
Change in business inventories	-.7	3.2	-.4	-3.1	3.8	1.8	1.0	6.0

1. Includes new trucks only.

Table 8.7.—Real Truck Output

[Billions of chained (1992) dollars]

	1996	1997	1998	1999	2000	2001	2002	2003
Truck output ¹	121.1	131.9	118.7	122.6	127.6	123.6	131.6	144.7
Final sales	121.7	129.0	119.0	125.3	124.2	121.9	130.7	139.1
Personal consumption expenditures	55.8	56.4	54.2	55.4	54.6	51.9	57.7	61.2
Producers' durable equipment	63.7	70.0	64.7	67.0	67.8	67.5	70.9	73.9
Net exports	-3.7	-4.1	-5.1	-2.3	-4.4	-4.5	-5.7	-1.8
Exports	8.7	10.3	8.2	9.8	9.8	9.4	9.8	12.2
Imports	12.4	14.4	13.4	12.1	14.2	13.9	15.5	14.0
Gross government investment	6.1	6.9	5.2	5.5	6.4	7.2	8.0	6.1
Change in business inventories	-.6	3.0	-.3	-2.9	3.6	1.7	.9	5.7
Residual	-2	-3	.1	-1	-4	-2	-.2	-.4

1. Includes new trucks only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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.

B. Other NIPA and NIPA-Related Tables**Monthly Estimates:**

Tables B.1 and B.2 include the most recent estimates of personal income and its components; these estimates were released on March 27, 1998 and include "preliminary" estimates for February 1998 and "revised" estimates for October–December 1997 and January 1998.

Table B.1.—Personal Income

(Billions of dollars; monthly estimates seasonally adjusted at annual rates)

	1996	1997	1997												1998	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^r
Personal income	6,495.2	6,873.9	6,700.1	6,750.3	6,788.2	6,800.9	6,822.8	6,863.5	6,873.1	6,912.2	6,935.5	6,970.4	7,019.8	7,050.4	7,091.3	7,135.0
Wage and salary disbursements	3,632.5	3,877.4	3,754.1	3,799.1	3,821.3	3,822.1	3,835.1	3,867.6	3,870.0	3,902.3	3,916.1	3,943.6	3,989.9	4,007.9	4,038.3	4,072.9
Private industries	2,989.9	3,212.1	3,098.7	3,140.9	3,161.7	3,161.2	3,173.1	3,204.5	3,204.6	3,234.5	3,246.2	3,271.7	3,316.0	3,332.5	3,358.6	3,390.7
Commodity-producing industries	909.1	960.3	936.3	943.4	948.8	950.3	953.7	954.5	955.5	962.0	966.6	975.4	984.9	992.1	995.2	999.5
Manufacturing	674.7	706.0	690.5	693.4	698.4	699.5	700.3	701.2	701.5	706.5	710.0	717.8	724.4	728.1	728.5	729.8
Distributive industries	823.3	876.3	847.7	857.9	864.8	863.1	865.0	872.9	872.2	883.7	886.4	893.1	904.1	904.7	913.5	924.0
Service industries	1,257.5	1,375.5	1,314.6	1,339.6	1,348.1	1,347.7	1,354.5	1,377.1	1,376.8	1,388.9	1,393.3	1,403.1	1,427.0	1,435.7	1,449.9	1,467.2
Government	642.6	665.3	655.5	658.2	659.7	660.9	661.9	665.4	667.8	669.8	671.9	673.9	675.4	679.7	682.2	
Other labor income	407.6	416.6	410.5	412.5	413.9	414.4	415.3	415.6	416.6	417.6	418.9	420.1	421.4	422.6	423.9	425.1
Proprietors' income with IVA and CCAAdj	520.3	544.5	532.2	534.5	537.2	540.9	543.6	546.5	546.8	546.1	548.7	551.6	552.2	553.9	555.3	556.6
Farm	37.2	40.7	39.4	39.9	41.4	43.0	43.8	44.0	43.0	40.8	39.0	38.5	38.1	38.1	36.0	33.5
Nonfarm	483.1	503.8	492.8	494.6	495.8	497.9	499.8	502.4	503.9	505.3	509.6	513.1	514.1	515.8	519.3	523.1
Rental income of persons with CCAAdj	146.3	147.9	148.5	149.3	149.2	149.3	148.9	147.8	147.4	148.5	148.2	146.6	145.5	145.0	144.1	143.6
Personal dividend income	291.2	321.5	310.7	312.5	314.4	316.3	318.3	320.3	322.4	324.5	326.6	328.6	330.7	332.8	334.9	336.8
Personal interest income	735.7	768.6	754.3	757.0	760.4	763.4	766.0	768.9	771.0	772.5	774.3	776.3	778.3	780.5	782.5	784.3
Transfer payments to persons	1,068.0	1,121.1	1,105.5	1,104.1	1,111.9	1,114.6	1,116.6	1,119.7	1,122.1	1,125.9	1,129.0	1,131.5	1,132.9	1,140.0	1,148.8	1,154.3
Old-age, survivors, disability, and health insurance benefits	537.6	566.7	559.5	555.6	561.5	562.4	564.8	565.9	567.3	570.4	570.4	572.0	572.7	577.8	582.6	585.0
Government unemployment insurance benefits	22.0	21.8	22.1	22.0	22.0	22.0	21.9	21.9	21.7	21.4	21.6	21.4	21.4	21.6	21.4	21.4
Other	508.4	532.7	523.9	526.5	528.4	530.2	529.9	531.9	533.1	534.1	537.0	538.1	538.8	540.6	544.8	547.8
Less: Personal contributions for social insurance	306.3	323.7	315.8	318.7	320.1	320.1	320.9	323.0	323.1	325.2	326.1	327.9	331.0	332.2	336.4	338.6

^r Preliminary.
^r Revised.
 CCAAdj Capital consumption adjustment
 IVA Inventory valuation adjustment

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

Table B.2.—The Disposition of Personal Income

(Monthly estimates seasonally adjusted at annual rates)

	1996	1997	1997												1998	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^r
			Billions of dollars, unless otherwise indicated													
Personal income	6,495.2	6,873.9	6,700.1	6,750.3	6,788.2	6,800.9	6,822.8	6,863.5	6,873.1	6,912.2	6,935.5	6,970.4	7,019.8	7,050.4	7,091.3	7,135.0
Less: Personal tax and nontax payments	886.9	988.7	942.3	957.7	967.0	970.4	978.3	988.9	991.2	999.3	1,003.5	1,012.1	1,024.4	1,029.7	1,023.6	1,033.2
Equals: Disposable personal income	5,608.3	5,885.2	5,757.8	5,792.7	5,821.2	5,830.5	5,844.5	5,874.5	5,881.9	5,913.0	5,932.0	5,958.3	5,995.3	6,020.8	6,067.7	6,101.8
Less: Personal outlays	5,368.8	5,658.5	5,565.9	5,578.5	5,579.5	5,592.3	5,592.7	5,623.5	5,690.4	5,699.3	5,712.6	5,735.8	5,752.4	5,778.8	5,814.8	5,838.6
Personal consumption expenditures	5,207.6	5,485.8	5,396.7	5,409.7	5,410.8	5,422.0	5,422.4	5,451.9	5,518.7	5,525.8	5,537.8	5,559.3	5,575.4	5,598.8	5,636.2	5,659.3
Durable goods	634.5	659.3	661.0	659.8	654.4	642.9	643.5	647.0	670.8	670.5	660.7	655.4	670.0	675.1	688.3	688.5
Nondurable goods	1,534.7	1,592.0	1,584.5	1,589.0	1,588.6	1,577.0	1,577.1	1,582.6	1,597.6	1,599.8	1,604.9	1,604.8	1,600.9	1,597.0	1,607.4	1,615.2
Services	3,038.4	3,234.5	3,151.1	3,160.9	3,167.8	3,202.1	3,201.8	3,222.3	3,250.3	3,255.5	3,272.2	3,299.1	3,304.5	3,326.6	3,340.5	3,355.7
Interest paid by persons	145.2	154.8	152.2	151.7	151.6	152.7	152.7	154.0	153.5	155.2	156.6	157.8	158.3	161.3	159.9	160.6
Personal transfer payments to rest of world	15.9	17.9	17.0	17.0	17.0	17.6	17.6	17.6	18.2	18.2	18.2	18.7	18.7	18.7	18.7	18.7
Equals: Personal savings	239.6	226.7	191.9	214.2	241.7	238.2	251.8	251.0	191.4	213.7	219.4	222.5	243.0	242.0	252.9	263.2
Addenda:																
Disposable personal income:																
Billions of chained (1992) dollars ¹	5,076.9	5,221.9	5,142.3	5,159.4	5,181.4	5,185.5	5,198.7	5,218.3	5,214.8	5,239.8	5,247.8	5,264.7	5,293.6	5,316.1	5,356.5	5,382.7
Per capita:																
Current dollars	21,117	21,969	21,579	21,697	21,789	21,808	21,845	21,941	21,951	22,049	22,102	22,183	22,299	22,373	22,535	22,648
Chained (1992) dollars	19,116	19,493	19,272	19,326	19,394	19,396	19,431	19,490	19,462	19,539	19,553	19,601	19,689	19,754	19,893	19,979
Population (thousands)	265,579	267,889	266,826	266,975	267,161	267,354	267,541	267,741	267,952	268,171	268,391	268,594	268,859	269,108	269,263	269,423
Personal consumption expenditures:																
Billions of chained (1992) dollars	4,714.1	4,867.5	4,819.8	4,818.3	4,816.1	4,822.2	4,823.2	4,842.9	4,892.8	4,896.8	4,899.0	4,912.2	4,922.8	4,943.4	4,975.5	4,992.4
Durable goods	611.1	645.5	641.2	638.4	633.8	625.9	628.1	633.0	657.7	659.9	650.9	647.0	663.0	667.9	682.6	684.1
Nondurable goods	1,432.3	1,458.5	1,456.0	1,458.1	1,459.2	1,446.3	1,449.1	1,454.7	1,466.0	1,464.8	1,465.6	1,464.0	1,460.6	1,458.1	1,469.2	1,477.5
Services	2,671.0	2,764.1	2,724.2	2,723.2	2,724.2	2,749.1	2,745.5	2,755.0	2,771.0	2,774.1	2,783.2	2,800.7	2,800.3	2,818.2	2,826.1	2,833.3
Implicit price deflator, 1992=100	110.47	112.70	111.97	112.27	112.35	112.44	112.42	112.58	112.79	112.85	113.04	113.17	113.26	113.26	113.28	113.36
Personal saving as percentage of disposable personal income ²	4.3	3.9	3.3	3.7	4.2	4.1	4.3	4.3	3.3	3.6	3.7	3.7	4.1	4.0	4.2	4.3
			Percent change from preceding period													
Personal income, current dollars	5.6	5.8	0.5	0.7	0.6	0.2	0.3	0.6	0.1	0.6	0.3	0.5	0.7	0.4	0.6	0.6
Disposable personal income:																
Current dollars	4.7	4.9	.5	.6	.5	.2	.2	.5	.1	.5	.3	.4	.6	.4	.8	.6
Chained (1992) dollars	2.3	2.9	.4	.3	.4	.1	.3	.4	-.1	.5	.2	.3	.5	.4	.8	.5
Personal consumption expenditures:																
Current dollars	5.0	5.3	1.1	.2	0	.2	0	.5	1.2	.1	.2	.4	.3	.4	.7	.4
Chained (1992) dollars	2.6	3.3	1.0	0	0	.1	0	.4	1.0	.1	0	.3	.2	.4	.6	.3

1. Disposable personal income in chained (1992) dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.

2. Monthly estimates equal personal saving for the month as a percentage of disposable personal income for that month.

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

Annual Estimates:

Except as noted, these tables are derived from the NIPA tables published in the August 1997 SURVEY OF CURRENT BUSINESS; they are consistent with the most recent comprehensive and annual revisions.

Table B.3.—Gross Domestic Product by Industry, Current-Dollar and Real Estimates for 1994–96

	Billions of dollars			Billions of chained (1992) dollars			Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996	1994	1995	1996	1994	1995	1996
Gross domestic product	6,947.0	7,265.4	7,636.0	6,610.7	6,742.1	6,928.4						
Private industries	6,013.5	6,301.3	6,639.8	5,763.6	5,921.4	6,094.1						
Agriculture, forestry, and fishing	119.2	111.0	129.8	119.1	111.4	111.7						
Farms	83.5	73.5	89.4	84.9	74.2	75.5						
Agricultural services, forestry, and fishing	35.7	37.5	40.5	34.9	37.0	37.6						
Mining	94.9	99.8	113.6	102.5	108.4	101.9						
Metal mining	5.9	6.8	6.8	5.7	5.5	6.3						
Coal mining	13.1	12.3	12.3	15.5	15.7	16.6						
Oil and gas extraction	66.7	71.0	84.4	72.2	77.7	69.4						
Nonmetallic minerals, except fuels	9.2	9.6	10.2	9.2	9.5	10.1						
Construction	268.7	286.4	306.1	249.8	254.1	264.3						
Manufacturing	1,216.1	1,286.3	1,332.1	1,193.2	1,273.7	1,323.7						
Durable goods	679.2	716.8	749.0	671.3	731.2	785.5						
Lumber and wood products	38.4	40.7	41.4	29.8	31.6	33.6						
Furniture and fixtures	18.5	19.4	20.5	18.0	18.7	18.8						
Stone, clay, and glass products	28.8	30.7	32.7	27.0	27.7	29.1						
Primary metal industries	46.3	52.0	50.6	45.0	44.4	46.8						
Fabricated metal products	84.2	89.5	98.2	84.5	89.7	94.0						
Industrial machinery and equipment	122.3	142.4	150.2	131.5	164.5	186.1						
Electronic and other electric equipment	132.9	134.0	143.8	145.8	175.6	217.4						
Motor vehicles and equipment	87.4	87.3	85.1	78.0	79.3	76.1						
Other transportation equipment	49.5	46.9	49.7	47.6	43.8	44.5						
Instruments and related products	48.7	49.7	52.3	45.1	42.6	38.3						
Miscellaneous manufacturing industries	22.2	24.3	24.6	21.5	22.8	23.3						
Nondurable goods	536.9	569.5	583.1	522.0	543.2	541.0						
Food and kindred products	109.6	118.7	122.6	106.5	120.9	112.9						
Tobacco products	16.3	17.6	18.1	22.3	24.3	23.9						
Textile mill products	25.4	23.6	25.5	27.3	25.4	26.6						
Apparel and other textile products	28.2	27.3	26.6	28.3	28.5	26.9						
Paper and allied products	51.3	59.9	57.1	52.1	45.4	47.3						
Printing and publishing	86.0	85.0	90.4	78.0	77.5	74.3						
Chemicals and allied products	140.6	155.9	157.8	131.2	138.9	142.2						
Petroleum and coal products	30.4	30.2	30.1	27.6	32.2	33.8						
Rubber and miscellaneous plastics	44.4	46.1	49.7	45.4	48.2	50.9						
Leather and leather products	4.7	5.1	5.2	4.5	4.7	4.8						
Transportation and public utilities	598.7	622.4	645.3	584.1	593.8	608.9						
Transportation	219.9	228.7	235.1	214.3	216.0	220.8						
Railroad transportation	24.2	24.5	25.3	25.9	27.7	31.0						
Local and interurban passenger transit	11.4	12.4	13.6	11.0	12.0	12.2						
Trucking and warehousing	95.0	97.5	92.2	88.7	87.4	80.3						
Water transportation	10.9	10.8	11.2	10.8	11.0	10.7						
Transportation by air	51.7	54.9	63.2	51.4	49.8	59.0						
Pipelines, except natural gas	4.6	5.7	5.5	4.8	5.4	5.0						
Transportation services	22.1	23.0	24.0	21.7	23.2	24.0						
Communications	184.6	191.6	200.3	176.9	178.4	181.6						
Telephone and telegraph	142.1	144.1	149.6	137.9	136.4	141.2						
Radio and television	42.5	47.5	50.6	38.8	41.7	40.4						
Electric, gas, and sanitary services	194.2	202.0	210.0	193.1	199.6	207.0						
Wholesale trade	468.0	484.4	516.8	448.6	457.5	493.3						
Retail trade	615.3	637.6	667.9	601.2	622.5	648.5						
Finance, insurance, and real estate	1,267.6	1,361.3	1,448.5	1,196.9	1,231.1	1,258.5						
Depository institutions	207.4	229.6	247.4	197.0	193.4	192.0						
Nondepository institutions	36.1	39.0	49.0	33.9	32.6	35.4						
Security and commodity brokers	78.5	79.5	90.0	83.0	81.9	92.2						
Insurance carriers	108.8	126.5	136.6	91.3	105.1	110.1						
Insurance agents, brokers, and services	45.0	47.1	50.4	41.6	42.1	43.6						
Real estate	802.9	842.7	886.2	758.3	775.6	793.3						
Nonfarm housing services	607.3	642.8	673.3	573.3	587.9	596.8						
Other real estate	195.6	199.9	212.9	185.0	187.7	196.6						
Holding and other investment offices	-11.1	-3.2	-12.0	12.9	12.6	12.6						
Services	1,350.4	1,440.3	1,539.5	1,256.5	1,298.8	1,342.9						
Hotels and other lodging places	57.4	60.6	63.7	54.4	55.4	55.8						
Personal services	45.8	46.6	49.1	42.6	42.4	43.3						
Business services	256.0	283.3	318.5	247.1	271.3	295.7						
Auto repair, services, and parking	59.3	61.1	65.0	53.3	53.3	55.3						
Miscellaneous repair services	19.2	20.7	22.5	16.7	17.0	15.9						
Motion pictures	23.0	25.9	29.9	21.8	23.9	26.2						
Amusement and recreation services	51.4	56.2	60.8	47.5	49.7	51.6						
Health services	410.2	428.9	447.0	369.7	371.6	376.6						
Legal services	93.8	96.5	100.0	86.0	85.5	85.1						
Educational services	52.3	55.1	58.2	48.9	49.6	50.7						
Social services	43.2	46.7	49.3	41.6	43.7	44.9						
Membership organizations	45.1	47.0	48.9	42.1	42.5	43.1						
Other services	182.6	199.9	215.2	175.4	184.6	192.9						
Private households	11.0	11.8	11.5	10.4	10.8	10.1						
Statistical discrepancy ¹	14.6	-28.2	-59.9	13.9	-26.3	-54.7						
Government	933.5	964.1	996.3	878.3	877.4	874.1						
Federal	324.9	326.2	331.5	306.9	297.1	290.6						
General government	275.2	275.5	281.4	258.4	248.1	240.9						
Government enterprises	49.7	50.7	50.2	48.6	49.0	49.7						
State and local	608.6	637.9	664.7	571.3	580.3	583.4						
General government	557.5	583.4	607.6	524.2	532.2	535.2						
Government enterprises	51.1	54.5	57.1	47.1	48.0	48.2						
Not allocated by industry ²				-60.4	-87.9	-101.1						

1. The current-dollar statistical discrepancy equals gross domestic product (GDP) measured as the sum of expenditures less gross domestic income—that is, GDP measured as the costs incurred and profits earned in domestic production. The chained (1992) dollar statistical discrepancy equals the current-dollar discrepancy deflated by the implicit price deflator for gross domestic product.

2. Equals GDP in chained (1992) dollars less the statistical discrepancy and the sum of GPO of the detailed industries.

NOTE—Estimates are based on the 1987 Standard Industrial Classification. The table is derived from tables 7 and 10 in "Gross Product by Industry, 1947–96" in the November 1997 SURVEY OF CURRENT BUSINESS.

Table B.4.—Personal Consumption Expenditures by Type of Expenditure

	Billions of dollars			Billions of chained (1992) dollars				Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996		1994	1995	1996	1994	1995	1996
Personal consumption expenditures	4,717.0	4,957.7	5,207.6	4,486.0	4,595.3	4,714.1	Personal business	370.4	389.1	421.1	352.1	350.7	363.6
Food and tobacco	761.7	783.8	805.7	735.0	737.9	736.5	Brokerage charges and investment counseling (s.)	36.2	38.8	47.2	37.8	41.8	50.0
Food purchased for off-premise consumption (n.d.)	451.6	462.2	478.4	434.5	433.4	434.7	Bank service charges, trust services, and safe deposit box rental (s.)	31.6	33.9	37.3	27.5	27.8	28.9
Purchased meals and beverages ¹ (n.d.)	254.3	264.1	268.7	245.1	248.7	246.6	Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans (s.)	151.5	159.8	169.9	146.5	141.9	143.9
Food furnished to employees (including military) (n.d.)	8.1	8.4	8.7	7.8	7.9	8.0	Expense of handling life insurance ¹⁷ (s.)	72.6	75.4	79.9	68.1	67.9	68.5
Food produced and consumed on farms (n.d.) .....	.5	.4	.4	.5	.5	.4	Legal services (s.)	48.8	49.1	52.2	45.3	44.0	45.2
Tobacco products (n.d.)	47.3	48.7	49.6	47.2	47.4	46.8	Funeral and burial expenses (s.)	11.1	12.2	12.8	10.1	10.5	10.4
Addenda: Food excluding alcoholic beverages (n.d.)	633.6	652.0	669.9	608.7	610.2	608.7	Other ¹⁸ (s.)	18.5	19.9	21.8	17.1	17.6	18.7
Alcoholic beverages purchased for off-premise consumption (n.d.)	53.9	54.9	57.3	53.7	54.5	55.5	Transportation	542.2	572.3	602.2	515.3	528.0	540.3
Other alcoholic beverages (n.d.)	27.0	28.2	28.9	25.6	25.9	25.7	User-operated transportation	502.6	530.1	557.7	476.6	487.8	497.7
Clothing, accessories, and jewelry	312.7	323.4	336.3	308.5	321.8	335.3	New autos (d.)	91.2	87.1	86.1	86.2	80.6	78.2
Shoes (n.d.)	36.0	36.8	38.1	35.7	36.6	37.6	Net purchases of used autos (d.)	44.1	52.4	55.3	37.5	40.8	42.1
Clothing and accessories except shoes ²	211.6	217.7	226.0	211.2	220.6	229.9	Other motor vehicles (d.)	76.8	79.4	82.1	71.4	71.7	72.5
Women's and children's (n.d.)	137.5	141.3	145.8	137.0	144.2	150.7	Tires, tubes, accessories, and other parts (d.)	34.5	35.8	37.9	35.1	36.2	38.3
Men's and boys' (n.d.)	74.1	76.4	80.2	74.1	76.4	79.2	Repair, greasing, washing, parking, storage, rental, and leasing (s.)	116.4	128.7	140.1	108.5	116.5	123.3
Standard clothing issued to military personnel (n.d.) .....	.3	.3	.3	.3	.3	.3	Gasoline and oil (n.d.)	109.4	114.4	122.6	109.8	113.1	114.1
Cleaning, storage, and repair of clothing and shoes (s.)	11.6	12.3	12.3	11.0	11.5	11.3	Bridge, tunnel, ferry, and road tolls (s.)	2.6	2.8	2.9	2.4	2.4	2.5
Jewelry and watches (d.)	37.7	39.3	41.6	35.6	36.8	39.7	Insurance ¹⁹ (s.)	27.5	29.4	30.9	25.6	26.0	26.2
Other ³ (s.)	15.6	17.1	18.1	14.7	16.0	16.6	Purchased local transportation	8.9	9.2	10.1	8.6	8.5	8.5
Personal care	68.4	71.9	75.7	65.5	67.9	70.1	Mass transit systems (s.)	5.9	6.0	6.6	5.7	5.5	5.6
Toilet articles and preparations (n.d.)	45.3	47.2	49.9	43.7	45.0	47.0	Taxicab (s.)	3.0	3.2	3.5	2.9	3.0	3.0
Barbershops, beauty parlors, and health clubs (s.)	23.0	24.7	25.7	21.8	22.9	23.0	Purchased intercity transportation	30.7	33.0	34.4	30.1	31.7	34.2
Housing	712.7	750.3	787.2	674.3	688.2	700.2	Railway (s.) .....	.7	.8	.8	.7	.7	.7
Owner-occupied nonfarm dwellings space rent ⁴ (s.)	507.0	532.2	558.3	479.6	487.2	495.3	Bus (s.)	1.1	1.3	1.3	1.1	1.4	1.4
Tenant-occupied nonfarm dwellings rent ⁵ (s.)	174.0	184.6	193.6	165.2	171.1	174.9	Airline (s.)	25.8	27.7	28.2	25.5	26.8	28.8
Rental value of farm dwellings (s.)	5.8	5.9	6.1	5.2	5.2	5.1	Other ²⁰ (s.)	3.2	3.3	4.0	2.8	2.8	3.3
Other ⁶ (s.)	26.0	27.5	29.1	24.3	24.8	25.0	Recreation	370.2	402.5	431.1	365.2	395.7	424.4
Household operation	535.0	562.8	591.9	514.5	533.6	548.4	Books and maps (d.)	20.6	22.1	23.2	19.6	20.6	20.8
Furniture, including mattresses and bedspreads (d.)	45.9	48.0	49.6	43.2	44.2	44.6	Magazines, newspapers, and sheet music (n.d.)	24.5	25.5	26.2	22.9	22.9	22.7
Kitchen and other household appliances ⁷ (d.)	25.6	27.2	27.8	25.0	26.6	27.1	Nondurable toys and sport supplies (n.d.)	39.7	42.2	45.4	38.9	41.4	43.9
China, glassware, tableware, and utensils (d.)	24.0	25.3	27.4	23.5	25.0	26.9	Wheel goods, sports and photographic equipment, boats, and pleasure aircraft (d.)	35.6	39.1	42.0	34.8	37.7	40.3
Other durable house furnishings ⁸ (d.)	52.3	54.5	58.2	51.4	53.1	56.1	Video and audio products, computing equipment, and musical instruments (d.)	78.5	85.2	89.7	87.4	101.8	119.5
Semidurable house furnishings ⁹ (n.d.)	27.2	28.9	30.1	25.7	26.9	28.2	Radio and television repair (s.)	4.5	4.9	5.1	4.2	4.5	4.5
Cleaning and polishing preparations, and miscellaneous household supplies and paper products (n.d.)	50.8	52.3	54.5	50.2	50.0	50.6	Flowers, seeds, and potted plants (n.d.)	13.4	13.9	14.9	13.4	13.2	14.4
Stationery and writing supplies (n.d.)	15.1	15.8	17.0	14.4	14.4	14.8	Admissions to specified spectator amusements	19.0	20.2	22.1	17.8	18.2	18.9
Household utilities	163.8	168.5	177.9	156.3	159.4	163.1	Motion picture theaters (s.)	5.6	6.0	6.3	5.2	5.4	5.4
Electricity (s.)	84.2	88.0	90.3	82.6	84.3	85.2	Legitimate theaters and opera, and entertainments of nonprofit institutions (except athletics) (s.)	8.2	8.7	9.3	7.7	7.9	8.0
Gas (s.)	32.4	31.5	34.9	30.0	30.7	32.7	Spectator sports ²¹ (s.)	5.2	5.5	6.4	4.9	5.0	5.5
Water and other sanitary services (s.)	36.6	38.8	41.1	33.0	33.8	34.6	Clubs and fraternal organizations ²² (s.)	11.8	12.7	13.0	11.2	11.5	11.8
Fuel oil and coal (n.d.)	10.5	10.2	11.6	10.7	10.5	10.6	Commercial participant amusements ²³ (s.)	36.2	41.5	46.2	34.1	38.0	41.1
Telephone and telegraph (s.)	82.6	90.2	96.9	79.6	86.6	91.1	Pari-mutuel net receipts (s.)	3.3	3.3	3.5	3.1	3.1	3.1
Domestic service (s.)	11.9	12.8	12.5	11.2	11.7	11.0	Other ²⁴ (s.)	83.1	91.9	99.6	79.1	85.5	89.3
Other ¹⁰ (s.)	35.8	39.4	40.1	34.2	35.9	35.3	Education and research	104.7	112.2	119.6	96.8	99.4	102.7
Medical care	826.1	871.6	912.8	751.0	766.2	782.4	Higher education ²⁵ (s.)	59.0	62.2	65.2	53.1	53.7	54.0
Drug preparations and sundries ¹¹ (n.d.)	81.6	85.7	90.9	76.7	79.1	81.7	Nursery, elementary, and secondary schools ²⁶ (s.)	21.4	22.8	24.0	20.4	20.8	21.7
Ophthalmic products and orthopedic appliances (d.)	12.9	13.1	13.9	12.3	12.2	12.6	Other ²⁷ (s.)	24.4	27.2	30.3	23.4	25.0	27.2
Physicians (s.)	180.0	191.4	196.5	162.4	166.1	169.3	Religious and welfare activities ²⁸ (s.)	131.2	139.8	150.5	125.6	128.6	136.6
Dentists (s.)	43.9	47.6	50.9	39.8	41.1	42.0	Foreign travel and other, net	-18.3	-22.1	-26.5	-16.2	-19.5	-21.5
Other professional services ¹² (s.)	95.7	104.4	110.2	89.2	95.6	99.1	Foreign travel by U. S. residents (s.)	50.1	51.9	54.9	48.8	48.9	50.8
Hospitals and nursing homes ¹³	357.0	375.9	394.2	331.5	336.6	343.1	Expenditures abroad by U. S. residents (n.d.)	2.7	2.6	2.6	2.8	2.4	2.4
Hospitals	298.1	310.6	325.1	276.9	278.5	284.4	Less: Expenditures in the United States by nonresidents (s.)	69.7	75.2	82.7	66.4	69.5	73.5
Nonprofit (s.)	200.2	207.9	217.3	187.8	188.2	191.8	Less: Personal remittances in kind to nonresidents (n.d.)	1.4	1.4	1.2	1.3	1.3	1.1
Proprietary (s.)	32.1	34.5	37.1	29.2	30.3	31.9	Residual				-5.7	-10.6	-17.8
Government (s.)	65.8	68.2	70.7	59.9	60.0	60.7							
Nursing homes (s.)	58.9	65.2	69.1	54.6	58.1	58.7							
Health insurance	55.0	53.6	56.3	40.0	37.5	36.9							
Medical care and hospitalization ¹⁴ (s.)	42.9	40.7	41.8	36.6	35.2	34.7							
Income loss ¹⁵ (s.)	2.7	2.9	3.2	2.4	2.5	2.6							
Workers' compensation ¹⁶ (s.)	9.4	10.0	11.3	2.3	1.8	1.8							

1. Consists of purchases (including tips) of meals and beverages from retail, service, and amusement establishments, hotels, dining and buffet cars, schools, school fraternities, institutions, clubs, and industrial lunchrooms. Includes meals and beverages consumed both on-and off-premise.

2. Includes luggage.

3. Consists of watch, clock, and jewelry repairs, costume and dress suit rental, and miscellaneous personal services.

4. Consists of rent for space and for heating and plumbing facilities, water heaters, lighting fixtures, kitchen cabinets, linoleum, storm windows and doors, window screens, and screen doors, but excludes rent for appliances and furniture and purchases of fuel and electricity.

5. Consists of space rent (see footnote 4) and rent for appliances, furnishings, and furniture.

6. Consists of transient hotels, motels, clubs, schools, and other group housing.

7. Consists of refrigerators and freezers, cooking ranges, dishwashers, laundry equipment, stoves, room air conditioners, sewing machines, vacuum cleaners, and other appliances.

8. Includes such house furnishings as floor coverings, comforters, quilts, blankets, pillows, picture frames, mirrors, art products, portable lamps, and clocks. Also includes writing equipment and hand, power, and garden tools.

9. Consists largely of textile house furnishings, including piece goods allocated to house furnishing use. Also includes lamp shades, brooms, and brushes.

10. Consists of maintenance services for appliances and house furnishings, moving and warehouse expenses, postage and express charges, premiums for fire and theft insurance on personal property less benefits and dividends, and miscellaneous household operation services.

11. Excludes drug preparations and related products dispensed by physicians, hospitals, and other medical services.

12. Consists of osteopathic physicians, chiropractors, private duty nurses, chiroprodists, podiatrists, and others providing health and allied services, not elsewhere classified.

13. Consists of (1) current expenditures (including consumption of fixed capital) of nonprofit hospitals and nursing homes, and (2) payments by patients to proprietary and government hospitals and nursing homes.

14. Consists of (1) premiums, less benefits and dividends, for health, hospitalization, and accidental death and dismemberment insurance provided by commercial insurance carriers, and (2) administrative expenses (including consumption of fixed capital) of Blue Cross and Blue Shield plans and of other independent prepaid and self-insured health plans.

15. Consists of premiums, less benefits and dividends, for income loss insurance.

16. Consists of premiums, less benefits and dividends, for privately administered workers' compensation.

17. Consists of (1) operating expenses of life insurance carriers and private noninsured pension plans, and (2) premiums, less benefits and dividends, of fraternal benefit societies. Excludes expenses allocated by commercial carriers to accident and health insurance.

18. Consists of current expenditures (including consumption of fixed capital) of trade unions and professional associations, employment agency fees, money order fees, spending for classified advertisements, tax return preparation services, and other personal business services.

19. Consists of premiums, less benefits and dividends, for motor vehicle insurance.

20. Consists of baggage charges, coastal and inland waterway fares, travel agents' fees, and airport bus fares.

21. Consists of admissions to professional and amateur athletic events and to racetracks.

22. Consists of dues and fees excluding insurance premiums.

23. Consists of billiard parlors; bowling alleys; dancing, riding, shooting, skating, and swimming places; amusement devices and parks; golf courses; sightseeing buses and guides; private flying operations; casino gambling; and other commercial participant amusements.

24. Consists of net receipts of lotteries and expenditures for purchases of pets and pet care services, cable TV, film processing, photographic studios, sporting and recreation camps, video cassette rentals, and recreational services, not elsewhere classified.

25. For private institutions, equals current expenditures (including consumption of fixed capital) less receipts—such as those from meals, rooms, and entertainments—accounted for separately in consumer expenditures, and less expenditures for research and development financed under contracts or grants. For government institutions, equals student payments of tuition.

26. For private institutions, equals current expenditures (including consumption of fixed capital) less receipts—such as those from meals, rooms, and entertainments—accounted for separately in consumer expenditures. For government institutions, equals student payments of tuition. Excludes child day care services, which are included in religious and welfare activities.

27. Consists of (1) fees paid to commercial, business, trade, and correspondence schools and for educational services, not elsewhere classified, and (2) current expenditures (including consumption of fixed capital) by research organizations and foundations for education and research.

28. For nonprofit institutions, equals current expenditures (including consumption of fixed capital) of religious, social welfare, foreign relief, and political organizations, museums, libraries, and foundations. The expenditures are net of receipts—such as those from meals, rooms, and entertainments—accounted for separately in consumer expenditures, and excludes relief payments within the United States and expenditures by foundations for education and research. For proprietary and government institutions, equals receipts from users.

NOTES.—Consumer durable goods are designated (d.), nondurable goods (n.d.), and services (s.).

Estimates of foreign travel by U. S. residents (line 108) expenditures were \$0.3 billion in 1981. Beginning with 1984, estimates of foreign travel by U. S. residents include substantially improved estimates of U. S. residents' foreign travel and passenger fare expenditures. Estimates of expenditures in the United States by nonresidents (line 110) include, beginning with 1981, nonresidents' student and medical care expenditures in the United States. Student expenditures were \$2.2 billion, and medical expenditures were \$0.4 billion in 1981. Beginning with 1984, estimates of expenditures in the United States by nonresidents include substantially improved estimates of nonresidents' travel expenditures. Expenditures in the United States by nonresidents are subtracted from total personal consumption expenditures (line 110) because they are included in detailed type of expenditure estimates elsewhere in personal consumption expenditure series.</

Table B.5.—Private Purchases of Structures by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Private purchases of structures	463.6	478.4	517.0	432.8	430.0	453.7
Nonresidential	184.5	200.6	215.2	172.5	179.9	188.7
New	184.3	200.2	214.7	172.2	179.5	188.2
Nonresidential buildings, excluding farm	125.5	140.8	156.1	116.9	126.1	136.7
Industrial	28.9	32.5	32.1	27.0	29.1	28.1
Commercial	61.9	70.8	77.6	57.7	63.4	68.0
Office buildings ¹	25.8	29.8	32.1	24.1	26.7	28.2
Other ²	36.1	41.0	45.5	33.6	36.7	39.8
Religious	3.8	4.2	4.4	3.5	3.8	3.9
Educational	5.6	6.2	7.5	5.2	5.6	6.6
Hospital and institutional	13.7	12.5	13.4	12.7	11.2	11.7
Other ³	11.6	14.5	21.1	10.8	13.0	18.5
Utilities	32.0	33.2	33.3	29.9	30.0	29.3
Railroads	3.3	3.5	4.6	3.0	3.1	3.9
Telecommunications	10.1	11.0	11.9	9.6	10.1	10.4
Electric light and power	13.0	12.3	11.0	12.1	11.0	9.8
Gas	4.6	5.5	4.7	4.2	5.0	4.2
Petroleum pipelines	1.0	.9	1.0	.9	.8	.9
Farm	3.2	3.0	3.7	3.0	2.7	3.2
Mining exploration, shafts, and wells	16.7	16.3	16.1	15.8	14.3	13.9
Petroleum and natural gas	14.7	14.8	14.8	14.0	13.0	12.7
Other	1.9	1.5	1.3	1.8	1.3	1.1
Other ⁴	6.9	6.9	5.7	6.6	6.3	5.0
Brokers' commissions on sale of structures	1.5	1.6	1.8	1.4	1.5	1.6
Net purchases of used structures	-1.2	-1.3	-1.3	-1.2	-1.1	-1.2
Residential	279.1	277.8	301.7	260.3	250.0	265.0
New	248.5	246.9	267.0	230.8	220.8	233.6
New housing units	177.2	174.4	192.1	162.0	153.1	165.2
Permanent site	167.9	163.1	179.4	153.7	143.5	154.8
Single-family structures	153.8	145.2	159.1	140.1	126.9	136.6
Multifamily structures	14.1	17.9	20.3	13.6	16.9	18.6
Mobile homes	9.3	11.3	12.6	8.3	9.5	10.3
Improvements	71.0	72.0	74.4	68.4	67.3	67.7
Other ⁵ .....	.3	.5	.6	.3	.4	.5
Brokers' commissions on sale of structures	31.6	32.1	36.3	30.4	30.3	32.7
Net purchases of used structures	-1.0	-1.1	-1.6	-0.9	-1.0	-1.4
Residual .....				.3	-1	.3

1. Consists of office buildings, except those constructed at industrial sites and those constructed by utilities for their own use.

2. Consists of stores, restaurants, garages, service stations, warehouses, mobile structures, and other buildings used for commercial purposes.

3. Consists of hotels and motels, buildings used primarily for social and recreational activities, and buildings not elsewhere classified, such as passenger terminals, greenhouses, and animal hospitals.

4. Consists primarily of streets, dams and reservoirs, sewer and water facilities, parks, and airfields.

5. Consists primarily of dormitories, fraternity and sorority houses, and nurses' homes.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table B.6.—Private Purchases of Producers' Durable Equipment by Type

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Private purchases of producers' durable equipment	483.0	529.6	573.7	483.5	535.2	593.1
Nonresidential equipment	476.1	522.4	566.2	476.8	528.3	586.1
Information processing and related equipment	152.1	172.8	195.1	165.1	201.8	253.1
Office, computing, and accounting machinery	59.3	73.5	88.1	73.9	108.1	164.2
Computers and peripheral equipment ¹	51.8	65.6	78.7	67.2	102.8	160.8
Other	7.5	7.9	9.3	7.3	7.5	9.0
Communication equipment	52.8	59.4	65.9	53.7	62.0	69.9
Instruments	22.1	22.4	23.4	21.2	21.2	21.8
Photocopy and related equipment	17.9	17.6	17.7	17.3	16.6	16.4
Industrial equipment	109.3	121.5	127.5	105.5	113.4	117.0
Fabricated metal products	10.5	11.1	11.7	10.4	10.6	11.0
Engines and turbines	4.8	4.2	4.0	4.6	4.0	3.7
Metalworking machinery	24.4	28.2	29.6	23.3	26.0	26.6
Special industry machinery, n.e.c.	26.9	31.2	32.8	25.9	29.0	29.9
General industrial, including materials handling, equipment	23.6	25.8	28.5	22.6	24.0	26.0
Electrical transmission, distribution, and industrial apparatus	19.0	20.9	20.9	18.6	19.8	19.7
Transportation and related equipment	118.6	125.7	134.5	113.2	118.9	125.0
Trucks, buses, and truck trailers	55.0	63.3	68.9	50.6	56.7	61.3
Autos	48.0	42.3	45.3	47.8	43.4	45.1
Aircraft	8.9	12.8	13.4	8.4	11.6	11.8
Ships and boats	1.5	1.5	1.6	1.5	1.4	1.4
Railroad equipment	5.1	5.7	5.3	4.9	5.2	4.6
Other equipment	99.9	106.9	113.7	96.0	100.3	104.6
Furniture and fixtures	25.6	28.1	30.2	24.5	26.2	27.4
Tractors	9.9	10.4	10.9	9.5	9.8	10.2
Agricultural machinery, except tractors	9.7	10.4	10.9	9.2	9.6	9.9
Construction machinery, except tractors	12.0	13.5	14.4	11.4	12.4	13.0
Mining and oilfield machinery	1.5	1.8	2.3	1.5	1.7	2.1
Service industry machinery	13.4	14.4	15.2	13.0	13.5	14.0
Electrical equipment, n.e.c.	10.7	10.8	11.1	10.6	10.4	10.8
Other	16.9	17.5	18.6	16.3	16.5	17.2
Less: Sale of equipment scrap, excluding autos	3.7	4.5	4.6	3.1	3.4	3.8
Residential equipment	6.9	7.2	7.5	6.7	7.0	7.1
Residual				-1.4	-10.3	-33.8
Addenda:						
Private purchases of producers' durable equipment	483.0	529.6	573.7			
Less: Dealers' margin on used equipment	4.9	5.3	5.8			
Net purchases of used equipment from government	1.0	1.1	1.2			
Plus: Net sales of used equipment	31.3	37.6	39.7			
Net exports of used equipment	1.5	.6	.7			
Sale of equipment scrap	3.8	4.6	4.6			
Equals: Private purchases of new equipment	513.7	566.0	611.8			

1. Includes new computers and peripheral equipment only.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

n.e.c. Not elsewhere classified.

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

[Millions of dollars]

	Compensation			Wage and salary accruals				Compensation			Wage and salary accruals		
	1994	1995	1996	1994	1995	1996		1994	1995	1996	1994	1995	1996
Total	4,012,002	4,215,434	4,426,912	3,254,030	3,442,583	3,633,641							
Domestic industries	4,014,482	4,217,968	4,429,472	3,256,510	3,445,117	3,636,201							
Private industries	3,213,814	3,392,629	3,574,191	2,654,320	2,822,137	2,993,607	Communications	67,070	71,112	75,153	55,320	58,933	62,279
Agriculture, forestry, and fishing	34,780	37,011	39,619	29,852	31,915	34,476	Telephone and telegraph	51,679	53,701	56,202	42,517	44,315	46,361
Farms	14,477	15,588	16,385	12,325	13,309	14,163	Radio and television	15,391	17,411	18,951	12,803	14,618	15,918
Agricultural services, forestry, and fishing	20,303	21,423	23,234	17,527	18,606	20,313	Electric, gas, and sanitary services	53,856	54,741	54,946	42,894	43,727	43,978
Mining	32,656	32,892	33,678	26,378	26,843	27,644	Wholesale trade	259,828	276,202	289,438	217,964	234,467	246,452
Metal mining	2,791	3,145	3,358	2,187	2,518	2,707	Retail trade	365,722	383,120	399,951	313,776	329,936	345,994
Coal mining	6,375	6,174	5,974	4,993	4,884	4,739	Finance, insurance, and real estate	310,211	324,894	350,180	260,045	273,124	296,112
Oil and gas extraction	19,069	18,929	19,539	15,606	15,628	16,240	Depository institutions	77,101	80,243	83,793	62,949	65,664	69,013
Nonmetallic minerals, except fuels	4,421	4,644	4,807	3,592	3,813	3,958	Nondepository institutions	21,474	21,677	25,089	18,087	18,317	21,223
Construction	182,016	193,746	209,279	147,425	157,684	172,234	Security and commodity brokers	53,798	59,450	68,973	46,857	51,967	60,688
Manufacturing	792,034	816,853	839,754	625,496	651,750	675,067	Insurance carriers	70,378	72,737	75,871	58,148	60,125	63,079
Durable goods	486,844	505,167	521,750	379,616	398,272	416,061	Insurance agents, brokers, and service	29,514	31,008	32,828	25,039	26,384	28,031
Lumber and wood products	23,018	23,802	24,832	18,495	19,401	20,459	Real estate	41,284	42,182	44,906	34,567	35,442	37,910
Furniture and fixtures	14,927	15,443	15,754	11,986	12,584	12,964	Holding and other investment offices	16,662	17,597	18,720	14,398	15,225	16,168
Stone, clay, and glass products	21,564	22,129	22,920	17,054	17,706	18,548	Services	970,992	1,051,394	1,125,269	821,544	894,648	964,556
Primary metal industries	36,102	37,261	37,888	26,841	27,990	28,866	Hotels and other lodging places	34,231	35,886	37,676	28,966	30,557	32,322
Fabricated metal products	56,398	58,594	60,161	44,496	46,794	48,553	Personal services	22,439	23,495	24,609	19,383	20,405	21,518
Industrial machinery and equipment	95,407	100,891	105,182	76,720	82,191	86,528	Business services	168,265	193,888	221,473	142,292	165,300	190,526
Electronic and other electric equipment	72,726	77,181	80,895	58,302	62,681	66,179	Auto repair, services, and parking	25,924	27,830	30,388	22,053	23,824	26,212
Motor vehicles and equipment	61,771	65,047	65,911	42,384	44,886	46,377	Miscellaneous repair services	10,222	11,247	12,103	8,709	9,650	10,455
Other transportation equipment	47,367	46,243	47,105	36,861	36,172	37,186	Motion pictures	14,426	16,637	18,956	12,224	14,399	16,289
Instruments and related products	44,806	45,579	47,745	35,960	37,013	39,518	Amusement and recreation services	31,264	34,526	37,235	26,179	29,150	31,764
Miscellaneous manufacturing industries	12,758	12,997	13,357	10,517	10,854	11,243	Health services	325,041	344,680	359,179	271,678	289,564	303,790
Nondurable goods	305,190	311,686	318,004	245,880	253,478	259,006	Legal services	56,886	58,333	60,452	48,407	49,761	51,905
Food and kindred products	59,381	61,042	62,422	47,614	49,527	50,746	Educational services	49,079	51,755	54,601	41,294	43,697	46,503
Tobacco products	2,768	2,949	3,014	2,062	2,215	2,268	Social services and membership organizations	86,121	91,565	95,877	73,364	78,346	82,749
Textile mill products	19,274	18,956	18,744	15,840	15,697	15,544	Social services organizations	42,375	45,862	48,350	35,109	38,282	40,786
Apparel and other textile products	21,352	20,996	20,379	17,442	17,322	16,816	Membership organizations	43,746	45,703	47,527	38,255	40,064	41,983
Paper and allied products	32,236	32,936	33,661	26,230	27,058	27,672	Other services ¹	136,059	149,531	161,263	116,205	128,432	139,316
Printing and publishing	58,652	60,387	62,308	48,193	50,087	51,718	Private households	11,035	11,821	11,457	10,790	11,563	11,207
Chemicals and allied products	63,653	65,393	67,538	50,743	52,582	54,411	Government	800,668	825,339	855,281	602,190	622,980	642,594
Petroleum and coal products	10,769	10,834	10,738	7,796	7,837	7,791	Federal	258,006	258,051	264,853	173,413	175,045	177,228
Rubber and miscellaneous plastics products	34,133	35,322	36,478	27,527	28,784	29,803	General government	208,312	207,288	212,849	139,744	140,708	142,038
Leather and leather products	2,972	2,871	2,722	2,433	2,369	2,237	Civilian	123,976	123,427	125,174	84,864	84,540	85,541
Transportation and public utilities	265,575	276,517	287,023	211,840	221,770	231,072	Military ²	84,336	83,861	87,675	54,880	56,168	56,497
Transportation	144,649	150,664	156,924	113,626	119,110	124,815	Government enterprises	49,694	50,763	52,004	33,669	34,337	35,190
Railroad transportation	15,346	15,313	15,525	11,249	11,271	11,422	State and local	542,662	567,288	590,428	428,777	447,935	465,366
Local and interurban passenger transit	8,911	9,374	10,101	7,292	7,731	8,381	General government	506,154	529,188	551,031	399,489	417,381	433,845
Trucking and warehousing	63,763	66,914	68,838	49,750	52,594	47,040	Education	265,457	279,024	292,665	207,472	217,962	228,252
Water transportation	7,757	7,843	7,895	6,238	6,323	6,429	Other	240,697	250,164	258,366	192,017	199,419	205,593
Transportation by air	34,424	35,714	46,492	27,189	28,339	38,220	Government enterprises	36,508	38,100	39,397	29,288	30,554	31,521
Pipelines, except natural gas	1,126	1,051	1,007	929	869	829	Rest of the world	-2,480	-2,534	-2,560	-2,480	-2,534	-2,560
Transportation services	13,322	14,455	15,066	10,979	11,983	12,494	Receipts from the rest of the world	1,239	1,323	1,338	1,239	1,323	1,338
							Less: Payments to the rest of the world ³	3,719	3,857	3,898	3,719	3,857	3,898
Addenda:							Households and institutions	312,741	331,760	346,034			
Nonfarm business	2,972,798	3,134,144	3,303,173				Nonfarm business	2,972,798	3,134,144	3,303,173			

1. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

2. Includes Coast Guard.

3. Beginning with 1993, includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

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

Compensation equals wage and salary accruals plus supplements to wages and salaries. "Supplements" are listed in table 8.15 of the August 1997 SURVEY OF CURRENT BUSINESS.

Table B.8.—Employment by Industry

[Thousands]

	Full-time and part-time employment			Persons engaged in production ¹				Full-time and part-time employment			Persons engaged in production ¹		
	1994	1995	1996	1994	1995	1996		1994	1995	1996	1994	1995	1996
Total	121,695	124,602	126,992	118,560	121,370	123,666							
Domestic industries	122,258	125,171	127,543	119,042	121,858	124,151							
Private industries	100,326	103,195	105,596	100,750	103,531	105,947							
Agriculture, forestry, and fishing	1,936	2,004	2,069	3,148	3,199	3,300							
Farms	840	868	860	1,791	1,810	1,818							
Agricultural services, forestry, and fishing	1,096	1,136	1,209	1,357	1,389	1,482							
Mining	606	587	583	607	590	586							
Metal mining	49	52	54	49	52	54							
Coal mining	113	106	99	110	103	97							
Oil and gas extraction	339	321	321	345	327	327							
Nonmetallic minerals, except fuels	105	108	109	103	108	108							
Construction	5,197	5,383	5,669	6,406	6,654	6,954							
Manufacturing	18,428	18,592	18,574	18,445	18,613	18,577							
Durable goods	10,507	10,722	10,834	10,584	10,802	10,911							
Lumber and wood products	776	790	801	835	857	858							
Furniture and fixtures	505	512	506	515	525	521							
Stone, clay, and glass products	535	542	547	544	550	558							
Primary metal industries	697	708	709	693	701	707							
Fabricated metal products	1,396	1,443	1,452	1,390	1,441	1,446							
Industrial machinery and equipment	2,000	2,069	2,115	1,996	2,083	2,100							
Electronic and other electric equipment	1,582	1,626	1,658	1,573	1,616	1,653							
Motor vehicles and equipment	900	969	967	895	952	960							
Other transportation equipment	852	817	820	850	816	819							
Instruments and related products	860	841	855	853	834	850							
Miscellaneous manufacturing industries	404	405	404	440	427	439							
Nondurable goods	7,921	7,870	7,740	7,861	7,811	7,666							
Food and kindred products	1,683	1,688	1,697	1,654	1,659	1,664							
Tobacco products	43	42	42	43	42	42							
Textile mill products	681	664	629	676	661	631							
Apparel and other textile products	982	946	874	998	952	881							
Paper and allied products	693	692	682	686	686	677							
Printing and publishing	1,566	1,570	1,565	1,551	1,560	1,536							
Chemicals and allied products	1,056	1,039	1,032	1,039	1,032	1,024							
Petroleum and coal products	147	143	139	145	142	138							
Rubber and miscellaneous plastics products	954	978	981	951	967	971							
Leather and leather products	116	108	99	118	110	102							
Transportation and public utilities	6,060	6,175	6,292	6,045	6,176	6,318							
Transportation	3,834	3,962	4,063	3,922	4,048	4,182							
Railroad transportation	233	232	224	220	220	212							
Local and interurban passenger transit	407	420	440	437	431	444							
Trucking and warehousing	1,843	1,916	1,658	1,977	2,054	1,854							
Water transportation	179	178	177	175	178	174							
Transportation by air	750	778	1,119	704	731	1,050							
Pipelines, except natural gas	17	15	14	17	15	14							
Public utilities													
Electric, gas, and sanitary services	933	906	882	931	909	878							
Wholesale trade	6,235	6,475	6,558	6,324	6,559	6,589							
Retail trade	21,159	21,867	22,256	18,897	19,476	19,866							
Finance, insurance, and real estate	7,021	6,926	7,051	7,251	7,216	7,315							
Depository institutions	2,068	2,023	2,018	1,973	1,937	1,923							
Nondepository institutions	488	463	513	485	466	506							
Security and commodity brokers	543	554	582	592	622	648							
Insurance carriers	1,522	1,497	1,503	1,468	1,449	1,447							
Insurance agents, brokers, and service	723	732	746	853	856	873							
Real estate	1,422	1,410	1,441	1,635	1,648	1,680							
Holding and other investment offices	255	247	248	245	238	238							
Services	33,684	35,186	36,544	33,627	35,048	36,442							
Hotels and other lodging places	1,712	1,754	1,791	1,549	1,587	1,625							
Personal services	1,276	1,300	1,317	1,725	1,776	1,805							
Business services	6,352	6,935	7,484	6,538	7,109	7,684							
Auto repair, services, and parking	1,075	1,132	1,205	1,338	1,362	1,460							
Miscellaneous repair services	350	374	389	568	591	573							
Motion pictures	458	506	553	498	543	583							
Amusement and recreation services	1,421	1,519	1,593	1,264	1,327	1,420							
Health services	9,318	9,568	9,809	8,677	8,903	9,168							
Legal services	1,059	1,056	1,063	1,184	1,173	1,147							
Educational services	2,024	2,075	2,141	1,860	1,915	1,986							
Social services and membership organizations	4,478	4,637	4,760	4,351	4,504	4,623							
Social services	2,328	2,454	2,534	2,563	2,689	2,772							
Membership organizations	2,150	2,183	2,226	1,788	1,815	1,851							
Other services ²	2,877	3,049	3,193	3,254	3,439	3,572							
Private households	1,284	1,281	1,246	821	819	796							
Government	21,932	21,976	21,947	18,292	18,327	18,204							
Federal	5,720	5,560	5,357	4,661	4,530	4,368							
General government	4,748	4,573	4,366	3,867	3,725	3,562							
Civilian	2,100	2,026	1,952	2,052	1,984	1,912							
Military ³	2,648	2,547	2,414	1,815	1,741	1,650							
Government enterprises	972	987	991	794	805	806							
State and local	16,212	16,416	16,590	13,631	13,797	13,836							
General government	15,295	15,485	15,655	12,754	12,910	12,945							
Education	8,220	8,389	8,542	6,635	6,770	6,791							
Other	7,075	7,096	7,113	6,119	6,140	6,154							
Government enterprises	917	931	935	877	887	891							
Rest of the world⁴	-563	-569	-551	-482	-488	-485							

1. Equals the number of full-time equivalent employees (table 6.5) plus the number of self-employed persons (table 6.7). Unpaid family workers are not included.

2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

3. Includes Coast Guard.

4. Beginning with 1993, includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

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

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

Table with 16 columns: Industry, Dollars (1994, 1995, 1996), Thousands (1994, 1995, 1996) for Wages and salaries per full-time equivalent, and Dollars (1994, 1995, 1996), Thousands (1994, 1995, 1996) for Full-time equivalent employees. Rows include Total, Domestic industries, Private industries, and various sectors like Manufacturing, Transportation, and Services.

1. Full-time equivalent employees equals the number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis. The number of full-time equivalent employees in each industry is the product of the total number of employees and the ratio of average weekly hours per employee for all employees to average weekly hours per employee on full-time schedules.

2. Consists of museums, botanical, zoological gardens; engineering and management services; and services, not elsewhere classified.

3. Includes Coast Guard. 4. Beginning with 1993, includes estimates of foreign professional workers and undocumented Mexican migratory workers employed temporarily in the United States.

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

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

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Farm output	202.9	197.9	219.9	199.4	192.0	193.1
Cash receipts from farm marketings	180.9	193.9	204.2	178.2	188.5	179.0
Crops	92.8	106.9	111.4	88.4	96.9	88.9
Livestock	88.1	87.0	92.9	89.9	91.3	90.5
Farm housing	5.8	5.9	6.1	5.2	5.2	5.1
Farm products consumed on farms .....	.5	.5	.4	.5	.5	.4
Other farm income	4.9	5.6	6.3	4.8	5.2	5.3
Change in farm inventories	10.8	-7.9	2.9	11.7	-9.2	2.6
Crops	9.7	-8.2	4.1	9.2	-7.7	3.0
Livestock	1.1	.2	-1.3	1.2	.3	-1.5
Less: Intermediate goods and services						
purchased	119.4	124.4	130.6	114.7	117.6	117.3
Intermediate goods and services, other than rent	105.3	110.0	113.7	100.7	103.4	101.2
Rent paid to nonoperator landlords	14.1	14.3	16.8	14.0	14.2	16.2
Equals: Gross farm product	83.5	73.5	89.4	85.0	74.2	75.5
Less: Consumption of fixed capital	23.7	24.7	25.6	22.4	22.8	23.2
Equals: Net farm product	59.8	48.8	63.8	62.9	51.3	52.2
Less: Indirect business tax and nontax liability	4.8	5.1	5.1			
Plus: Subsidies to operators	6.6	6.1	6.1			
Equals: Farm national income	61.5	49.7	64.9			
Compensation of employees	14.6	15.7	16.5			
Wage and salary accruals	12.3	13.3	14.2			
Supplements to wages and salaries	2.2	2.4	2.3			
Proprietors' income and corporate profits with IVA and CCAAdj	37.8	24.7	38.6			
Proprietors' income	36.9	23.4	37.2			
Corporate profits .....	.9	1.2	1.4			
Net interest	9.1	9.4	9.8			

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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.
 CCAAdj Capital consumption adjustment
 IVA Inventory valuation adjustment

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

	Billions of dollars			Billions of chained (1992) dollars		
	1994	1995	1996	1994	1995	1996
Housing output ¹	686.7	722.7	758.1	649.9	663.4	675.2
Nonfarm housing	680.9	716.8	752.0	644.8	658.3	670.2
Owner-occupied	507.0	532.2	558.3	479.6	487.2	495.3
Tenant-occupied	174.0	184.6	193.6	165.2	171.1	174.9
Farm housing	5.8	5.9	6.1	5.2	5.2	5.1
Less: Intermediate goods and services consumed	87.6	88.5	94.1	83.1	82.1	85.3
Equals: Gross housing product	599.1	634.2	664.0	566.8	581.3	589.9
Nonfarm housing	594.4	629.2	658.8	562.7	577.0	585.7
Owner-occupied	439.5	462.8	484.0	415.6	423.1	428.3
Tenant-occupied	155.0	166.4	174.9	147.1	153.9	157.5
Farm housing	4.7	5.0	5.1	4.2	4.3	4.2
Less: Consumption of fixed capital	120.5	114.8	118.2	112.2	103.6	104.6
Capital consumption allowances	60.9	59.6	62.8			
Less: CCAAdj	-59.6	-55.1	-55.4			
Equals: Net housing product	478.6	519.4	545.8	454.5	477.8	485.5
Less: Indirect business tax and nontax liability plus business transfer payments ...	112.9	116.2	119.5			
Plus: Subsidies less current surplus of government enterprises	20.6	20.8	22.6			
Equals: Housing national income	386.4	424.0	448.9			
Compensation of employees	7.7	8.1	8.5			
Proprietors' income with IVA and CCAAdj ...	17.6	25.2	27.1			
Rental income of persons with CCAAdj	96.7	104.3	115.8			
Corporate profits with IVA and CCAAdj	4.2	5.1	5.6			
Net interest	260.2	281.3	292.0			

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

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 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.
 CCAAdj Capital consumption adjustment
 IVA Inventory valuation adjustment

Table B.12.—Net Stock of Fixed Private Capital, by Type

[Yearend estimates]

	Current-cost valuation (billions of dollars)						Chain-type quantity indexes (1992=100)					
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996
Fixed private capital	12,955.2	13,484.1	14,198.8	15,064.5	15,738.6	16,503.4	98.49	100.00	101.94	104.15	106.67	109.58
Private producers' durable equipment	2,570.3	2,642.7	2,742.1	2,881.7	3,050.3	3,232.9	98.37	100.00	102.74	106.62	111.68	117.63
Nonresidential equipment	2,519.5	2,590.0	2,686.7	2,823.1	2,989.3	3,168.9	98.39	100.00	102.72	106.61	111.70	117.69
Information processing and related equipment	603.2	629.0	650.4	673.8	704.0	785.4	94.86	100.00	106.40	113.96	125.25	140.31
Office, computing, and accounting machinery	119.0	120.7	128.3	138.5	151.2	175.7	87.31	100.00	120.18	144.51	189.31	264.83
Computers and peripheral equipment	99.5	101.0	107.9	118.0	130.4	153.9	85.14	100.00	124.20	154.49	211.49	308.42
Other office equipment	19.5	19.7	20.4	20.6	20.9	21.8	99.35	100.00	101.27	101.08	101.82	108.04
Communication equipment	318.9	330.8	333.0	335.3	342.7	391.5	97.21	100.00	102.41	106.50	112.84	120.39
Instruments	101.4	109.9	117.9	124.1	130.6	136.2	95.09	100.00	105.34	109.32	112.73	116.19
Photocopy and related equipment	64.0	67.5	71.2	75.8	79.4	82.0	97.52	100.00	104.27	109.02	112.00	113.98
Industrial equipment	898.3	916.8	945.7	991.4	1,050.3	1,083.6	99.38	100.00	101.38	103.55	106.34	108.92
Fabricated metal products	87.7	86.7	87.0	90.3	93.5	95.7	100.79	100.00	100.07	100.95	101.72	102.72
Engines and turbines	50.8	51.8	53.2	56.8	58.4	59.7	97.84	100.00	102.12	104.56	105.58	105.86
Steam engines	46.0	47.1	48.2	51.5	52.5	53.5	97.48	100.00	102.13	104.33	104.68	104.57
Internal combustion engines	4.8	4.7	5.0	5.4	5.9	6.3	101.47	100.00	102.06	106.76	114.34	118.43
Metalworking machinery	167.1	168.8	174.4	183.0	197.0	205.8	100.38	100.00	100.48	102.74	106.16	109.54
Special industry machinery, n.e.c.	193.4	199.4	207.5	218.2	232.1	240.0	99.14	100.00	101.85	104.03	107.46	109.64
General industrial, including materials handling, equipment	185.7	189.0	194.9	202.5	212.5	220.8	100.53	100.00	100.70	102.25	104.37	107.35
Electrical transmission, distribution, and industrial apparatus	213.6	221.0	228.7	240.5	256.7	261.6	97.65	100.00	102.57	105.65	109.13	112.29
Transportation and related equipment	491.2	510.0	538.9	581.2	627.2	660.5	98.93	100.00	102.30	106.91	111.87	116.89
Trucks, buses, and truck trailers	160.6	169.1	185.5	210.1	236.8	259.6	98.99	100.00	105.33	115.39	127.18	139.25
Autos	102.5	107.6	111.7	124.6	131.1	138.0	97.44	100.00	100.93	109.20	113.03	117.20
Aircraft	114.4	121.2	127.1	129.2	136.2	140.3	97.17	100.00	102.25	100.57	101.80	103.08
Ships and boats	45.5	45.1	45.6	44.7	44.3	44.4	103.69	100.00	98.25	95.33	92.42	89.79
Railroad equipment	68.2	67.1	69.0	72.7	78.8	78.3	101.16	100.00	99.65	100.79	102.22	102.81
Other equipment	526.8	534.2	551.8	576.6	607.7	639.4	100.42	100.00	101.19	103.29	106.07	109.92
Furniture and fixtures	140.0	146.1	153.8	163.0	175.0	186.2	96.81	100.00	103.04	105.84	110.10	115.18
Household furniture	9.0	9.1	9.4	9.7	10.1	10.5	100.22	100.00	100.43	101.74	103.22	105.88
Other furniture	131.0	137.0	144.4	153.3	164.9	175.7	96.59	100.00	103.21	106.12	110.55	115.79
Tractors	54.1	54.1	55.1	57.2	59.1	60.9	102.77	100.00	99.71	101.34	103.25	105.60
Farm tractors	42.3	42.4	43.2	45.1	46.8	48.2	102.43	100.00	100.28	102.61	105.11	107.84
Construction tractors	11.8	11.7	11.9	12.1	12.3	12.7	103.99	100.00	97.68	96.85	96.65	97.69
Agricultural machinery, except tractors	65.4	64.9	65.6	67.1	69.9	72.2	103.85	100.00	98.79	99.07	99.89	101.40
Construction machinery, except tractors	66.7	66.0	66.8	69.6	73.2	77.1	104.46	100.00	99.09	100.51	103.15	106.11
Mining and oilfield machinery	16.7	15.3	14.6	14.0	13.8	13.3	110.04	100.00	93.67	87.79	83.85	78.91
Service industry machinery	61.0	60.3	61.0	64.5	69.2	76.7	103.27	100.00	99.38	103.02	107.46	117.36
Electrical equipment, n.e.c.	41.5	44.6	47.2	48.9	50.3	50.9	94.43	100.00	104.87	107.43	109.26	111.42
Household appliances	4.5	4.6	4.7	4.9	5.1	5.2	99.31	100.00	101.98	104.43	107.35	110.74
Other	37.0	40.1	42.5	44.0	45.2	45.7	93.87	100.00	105.20	107.77	109.47	111.49
Other nonresidential equipment	81.2	83.0	87.7	92.4	97.2	102.1	98.81	100.00	103.18	106.40	109.34	112.59
Residential equipment	50.8	52.6	55.4	58.6	61.0	64.1	97.03	100.00	103.36	107.18	111.01	114.80
Private structures	10,384.9	10,841.4	11,456.7	12,182.8	12,688.3	13,270.4	98.52	100.00	101.75	103.57	105.50	107.74
Nonresidential structures	4,177.2	4,302.7	4,528.9	4,775.6	4,970.8	5,163.3	98.92	100.00	101.16	102.20	103.61	105.43
Nonresidential buildings, excluding farm	2,593.9	2,686.1	2,834.9	3,011.3	3,144.1	3,299.0	98.44	100.00	101.38	102.97	105.02	107.92
Industrial buildings	589.7	613.0	636.2	673.6	700.7	725.9	98.36	100.00	100.17	101.44	103.03	104.54
Office buildings ¹	611.2	625.4	670.1	707.8	736.5	767.1	98.72	100.00	101.51	102.54	104.24	106.37
Commercial buildings	653.7	678.7	717.2	765.0	803.8	855.8	98.46	100.00	101.96	103.93	106.63	111.20
Mobile structures	6.4	6.6	7.2	7.9	8.3	8.7	98.26	100.00	101.54	103.27	105.36	107.95
Other commercial ²	647.4	672.1	710.1	757.1	795.5	847.1	98.47	100.00	101.97	103.94	106.64	111.24
Religious buildings	119.7	123.5	129.4	136.6	141.4	146.2	99.10	100.00	101.10	102.06	103.23	104.47
Educational buildings	102.6	108.0	114.7	123.5	130.2	138.0	97.05	100.00	102.47	105.40	108.64	112.77
Hospital and institutional buildings	246.2	259.8	276.7	297.9	311.6	325.6	96.87	100.00	102.72	105.71	108.08	108.01
Other	270.8	277.6	290.6	307.0	319.9	340.5	99.67	100.00	100.79	101.88	103.76	110.59
Hotels and motels	135.6	139.2	145.9	153.7	161.0	173.3	99.51	100.00	101.03	101.79	104.25	109.82
Amusement and recreational buildings	67.8	70.2	73.7	78.6	83.2	88.7	98.63	100.00	101.25	103.20	106.83	111.45
Other nonfarm buildings ³	67.4	68.2	71.0	74.7	75.7	78.5	101.07	100.00	99.84	100.73	99.60	100.81
Utilities	1,032.3	1,062.0	1,120.2	1,159.7	1,199.7	1,236.4	99.44	100.00	100.59	100.76	101.29	101.73
Railroad	266.7	272.4	290.1	294.0	300.3	311.1	100.93	100.00	99.08	98.22	97.42	96.92
Telecommunications	181.1	185.3	194.0	204.8	218.3	229.9	98.21	100.00	101.66	103.71	106.33	109.22
Electric light and power	410.9	423.8	443.4	459.6	476.5	481.8	99.61	100.00	100.86	100.77	101.20	101.28
Gas	136.8	143.1	153.0	160.0	163.1	170.4	97.56	100.00	101.42	101.99	102.88	103.23
Petroleum pipelines	36.8	37.5	39.6	41.2	41.5	43.2	100.12	100.00	100.18	100.25	100.00	99.92
Farm related buildings and structures	182.0	183.5	194.3	201.6	204.6	206.1	101.36	100.00	102.10	101.29	100.48	99.14
Mining exploration, shafts, and wells	263.0	259.0	260.1	274.5	283.7	278.5	101.90	100.00	99.14	98.31	97.36	95.89
Petroleum and natural gas	234.7	229.3	229.2	241.6	250.0	244.5	102.17	100.00	98.97	97.82	96.76	95.21
Other mining	29.0	29.7	31.0	32.9	33.7	34.1	99.81	100.00	100.48	101.99	101.92	101.14
Other nonfarm structures ⁴	105.2	112.1	119.4	128.4	138.7	143.3	94.60	100.00	104.32	107.95	111.30	113.37
Residential structures	6,207.7	6,538.7	6,927.8	7,407.2	7,717.5	8,107.1	98.25	100.00	102.14	104.47	106.75	109.25
Housing units	5,057.2	5,327.0	5,667.3	6,078.4	6,322.4	6,639.3	98.37	100.00	102.00	104.20	106.43	108.99
Permanent site	4,959.6	5,226.1	5,557.9	5,956.2	6,190.1	6,497.7	98.36	100.00	102.00	104.17	106.36	108.86
1-to-4-unit	4,226.4	4,465.3	4,796.1	5,182.3	5,398.5	5,662.9	98.09	100.00	102.37	105.01	107.45	110.22
5-or-more-unit	733.2	760.7	761.9	773.8	791.5	834.8	99.97	100.00	99.78	99.05	99.64	100.47
Mobile homes	97.6	100.9	109.4	122.2	132.3	141.5	99.10	100.00	102.02	105.56	110.07	115.21
Improvements	1,124.7	1,185.1	1,232.6	1,299.8	1,365.8	1,438.0	97.64	100.00	102.83	105.87	108.42	110.75
Other residential ⁵	25.9											

C. Historical Tables

The tables in this section are derived from the "Summary National Income and Product Series" tables that were published in the August 1997 issue of the SURVEY OF CURRENT BUSINESS and from the "Selected NIPA Tables" that are published in this issue. (Changes in prices are calculated from indexes expressed to three decimal places.)

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases
(Quarterly estimates are seasonally adjusted at annual rates)

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1959	2,210.2	2,206.9	2,222.0	7.4	6.5	22.95	22.44	22.95	22.96	1.0	1.0	1.0	1.0
1960	2,262.9	2,264.2	2,276.0	2.4	2.6	23.27	22.75	23.27	23.28	1.4	1.4	1.4	1.4
1961	2,314.3	2,318.0	2,329.1	2.3	2.4	23.54	23.00	23.54	23.55	1.2	1.1	1.2	1.2
1962	2,454.8	2,445.4	2,471.5	6.1	5.5	23.84	23.28	23.84	23.85	1.3	1.2	1.3	1.3
1963	2,559.4	2,552.4	2,577.3	4.3	4.4	24.12	23.58	24.12	24.13	1.2	1.3	1.2	1.2
1964	2,708.4	2,705.1	2,727.8	5.8	6.0	24.48	23.94	24.48	24.49	1.5	1.6	1.5	1.5
1965	2,881.1	2,860.4	2,901.4	6.4	5.7	24.95	24.39	24.96	24.97	1.9	1.9	2.0	2.0
1966	3,069.2	3,033.5	3,087.8	6.5	6.1	25.66	25.07	25.67	25.68	2.8	2.8	2.8	2.8
1967	3,147.2	3,125.1	3,166.4	2.5	3.0	26.48	25.83	26.49	26.50	3.2	3.0	3.2	3.2
1968	3,293.9	3,278.0	3,314.5	4.7	4.9	27.64	26.95	27.64	27.66	4.4	4.3	4.4	4.4
1969	3,393.6	3,377.2	3,413.3	3.0	3.0	28.94	28.21	28.94	28.96	4.7	4.7	4.7	4.7
1970	3,397.6	3,406.5	3,417.1	-1	-9	30.48	29.73	30.48	30.50	5.3	5.4	5.3	5.3
1971	3,510.0	3,499.8	3,532.1	3.3	2.7	32.05	31.32	32.06	32.08	5.2	5.3	5.2	5.2
1972	3,702.3	3,689.5	3,726.3	5.5	5.4	33.42	32.71	33.42	33.44	4.2	4.5	4.2	4.2
1973	3,916.3	3,883.9	3,950.1	5.8	5.3	35.30	34.64	35.30	35.32	5.6	5.9	5.6	5.6
1974	3,891.2	3,873.4	3,930.2	-6	-3	38.46	38.17	38.47	38.49	8.9	10.2	9.0	8.9
1975	3,873.9	3,906.4	3,903.3	-4	-9	42.09	41.72	42.09	42.11	9.4	9.3	9.4	9.4
1976	4,082.9	4,061.7	4,118.8	5.4	4.0	44.55	44.15	44.55	44.58	5.8	5.8	5.8	5.9
1977	4,273.6	4,240.8	4,314.5	4.7	4.4	47.42	47.18	47.43	47.46	6.5	6.9	6.5	6.5
1978	4,503.0	4,464.4	4,543.7	5.4	5.3	50.88	50.65	50.89	50.92	7.3	7.4	7.3	7.3
1979	4,630.6	4,614.4	4,687.4	2.8	3.4	55.22	55.22	55.23	55.26	8.5	9.0	8.5	8.5
1980	4,615.0	4,641.9	4,670.8	-3	-6	60.34	61.10	60.33	60.36	9.3	10.7	9.2	9.2
1981	4,720.7	4,691.6	4,769.9	2.3	1.1	66.01	66.72	66.01	66.05	9.4	9.2	9.4	9.4
1982	4,620.3	4,651.2	4,662.0	-2.1	-9	70.18	70.64	70.17	70.21	6.3	5.9	6.3	6.3
1983	4,803.7	4,821.2	4,844.8	4.0	3.7	73.16	73.31	73.16	73.20	4.3	3.8	4.3	4.3
1984	5,140.1	5,061.6	5,178.0	7.0	5.0	75.92	75.90	75.92	75.97	3.8	3.5	3.8	3.8
1985	5,323.5	5,296.9	5,346.7	3.6	4.6	78.53	78.34	78.53	78.57	3.4	3.2	3.4	3.4
1986	5,487.7	5,480.9	5,501.2	3.1	3.5	80.58	80.40	80.58	80.62	2.6	2.6	2.6	2.6
1987	5,649.5	5,626.0	5,658.2	2.9	2.6	83.06	83.11	83.06	83.09	3.1	3.4	3.1	3.1
1988	5,865.2	5,855.1	5,878.5	3.8	4.1	86.10	86.13	86.09	86.12	3.7	3.6	3.7	3.7
1989	6,062.0	6,028.7	6,075.7	3.4	3.0	89.72	89.78	89.72	89.75	4.2	4.2	4.2	4.2
1990	6,136.3	6,126.7	6,157.0	1.2	1.6	93.64	93.83	93.60	93.63	4.4	4.5	4.3	4.3
1991	6,079.4	6,082.6	6,094.9	-9	-7	97.32	97.30	97.32	97.33	3.9	3.7	4.0	4.0
1992	6,244.4	6,237.4	6,255.5	2.7	2.5	100.00	100.00	100.00	100.00	2.8	2.8	2.8	2.8
1993	6,389.6	6,368.9	6,408.0	2.3	2.1	102.64	102.48	102.64	102.63	2.6	2.5	2.6	2.6
1994	6,610.7	6,551.2	6,619.1	3.5	2.9	105.09	104.85	105.09	105.08	2.4	2.3	2.4	2.4
1995	6,742.1	6,712.7	6,748.7	2.0	2.5	107.76	107.52	107.76	107.73	2.5	2.5	2.5	2.5
1996	6,928.4	6,901.0	6,932.0	2.8	2.8	110.22	109.86	110.21	110.18	2.3	2.2	2.3	2.3
1997	7,188.8	7,118.3	7,174.4	3.8	3.1	112.45	111.76	112.40	112.35	2.0	1.7	2.0	2.0
1959: I	2,165.0	2,165.5	2,176.2	8.6	9.2	22.86	22.35	22.92	22.93	.8	1.1	.8	.8
1959: II	2,223.3	2,204.2	2,234.5	11.2	7.3	22.92	22.41	22.91	22.91	1.1	1.1	-3	-3
1959: III	2,221.4	2,232.6	2,233.5	-3	5.3	22.96	22.45	22.94	22.95	.7	.7	.6	.6
1959: IV	2,231.0	2,225.3	2,243.9	1.7	-1.3	23.05	22.53	23.03	23.04	1.5	1.5	1.6	1.6
1960: I	2,279.2	2,248.5	2,291.6	8.9	4.2	23.10	22.57	23.13	23.14	.9	.8	1.8	1.9
1960: II	2,265.5	2,268.4	2,278.2	-2.4	3.6	23.21	22.69	23.22	23.23	2.0	2.1	1.5	1.5
1960: III	2,268.3	2,265.1	2,281.6	.5	-6	23.32	22.80	23.32	23.33	2.0	2.0	1.7	1.7
1960: IV	2,238.6	2,274.7	2,252.7	-5.1	1.7	23.44	22.92	23.40	23.41	2.1	2.1	1.4	1.4
1961: I	2,251.7	2,277.7	2,266.8	2.4	.5	23.48	22.96	23.45	23.46	.7	.6	.9	.9
1961: II	2,292.0	2,301.1	2,306.3	7.4	4.2	23.51	22.97	23.51	23.52	.5	.2	1.0	1.0
1961: III	2,332.6	2,320.4	2,347.1	7.3	3.4	23.55	23.01	23.56	23.57	.7	.7	.8	.8
1961: IV	2,381.0	2,372.8	2,395.9	8.6	9.3	23.61	23.06	23.63	23.64	1.1	.9	1.2	1.2
1962: I	2,422.6	2,400.3	2,437.4	7.2	4.7	23.73	23.17	23.75	23.76	2.0	1.9	2.0	2.0
1962: II	2,448.0	2,440.7	2,464.4	4.3	6.9	23.80	23.24	23.81	23.81	1.1	1.4	1.0	1.0
1962: III	2,471.9	2,462.0	2,488.4	4.0	3.5	23.86	23.31	23.87	23.87	1.1	1.1	1.0	1.0
1962: IV	2,476.7	2,478.7	2,495.9	.8	2.7	23.96	23.41	23.94	23.95	1.7	1.8	1.2	1.2
1963: I	2,508.7	2,492.4	2,526.9	5.3	2.2	24.03	23.48	24.00	24.01	1.2	1.3	1.1	1.1
1963: II	2,538.1	2,533.8	2,555.5	4.8	6.8	24.07	23.53	24.07	24.08	.6	.8	1.1	1.1
1963: III	2,586.3	2,578.0	2,604.0	7.8	7.2	24.11	23.58	24.12	24.13	.7	.9	.8	.8
1963: IV	2,604.6	2,605.3	2,622.9	2.9	4.3	24.26	23.72	24.29	24.30	2.4	2.5	3.0	3.0
1964: I	2,666.7	2,663.1	2,686.8	9.9	9.2	24.33	23.80	24.35	24.36	1.2	1.3	.9	.9
1964: II	2,697.5	2,695.0	2,716.8	4.7	4.9	24.41	23.89	24.41	24.42	1.3	1.5	.9	.9
1964: III	2,729.6	2,727.6	2,749.5	4.8	4.9	24.53	23.99	24.52	24.53	1.9	1.8	1.8	1.8
1964: IV	2,739.7	2,734.5	2,758.1	1.5	1.0	24.64	24.09	24.64	24.65	1.8	1.6	2.1	2.1
1965: I	2,808.9	2,777.2	2,830.0	10.5	6.4	24.76	24.19	24.77	24.78	2.0	1.6	2.0	2.0
1965: II	2,846.3	2,826.7	2,868.2	5.4	7.3	24.88	24.31	24.88	24.89	2.0	2.0	1.9	1.9
1965: III	2,898.8	2,879.8	2,918.9	7.6	7.7	25.01	24.44	25.01	25.02	2.1	2.2	2.1	2.1
1965: IV	2,970.5	2,957.8	2,988.6	10.3	11.3	25.16	24.61	25.17	25.18	2.5	2.8	2.6	2.6
1966: I	3,042.4	3,008.8	3,061.1	10.0	7.1	25.30	24.73	25.32	25.34	2.2	1.9	2.5	2.5
1966: II	3,055.5	3,023.1	3,074.2	1.7	1.9	25.50	24.93	25.53	25.54	3.2	3.2	3.2	3.3
1966: III	3,078.5	3,047.2	3,094.7	2.8	3.2	25.82	25.22	25.79	25.81	5.1	4.8	4.2	4.2
1966: IV	3,102.4	3,054.8	3,121.4	3.4	1.0	26.03	25.41	26.02	26.03	3.4	3.1	3.5	3.5
1967: I	3,127.2	3,085.6	3,145.9	3.2	4.1	26.16	25.52	26.14	26.15	2.0	1.6	1.9	2.0
1967: II	3,129.5	3,119.0	3,147.7	.3	4.4	26.32	25.67	26.31	26.32	2.5	2.5	2.5	2.5
1967: III	3,154.2	3,134.2	3,174.4	3.2	2.0	26.57	25.92	26.60	26.61	3.9	3.9	4.5	4.5
1967: IV	3,178.0	3,161.5	3,197.5	3.1	3.5	26.87	26.21	26.90	26.91	4.6	4.5	4.6	4.6

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases—Continued

[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1968: I	3,236.2	3,225.3	3,256.2	7.5	8.3	27.19	26.52	27.21	27.22	4.8	4.9	4.7	4.8
1968: II	3,292.1	3,258.0	3,312.5	7.1	4.1	27.50	26.80	27.49	27.50	4.5	4.2	4.1	4.1
1968: III	3,316.1	3,303.9	3,337.3	3.0	5.8	27.75	27.06	27.75	27.76	3.7	4.0	3.8	3.8
1968: IV	3,331.2	3,325.1	3,352.2	1.8	2.6	28.12	27.43	28.12	28.13	5.5	5.5	5.5	5.5
1969: I	3,381.9	3,357.5	3,402.8	6.2	4.0	28.38	27.66	28.39	28.40	3.7	3.5	3.8	3.9
1969: II	3,390.2	3,373.0	3,410.3	1.0	1.9	28.74	28.02	28.73	28.75	5.2	5.3	5.0	5.0
1969: III	3,409.7	3,389.6	3,428.5	2.3	2.0	29.14	28.40	29.14	29.16	5.7	5.6	5.8	5.8
1969: IV	3,392.6	3,388.9	3,411.4	-2.0	-1	29.51	28.77	29.51	29.52	5.2	5.2	5.1	5.1
1970: I	3,386.5	3,397.6	3,406.0	-7	1.0	29.92	29.18	29.94	29.95	5.7	5.9	6.0	6.0
1970: II	3,391.6	3,391.9	3,411.9	6	-7	30.36	29.59	30.36	30.37	6.0	5.8	5.7	5.7
1970: III	3,423.0	3,421.9	3,442.9	3.7	3.6	30.60	29.87	30.61	30.63	3.2	3.8	3.4	3.4
1970: IV	3,389.4	3,414.8	3,407.4	-3.9	-8	31.02	30.29	31.02	31.03	5.6	5.7	5.4	5.4
1971: I	3,481.4	3,458.9	3,503.3	11.3	5.3	31.50	30.75	31.50	31.52	6.3	6.2	6.4	6.4
1971: II	3,500.9	3,481.2	3,524.3	2.3	2.6	31.93	31.18	31.93	31.94	5.7	5.7	5.5	5.5
1971: III	3,523.8	3,509.4	3,544.7	2.6	3.3	32.25	31.52	32.27	32.29	4.1	4.5	4.4	4.4
1971: IV	3,533.8	3,549.5	3,556.0	1.1	4.7	32.53	31.81	32.54	32.55	3.5	3.7	3.3	3.3
1972: I	3,604.7	3,608.0	3,627.9	8.3	6.8	33.01	32.28	33.02	33.03	6.0	6.0	6.0	6.1
1972: II	3,687.9	3,665.7	3,710.7	9.6	6.5	33.23	32.53	33.20	33.22	2.6	3.1	2.2	2.2
1972: III	3,726.2	3,700.0	3,751.2	4.2	3.8	33.50	32.82	33.49	33.51	3.3	3.6	3.5	3.5
1972: IV	3,790.4	3,784.3	3,815.3	7.1	9.4	33.93	33.23	33.95	33.97	5.2	5.1	5.6	5.6
1973: I	3,892.2	3,867.5	3,921.5	11.2	9.0	34.38	33.69	34.36	34.38	5.5	5.6	5.0	5.0
1973: II	3,919.0	3,884.5	3,950.4	2.8	1.8	34.96	34.33	34.94	34.96	6.9	7.8	6.9	6.9
1973: III	3,907.1	3,890.9	3,944.1	-1.2	7	35.63	34.95	35.61	35.63	7.8	7.5	7.9	7.9
1973: IV	3,947.1	3,893.1	3,984.4	4.2	2	36.24	35.60	36.29	36.31	7.0	7.6	7.8	7.8
1974: I	3,908.1	3,889.1	3,952.4	-3.9	-4	36.98	36.55	37.01	37.03	8.4	11.1	8.2	8.2
1974: II	3,922.6	3,899.7	3,964.3	1.5	1.1	37.79	37.59	37.79	37.81	9.0	11.9	8.7	8.7
1974: III	3,880.0	3,882.5	3,917.6	-4.3	-1.8	38.93	38.71	38.96	38.98	12.7	12.5	12.9	12.9
1974: IV	3,854.1	3,822.2	3,886.1	-2.6	-6.1	40.14	39.84	40.13	40.15	13.0	12.2	12.6	12.5
1975: I	3,800.9	3,848.3	3,827.3	-5.4	2.8	41.04	40.69	41.05	41.07	9.2	8.8	9.5	9.5
1975: II	3,835.2	3,887.9	3,861.8	3.7	4.2	41.67	41.34	41.66	41.68	6.3	6.5	6.1	6.1
1975: III	3,907.0	3,922.7	3,936.1	7.7	3.6	42.44	42.05	42.41	42.44	7.6	7.0	7.4	7.4
1975: IV	3,952.5	3,966.7	3,987.9	4.7	4.6	43.21	42.79	43.19	43.22	7.4	7.2	7.6	7.6
1976: I	4,044.6	4,027.0	4,078.8	9.7	6.2	43.68	43.26	43.69	43.72	4.4	4.5	4.7	4.7
1976: II	4,072.2	4,039.1	4,107.9	2.8	1.2	44.17	43.76	44.15	44.18	4.6	4.7	4.2	4.2
1976: III	4,085.5	4,061.7	4,124.8	1.6	2.3	44.78	44.42	44.77	44.80	5.7	6.1	5.7	5.7
1976: IV	4,126.4	4,119.0	4,163.7	3.8	5.8	45.56	45.16	45.57	45.60	7.2	6.9	7.3	7.3
1977: I	4,176.3	4,161.4	4,219.4	4.9	4.2	46.31	45.99	46.32	46.34	6.7	7.6	6.8	6.7
1977: II	4,260.1	4,228.4	4,302.2	8.3	6.6	47.08	46.81	47.07	47.10	6.8	7.3	6.6	6.7
1977: III	4,329.5	4,270.0	4,371.2	7.6	4.0	47.74	47.55	47.66	47.69	5.7	6.4	5.1	5.1
1977: IV	4,328.3	4,303.3	4,365.0	-6.1	3.2	48.55	48.36	48.63	48.66	7.0	7.1	8.4	8.4
1978: I	4,345.5	4,306.0	4,388.6	1.6	3	49.39	49.19	49.42	49.45	7.1	7.0	6.7	6.7
1978: II	4,510.7	4,474.6	4,546.1	16.1	16.6	50.43	50.22	50.41	50.44	8.6	8.6	8.2	8.2
1978: III	4,552.1	4,511.6	4,591.1	3.7	3.4	51.32	51.11	51.27	51.30	7.3	7.3	7.1	7.1
1978: IV	4,603.7	4,565.4	4,649.0	4.6	4.9	52.37	52.08	52.35	52.39	8.4	7.9	8.7	8.7
1979: I	4,605.7	4,579.0	4,652.6	2	1.2	53.46	53.21	53.51	53.54	8.6	9.0	9.1	9.1
1979: II	4,615.6	4,577.0	4,668.7	9	-2	54.70	54.52	54.65	54.68	9.6	10.2	8.8	8.8
1979: III	4,644.9	4,639.2	4,708.8	2.6	5.5	55.82	55.89	55.82	55.85	8.5	10.4	8.9	8.9
1979: IV	4,656.2	4,662.5	4,719.5	1.0	2.0	56.92	57.25	56.92	56.95	8.1	10.2	8.1	8.1
1980: I	4,679.0	4,675.3	4,743.0	2.0	1.1	58.25	58.89	58.18	58.22	9.7	12.0	9.2	9.2
1980: II	4,566.6	4,579.0	4,625.6	-9.3	-8.0	59.59	60.41	59.55	59.58	9.6	10.7	9.7	9.7
1980: III	4,562.3	4,637.1	4,617.8	-4	5.2	60.93	61.77	61.01	61.05	9.3	9.3	10.2	10.2
1980: IV	4,651.9	4,676.1	4,696.6	8.1	3.4	62.57	63.33	62.59	62.64	11.2	10.5	10.8	10.8
1981: I	4,739.2	4,692.9	4,787.7	7.7	1.4	64.19	64.96	64.15	64.20	10.7	10.7	10.3	10.4
1981: II	4,696.8	4,699.0	4,742.6	-3.5	5	65.35	66.15	65.37	65.42	7.4	7.5	7.8	7.8
1981: III	4,753.0	4,702.5	4,801.4	4.9	3	66.65	67.27	66.65	66.69	8.2	7.0	8.0	8.0
1981: IV	4,693.8	4,672.0	4,747.9	-4.9	-2.6	67.85	68.48	67.87	67.91	7.4	7.3	7.5	7.5
1982: I	4,615.9	4,655.4	4,658.5	-6.5	-1.4	68.85	69.42	68.86	68.91	6.0	5.6	6.0	6.0
1982: II	4,634.9	4,651.2	4,682.9	1.7	-4	69.71	70.17	69.72	69.77	5.1	4.4	5.1	5.1
1982: III	4,612.1	4,616.9	4,651.1	-2.0	-2.9	70.69	71.10	70.66	70.70	5.7	5.4	5.5	5.5
1982: IV	4,618.3	4,681.3	4,655.6	5	5.7	71.46	71.85	71.44	71.47	4.5	4.3	4.4	4.4
1983: I	4,663.0	4,719.4	4,700.1	3.9	3.3	72.12	72.33	72.08	72.12	3.7	2.7	3.7	3.7
1983: II	4,763.6	4,785.3	4,804.4	8.9	5.7	72.84	73.03	72.83	72.87	4.1	3.9	4.2	4.2
1983: III	4,849.0	4,860.7	4,891.3	7.4	6.4	73.50	73.65	73.48	73.52	3.7	3.4	3.7	3.7
1983: IV	4,939.2	4,919.5	4,983.5	7.7	4.9	74.19	74.24	74.19	74.24	3.8	3.2	3.9	3.9
1984: I	5,053.6	4,961.0	5,092.6	9.6	3.4	75.00	75.04	75.02	75.06	4.4	4.4	4.5	4.5
1984: II	5,132.9	5,050.0	5,172.4	6.4	7.4	75.62	75.65	75.58	75.63	3.3	3.3	3.1	3.1
1984: III	5,170.3	5,085.6	5,209.5	3.0	2.9	76.25	76.19	76.25	76.29	3.4	2.9	3.5	3.5
1984: IV	5,203.7	5,149.9	5,237.5	2.6	5.2	76.82	76.71	76.81	76.85	3.0	2.7	3.0	2.9
1985: I	5,257.3	5,231.7	5,280.3	4.2	6.5	77.64	77.38	77.63	77.67	4.3	3.6	4.4	4.3
1985: II	5,283.7	5,261.0	5,310.8	2.0	2.3	78.25	78.02	78.25	78.29	3.2	3.3	3.3	3.2
1985: III	5,359.6	5,336.9	5,378.4	5.9	5.9	78.80	78.58	78.76	78.80	2.8	2.9	2.6	2.6
1985: IV	5,393.6	5,358.0	5,417.5	2.6	1.6	79.44	79.37	79.45	79.49	3.3	4.1	3.5	3.5
1986: I	5,460.8	5,410.5	5,481.1	5.1	4.0	79.81	79.77	79.81	79.85	1.9	2.0	1.8	1.8
1986: II	5,466.9	5,448.4	5,480.1	4	2.8	80.26	79.97	80.22	80.26	2.2	1.0	2.1	2.1
1986: III	5,496.3	5,518.2	5,510.4	2.2	5.2	80.81	80.60	80.84	80.88	2.8	3.2	3.1	3.1
1986: IV	5,526.8	5,546.6	5,533.1	2.2	2.1	81.44	81.25	81.45	81.49	3.2	3.3	3.1	3.0
1987: I	5,561.8	5,535.8	5,568.7	2.6	-8	82.11	82.07	82.09	82.12	3.3	4.1	3.2	3.2
1987: II	5,618.0	5,608.4	5,628.7	4.1	5.4	82.68	82.74	82.68	82.71	2.8	3.3	2.9	2.9
1987: III	5,667.4	5,671.5	5,676.0	3.6	4.6	83.35	83.44	83.33	83.36	3.3	3.4	3.2	3.2
1987: IV	5,750.6	5,688.3	5,759.6	6.0	1.2	84.08	84.19	84.09	84.12	3.6	3.6	3.7	3.7
1988: I	5,785.3	5,774.2	5,802.3	2.4	6.2	84.69	84.81	84.67	84.69	2.9	3.0	2.7	2.8
1988: II	5,844.0	5,840.1	5,857.5	4.1	4.6	85.56	85.68	85.56	85.59	4.2	4.2	4.3	4.3
1988: III	5,878.7	5,889.2	5,889.4	2.4	2.0	86.67	86.58	86.66	86.69	5.3	4.3	5.2	5.2
1988: IV	5,952.8	5,937.0	5,964.9	5.1	4.7	87.46	87.44	87.44	87.47	3.7	4.0	3.7	3.7

Table C.1.—Historical Measures of Real Gross Domestic Product, Real Gross National Product, and Real Gross Domestic Purchases—Continued

[Quarterly estimates are seasonally adjusted at annual rates]

Year and quarter	Billions of chained (1992) dollars			Percent change from preceding period		Chain-type price indexes		Implicit price deflators		Percent change from preceding period			
	Gross domestic product	Final sales of domestic product	Gross national product	Gross domestic product	Final sales of domestic product	Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product	Chain-type price index		Implicit price deflators	
										Gross domestic product	Gross domestic purchases	Gross domestic product	Gross national product
1989: I	6,011.0	5,970.0	6,023.1	4.0	2.2	88.44	88.47	88.45	88.48	4.5	4.8	4.7	4.7
II	6,055.6	6,010.9	6,065.5	3.0	2.8	89.40	89.52	89.39	89.42	4.4	4.8	4.3	4.3
III	6,088.0	6,063.1	6,101.8	2.2	3.5	90.13	90.14	90.13	90.16	3.3	2.8	3.3	3.3
IV	6,093.5	6,070.8	6,112.3	.4	.5	90.91	90.98	90.88	90.91	3.5	3.8	3.4	3.4
1990: I	6,152.6	6,144.6	6,172.8	3.9	5.0	92.01	92.17	92.00	92.04	4.9	5.4	5.0	5.1
II	6,171.6	6,127.5	6,188.0	1.2	-1.1	93.20	93.14	93.18	93.21	5.2	4.2	5.2	5.2
III	6,142.1	6,126.6	6,155.7	-1.9	-1	94.19	94.32	94.14	94.17	4.3	5.2	4.2	4.2
IV	6,079.0	6,108.1	6,111.3	-4.0	-1.2	95.14	95.68	95.11	95.13	4.1	5.9	4.2	4.2
1991: I	6,047.5	6,065.4	6,074.3	-2.1	-2.8	96.26	96.42	96.27	96.29	4.8	3.1	5.0	4.9
II	6,074.7	6,095.9	6,086.4	1.8	2.0	97.02	96.95	97.00	97.01	3.2	2.2	3.1	3.1
III	6,090.1	6,085.4	6,099.2	1.0	-7	97.70	97.58	97.70	97.71	2.8	2.6	2.9	2.9
IV	6,105.3	6,083.8	6,119.5	1.0	-1	98.30	98.27	98.31	98.32	2.5	2.9	2.5	2.5
1992: I	6,175.7	6,175.8	6,192.0	4.7	6.2	99.14	99.04	99.13	99.13	3.4	3.2	3.4	3.4
II	6,214.2	6,203.8	6,225.2	2.5	1.8	99.81	99.76	99.79	99.79	2.8	2.9	2.7	2.7
III	6,260.7	6,249.5	6,270.3	3.0	3.0	100.17	100.28	100.17	100.17	1.4	2.1	1.5	1.5
IV	6,327.1	6,320.7	6,334.6	4.3	4.6	100.88	100.92	100.88	100.88	2.8	2.6	2.9	2.9
1993: I	6,327.9	6,297.3	6,351.3	.1	-1.5	101.85	101.71	101.84	101.84	3.9	3.2	3.9	3.8
II	6,359.9	6,344.9	6,375.9	2.0	3.1	102.38	102.28	102.35	102.34	2.1	2.3	2.0	2.0
III	6,393.5	6,379.3	6,415.3	2.1	2.2	102.83	102.64	102.83	102.83	1.8	1.4	1.9	1.9
IV	6,476.9	6,453.8	6,489.7	5.3	4.8	103.52	103.28	103.51	103.50	2.7	2.5	2.7	2.6
1994: I	6,524.5	6,473.0	6,540.5	3.0	1.2	104.16	103.80	104.13	104.14	2.5	2.0	2.4	2.5
II	6,600.3	6,526.7	6,609.3	4.7	3.4	104.74	104.46	104.71	104.71	2.2	2.6	2.2	2.2
III	6,629.5	6,580.4	6,635.6	1.8	3.3	105.39	105.24	105.39	105.38	2.5	3.0	2.6	2.6
IV	6,688.6	6,624.8	6,691.2	3.6	2.7	106.07	105.88	106.09	106.06	2.6	2.5	2.7	2.6
1995: I	6,703.7	6,654.3	6,711.3	.9	1.8	106.93	106.66	106.94	106.91	3.3	3.0	3.3	3.2
II	6,708.8	6,685.3	6,721.0	.3	1.9	107.49	107.33	107.46	107.43	2.1	2.5	2.0	2.0
III	6,759.2	6,739.3	6,758.3	3.0	3.3	108.03	107.79	108.02	107.99	2.0	1.7	2.1	2.1
IV	6,796.5	6,771.9	6,804.2	2.2	2.0	108.60	108.29	108.61	108.59	2.1	1.9	2.2	2.2
1996: I	6,826.4	6,815.0	6,834.7	1.8	2.6	109.35	109.01	109.39	109.37	2.8	2.7	2.9	2.9
II	6,926.0	6,902.3	6,930.1	6.0	5.2	109.86	109.50	109.84	109.82	1.9	1.8	1.7	1.6
III	6,943.8	6,905.0	6,940.2	1.0	.2	110.59	110.15	110.54	110.50	2.7	2.4	2.6	2.5
IV	7,017.4	6,981.7	7,023.1	4.3	4.5	111.10	110.79	111.05	111.01	1.9	2.4	1.9	1.8
1997: I	7,101.6	7,034.1	7,091.8	4.9	3.0	111.78	111.32	111.71	111.67	2.4	1.9	2.4	2.4
II	7,159.6	7,077.7	7,144.4	3.3	2.5	112.27	111.55	112.22	112.17	1.8	.8	1.8	1.8
III	7,214.0	7,160.3	7,198.8	3.1	4.7	112.67	111.90	112.62	112.57	1.4	1.3	1.4	1.4
IV	7,280.0	7,201.1	7,262.6	3.7	2.3	113.07	112.28	113.01	112.96	1.4	1.4	1.4	1.4

Table C.2.—Real Gross Domestic Product

[Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																											
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		
1997	2.8	2.7	2.6	2.7	2.9	2.7	2.6	2.5	2.5	2.6	2.7	3.0	2.9	2.6	2.5	2.5	2.3	2.3	2.2	2.3	2.8	2.9	3.0	2.8	3.3	3.8		
1996	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.6	2.6	2.9	2.9	2.5	2.4	2.4	2.3	2.1	1.9	2.0	2.6	2.7	2.4	2.8				
1995	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.6	2.6	2.9	2.9	2.5	2.4	2.3	2.2	2.0	1.8	1.9	2.6	2.6	2.7	2.4				
1994	2.8	2.7	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.6	2.6	3.0	2.9	2.5	2.4	2.3	2.2	2.0	1.7	1.9	2.8	2.9	3.5					
1993	2.8	2.6	2.5	2.6	2.8	2.7	2.5	2.4	2.3	2.5	2.6	3.0	2.9	2.4	2.3	2.2	2.1	1.7	1.3	1.4	2.5	2.3						
1992	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.6	2.6	3.1	3.0	2.5	2.3	2.2	2.0	1.6	1.0	1.0	2.7							
1991	3.0	2.6	2.5	2.7	2.9	2.7	2.5	2.3	2.3	2.5	2.6	3.1	3.0	2.4	2.2	2.1	1.9	1.2	-1	-9								
1990	3.0	2.8	2.7	2.9	3.1	3.0	2.8	2.6	2.6	2.9	3.0	3.6	3.6	3.0	2.9	2.8	2.8	2.3	1.2									
1989	3.1	2.9	2.8	3.0	3.3	3.1	3.0	2.7	2.7	3.1	3.2	4.0	4.0	3.4	3.3	3.4	3.6	3.4										
1988	3.1	2.9	2.7	3.0	3.2	3.1	2.9	2.7	2.7	3.0	3.1	4.1	4.1	3.4	3.3	3.4	3.8											
1987	3.0	2.9	2.7	2.9	3.2	3.0	2.8	2.6	2.5	2.9	3.0	4.1	4.1	3.2	3.0	2.9												
1986	3.0	2.9	2.6	2.9	3.2	3.0	2.8	2.5	2.5	2.9	3.1	4.4	4.5	3.3	3.1													
1985	3.0	2.8	2.6	2.9	3.2	3.0	2.8	2.4	2.4	2.9	3.1	4.8	5.3	3.6														
1984	3.0	2.8	2.5	2.8	3.2	2.9	2.7	2.2	2.1	2.7	2.9	5.5	7.0															
1983	2.6	2.4	2.1	2.4	2.7	2.3	2.0	1.3	.9	1.3	.9	4.0																
1982	2.5	2.2	1.9	2.2	2.5	2.1	1.6	.6	-.1	1.1																		
1981	3.0	2.7	2.4	2.8	3.3	2.9	2.5	1.6	1.0	2.3	-.1																	
1980	3.1	2.8	2.4	2.9	3.6	3.1	2.6	1.2	.8																			
1979	3.5	3.2	2.8	3.5	4.6	4.3	4.1	.8	-.3																			
1978	3.6	3.5	2.8	3.7	5.1	5.0	5.4																					
1977	3.3	2.9	2.2	3.2	5.0	4.7																						
1976	3.1	2.5	1.4	2.4	5.4																							
1975	2.5	1.5	-.5	-.4																								
1974	3.5	2.5	-.6																									
1973	5.6																											
1972	5.5	5.8																										

Table C.3.—Chain-Type Price Index for Gross Domestic Product

[Average annual percent change]

Terminal year	Initial year																											
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		
1997	4.9	5.0	4.9	4.8	4.6	4.5	4.4	4.3	4.0	3.7	3.4	3.2	3.1	3.1	3.0	3.1	3.1	3.0	2.9	2.6	2.4	2.4	2.3	2.3	2.2	2.0		
1996	5.1	5.1	5.1	4.9	4.7	4.6	4.5	4.4	4.1	3.8	3.5	3.3	3.2	3.2	3.1	3.2	3.2	3.1	3.0	2.8	2.5	2.5	2.4	2.4	2.3			
1995	5.2	5.2	5.2	5.0	4.8	4.8	4.7	4.5	4.3	3.9	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.3	3.1	2.9	2.6	2.5	2.5	2.5	2.5			
1994	5.3	5.3	5.3	5.2	4.9	4.9	4.8	4.6	4.4	4.0	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.4	3.2	2.9	2.6	2.5	2.4	2.4				
1993	5.4	5.5	5.5	5.3	5.1	5.0	4.9	4.8	4.5	4.2	3.7	3.5	3.4	3.4	3.4	3.5	3.6	3.6	3.4	3.1	2.7	2.6						
1992	5.6	5.6	5.6	5.5	5.2	5.2	5.1	4.9	4.7	4.3	3.8	3.6	3.5	3.5	3.5	3.7	3.8	3.8	3.7	3.3	2.8							
1991	5.7	5.8	5.8	5.6	5.4	5.3	5.3	5.1	4.8	4.4	4.0	3.7	3.6	3.6	3.6	3.8	4.0	4.2	4.1	3.9								
1990	5.8	5.9	5.9	5.7	5.5	5.4	5.4	5.2	4.9	4.5	4.0	3.7	3.6	3.6	3.6	3.8	4.1	4.3	4.4									
1989	5.9	6.0	6.0	5.8	5.6	5.5	5.5	5.3	5.0	4.5	3.9	3.6	3.5	3.4	3.4	3.6	3.9	4.2										
1988	6.0	6.1	6.1	5.9	5.7	5.6	5.6	5.4	5.1	4.5	3.9	3.5	3.3	3.2	3.1	3.4	3.7											
1987	6.1	6.3	6.3	6.1	5.8	5.8	5.8	5.6	5.2	4.7	3.9	3.4	3.2	3.0	2.8	3.1												
1986	6.3	6.5	6.6	6.4	6.1	6.1	6.1	5.9	5.5	4.9	4.1	3.5	3.3	3.0	2.6													
1985	6.6	6.8	6.9	6.7	6.4	6.5	6.5	6.4	6.0	5.4	4.4	3.8	3.6	3.4														
1984	6.9	7.1	7.2	7.0	6.8	6.9	7.0	6.9	6.6	5.9	4.8	4.0	3.8															
1983	7.1	7.4	7.6	7.4	7.2	7.3	7.5	7.5	7.3	6.6	5.3	4.3																
1982	7.4	7.7	7.9	7.8	7.6	7.9	8.2	8.4	8.3	7.8	6.3																	
1981	7.5	7.9	8.1	8.0	7.8	8.2	8.6	9.1	9.3	9.4																		
1980	7.3	7.7	8.0	7.8	7.5	7.9	8.4	8.9	9.3																			
1979	7.0	7.4	7.7	7.5	7.0	7.4	7.9	8.5																				
1978	6.8	7.3	7.6	7.2	6.5	6.9	7.3																					
1977	6.7	7.3	7.7	7.2	6.1	6.5																						
1976	6.8	7.5	8.1	7.6	5.8																							
1975	7.0	8.0	9.2																									
1974	6.3	7.3	8.9																									
1973	4.9	5.6																										
1972	4.2																											

Table C.4.—Real Gross Domestic Purchases

[Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																											
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		
1997	2.8	2.7	2.6	2.7	2.9	2.8	2.6	2.5	2.5	2.8	2.8	3.1	3.0	2.6	2.4	2.4	2.3	2.3	2.2	2.4	3.1	3.1	3.2	3.0	3.5	4.1		
1996	2.7	2.6	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.7	2.7	3.1	2.9	2.4	2.3	2.2	2.1	2.0	1.9	2.1	2.9	2.9	2.9	2.4	2.9			
1995	2.7	2.6	2.5	2.7	2.9	2.7	2.5	2.4	2.4	2.7	2.7	3.1	2.9	2.4	2.2	2.1	2.0	1.9	1.8	2.0	2.9	2.9	2.9	1.9				
1994	2.7	2.6	2.5	2.7	2.9	2.7	2.6	2.4	2.4	2.8	2.8	3.2	3.0	2.4	2.3	2.1	2.1	1.9	1.8	2.0	3.2	3.4	3.9					
1993	2.7	2.6	2.4	2.7	2.9	2.7	2.5	2.3	2.3	2.7	2.7	3.1	2.9	2.3	2.1	1.9	1.8	1.5	1.2	1.4	2.9	2.9						
1992	2.7	2.5	2.4	2.6	2.9	2.7	2.5	2.3	2.3	2.7	2.7	3.1	2.9	2.2	1.9	1.7	1.5	1.2	.7	.6	2.8							
1991	2.7	2.5	2.4	2.6	2.9	2.6	2.5	2.2	2.2	2.6	2.7	3.1	2.9	2.1	1.8	1.5	1.2	.6	-.4	-1.6								
1990	2.9	2.7	2.6	2.9	3.2	3.0	2.8	2.6	2.6	3.1	3.1	3.7	3.5	2.7	2.5	2.3	2.1	1.8	.8									
1989	3.0	2.9	2.7	3.0	3.4	3.1	2.9	2.7	2.8	3.3	3.4	4.2	4.0	3.1	2.9	2.8	2.8	2.7										
1988	3.0	2.9	2.7	3.1	3.4	3.2	3.0	2.7	2.8	3.4	3.5	4.4	4.2	3.2	3.0	2.8	2.9											
1987	3.0	2.9	2.7	3.1	3.4	3.2	3.0	2.7	2.8	3.5	3.6	4.7	4.6	3.3	3.0	2.7												
1986	3.1	2.9	2.7	3.1	3.5	3.2																						

Table C.5.—Chain-Type Price Index for Gross Domestic Purchases

[Average annual percent change]

Terminal year	Initial year																									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1997	5.0	5.0	5.0	4.8	4.6	4.5	4.4	4.3	4.0	3.6	3.3	3.1	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.5	2.3	2.2	2.2	2.2	2.0	1.7
1996	5.1	5.2	5.1	4.9	4.7	4.7	4.5	4.4	4.1	3.7	3.4	3.2	3.2	3.1	3.1	3.2	3.1	3.1	2.9	2.7	2.5	2.4	2.3	2.4	2.2	
1995	5.3	5.3	5.3	5.1	4.8	4.8	4.7	4.5	4.3	3.8	3.5	3.3	3.2	3.2	3.2	3.3	3.3	3.2	3.1	2.8	2.5	2.4	2.4	2.5		
1994	5.4	5.4	5.4	5.2	5.0	4.9	4.8	4.7	4.4	3.9	3.5	3.3	3.3	3.4	3.4	3.4	3.4	3.3	3.2	2.8	2.5	2.4	2.3			
1993	5.5	5.6	5.6	5.3	5.1	5.1	5.0	4.8	4.5	4.1	3.6	3.4	3.4	3.4	3.5	3.5	3.6	3.5	3.4	3.0	2.6	2.5				
1992	5.7	5.7	5.7	5.5	5.3	5.2	5.1	5.0	4.7	4.2	3.7	3.5	3.5	3.5	3.5	3.7	3.8	3.8	3.7	3.2	2.8					
1991	5.8	5.9	5.9	5.7	5.4	5.4	5.3	5.2	4.8	4.3	3.8	3.6	3.6	3.6	3.7	3.9	4.0	4.1	4.1	3.7						
1990	5.9	6.0	6.0	5.8	5.6	5.5	5.4	5.3	4.9	4.4	3.9	3.6	3.6	3.6	3.7	3.9	4.1	4.4	4.5							
1989	6.0	6.1	6.1	5.9	5.6	5.6	5.5	5.3	5.0	4.4	3.8	3.5	3.4	3.4	3.5	3.7	3.9	4.2								
1988	6.1	6.2	6.3	6.0	5.7	5.7	5.6	5.5	5.1	4.4	3.7	3.4	3.3	3.2	3.2	3.5	3.6									
1987	6.3	6.4	6.5	6.2	5.9	5.9	5.8	5.7	5.2	4.5	3.7	3.3	3.2	3.1	3.0	3.4										
1986	6.5	6.6	6.7	6.4	6.1	6.2	6.1	5.9	5.5	4.7	3.8	3.3	3.1	2.9	2.6											
1985	6.8	6.9	7.0	6.8	6.5	6.6	6.5	6.4	6.0	5.1	4.1	3.5	3.4	3.2												
1984	7.0	7.3	7.4	7.1	6.9	7.0	7.0	7.0	7.3	6.6	5.6	4.4	3.7	3.5												
1983	7.3	7.6	7.8	7.5	7.3	7.5	7.6	7.7	7.3	6.3	4.8	3.8														
1982	7.7	8.0	8.2	8.0	7.8	8.1	8.4	8.7	8.6	7.5	5.9															
1981	7.9	8.2	8.5	8.3	8.1	8.6	9.0	9.6	9.9	9.2																
1980	7.7	8.1	8.4	8.2	7.9	8.5	9.0	9.8	10.7																	
1979	7.3	7.8	8.1	7.7	7.3	7.7	8.2	9.0																		
1978	7.1	7.6	7.9	7.3	6.7	7.1	7.4																			
1977	7.1	7.6	8.0	7.3	6.3	6.9																				
1976	7.1	7.8	8.4	7.5	5.8																					
1975	7.4	8.4	9.7	9.3																						
1974	6.8	8.0	10.2																							
1973	5.2	5.9																								
1972	4.5																									

Table C.6.—Real Final Sales of Domestic Product

[Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1997	2.8	2.7	2.6	2.7	2.8	2.7	2.6	2.5	2.4	2.5	2.6	2.9	2.8	2.7	2.5	2.4	2.4	2.2	2.1	2.2	2.7	2.7	2.8	2.8	3.0	3.1
1996	2.8	2.6	2.5	2.7	2.7	2.7	2.6	2.4	2.4	2.5	2.6	2.9	2.8	2.6	2.4	2.3	2.3	2.1	1.9	2.0	2.6	2.6	2.7	2.6	2.8	
1995	2.8	2.6	2.5	2.7	2.7	2.7	2.6	2.4	2.4	2.5	2.6	2.9	2.8	2.6	2.4	2.3	2.2	2.0	1.8	1.8	2.5	2.5	2.7	2.5		
1994	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.4	2.5	2.6	2.9	2.8	2.6	2.4	2.3	2.2	1.9	1.7	1.7	2.5	2.5	2.9			
1993	2.8	2.6	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.5	2.6	2.9	2.8	2.6	2.3	2.2	2.1	1.7	1.4	1.3	2.3	2.1				
1992	2.8	2.7	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.5	2.6	3.0	2.9	2.6	2.4	2.2	2.1	1.6	1.1	-.9	2.5					
1991	2.8	2.7	2.5	2.7	2.8	2.7	2.6	2.4	2.3	2.5	2.6	3.0	2.9	2.7	2.3	2.1	2.0	1.3	.4	-7						
1990	3.0	2.9	2.7	2.9	3.0	3.0	2.9	2.7	2.6	2.8	3.0	3.5	3.5	3.2	3.0	2.8	2.9	2.3	1.6							
1989	3.1	2.9	2.8	3.0	3.1	3.1	3.0	2.8	2.7	2.9	3.2	3.8	3.8	3.6	3.3	3.2	3.5	3.0								
1988	3.1	2.9	2.8	3.0	3.2	3.1	3.0	2.7	2.7	2.9	3.2	3.9	4.0	3.7	3.4	3.4	4.1									
1987	3.0	2.9	2.7	2.9	3.1	3.0	2.9	2.6	2.5	2.8	3.1	3.9	3.9	3.6	3.1	2.6										
1986	3.0	2.9	2.7	2.9	3.1	3.0	2.9	2.6	2.5	2.8	3.2	4.2	4.4	4.1	3.5											
1985	3.0	2.8	2.6	2.9	3.1	3.0	2.8	2.5	2.3	2.7	3.1	4.4	4.8	4.6												
1984	2.9	2.7	2.4	2.7	2.9	2.8	2.6	2.1	1.9	2.2	2.6	4.3	5.0													
1983	2.7	2.5	2.2	2.5	2.7	2.5	2.2	1.5	1.1	1.3	1.4	3.7														
1982	2.6	2.3	2.0	2.3	2.5	2.3	1.9	1.0	.3	.1	-9															
1981	3.0	2.7	2.4	2.8	3.1	2.9	2.6	1.7	.8	1.1																
1980	3.2	2.9	2.6	3.1	3.5	3.4	3.1	2.0	.6																	
1979	3.5	3.2	2.9	3.6	4.3	4.3	4.3	3.4																		
1978	3.5	3.2	2.8	3.6	4.6	4.8	5.3																			
1977	3.3	2.8	2.2	3.1	4.2	4.4																				
1976	3.0	2.4	1.5	2.4	4.0																					
1975	2.8	1.9	.3	.9																						
1974	3.4	2.5	-3																							
1973	5.3	5.3																								
1972	5.4																									

Table C.7.—Real Disposable Personal Income

[Average annual percent change, based on chained (1992) dollar estimates]

Terminal year	Initial year																									
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1997	2.8	2.7	2.5	2.7	2.7	2.6	2.6	2.5	2.5	2.6	2.6	2.7	2.7	2.4	2.3	2.2	2.3	2.1	2.1	2.2	2.4	2.4	2.6	2.8	2.6	2.9
1996	2.8	2.7	2.5	2.7	2.7	2.6	2.6	2.5	2.4	2.6	2.6	2.7	2.7	2.3	2.3	2.2	2.2	2.0	2.0	2.0	2.4	2.3	2.6	2.8	2.3	
1995	2.8	2.7	2.5	2.7	2.7	2.7	2.6	2.5	2.5	2.6	2.6	2.7	2.7	2.3	2.3	2.1	2.2	2.0	2.0	2.0	2.5	2.4	2.7	3.3		
1994	2.8	2.7	2.5	2.6	2.7	2.6	2.6	2.4	2.4	2.5	2.5	2.7	2.7	2.2	2.1	2.0	2.1	1.7	1.7	1.7	2.2	1.9	2.2			
1993	2.8	2.7	2.5	2.7	2.7	2.6	2.6	2.4	2.4	2.6	2.6	2.7	2.7	2.2	2.1	2.0	2.0	1.7	1.6	1.5	2.2	1.7				
1992	2.8	2.8	2.5	2.7	2.8	2.7	2.7	2.5	2.5	2.6	2.7	2.8	2.9	2.3	2.2	2.0	2.1	1.7	1.6	1.4	2.8					
1991	2.8	2.8	2.5	2.7	2.8	2.7	2.7	2.5	2.5	2.6	2.6	2.8	2.9	2.2	2.1	1.9	1.9	1.3	.9	0						
1990	3.0	2.9	2.7	2.9	3.0	2.9	2.9	2.7	2.7	2.9	2.9	3.2	3.3	2.6	2.5	2.3	2.6	1.9	1.8							
1989	3.1	3.0	2.7	3.0	3.0	3.0	3.0	2.8	2.8	3.0	3.1	3.4	3.5	2.8	2.7	2.5	2.9	2.0								
1988	3.1	3.0	2.8	3.0	3.1	3.1	3.0	2.8	2.8	3.1	3.2	3.6	3.8	3.0	2.9	2.8	3.9									
1987	3.1	3.0	2.7	3.0	3.1	3.0	3.0	2.7	2.7	3.0	3.1	3.6	3.8	2.6	2.4	1.6										
1986	3.2	3.1	2.8	3.1	3.2	3.1	3.1	2.8	2.9	3.2	3.4															

D. Domestic Perspectives

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

Table D.1.—Domestic Perspectives

	1996	1997	1997												1998	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Consumer and producer prices, (seasonally adjusted) ¹																
Consumer price index for all urban consumers, 1982=100:																
All items	156.9	160.5	159.4	159.7	159.8	160.0	160.1	160.4	160.6	160.9	161.3	161.6	161.8	161.9	161.9	162.0
Less food and energy	165.6	169.5	168.0	168.3	168.6	169.2	169.4	169.7	170.0	170.1	170.4	170.8	171.0	171.4	171.7	172.2
Services	174.1	179.4	177.2	177.6	178.1	178.5	178.8	179.3	179.8	180.0	180.4	181.0	181.4	181.7	181.9	182.3
Producer price index, 1982=100:																
Finished goods	131.3	131.8	133.0	132.6	132.4	131.9	131.7	131.4	131.1	131.3	131.8	131.8	131.7	131.4	130.5	130.4
Less food and energy	142.0	142.5	142.4	142.4	142.6	142.6	142.3	142.3	142.1	142.2	142.7	142.6	142.6	142.5	142.3	142.5
Finished consumer goods	129.5	130.2	131.6	131.1	131.0	130.2	130.0	129.6	129.3	129.5	130.1	130.3	130.1	129.8	128.7	128.5
Capital equipment	138.3	138.3	138.6	138.5	138.5	138.4	138.2	138.2	138.1	138.1	138.4	138.0	138.1	137.8	137.7	137.6
Intermediate materials	125.7	125.6	126.5	126.4	126.0	125.6	125.5	125.4	125.2	125.3	125.5	125.4	125.7	125.3	124.5	124.2
Crude materials	113.8	110.9	127.1	116.4	107.4	107.9	109.9	106.9	106.4	106.8	108.2	113.2	114.1	108.2	103.3	100.7
Money, interest rates, and stock prices																
Money stock (seasonally adjusted): ²																
Percent change:																
M1			-0.19	-0.19	-0.36	-0.63	-0.38	0.10	0.01	0.51	-0.71	-0.16	0.68	0.63	-0.26	0.23
M2 .....			.38	.32	.40	.54	.06	.39	.35	.79	.52	.48	.60	.56	.60	.77
Ratio:																
Gross domestic product to M1	6.904	7.552	7.358	7.358	7.537	7.537	7.537	7.537	7.537	7.616	7.616	7.616	7.696	7.696	7.696	7.696
Personal income to M2	1.734	1.749	1.745	1.752	1.755	1.748	1.753	1.756	1.752	1.749	1.745	1.746	1.747	1.745	1.745	1.742
Interest rates (percent, not seasonally adjusted): ²																
Federal funds rate	5.30	5.46	5.25	5.19	5.39	5.51	5.50	5.56	5.52	5.54	5.54	5.50	5.52	5.50	5.56	5.51
Discount rate on new 91-day Treasury bills	5.02	5.07	5.05	5.00	5.14	5.17	5.13	4.92	5.07	5.13	4.97	4.95	5.15	5.16	5.09	5.11
Yield on new high-grade corporate bonds	7.62	7.40	7.63	7.54	7.85	8.04	7.90	7.71	7.44	7.30	7.04	6.90	6.79	6.68	6.82	6.66
10-Year U.S. Treasury bonds	6.44	6.35	6.58	6.42	6.69	6.89	6.71	6.49	6.22	6.30	6.21	6.03	5.88	5.81	5.54	5.57
Yield on municipal bonds, 20-bond average	5.76	5.52	5.72	5.63	5.76	5.88	5.70	5.53	5.35	5.41	5.39	5.38	5.33	5.19	5.06	5.10
Mortgage commitment rate	7.80	7.60	7.82	7.65	7.90	8.14	7.94	7.69	7.50	7.48	7.43	7.29	7.21	7.10	6.99	7.04
Average prime rate charged by banks	8.27	8.44	8.25	8.25	8.30	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Index of stock prices (not seasonally adjusted): ³																
500 common stocks, 1941-43=10	670.83	872.72	766.22	798.39	792.16	763.93	833.09	876.29	925.29	927.74	937.02	951.16	938.92	962.37	963.36	1,023.74
Labor markets (thousands, seasonally adjusted, unless otherwise noted) ¹																
Civilian labor force	133,943	136,297	135,729	135,689	136,115	136,043	136,060	136,206	136,294	136,404	136,439	136,406	136,864	137,169	137,493	137,557
Labor force participation rates (percent):																
Males 20 and over	76.8	77.0	77.1	76.9	77.1	77.1	76.9	77.0	77.0	76.9	76.8	76.8	77.0	77.0	77.1	76.9
Females 20 and over	59.9	60.5	60.3	60.3	60.5	60.4	60.5	60.5	60.5	60.6	60.6	60.5	60.4	60.7	60.6	60.6
16-19 years of age	52.3	51.6	51.9	52.6	52.4	52.0	51.9	51.2	51.4	51.0	51.0	50.9	51.8	51.6	53.1	53.3
Civilian employment	126,708	129,558	128,541	128,515	129,035	129,275	129,494	129,392	129,661	129,747	129,761	129,910	130,575	130,777	131,083	131,163
Ratio, civilian employment to working-age population (percent)	63.2	63.8	63.5	63.5	63.7	63.8	63.8	63.7	63.8	63.8	63.7	63.8	64.0	64.1	64.2	64.2
Persons engaged in nonagricultural activities	123,264	126,159	125,088	125,175	125,648	125,813	126,076	126,003	126,209	126,368	126,339	126,583	127,191	127,392	127,764	127,829
Employees on nonagricultural payrolls	119,523	122,259	120,909	121,162	121,344	121,671	121,834	122,056	122,440	122,492	122,792	123,083	123,512	123,866	124,241	124,551
Goods-producing industries	24,431	24,739	24,581	24,653	24,670	24,667	24,702	24,714	24,713	24,765	24,771	24,814	24,888	24,995	25,132	25,169
Services-producing industries	95,092	97,520	96,328	96,509	96,674	97,004	97,132	97,342	97,727	97,727	98,021	98,269	98,624	98,871	99,109	99,382
Average weekly hours, manufacturing (hours)	41.6	42.0	41.8	41.9	42.1	42.1	42.0	41.8	41.8	41.8	41.9	42.0	42.1	42.2	42.1	42.0
Average weekly overtime hours, manufacturing (hours)	4.5	4.8	4.7	4.7	4.9	4.9	4.8	4.6	4.7	4.7	4.7	4.8	4.9	4.9	4.9	4.7
Number of persons unemployed	7,236	6,739	7,188	7,174	7,080	6,768	6,566	6,814	6,633	6,657	6,678	6,496	6,289	6,392	6,409	6,393
Unemployment rates (percent):																
Total	5.4	4.9	5.3	5.3	5.2	5.0	4.8	5.0	4.9	4.9	4.9	4.8	4.6	4.7	4.7	4.6
15 weeks and over	1.7	1.5	1.6	1.6	1.5	1.5	1.5	1.5	1.6	1.5	1.5	1.5	1.4	1.4	1.3	1.3
Average duration of unemployment (weeks)	16.7	15.8	15.9	15.9	15.4	15.4	15.3	15.3	16.5	15.8	15.9	16.3	15.6	16.3	15.6	15.6
Nonfarm business sector, 1992=100:																
Output per hour of all persons	102.6	104.3	103.4	103.4	104.0	104.0	104.0	104.9	104.9	104.9	105.3	105.3	105.3	105.3	105.3	105.3
Unit labor costs	108.0	110.2	109.8	109.8	110.0	110.0	110.0	110.1	110.1	110.1	111.0	111.0	111.0	111.0	111.0	111.0
Hourly compensation	110.8	115.0	113.5	113.5	114.4	114.4	114.4	115.5	115.5	115.5	115.5	115.5	115.5	115.5	115.5	115.5

See footnotes at the end of the table.

Table D.1.—Domestic Perspectives—Continued

	1996	1997	1997												1998	
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Construction (seasonally adjusted at annual rates) ⁴																
Total new private construction put in place (billions of dollars)	437.1	462.1	444.4	452.0	452.7	457.6	459.9	456.9	464.3	465.2	468.8	469.6	470.3	474.7	480.1	.....
Residential	247.2	260.1	246.7	251.4	254.0	259.9	259.7	257.3	258.8	260.0	263.8	265.7	267.5	271.0	273.8	.....
Nonresidential	149.4	161.5	161.0	163.7	160.5	156.5	160.0	159.2	164.5	163.4	163.3	162.0	161.4	161.7	163.3	.....
Housing starts (thousands of units):																
Total	1,477	1,474	1,394	1,547	1,477	1,480	1,404	1,502	1,461	1,383	1,501	1,529	1,523	1,540	1,543	1,636
1-unit structures	1,161	1,134	1,138	1,231	1,139	1,134	1,095	1,132	1,144	1,076	1,174	1,124	1,167	1,130	1,218	1,270
New 1-family houses sold (thousands of units)	757	803	811	817	823	762	764	810	808	799	809	805	877	795	877	.....
Manufacturing and trade, inventories and sales (millions of dollars, seasonally adjusted) ⁴																
Inventories:																
Total manufacturing and trade	1,004,708	1,047,574	1,007,321	1,011,899	1,013,376	1,017,150	1,019,025	1,026,255	1,027,787	1,030,243	1,037,172	1,040,265	1,043,460	1,047,574	1,047,535	.....
Manufacturing	434,434	453,591	435,743	437,873	438,560	441,508	443,460	444,823	446,602	448,447	449,152	452,139	454,182	453,591	454,124	.....
Merchant wholesalers	256,178	272,529	257,522	258,088	259,389	258,046	259,029	264,154	262,314	264,899	268,112	268,183	270,004	272,529	271,231	.....
Retail trade	314,096	321,454	314,056	315,938	315,427	317,596	316,536	317,278	318,871	316,897	319,908	319,943	319,274	321,454	322,180	.....
Sales:																
Total manufacturing and trade	8,601,158	9,022,040	736,480	747,790	745,460	746,769	742,945	750,027	757,485	752,886	762,543	759,880	757,708	764,311	763,719	.....
Manufacturing	3,735,183	3,948,737	319,725	322,967	322,923	326,909	323,567	328,315	332,895	330,178	335,366	334,064	332,955	336,734	333,423	.....
Merchant wholesalers	2,420,679	2,527,449	207,448	211,801	210,195	209,926	210,008	210,772	211,041	208,336	213,372	212,299	210,919	212,679	213,341	.....
Retail trade	2,445,296	2,545,854	209,307	213,022	212,342	209,934	209,370	210,940	213,549	214,372	213,805	213,517	213,834	214,898	216,955	.....
Industrial production indexes and capacity utilization rates (seasonally adjusted) ²																
Industrial production indexes, 1992=100:																
Total	118.5	124.5	121.3	122.1	122.5	123.1	123.3	123.5	124.5	125.2	125.6	126.5	127.5	127.9	128.0	128.1
By industry:																
Durable manufactures	131.7	142.3	136.1	137.8	138.7	139.5	140.1	141.2	142.4	144.3	144.4	145.5	147.7	148.4	148.8	148.9
Nondurable manufactures	108.0	111.2	110.2	110.4	110.5	110.8	110.7	110.5	110.9	111.0	111.3	112.2	112.6	112.9	113.4	113.2
By market category:																
Consumer goods	111.8	114.4	113.2	113.1	113.4	113.4	113.9	113.5	113.9	114.6	114.5	115.9	116.7	116.2	116.8	116.5
Capacity utilization rates (percent):																
Total industry	82.4	82.7	82.4	82.6	82.5	82.6	82.4	82.3	82.6	82.8	82.7	83.0	83.3	83.2	83.0	82.7
Manufacturing	81.4	81.7	81.4	81.7	81.6	81.6	81.4	81.3	81.5	81.8	81.6	81.9	82.3	82.3	82.2	81.8
Credit market borrowing (billions of dollars, seasonally adjusted at annual rates) ²																
All sectors, by instrument:																
Total	1,326.5	1,424.6	.....	1,076.4	.....	.....	1,329.9	.....	.....	1,346.7	.....	.....	1,945.5	.....	.....	.....
Open market paper	102.6	184.1	.....	198.6	.....	.....	108.5	.....	.....	171.1	.....	.....	258.1	.....	.....	.....
U.S. government securities	376.5	236.5	.....	186.9	.....	.....	189.1	.....	.....	201.9	.....	.....	368.0	.....	.....	.....
Municipal securities	2.6	70.2	.....	43.7	.....	.....	95.9	.....	.....	51.8	.....	.....	89.3	.....	.....	.....
Corporate and foreign bonds	278.4	302.8	.....	131.8	.....	.....	335.5	.....	.....	356.8	.....	.....	387.1	.....	.....	.....
Bank loans, n.e.c.	92.1	129.7	.....	153.8	.....	.....	126.8	.....	.....	48.7	.....	.....	189.4	.....	.....	.....
Other loans and advances	62.5	99.8	.....	11.7	.....	.....	83.6	.....	.....	108.5	.....	.....	195.6	.....	.....	.....
Mortgages	323.1	347.8	.....	279.1	.....	.....	330.6	.....	.....	354.9	.....	.....	426.4	.....	.....	.....
Consumer credit	88.8	53.8	.....	70.8	.....	.....	60.0	.....	.....	53.0	.....	.....	31.5	.....	.....	.....

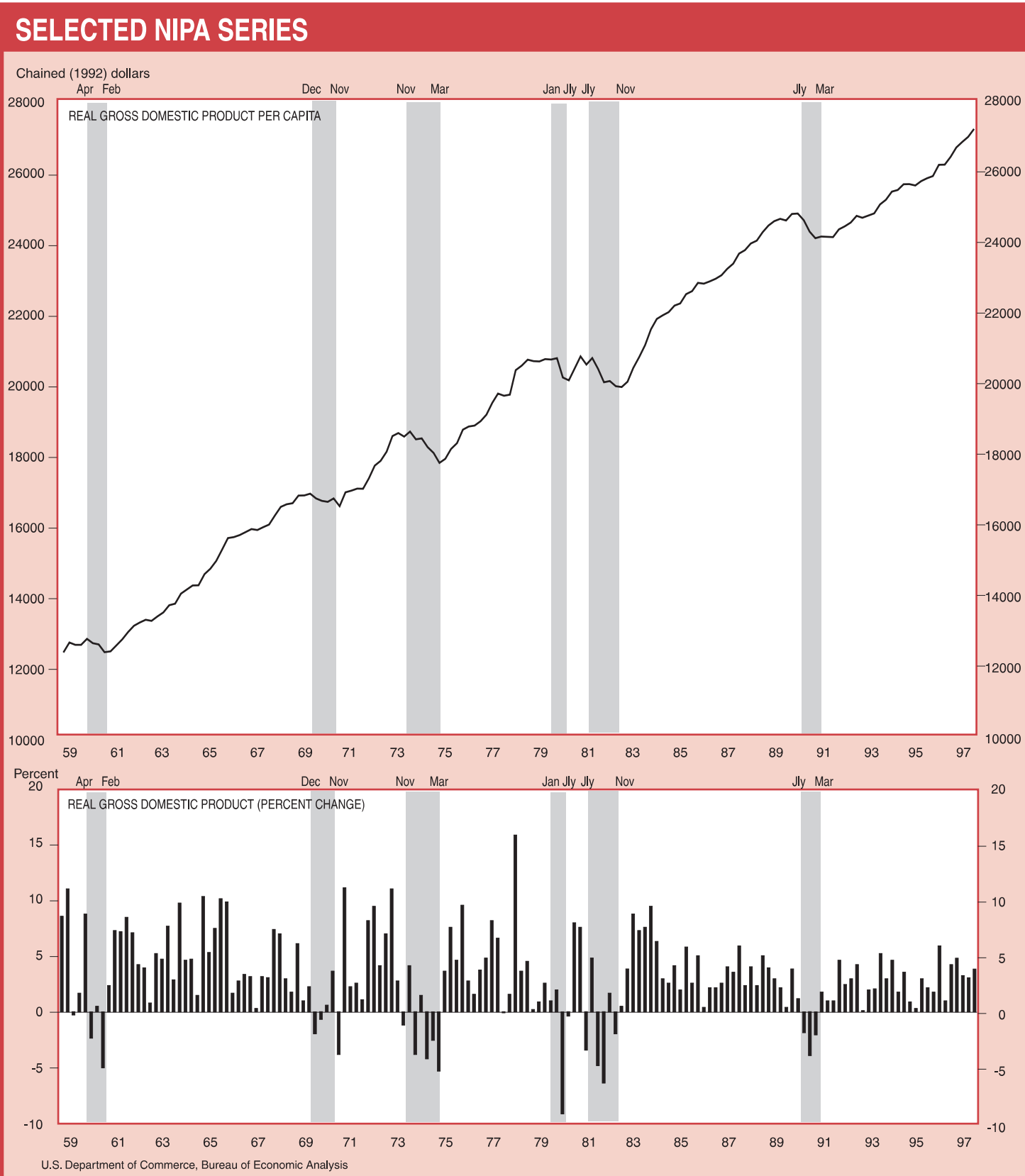
Sources:

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

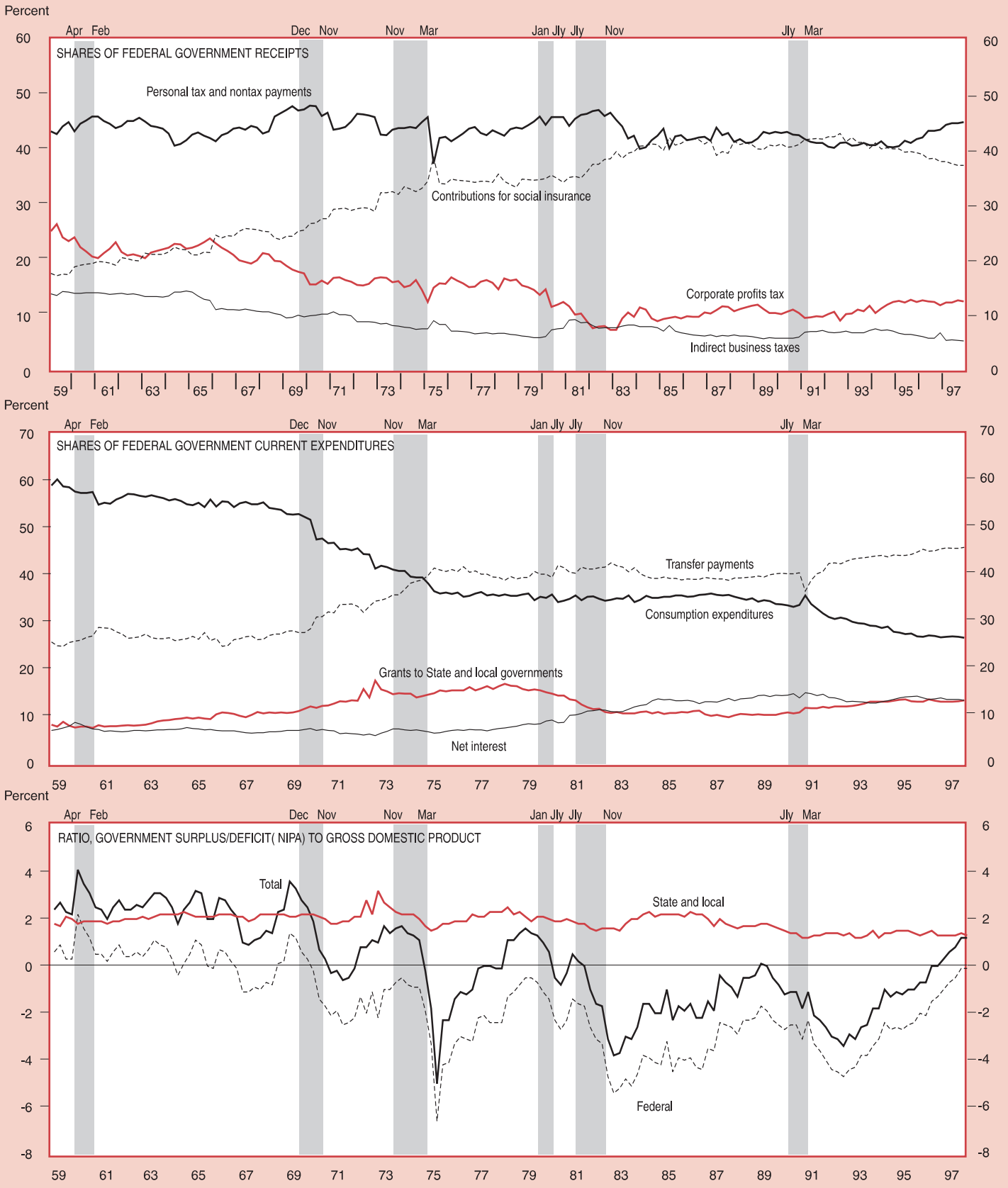
3. Standard and Poor's, Inc.
4. Bureau of the Census.
n.e.c. Not elsewhere classified.

E. Charts

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

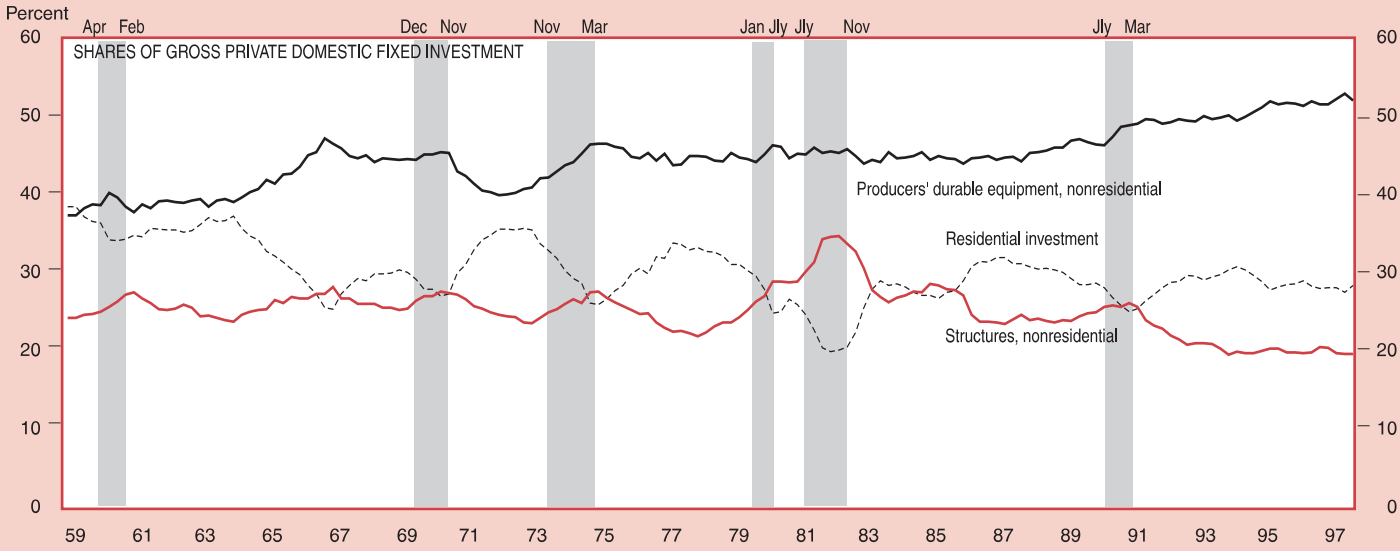
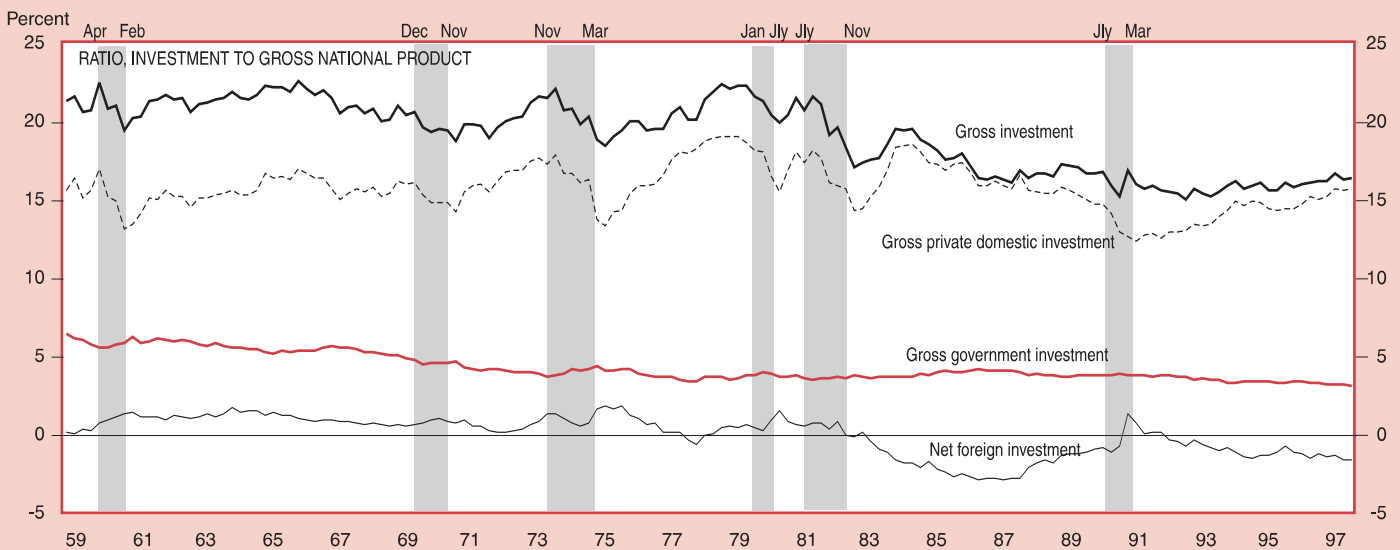
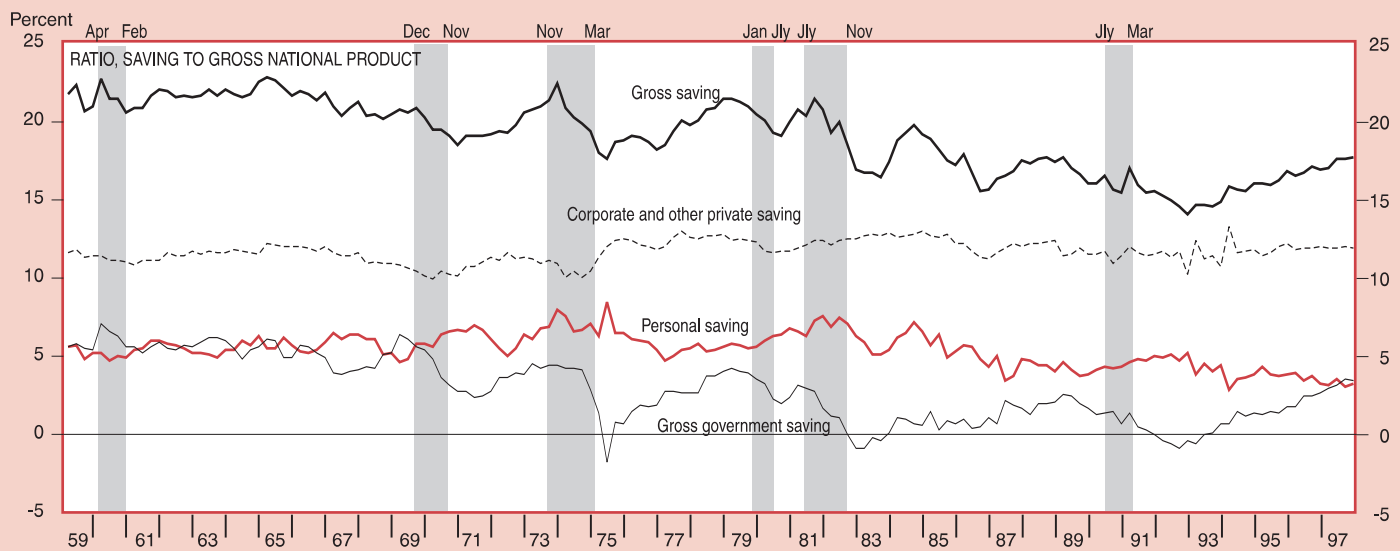


SELECTED NIPA SERIES



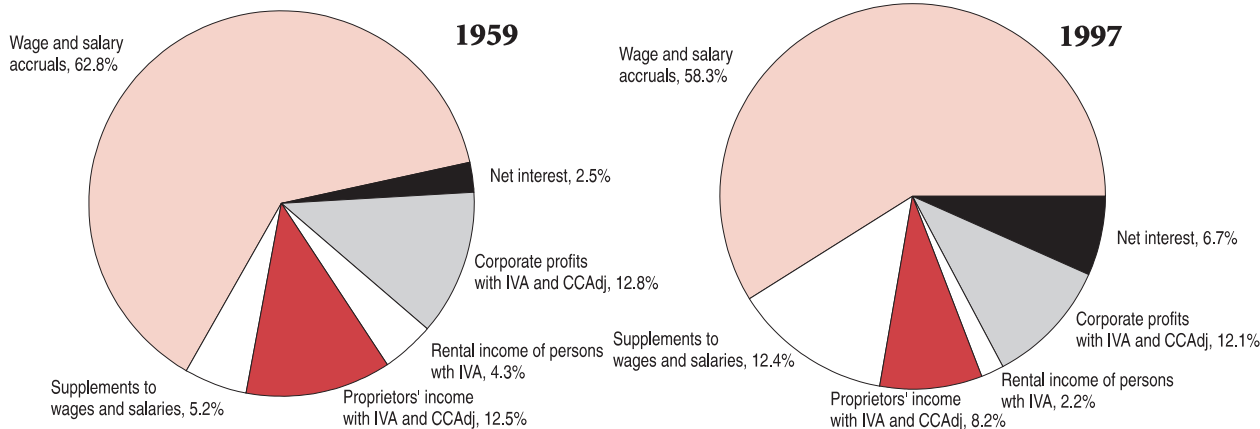
U.S. Department of Commerce, Bureau of Economic Analysis

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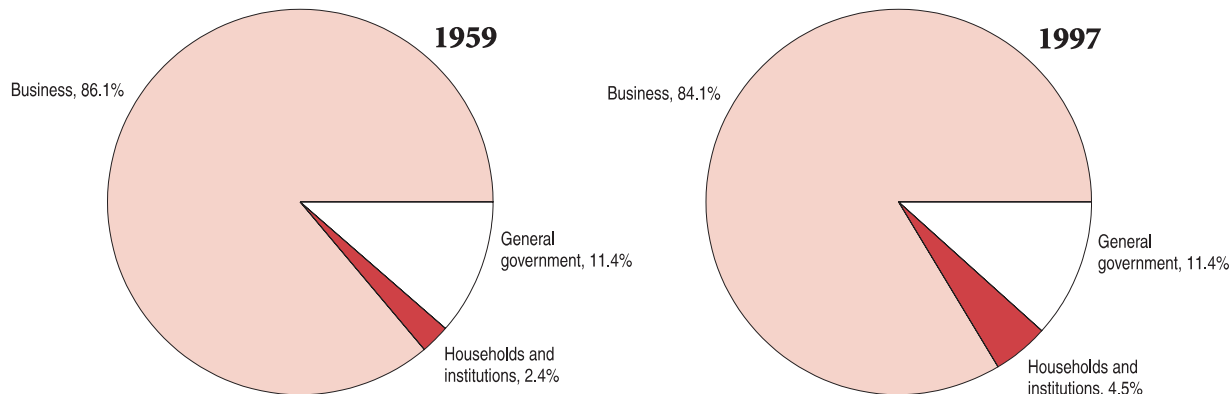


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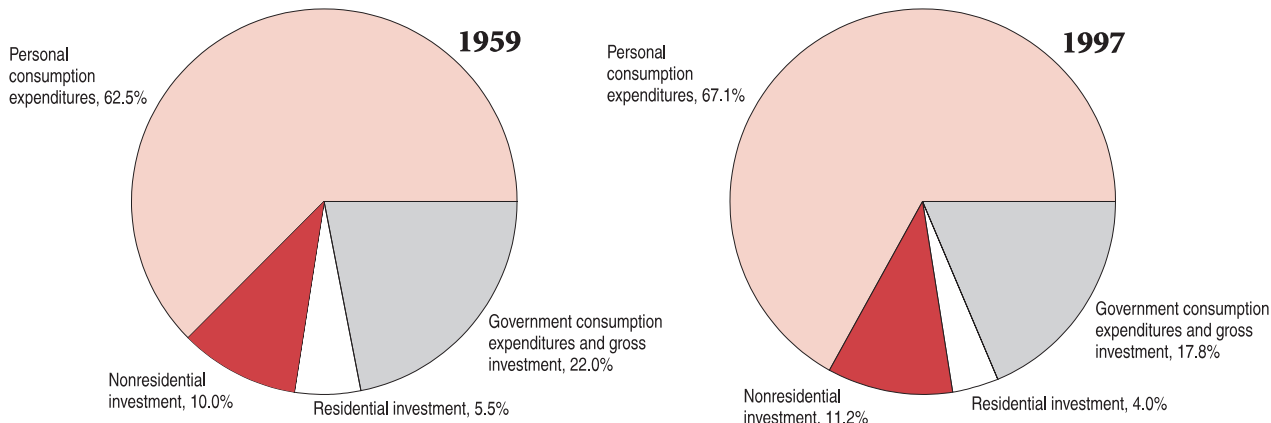
SHARES OF NATIONAL INCOME



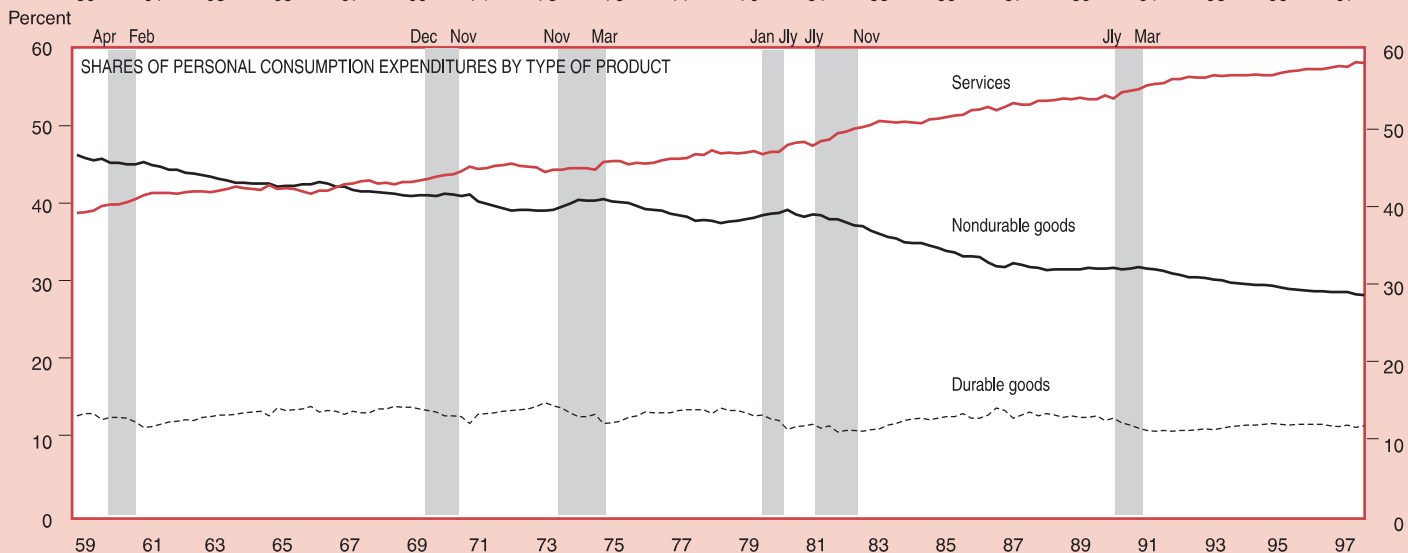
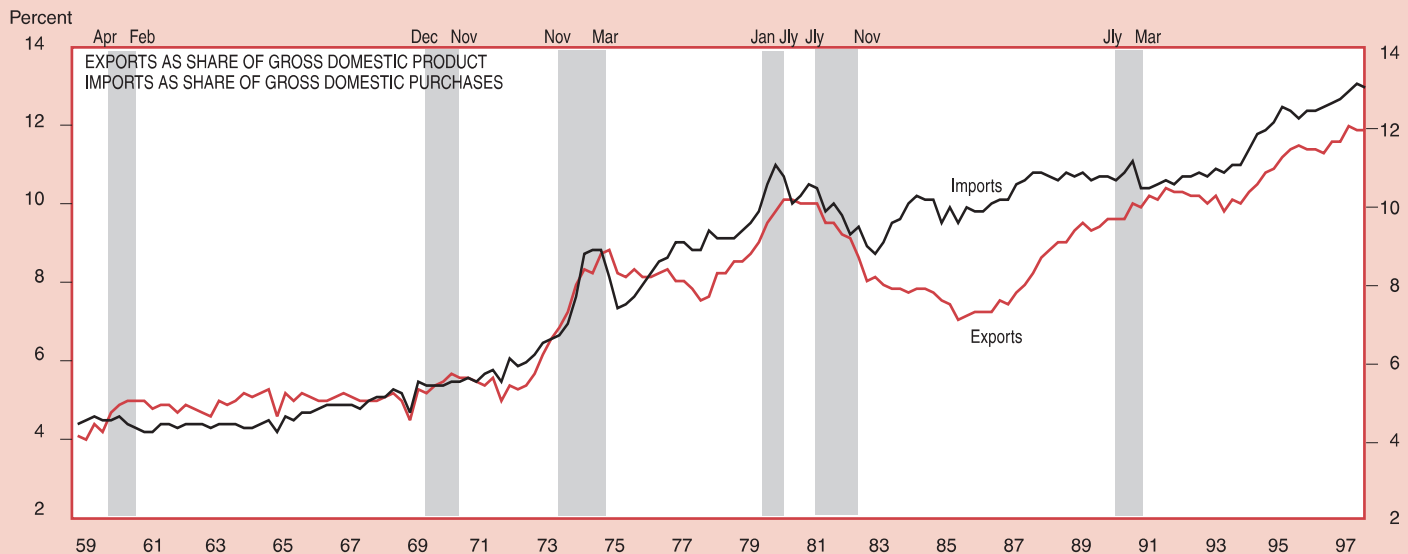
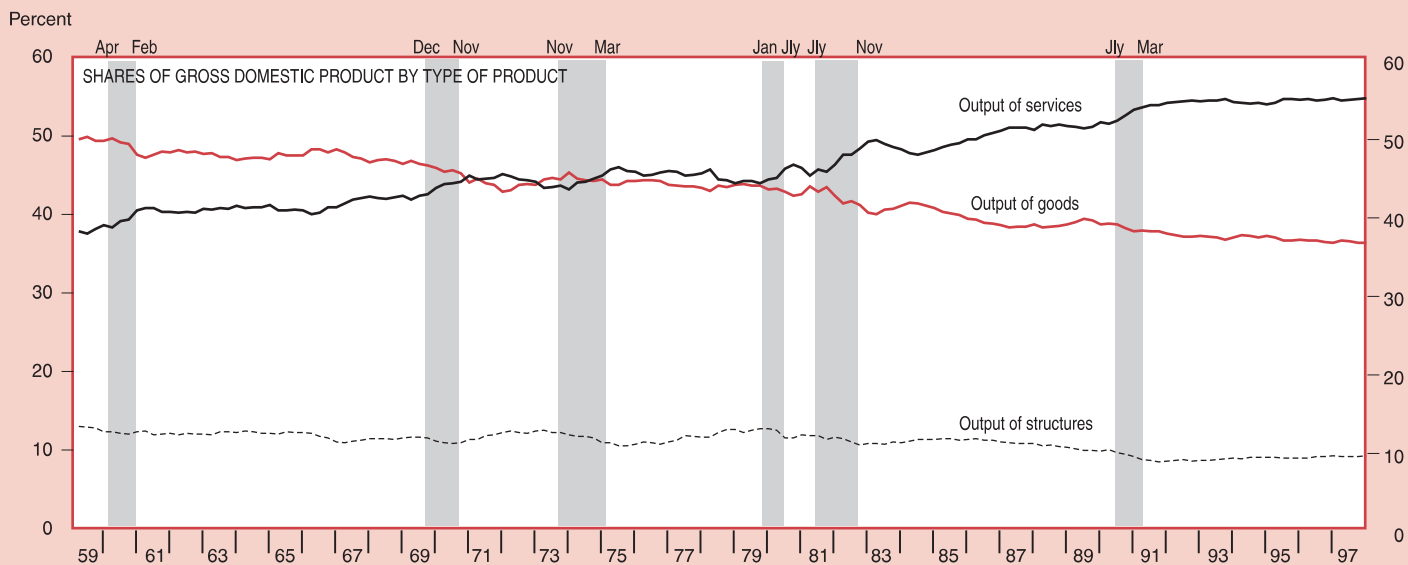
SHARES OF GROSS DOMESTIC PRODUCT BY SECTOR



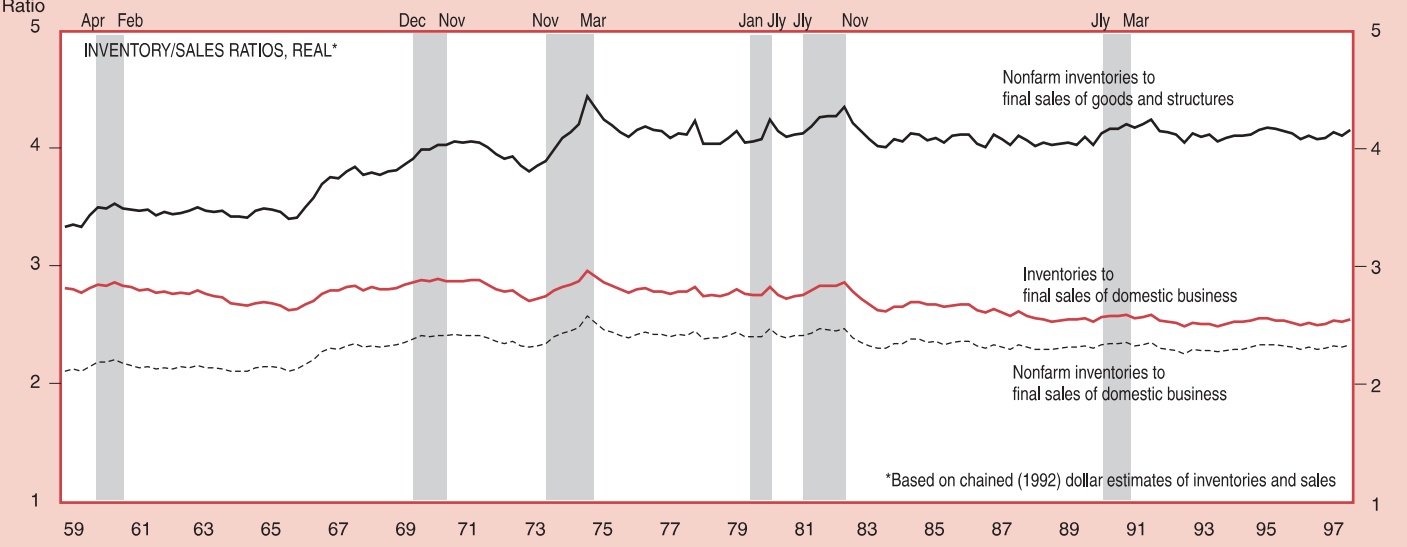
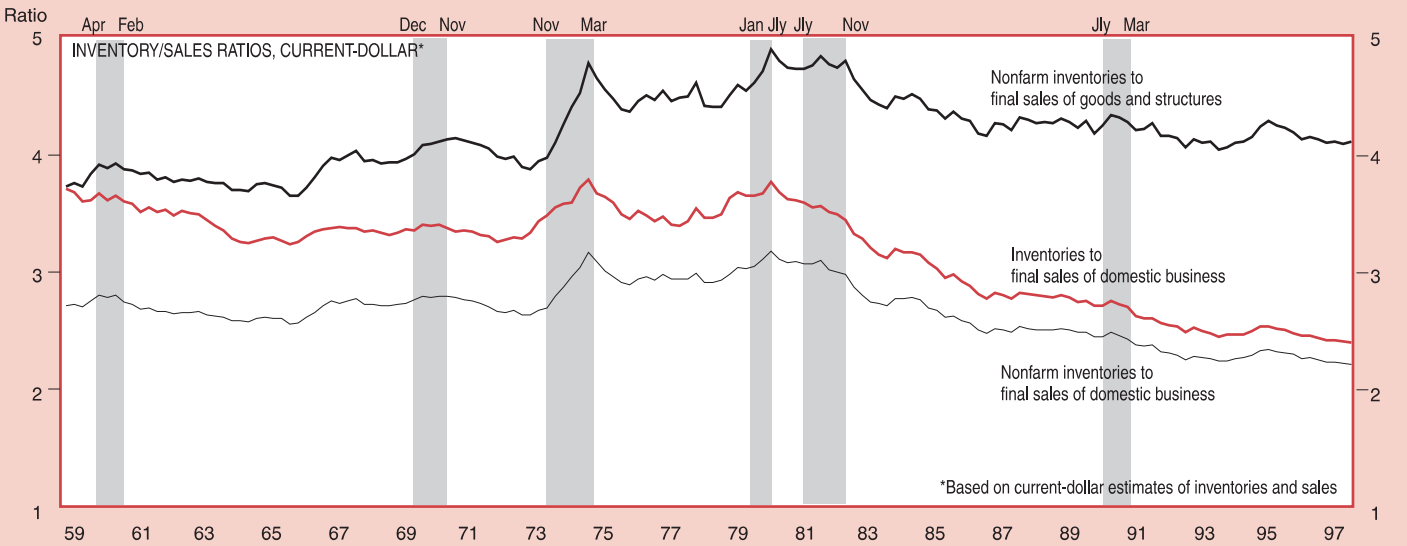
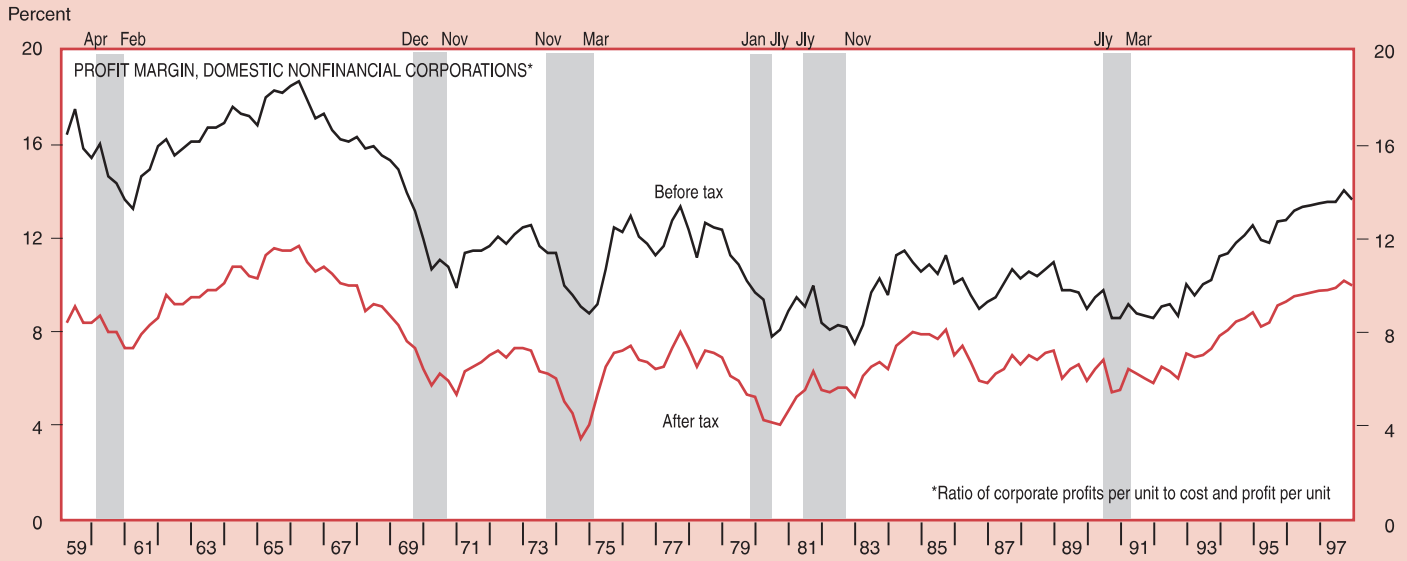
SHARES OF GROSS DOMESTIC PURCHASES



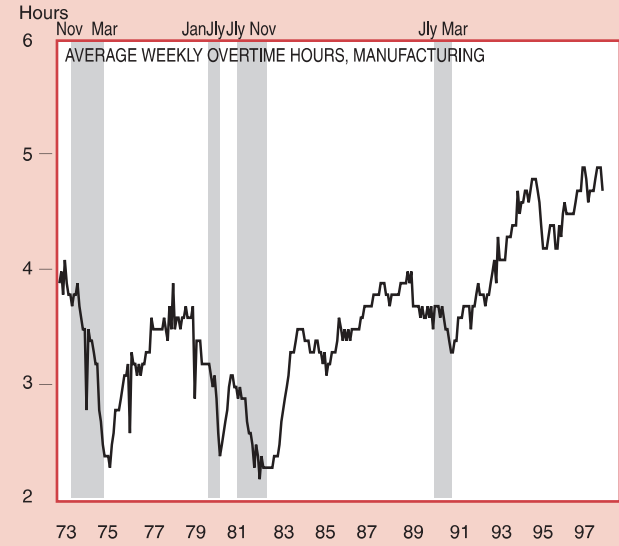
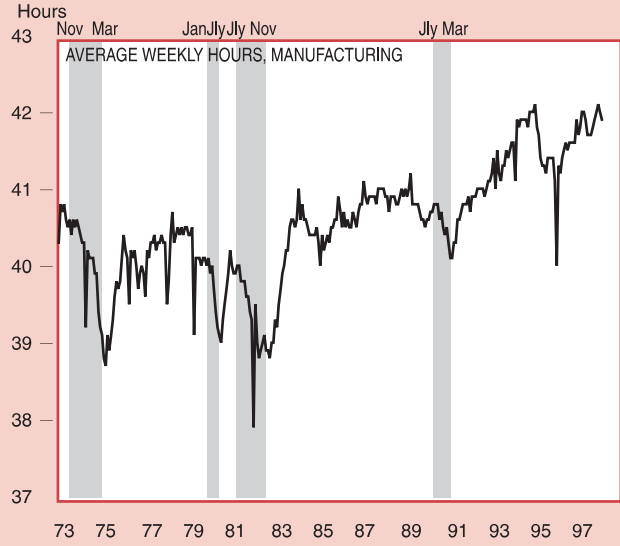
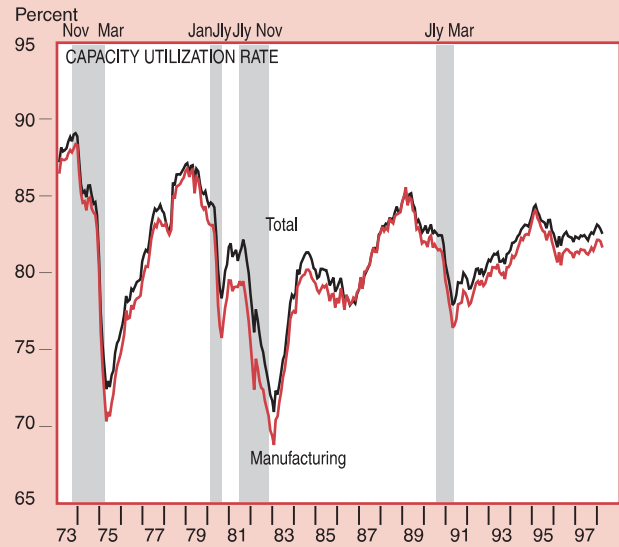
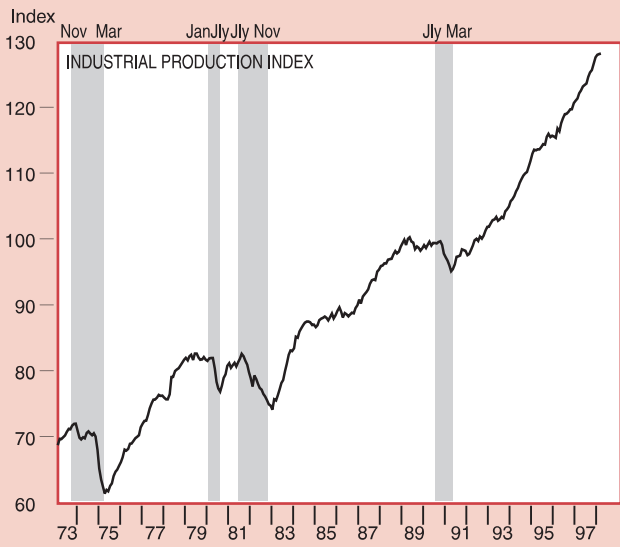
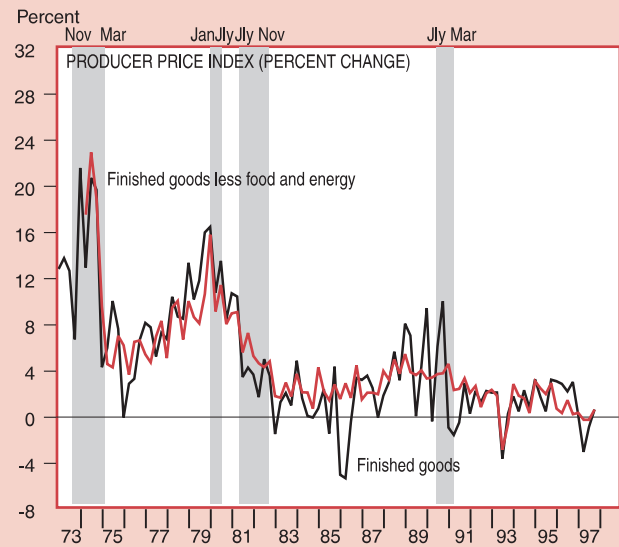
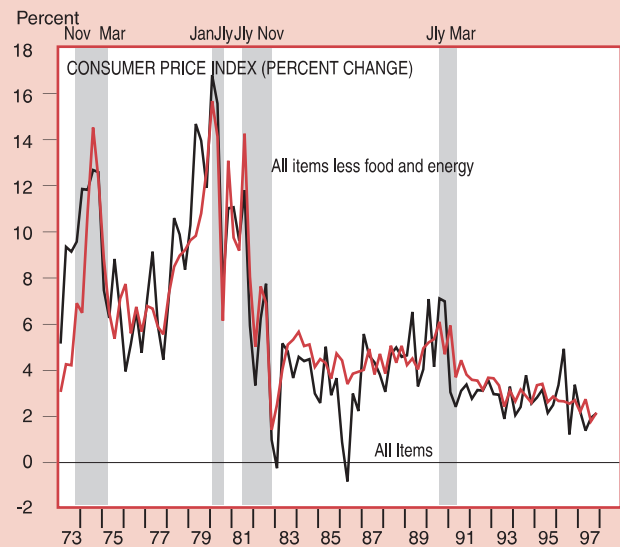
SELECTED NIPA SERIES



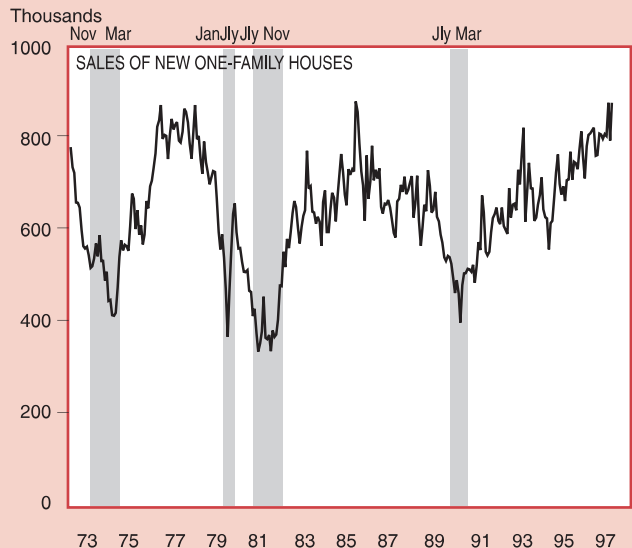
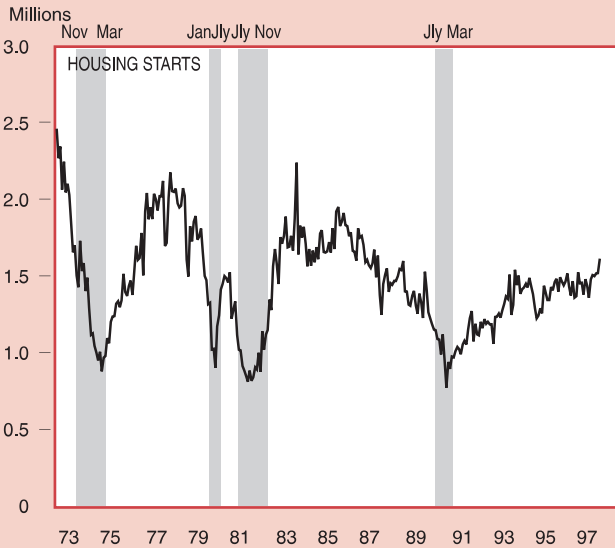
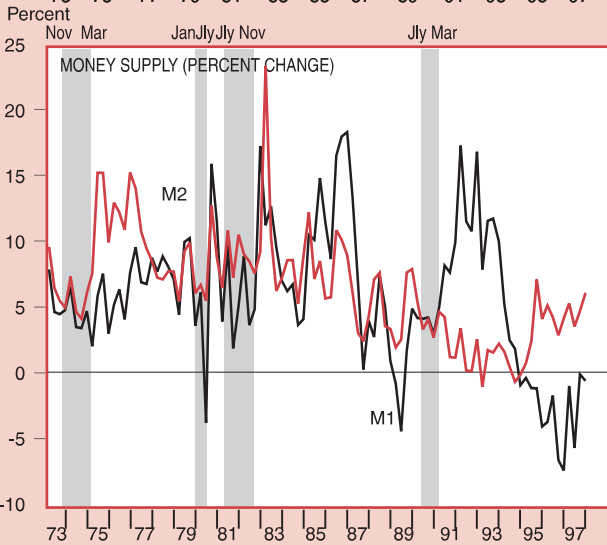
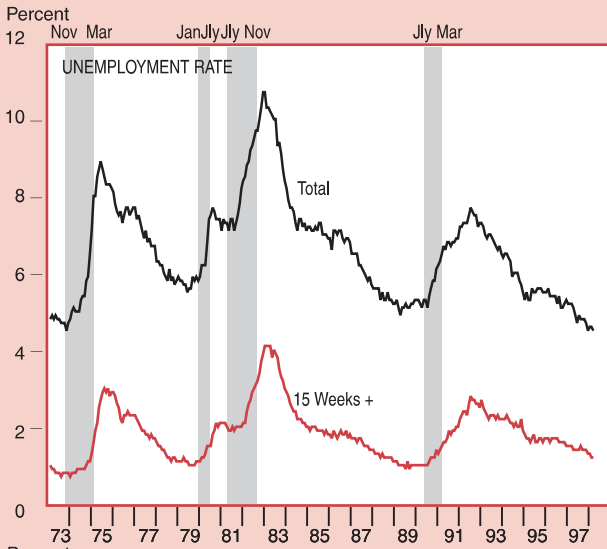
SELECTED NIPA SERIES



OTHER INDICATORS OF THE DOMESTIC ECONOMY



OTHER INDICATORS OF THE DOMESTIC ECONOMY



International Data

F. Transactions Tables

Table F.1 includes the most recent estimates of U.S. international trade in goods and services; the estimates were released on March 19, 1998 and include "preliminary" estimates for January 1998 and "revised" estimates for January–December 1997. The sources for the other tables in this section are as noted.

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

[Millions of dollars; monthly estimates seasonally adjusted]

	1996		1997												1998	
	1996	1997	Dec.	Jan. ^r	Feb. ^r	Mar. ^r	Apr. ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^p
Exports of goods and services	848,833	931,370	72,444	71,789	74,224	78,065	78,325	77,930	78,306	77,681	78,867	78,104	80,067	78,661	79,352	77,223
Goods	612,069	678,150	52,133	51,624	53,625	57,093	57,100	56,809	57,317	56,683	57,264	56,308	58,388	57,524	58,414	56,296
Foods, feeds, and beverages	55,534	51,375	4,398	4,355	4,299	4,208	4,189	4,079	3,956	3,860	4,261	4,364	4,708	4,639	4,455	4,155
Industrial supplies and materials	147,652	157,984	12,463	12,061	12,676	13,701	13,477	13,369	13,855	13,139	13,343	13,102	13,198	13,065	12,997	12,985
Capital goods, except automotive	252,895	293,965	22,052	21,527	22,687	24,684	24,943	24,731	24,454	24,869	24,885	24,750	25,321	24,419	26,696	24,210
Automotive vehicles, engines, and parts	65,021	73,367	5,465	5,578	5,885	6,206	6,149	5,913	6,229	6,239	6,152	5,822	6,436	6,880	5,878	6,455
Consumer goods (nonfood), except automotive	70,138	77,430	6,015	6,061	6,257	6,474	6,331	6,656	6,712	6,389	6,440	6,393	6,745	6,562	6,409	6,630
Other goods	33,836	34,576	3,056	2,594	2,492	2,807	2,708	3,056	2,967	3,217	3,227	3,009	3,020	2,622	2,857	2,486
Adjustments ¹	-13,006	-10,547	-1,316	-551	-671	-988	-697	-995	-857	-1,031	-1,044	-1,133	-1,040	-663	-878	-624
Services	236,764	253,220	20,311	20,165	20,599	20,972	21,225	21,121	20,989	20,998	21,603	21,796	21,679	21,137	20,938	20,987
Travel	69,908	74,407	5,823	5,957	6,252	6,376	6,399	6,198	6,037	5,933	6,164	6,635	6,290	6,209	5,957	6,010
Passenger fares	20,557	21,710	1,690	1,710	1,796	1,810	1,879	1,829	1,800	1,753	1,788	1,927	1,838	1,825	1,755	1,777
Other transportation	27,216	28,194	2,349	2,292	2,321	2,388	2,380	2,365	2,290	2,236	2,336	2,313	2,445	2,327	2,438	2,377
Royalties and license fees	29,974	30,269	2,574	2,557	2,560	2,571	2,545	2,536	2,527	2,518	2,506	2,496	2,489	2,483	2,480	2,473
Other private services	73,569	82,681	6,426	6,508	6,585	6,660	6,754	6,875	6,993	7,104	7,137	7,036	7,111	6,988	6,932	6,964
Transfers under U.S. military agency sales contracts ²	14,647	15,175	1,381	1,074	1,015	1,101	1,205	1,252	1,270	1,333	1,605	1,323	1,440	1,242	1,315	1,320
U.S. Government miscellaneous services	893	784	68	68	68	67	64	64	63	67	67	66	66	63	61	66
Imports of goods and services	959,873	1,045,054	83,045	83,408	84,088	85,905	86,454	87,127	86,652	87,600	87,860	89,100	89,046	87,565	90,249	89,327
Goods	803,239	877,125	69,828	69,791	70,405	71,989	72,646	73,191	72,579	73,550	73,842	74,865	74,886	73,265	76,117	75,092
Foods, feeds, and beverages	35,710	39,703	3,189	3,077	3,108	3,331	3,361	3,382	3,254	3,399	3,351	3,399	3,308	3,216	3,519	3,379
Industrial supplies and materials	204,482	213,467	18,698	17,936	17,634	17,962	17,568	17,898	17,558	17,449	17,871	18,280	18,355	17,512	17,443	17,242
Capital goods, except automotive	229,050	254,293	19,581	19,472	19,445	20,428	20,692	20,994	21,256	21,580	22,066	21,990	22,392	21,391	22,588	21,898
Automotive vehicles, engines, and parts	128,938	140,795	10,846	11,712	12,061	11,633	11,314	11,574	11,543	12,239	11,765	11,769	11,200	11,754	12,231	11,924
Consumer goods (nonfood), except automotive	171,007	192,913	15,149	15,124	15,263	14,935	16,221	16,087	15,723	16,107	16,017	16,663	16,652	16,753	17,370	17,275
Other goods	26,102	29,397	2,130	2,224	2,465	2,243	2,471	2,360	2,355	2,549	2,531	2,505	2,738	2,405	2,551	2,811
Adjustments ¹	7,950	6,556	235	247	429	1,456	1,019	897	891	227	242	259	242	234	414	563
Services	156,634	167,929	13,217	13,617	13,683	13,916	13,808	13,936	14,073	14,050	14,018	14,235	14,160	14,300	14,132	14,235
Travel	48,739	52,029	4,061	4,290	4,308	4,406	4,270	4,336	4,383	4,244	4,245	4,324	4,285	4,559	4,380	4,390
Passenger fares	15,776	16,927	1,342	1,407	1,422	1,443	1,393	1,389	1,408	1,379	1,381	1,406	1,397	1,473	1,428	1,445
Other transportation	28,453	29,771	2,366	2,448	2,438	2,491	2,518	2,545	2,478	2,414	2,416	2,539	2,560	2,412	2,513	2,476
Royalties and license fees	7,322	7,512	604	587	598	612	609	614	623	698	676	669	621	606	599	618
Other private services	42,796	47,548	3,707	3,741	3,773	3,813	3,895	3,934	4,064	4,139	4,100	4,080	4,040	4,005	3,963	4,047
Direct defense expenditures ²	10,861	11,345	911	914	917	922	896	892	891	934	955	974	1,020	1,012	1,018	1,026
U.S. Government miscellaneous services	2,687	2,796	226	229	229	228	227	226	226	242	245	243	237	233	231	233
Memoranda:																
Balance on goods	-191,170	-198,975	-17,695	-18,167	-16,780	-14,896	-15,546	-16,381	-15,262	-16,867	-16,577	-18,557	-16,498	-15,741	-17,702	-18,795
Balance on services	80,130	85,291	7,094	6,548	6,916	7,056	7,417	7,185	6,916	6,948	7,585	7,561	7,519	6,837	6,806	6,752
Balance on goods and services	-111,040	-113,684	-10,601	-11,619	-9,864	-7,840	-8,129	-9,196	-8,346	-9,919	-8,992	-10,996	-8,979	-8,904	-10,896	-12,043

^p Preliminary.

^r Revised.

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

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

2. Contains goods that cannot be separately identified.

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

Table F.2.—U.S. International Transactions

[Millions of dollars]

Line	(Credits +; debits -) ¹	1996	1997 ^P	Not seasonally adjusted				Seasonally adjusted			
				1997				1997			
				I	II	III ^P	IV ^P	I ^P	II ^P	III ^P	IV ^P
1	Exports of goods, services, and income	1,055,233	1,167,610	278,315	293,478	294,591	301,226	279,320	293,668	295,527	299,096
2	Goods, adjusted, excluding military ²	612,069	678,348	162,812	172,548	165,548	177,440	162,341	171,227	170,255	174,525
3	Services ³	236,764	253,220	59,841	61,652	68,949	62,778	61,736	63,335	64,397	63,754
4	Transfers under U.S. military agency sales contracts ⁴	14,647	15,175	3,190	3,727	4,261	3,997	3,190	3,727	4,261	3,997
5	Travel	69,908	74,407	16,421	18,428	22,350	17,208	18,585	18,634	18,732	18,456
6	Passenger fares	20,557	21,710	4,976	5,302	6,376	5,056	5,316	5,508	5,468	5,418
7	Other transportation	27,216	28,194	6,873	7,029	6,990	7,302	7,001	7,045	6,939	7,210
8	Royalties and license fees ⁵	29,974	30,269	7,389	7,445	7,460	7,975	7,688	7,608	7,520	7,452
9	Other private services ⁵	73,569	82,681	20,789	19,530	21,312	21,050	19,753	20,622	21,277	21,031
10	U.S. Government miscellaneous services	893	784	203	191	200	190	203	191	200	190
11	Income receipts on U.S. assets abroad	206,400	236,043	55,663	59,278	60,094	61,008	55,243	59,106	60,875	60,817
12	Direct investment receipts	98,890	109,227	26,164	28,380	27,268	27,415	25,864	27,963	28,189	27,209
13	Other private receipts	102,866	123,278	28,544	30,151	31,807	32,776	28,544	30,151	31,807	32,776
14	U.S. Government receipts	4,644	3,538	955	747	1,019	817	835	992	879	832
15	Imports of goods, services, and income	-1,163,450	-1,295,530	-300,017	-322,999	-336,367	-336,147	-310,659	-322,608	-329,571	-332,691
16	Goods, adjusted, excluding military ²	-803,239	-877,282	-204,876	-217,230	-225,541	-229,635	-212,185	-218,415	-222,256	-224,426
17	Services ³	-156,634	-167,929	-38,247	-43,073	-45,522	-41,087	-41,216	-41,817	-42,303	-42,592
18	Direct defense expenditures	-10,861	-11,345	-2,753	-2,679	-2,863	-3,050	-2,753	-2,863	-3,050	-3,050
19	Travel	-48,739	-52,029	-10,935	-14,205	-15,347	-11,542	-13,004	-12,989	-12,813	-13,224
20	Passenger fares	-15,776	-16,927	-3,947	-4,445	-4,672	-3,863	-4,272	-4,190	-4,166	-4,298
21	Other transportation	-28,453	-29,771	-7,191	-7,514	-7,538	-7,528	-7,377	-7,541	-7,368	-7,484
22	Royalties and license fees ⁵	-7,322	-7,512	-1,772	-1,758	-2,056	-1,926	-1,797	-1,846	-2,043	-1,826
23	Other private services ⁵	-42,796	-47,548	-10,962	-11,793	-12,316	-12,477	-11,327	-11,893	-12,320	-12,009
24	U.S. Government miscellaneous services	-2,687	-2,796	-686	-679	-730	-701	-686	-679	-730	-701
25	Income payments on foreign assets in the United States	-203,577	-250,320	-56,895	-62,696	-65,304	-65,425	-57,258	-62,376	-65,012	-65,673
26	Direct investment payments	-32,132	-41,527	-8,175	-10,561	-11,958	-10,833	-8,538	-10,241	-11,666	-11,081
27	Other private payments	-100,103	-117,712	-27,581	-29,341	-29,877	-30,913	-27,581	-29,341	-29,877	-30,913
28	U.S. Government payments	-71,342	-91,081	-21,139	-22,794	-23,469	-23,679	-21,327	-22,794	-23,469	-23,679
29	Unilateral transfers, net	-39,968	-38,526	-8,604	-8,623	-9,031	-12,268	-8,577	-8,855	-9,070	-12,024
30	U.S. Government grants ⁴	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103	-2,109	-2,245	-2,231	-5,103
31	U.S. Government pensions and other transfers	-4,331	-4,075	-795	-1,057	-963	-1,260	-988	-1,033	-1,031	-1,023
32	Private remittances and other transfers ⁶	-20,704	-22,763	-5,700	-5,321	-5,837	-5,905	-5,480	-5,577	-5,808	-5,898
33	U.S. assets abroad, net (increase/capital outflow (-))	-352,444	-426,938	-130,316	-92,849	-112,046	-91,727	-128,297	-91,264	-110,696	-96,678
34	U.S. official reserve assets, net ⁷	6,668	-1,010	4,480	-236	-730	-4,524	4,480	-236	-730	-4,524
35	Gold										
36	Special drawing rights	370	-350	72	-133	-139	-150	72	-133	-139	-150
37	Reserve position in the International Monetary Fund	-1,280	-3,575	1,055	54	-463	-4,221	1,055	54	-463	-4,221
38	Foreign currencies	7,578	2,915	3,353	-157	-128	-153	3,353	-157	-128	-153
39	U.S. Government assets, other than official reserve assets, net	-690	177	-21	-268	461	5	-21	-268	461	5
40	U.S. credits and other long-term assets	-4,930	-5,237	-1,107	-1,613	-1,415	-1,102	-1,107	-1,613	-1,415	-1,102
41	Repayments on U.S. credits and other long-term assets ⁸	4,134	5,439	1,111	1,358	1,876	1,094	1,111	1,358	1,876	1,094
42	U.S. foreign currency holdings and U.S. short-term assets, net	106	-25	-25	-13		13	-25	-13		13
43	U.S. private assets, net	-358,422	-426,105	-134,775	-92,345	-111,777	-87,208	-132,756	-90,760	-110,427	-92,159
44	Direct investment	-87,813	-119,444	-28,773	-38,573	-24,113	-27,985	-26,754	-36,988	-22,763	-32,936
45	Foreign securities	-108,189	-79,287	-14,510	-21,841	-39,214	-37,722	-14,510	-21,841	-39,214	-37,722
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-64,234	-76,298	-29,466	-3,984	-17,848	-25,000	-29,466	-3,984	-17,848	-25,000
47	U.S. claims reported by U.S. banks, not included elsewhere	-98,186	-151,076	-62,026	-27,947	-30,602	-30,501	-62,026	-27,947	-30,602	-30,501
48	Foreign assets in the United States, net (increase/capital inflow (+))	547,555	690,497	181,978	143,508	183,846	181,165	182,282	143,509	183,292	181,863
49	Foreign official assets in the United States, net	122,354	18,157	28,891	-5,374	21,867	-27,227	28,891	-5,374	21,867	-27,227
50	U.S. Government securities	115,634	-2,971	23,940	-11,464	9,353	-24,800	23,940	-11,464	9,353	-24,800
51	U.S. Treasury securities ⁹	-111,403	-7,019	23,289	-12,108	6,686	-24,886	23,289	-12,108	6,686	-24,886
52	Other ¹⁰	4,381	4,048	651	644	2,667	86	651	644	2,667	86
53	Other U.S. Government liabilities ¹¹	720	539	478	654	-510	-83	478	654	-510	-83
54	U.S. liabilities reported by U.S. banks, not included elsewhere	4,722	21,274	7,698	4,536	12,391	-3,351	7,698	4,536	12,391	-3,351
55	Other foreign official assets ¹²	1,278	-685	-3,225	900	633	1,007	-3,225	900	633	1,007
56	Other foreign assets in the United States, net	425,201	672,340	153,087	148,882	161,979	208,392	153,391	148,433	161,425	209,090
57	Direct investment	76,955	107,928	30,381	27,101	26,503	23,943	30,685	26,652	25,949	24,641
58	U.S. Treasury securities and U.S. currency flows	172,878	187,854	51,289	49,915	42,919	43,731	51,289	49,915	42,919	43,731
59	U.S. securities other than U.S. Treasury securities	133,798	189,273	38,820	51,682	60,409	38,362	38,820	51,682	60,409	38,362
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	31,786	44,740	15,210	-7,916	22,046	15,400	15,210	-7,916	22,046	15,400
61	U.S. liabilities reported by U.S. banks, not included elsewhere	9,784	142,545	17,387	28,100	10,102	86,956	17,387	28,100	10,102	86,956
62	Allocations of special drawing rights										
63	Statistical discrepancy (sum of above items with sign reversed)	-46,927	-97,113	-21,356	-12,515	-20,993	-42,249	-14,069	-14,000	-29,482	-39,566
63a	Of which seasonal adjustment discrepancy							7,287	-1,485	-8,489	2,683
64	Memoranda:										
65	Balance on goods (lines 2 and 16)	-191,170	-198,934	-42,064	-44,682	-59,993	-52,195	-49,844	-47,188	-52,001	-49,901
66	Balance on services (lines 3 and 17)	80,130	85,291	21,594	18,579	23,427	21,691	20,520	21,518	22,094	21,162
67	Balance on goods and services (lines 64 and 65)	-111,040	-113,643	-20,470	-26,103	-36,566	-30,504	-29,324	-25,670	-29,907	-28,739
68	Balance on investment income (lines 11 and 25)	2,824	-14,277	-1,232	-3,418	-5,210	-4,417	-2,015	-3,270	-4,137	-4,856
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	-108,216	-127,920	-21,702	-29,521	-41,776	-34,921	-31,339	-28,940	-34,044	-33,595
70	Unilateral transfers, net (line 29)	-39,968	-38,526	-8,604	-8,623	-9,031	-12,268	-8,577	-8,855	-9,070	-12,024
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-148,184	-166,446	-30,306	-38,144	-50,807	-47,189	-39,916	-37,795	-43,114	-45,619

See footnotes to table F.3.

Table F.3.—Selected U.S. International Transactions, by Area

[Millions of dollars]

Line	(Credits +; debits -) ¹	Western Europe			European Union ¹⁴			United Kingdom			European Union (6) ¹⁵		
		1997			1997			1997			1997		
		II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p
1	Exports of goods, services, and income	85,940	84,503	87,698	76,451	76,344	79,346	24,050	24,122	25,082	40,599	40,411	41,514
2	Goods, adjusted, excluding military ²	39,866	35,316	39,109	35,147	32,354	36,233	9,327	8,150	8,876	20,776	19,630	21,686
3	Services ³	21,070	24,087	22,028	18,686	21,463	19,451	5,673	6,336	5,974	9,613	11,321	9,860
4	Transfers under U.S. military agency sales contracts ⁴	879	1,111	909	487	695	596	108	107	92	109	183	166
5	Travel	5,896	7,537	5,834	5,388	6,892	5,177	2,023	2,332	1,939	2,536	3,548	2,401
6	Passenger fares	1,728	2,375	1,743	1,639	2,260	1,634	379	550	475	1,008	1,378	883
7	Other transportation	2,002	2,020	2,093	1,593	1,664	1,711	423	421	435	715	776	803
8	Royalties and license fees ⁵	3,540	3,582	3,919	3,355	3,403	3,720	630	709	769	2,014	2,080	2,242
9	Other private services ⁵	6,990	7,419	7,490	6,194	6,512	6,578	2,099	2,209	2,251	3,217	3,333	3,348
10	U.S. Government miscellaneous services	35	43	40	30	37	35	11	8	13	14	23	17
11	Income receipts on U.S. assets abroad	25,004	25,100	26,561	22,618	22,527	23,662	9,050	9,636	10,232	10,210	9,460	9,968
12	Direct investment receipts	12,442	11,690	12,944	10,967	10,096	11,114	3,537	3,711	4,239	5,783	4,884	5,376
13	Other private receipts	12,392	13,135	13,424	11,506	12,200	12,378	5,513	5,925	5,967	4,295	4,440	4,592
14	U.S. Government receipts	170	275	193	145	231	170	.....	.....	.....	26	132	136
15	Imports of goods, services, and income	-94,876	-94,566	-95,407	-86,504	-86,289	-86,236	-31,843	-32,436	-32,304	-42,988	-42,258	-42,239
16	Goods, adjusted, excluding military ²	-45,115	-43,106	-46,762	-41,220	-39,327	-42,392	-7,949	-8,118	-8,853	-26,620	-24,733	-26,479
17	Services ³	-17,876	-18,462	-15,542	-15,744	-16,509	-13,762	-5,438	-5,850	-4,888	-7,937	-8,273	-7,059
18	Direct defense expenditures	-1,594	-1,724	-1,802	-1,263	-1,351	-1,395	-132	-168	-155	-1,044	-1,100	-1,150
19	Travel	-5,609	-5,728	-3,518	-5,133	-5,357	-3,302	-1,450	-1,526	-1,125	-2,738	-2,866	-1,632
20	Passenger fares	-2,338	-2,455	-1,792	-2,102	-2,220	-1,614	-899	-897	-598	-828	-892	-731
21	Other transportation	-2,683	-2,577	-2,578	-2,062	-2,073	-2,088	-514	-574	-560	-1,002	-1,021	-1,081
22	Royalties and license fees ⁵	-1,196	-1,331	-1,249	-995	-1,139	-1,056	-474	-549	-449	-454	-487	-517
23	Other private services ⁵	-4,168	-4,354	-4,309	-3,942	-4,116	-4,055	-1,946	-2,118	-1,977	-1,687	-1,708	-1,761
24	U.S. Government miscellaneous services	-288	-293	-294	-247	-253	-252	-23	-20	-24	-184	-199	-187
25	Income payments on foreign assets in the United States	-31,885	-32,998	-32,743	-29,540	-30,453	-30,082	-18,456	-18,468	-18,563	-8,431	-9,252	-8,701
26	Direct investment payments	-8,578	-8,698	-7,952	-7,951	-7,838	-7,023	-2,801	-2,721	-2,864	-2,489	-3,561	-3,561
27	Other private payments	-14,475	-14,829	-15,245	-13,523	-13,873	-14,242	-10,345	-10,505	-10,636	-2,570	-2,770	-2,928
28	U.S. Government payments	-8,832	-9,471	-9,546	-8,066	-8,742	-8,817	-4,864	-5,162	-5,206	-1,897	-2,193	-2,212
29	Unilateral transfers, net	63	-2	63	288	261	257	374	386	306	110	70	139
30	U.S. Government grants ⁴	-134	-145	-76	-11	.....	.....	.....	.....	.....	.....	.....	.....
31	U.S. Government pensions and other transfers	-330	-322	-336	-282	-282	-274	-48	-48	-45	-157	-157	-156
32	Private remittances and other transfers ⁶	527	465	475	581	543	531	422	434	351	267	227	295
33	U.S. assets abroad, net (increase/capital outflow (-))	-21,851	-54,737	-22,360	-20,810	-42,925	-21,849	-14,108	-21,006	-30,590	-3,431	-18,659	6,401
34	U.S. official reserve assets, net ⁷	-139	-142	-134	-227	189	-1,351	.....	.....	.....	-227	189	-1,351
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
37	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
38	Foreign currencies	-139	-142	-134	-227	189	-1,351	.....	.....	.....	-227	189	-1,351
39	U.S. Government assets, other than official reserve assets, net	-17	186	208	-62	158	118	4	-4	128	-17	-14	2
40	U.S. credits and other long-term assets	-112	-71	-63	-51	-35	-45	.....	.....	.....	.....	.....	.....
41	Repayments on U.S. credits and other long-term assets ⁸	109	281	263	4	212	160	.....	.....	.....	127	.....	.....
42	U.S. foreign currency holdings and U.S. short-term assets, net	-14	-24	8	-15	-19	3	4	-4	1	-17	-14	2
43	U.S. private assets, net	-21,695	-54,781	-22,434	-20,521	-43,272	-20,616	-14,112	-21,002	-30,718	-3,187	-18,834	7,750
44	Direct investment	-22,885	-8,044	-14,937	-21,951	-5,872	-13,700	-14,312	978	-10,024	-6,722	-5,645	-2,774
45	Foreign securities	4,773	-9,773	-5,210	4,397	-20,224	-5,647	1,663	-18,850	-7,224	1,111	-822	1,249
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-5,269	-7,800	.....	-5,152	-7,636	.....	-5,037	-2,048	.....	1,708	-3,440	.....
47	U.S. claims reported by U.S. banks, not included elsewhere	1,686	-19,164	-2,287	2,185	-9,540	-1,269	3,574	-82	-13,470	716	-8,927	9,275
48	Foreign assets in the United States, net (increase/capital inflow (+))	85,574	126,783	103,194	84,212	117,481	85,798	40,075	66,546	56,086	42,247	39,911	23,528
49	Foreign official assets in the United States, net	1,172	832	-6,421	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	209	101	312	157	175	263	-32	5	45	106	83	95
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	84,582	125,951	109,615	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	14,755	18,650	17,557	12,349	9,666	11,117	1,498	1,280	-460	11,037	6,204	10,132
58	U.S. Treasury securities and U.S. currency flows	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	32,525	38,745	26,376	30,234	38,489	20,901	21,027	25,084	10,857	7,631	11,774	7,926
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-368	9,564	.....	-386	9,332	.....	412	8,642	.....	-914	252	.....
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	18 41,767	18 59,819	18 53,517	18 17,180	18 31,535	18 45,644	18 24,387	18 21,596	18 5,375
62	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-55,030	-61,981	-73,548	-53,546	-64,872	-57,316	-18,548	-37,612	-18,580	-36,537	-19,475	-29,343
Memoranda:													
64	Balance on goods (lines 2 and 16)	-5,249	-7,790	-7,653	-6,073	-6,973	-6,159	1,378	32	23	-5,844	-5,103	-4,793
65	Balance on services (lines 3 and 17)	3,194	5,625	6,486	2,942	4,954	5,689	235	486	1,086	1,676	3,048	2,801
66	Balance on goods and services (lines 64 and 65)	-2,055	-2,165	-1,167	-3,131	-2,019	-470	1,613	518	1,109	-4,168	-2,055	-1,992
67	Balance on investment income (lines 11 and 25)	-6,881	-7,898	-6,182	-6,922	-7,926	-6,420	-9,406	-8,832	-8,331	1,779	208	1,267
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	-8,936	-10,063	-7,349	-10,053	-9,945	-6,890	-7,793	-8,314	-7,222	-2,389	-1,847	-725
69	Unilateral transfers, net (line 29)	63	-2	63	288	261	257	374	386	306	110	70	139
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-8,873	-10,065	-7,286	-9,765	-9,684	-6,633	-7,419	-7,928	-6,916	-2,279	-1,777	-586

^p Preliminary.^r Revised.

1. Credits, +; Exports of goods, services, and income; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.

Debits, -: Imports of goods, services, and income; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.

2. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis; see table 2 in "U.S. International Transactions, Fourth Quarter and Year 1997" in this issue of the SURVEY.

3. Includes some goods: Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 18; and fuels purchased by airline and steamship operators in lines 7 and 21.

4. Includes transfers of goods and services under U.S. military grant programs.

5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.

7. For all areas, amounts outstanding December 31, 1997, were as follows in millions of dollars: Line 34, 69,955; line 35, 11,047; line 36, 10,027; line 37, 18,071; line 38, 30,809. Data are preliminary.

Table F.3.—Selected U.S. International Transactions, by Area

[Millions of dollars]

Line	(Credits +; debits -) ¹	Eastern Europe			Canada			Latin America and Other Western Hemisphere			Japan		
		1997			1997			1997			1997		
		II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p
1	Exports of goods, services, and income	3,403	3,217	3,139	49,685	47,166	48,868	55,830	60,576	63,999	28,385	28,391	27,129
2	Goods, adjusted, excluding military ²	2,110	1,743	1,918	39,042	36,783	39,176	32,425	34,449	37,216	16,557	15,711	15,967
3	Services ³	846	981	929	5,392	5,082	4,845	9,046	10,564	10,165	9,266	10,518	9,215
4	Transfers under U.S. military agency sales contracts ⁴	80	56	86	22	22	24	95	110	161	98	195	110
5	Travel	227	287	222	1,907	1,622	1,263	3,551	4,487	4,160	3,243	4,075	3,281
6	Passenger fares	22	29	38	307	269	257	993	1,199	1,112	1,627	1,772	1,442
7	Other transportation	97	130	128	768	753	768	930	931	991	796	805	809
8	Royalties and license fees ⁵	36	41	41	329	344	376	390	420	483	1,573	1,478	1,478
9	Other private services ⁵	374	423	404	2,043	2,058	2,153	3,050	3,381	3,220	1,919	2,170	2,084
10	U.S. Government miscellaneous services	10	15	10	16	14	4	37	36	38	10	23	11
11	Income receipts on U.S. assets abroad	447	493	292	5,251	5,301	4,847	14,359	15,563	16,018	2,562	2,162	1,947
12	Direct investment receipts	302	242	107	2,793	2,844	2,392	5,450	5,855	5,677	1,148	797	541
13	Other private receipts	109	131	152	2,458	2,457	2,455	8,841	9,585	10,244	1,392	1,366	1,382
14	U.S. Government receipts	36	120	33				68	123	97	22	-1	24
15	Imports of goods, services, and income	-3,108	-3,552	-3,271	-50,077	-48,784	-50,247	-54,841	-56,526	-57,224	-41,837	-44,445	-45,160
16	Goods, adjusted, excluding military ²	-2,009	-2,325	-2,246	-43,383	-41,326	-44,116	-34,925	-36,114	-36,614	-29,317	-30,787	-31,356
17	Services ³	-722	-777	-652	-3,781	-4,770	-3,426	-8,362	-8,563	-8,487	-3,754	-4,025	-4,044
18	Direct defense expenditures	-51	-37	-85	-14	-13	-15	-83	-101	-110	-293	-299	-280
19	Travel	-338	-407	-205	-1,270	-2,157	-794	-3,708	-3,693	-3,711	-865	-879	-847
20	Passenger fares	-96	-94	-52	-121	-157	-95	-617	-675	-657	-182	-183	-170
21	Other transportation	-70	-73	-53	-965	-937	-960	-672	-594	-591	-1,018	-1,170	-1,099
22	Royalties and license fees ⁵	-1	-2	-2	-70	-66	-70	-37	-49	-39	-323	-419	-428
23	Other private services ⁵	-151	-146	-150	-1,308	-1,401	-1,456	-3,134	-3,335	-3,268	-1,049	-1,040	-1,186
24	U.S. Government miscellaneous services	-15	-18	-15	-33	-39	-36	-111	-116	-111	-24	-35	-34
25	Income payments on foreign assets in the United States	-377	-450	-463	-2,913	-2,688	-2,705	-11,554	-11,849	-12,123	-8,766	-9,633	-9,760
26	Direct investment payments	5	8	5	-983	-845	-843	-477	-552	-481	-1,408	-2,129	-2,055
27	Other private payments	-99	-137	-147	-1,380	-1,278	-1,297	-8,240	-8,586	-8,916	-1,758	-1,678	-1,797
28	U.S. Government payments	-283	-321	-321	-550	-565	-565	-2,837	-2,711	-2,726	-5,600	-5,826	-5,908
29	Unilateral transfers, net	-687	-799	-520	-74	-93	-92	-2,700	-2,739	-2,811	-25	-14	-14
30	U.S. Government grants ⁴	-359	-459	-186				-342	-245	-333			
31	U.S. Government pensions and other transfers	-10	-10	-9	-102	-102	-116	-161	-156	-173	-23	-23	-21
32	Private remittances and other transfers ⁶	-318	-330	-325	28	9	24	-2,197	-2,338	-2,305	-2	9	7
33	U.S. assets abroad, net (increase/capital outflow (-))	1,044	-2,636	2,886	-5,131	5,716	-4,975	-40,996	-53,869	-64,720	-11,820	4,409	2,265
34	U.S. official reserve assets, net ⁷										-18	14	-19
35	Gold												
36	Special drawing rights												
37	Reserve position in the International Monetary Fund												
38	Foreign currencies										-18	14	-19
39	U.S. Government assets, other than official reserve assets, net	-13	20	-7	1	10		228	61	81	3	1	-2
40	U.S. credits and other long-term assets	-328	-235	-56				-219	-341	-250			
41	Repayments on U.S. credits and other long-term assets ⁸	315	226	47				437	385	332			
42	U.S. foreign currency holdings and U.S. short-term assets, net		29	2	1	10		10	17	-1	3	1	-2
43	U.S. private assets, net	1,057	-2,656	2,893	-5,132	5,706	-4,975	-41,224	-53,930	-64,801	-11,805	4,394	2,286
44	Direct investment	-578	-352	176	-2,914	-2,942	-2,862	-7,024	-6,858	-5,799	-514	-796	500
45	Foreign securities	-577	-609	179	-2,428	-4,417	782	-11,098	-2,816	-3,097	-10,150	-2,439	6,102
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-31	-23		2,762	-1,100		-1,576	-8,527	-25,000	67	-200	
47	U.S. claims reported by U.S. banks, not included elsewhere	2,243	-1,672	2,538	-2,552	14,165	-2,895	-21,526	-35,729	-30,905	-1,208	7,829	-4,316
48	Foreign assets in the United States, net (increase/capital inflow (+))	3,708	1,911	-6,586	7,813	-9,219	-2,060	27,322	30,916	51,781	20,656	9,091	23,284
49	Foreign official assets in the United States, net	(18)	(18)	(18)	-1,430	645	-2,475	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	1	32	-25	-10	-6	9	11	-22	-54	429	156	-122
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	9,243	-9,864	415	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	75	158	-83	3,509	-429	3,322	3,832	2,470	1,144	1,670	3,686	3,131
58	U.S. Treasury securities and U.S. currency flows	(18)	(18)	(18)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	73	189	41	977	218	909	8,725	12,755	10,786	7,402	5,640	16
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-47	218		-256	-19		-6,935	11,643	15,400	-293	162	
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 3,606	18 1,314	18 -6,519	(17)	(17)	(17)	18 21,689	18 4,070	18 24,505	18 11,448	18 -553	18 20,259
62	Allocations of special drawing rights												
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-4,360	1,859	4,352	-2,216	5,214	8,506	15,385	21,642	9,575	4,641	2,568	-7,504
64	Memoranda:												
64	Balance on goods (lines 2 and 16)	101	-582	-328	-4,341	-4,543	-4,940	-2,500	-1,665	602	-12,760	-15,076	-15,389
65	Balance on services (lines 3 and 17)	124	204	367	1,611	312	1,419	684	2,001	1,678	5,512	6,493	5,171
66	Balance on goods and services (lines 64 and 65)	225	-378	39	-2,730	-4,231	-3,521	-1,816	336	2,280	-7,248	-8,583	-10,218
67	Balance on investment income (lines 11 and 25)	70	43	-171	2,338	2,613	2,142	2,805	3,714	3,895	-6,204	-7,471	-7,813
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	295	-335	-132	-392	-1,618	-1,379	989	4,050	6,175	-13,452	-16,054	-18,031
69	Unilateral transfers, net (line 29)	-687	-799	-520	-74	-93	-92	-2,700	-2,739	-2,811	-25	-14	-14
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	-392	-1,134	-652	-466	-1,711	-1,471	-1,711	1,311	3,364	-13,477	-16,068	-18,045

8. Includes sales of foreign obligations to foreigners.

9. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.

10. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.

11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see table 4 in "U.S. International Transactions, Fourth Quarter and Year 1997" in this issue of the SURVEY.

12. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.

13. Conceptually, the sum of lines 70 and 62 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in Appendix A of this section of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables (published annually in the August issue of the SURVEY).

Table F.3.—Selected U.S. International Transactions, by Area

[Millions of dollars]

Line	(Credits +; debits -) ¹	Australia			Other countries in Asia and Africa			International organizations and unallocated ¹⁶		
		1997			1997			1997		
		II	III ^r	IV ^p	II	III ^r	IV ^p	II	III ^r	IV ^p
1	Exports of goods, services, and income	6,174	6,005	5,849	59,659	60,099	60,284	4,402	4,634	4,860
2	Goods, adjusted, excluding military ²	3,095	3,071	2,915	39,453	38,475	41,139			
3	Services ³	1,293	1,470	1,480	13,380	14,864	12,682	1,359	1,383	1,434
4	Transfers under U.S. military agency sales contracts ⁴	46	76	221	2,507	2,691	2,486			
5	Travel	480	608	461	3,124	3,734	1,987			
6	Passenger fares	133	143	118	492	589	346			
7	Other transportation	79	84	85	2,250	2,158	2,305	107	109	123
8	Royalties and license fees ⁵	159	161	164	1,033	1,047	1,101	385	387	413
9	Other private services ⁵	393	396	427	3,894	4,578	4,374	867	887	898
10	U.S. Government miscellaneous services	3	2	4	80	67	83			
11	Income receipts on U.S. assets abroad	1,786	1,464	1,454	6,826	6,760	6,463	3,043	3,251	3,426
12	Direct investment receipts	1,169	836	816	3,912	3,758	3,514	1,164	1,246	1,424
13	Other private receipts	617	628	638	2,597	2,639	2,629	1,745	1,866	1,852
14	U.S. Government receipts				317	363	320	134	139	150
15	Imports of goods, services, and income	-1,658	-2,196	-2,266	-75,688	-85,365	-81,963	-914	-933	-969
16	Goods, adjusted, excluding military ²	-1,169	-1,290	-1,252	-61,312	-70,593	-67,289			
17	Services ³	-567	-645	-747	-7,439	-7,701	-7,690	-572	-579	-589
18	Direct defense expenditures	-12	-25	-30	-632	-664	-728			
19	Travel	-175	-197	-306	-2,240	-2,286	-2,161			
20	Passenger fares	-114	-126	-141	-977	-956				
21	Other transportation	-60	-55	-65	-1,811	-1,903	-1,940	-235	-229	-242
22	Royalties and license fees ⁵	-8	-54	-7	-19	-13	-16	-104	-122	-115
23	Other private services ⁵	-187	-174	-186	-1,563	-1,638	-1,690	-233	-228	-232
24	U.S. Government miscellaneous services	-11	-14	-12	-197	-215	-199			
25	Income payments on foreign assets in the United States	78	-261	-267	-6,937	-7,071	-6,984	-342	-354	-380
26	Direct investment payments	213	-108	-115	238	-59	181	429	425	427
27	Other private payments	-115	-133	-132	-2,530	-2,501	-2,616	-744	-735	-763
28	U.S. Government payments	-20	-20	-20	-4,645	-4,511	-4,549	-27	-44	-44
29	Unilateral transfers, net	-22	-21	-20	-2,818	-3,040	-6,140	-2,360	-2,323	-2,734
30	U.S. Government grants ⁴				-1,203	-1,233	-4,377	-207	-149	-131
31	U.S. Government pensions and other transfers	-9	-9	-8	-125	-123	-119	-297	-218	-478
32	Private remittances and other transfers ⁶	-13	-12	-12	-1,490	-1,684	-1,644	-1,856	-1,956	-2,125
33	U.S. assets abroad, net (increase/capital outflow (-))	-2,026	-146	-2,015	-10,535	-9,432	1,950	-1,534	-1,351	-4,758
34	U.S. official reserve assets, net ⁷							-79	-602	-4,371
35	Gold									
36	Special drawing rights							-133	-139	-150
37	Reserve position in the International Monetary Fund							54	-463	-4,221
38	Foreign currencies									
39	U.S. Government assets, other than official reserve assets, net	-1	2		-129	474	-21	-340	-293	-254
40	U.S. credits and other long-term assets				-614	-475	-479	-340	-293	-254
41	Repayments on U.S. credits and other long-term assets ⁸				497	984	452			
42	U.S. foreign currency holdings and U.S. short-term assets, net	-1	2		-12	-35	6			
43	U.S. private assets, net	-2,025	-148	-2,015	-10,406	-9,906	1,971	-1,115	-456	-133
44	Direct investment	-632	207	-436	-3,198	-4,468	-3,740	-828	-860	-887
45	Foreign securities	-197	-921	-517	-2,297	-8,760	-2,921	133	521	960
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-57	65		123	-253		-3	-10	
47	U.S. claims reported by U.S. banks, not included elsewhere	-1,139	501	-1,062	-5,034	3,575	8,632	-417	-107	-206
48	Foreign assets in the United States, net (increase/capital inflow (+))	2,560	2,788	460	-11,650	17,290	2,283	7,345	4,286	8,809
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)			
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)			
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)			
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)			
53	Other U.S. Government liabilities ¹¹	2	-16	-159	12	-755	-44			
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)			
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)			
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	7,345	4,286	8,809
57	Direct investment	213	3,277	-547	3,520	-833	-101	-473	-476	-480
58	U.S. Treasury securities and U.S. currency flows	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	325	295	-175	1,680	2,640	376	-25	-73	33
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-153	-48		79	467		57	59	
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 2,173	18 -720	18 1,341	18 -16,941	18 15,771	18 2,052	18 7,786	18 4,776	18 9,256
62	Allocations of special drawing rights									
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-5,028	-6,430	-2,008	41,032	20,448	23,586	-6,939	-4,313	-5,208
64	Memoranda:									
65	Balance on goods (lines 2 and 16)	1,926	1,781	1,663	-21,859	-32,118	-26,150			
66	Balance on services (lines 3 and 17)	726	825	733	5,941	7,163	4,992	787	804	845
67	Balance on goods and services (lines 64 and 65)	2,652	2,606	2,396	-15,918	-24,955	-21,158	787	804	845
68	Balance on investment income (lines 11 and 25)	1,864	1,203	1,187	-111	-311	-521	2,701	2,897	3,046
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	4,516	3,809	3,583	-16,029	-25,266	-21,679	3,488	3,701	3,891
68	Unilateral transfers, net (line 29)	-22	-21	-20	-2,818	-3,040	-6,140	-2,360	-2,323	-2,734
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	4,494	3,788	3,563	-18,847	-28,306	-27,819	1,128	1,378	1,157

14. The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.

15. The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.

16. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also

includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.

17. Details not shown separately; see totals in lines 49 and 56.

18. Details not shown separately are included in line 61.

NOTE.—The data in tables F.2 and F.3 are from tables 1 and 10 in "U.S. International Transactions, Fourth Quarter and Year 1997" in this issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

Table F.4.—Private Service Transactions

[Millions of dollars]

Line		1996	1997 ^P	Seasonally adjusted					
				1996		1997			
				III	IV	I ^r	II ^r	III ^r	IV ^P
1	Exports of private services	221,224	237,261	55,540	57,427	58,343	59,417	59,936	59,567
2	Travel (table F.2, line 5)	69,908	74,407	17,659	18,183	18,585	18,634	18,732	18,456
3	Passenger fares (table F.2, line 6)	20,557	21,710	5,237	5,282	5,316	5,508	5,468	5,418
4	Other transportation (table F.2, line 7)	27,216	28,194	6,716	7,142	7,001	7,045	6,939	7,210
5	Freight	11,161	11,691	2,747	2,941	2,910	2,920	2,877	2,986
6	Port services	14,691	15,001	3,625	3,861	3,722	3,749	3,685	3,847
7	Other	1,364	1,503	343	339	370	377	378	378
8	Royalties and license fees (table F.2, line 8)	29,974	30,269	7,495	7,703	7,688	7,608	7,520	7,452
9	Affiliated,	23,760	23,411	5,929	6,091	6,022	5,901	5,785	5,703
10	U.S. parents' receipts	21,916	21,977	5,505	5,445	5,755	5,452	5,402	5,369
11	U.S. affiliates' receipts	1,844	1,434	424	646	267	449	383	334
12	Unaffiliated	6,214	6,857	1,566	1,612	1,666	1,707	1,735	1,749
13	Industrial processes ¹	3,979	4,456	1,006	1,040	1,080	1,109	1,129	1,139
14	Other ²	2,235	2,402	560	573	587	598	607	610
15	Other private services (table F.2, line 9)	73,569	82,681	18,433	19,117	19,753	20,622	21,277	21,031
16	Affiliated services,	22,810	25,483	5,777	5,840	6,103	6,425	6,622	6,334
17	U.S. parents' receipts	13,763	14,997	3,410	3,431	3,623	3,802	3,776	3,796
18	U.S. affiliates' receipts	9,047	10,486	2,367	2,409	2,480	2,623	2,846	2,538
19	Unaffiliated services	50,759	57,198	12,656	13,277	13,650	14,197	14,655	14,697
20	Education	7,807	8,134	1,998	1,955	1,986	2,003	2,074	2,071
21	Financial services	8,034	10,104	1,925	2,325	2,259	2,492	2,701	2,652
22	Insurance, net	2,121	2,558	561	597	620	637	648	654
23	Premiums received	6,179	6,744	1,567	1,609	1,650	1,681	1,702	1,712
24	Losses paid	4,058	4,186	1,006	1,012	1,030	1,044	1,054	1,058
25	Telecommunications	3,405	3,596	838	850	845	895	913	944
26	Business, professional, and technical services	19,247	22,116	4,847	4,985	5,287	5,543	5,642	5,644
27	Other unaffiliated services ³	10,145	10,690	2,486	2,565	2,653	2,627	2,677	2,732
28	Imports of private services	143,086	153,787	35,873	36,257	37,777	38,459	38,710	38,841
29	Travel (table F.2, line 19)	48,739	52,029	11,915	12,241	13,004	12,989	12,813	13,224
30	Passenger fares (table F.2, line 20)	15,776	16,927	3,920	4,053	4,272	4,190	4,166	4,298
31	Other transportation (table F.2, line 21)	28,453	29,771	7,218	7,166	7,377	7,541	7,368	7,484
32	Freight	16,879	17,799	4,312	4,130	4,319	4,637	4,447	4,396
33	Port services	10,792	11,162	2,709	2,838	2,844	2,705	2,730	2,883
34	Other	783	812	198	199	214	200	192	206
35	Royalties and license fees (table F.2, line 22)	7,322	7,512	2,144	1,770	1,797	1,846	2,043	1,826
36	Affiliated,	5,301	5,932	1,264	1,376	1,401	1,461	1,629	1,441
37	U.S. parents' payments	554	742	136	164	155	172	192	224
38	U.S. affiliates' payments	4,748	5,190	1,128	1,212	1,246	1,289	1,437	1,217
39	Unaffiliated	2,021	1,580	880	394	396	385	414	385
40	Industrial processes ¹	1,126	1,159	288	292	291	290	289	289
41	Other ²	895	421	592	103	106	95	125	96
42	Other private services (table F.2, line 23)	42,796	47,548	10,676	11,027	11,327	11,893	12,320	12,009
43	Affiliated services,	16,026	17,610	4,073	4,130	4,227	4,368	4,600	4,415
44	U.S. parents' payments	7,505	8,630	1,935	1,867	1,979	2,145	2,251	2,255
45	U.S. affiliates' payments	8,521	8,980	2,138	2,263	2,248	2,223	2,349	2,160
46	Unaffiliated services	26,770	29,938	6,603	6,897	7,100	7,525	7,720	7,594
47	Education	1,041	1,131	262	269	276	279	285	291
48	Financial services	3,184	4,059	769	859	888	1,106	1,182	883
49	Insurance, net	4,387	4,817	1,047	1,064	1,139	1,195	1,232	1,251
50	Premiums paid	15,473	16,525	3,877	3,947	4,046	4,119	4,168	4,192
51	Losses recovered	11,086	11,708	2,830	2,884	2,907	2,924	2,936	2,941
52	Telecommunications	8,385	8,576	2,066	2,089	2,076	2,137	2,157	2,205
53	Business, professional, and technical services	5,253	6,464	1,335	1,406	1,540	1,612	1,648	1,664
54	Other unaffiliated services ³	4,520	4,891	1,122	1,210	1,180	1,196	1,215	1,299
Memoranda:									
55	Balance on goods (table F.2, line 64)	-191,170	-198,934	-52,493	-48,190	-49,844	-47,188	-52,001	-49,901
56	Balance on private services (line 1 minus line 28)	78,138	83,474	19,667	21,170	20,566	20,958	21,226	20,726
57	Balance on goods and private services (lines 55 and 56)	-113,032	-115,460	-32,826	-27,020	-29,278	-26,230	-30,775	-29,175

^P Preliminary.^r Revised.

1. Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.

2. Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign govern-

ments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

NOTE.—The data in this table are from table 3 in "U.S. International Transactions, Fourth Quarter and Year 1997" in this issue of the SURVEY OF CURRENT BUSINESS, which presents the most recent estimates from the balance of payments accounts.

G. Investment Tables

Table G.1.—International Investment Position of the United States at Yearend, 1995 and 1996

[Millions of dollars]

Line	Type of investment	Position 1995 ^r	Changes in position in 1996 (decrease (-))					Position 1996 ^r
			Attributable to:				Total (a+b+c+d)	
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes ¹	Other changes ²		
		(a)	(b)	(c)	(d)			
1	Net international investment position of the United States:							
2	With direct investment positions at current cost (line 3 less line 24) ...	-687,702	-195,111	32,038	-22,195	2,446	-182,822	-870,524
	With direct investment positions at market value (line 4 less line 25) ...	-637,480	-195,111	39,063	-46,339	8,564	-193,823	-831,303
	U.S. assets abroad:							
3	With direct investment positions at current cost (lines 5+10+15)	3,272,731	352,444	121,367	-21,849	-3,964	447,998	3,720,729
4	With direct investment positions at market value (lines 5+10+16)	3,700,432	352,444	267,858	-45,567	9,373	584,108	4,284,540
5	U.S. official reserve assets	176,061	-6,668	-4,581	-4,073		-15,322	160,739
6	Gold	101,279		³ -4,581		-4,581	96,698	
7	Special drawing rights	11,037	-370		-355		-725	10,312
8	Reserve position in the International Monetary Fund	14,649	1,280		-494		786	15,435
9	Foreign currencies	49,096	-7,578		-3,224		-10,802	38,294
10	U.S. Government assets, other than official reserve assets	81,897	690		-34	1	657	82,554
11	U.S. credits and other long-term assets ⁴	79,958	796		-1	1	796	80,754
12	Repayable in dollars	79,178	846			-12	834	80,012
13	Other ⁵	780	-50		-1	13	-38	742
14	U.S. foreign currency holdings and U.S. short-term assets	1,939	-106		-33		-139	1,800
	U.S. private assets:							
15	With direct investment at current cost (lines 17+19+22+23)	3,014,773	358,422	125,948	-17,742	-3,965	462,663	3,477,436
16	With direct investment at market value (lines 18+19+22+23)	3,442,474	358,422	272,439	-41,460	9,372	598,773	4,041,247
	Direct investment abroad:							
17	At current cost	884,290	87,813	7,375	-4,726	-3,954	86,508	970,798
18	At market value	1,311,991	87,813	153,866	-28,444	9,383	222,618	1,534,609
19	Foreign securities	1,054,352	108,189	118,573	-7,675		219,087	1,273,439
20	Bonds	355,284	49,403	806	-7,521		42,688	397,972
21	Corporate stocks	699,068	58,786	117,767	-154		176,399	875,467
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	307,982	64,234		-3,161		61,073	369,055
23	U.S. claims reported by U.S. banks, not included elsewhere	768,149	98,186		-2,180	-11	95,995	864,144
	Foreign assets in the United States:							
24	With direct investment at current cost (lines 26+33)	3,960,433	547,555	89,329	346	-6,410	630,820	4,591,253
25	With direct investment at market value (lines 26+34)	4,337,912	547,555	228,795	772	809	777,931	5,115,843
26	Foreign official assets in the United States	678,451	122,354	4,345		-1	126,698	805,149
27	U.S. Government securities	498,906	115,634	-4,333			111,301	610,207
28	U.S. Treasury securities	471,508	111,253	-3,802			107,451	578,959
29	Other	27,398	4,381	-531			3,850	31,248
30	Other U.S. Government liabilities ⁷	25,225	720			-1	719	25,944
31	U.S. liabilities reported by U.S. banks, not included elsewhere	107,394	4,722				4,722	112,116
32	Other foreign official assets	46,926	1,278	8,678			9,956	56,882
	Other foreign assets:							
33	With direct investment at current cost (lines 35+37+38+39+42+43)	3,281,982	425,201	84,984	346	-6,409	504,122	3,786,104
34	With direct investment at market value (lines 36+37+38+39+42+43)	3,659,461	425,201	224,450	772	810	651,233	4,310,694
	Direct investment in the United States:							
35	At current cost	654,502	76,955	5,356	-426	-7,335	74,550	729,052
36	At market value	1,031,981	76,955	144,822		-116	221,661	1,253,642
37	U.S. Treasury securities	389,383	155,578	-14,411			141,167	530,550
38	U.S. currency	192,300	17,300				17,300	209,600
39	U.S. securities other than U.S. Treasury securities	999,537	133,798	94,039	-1,887		225,950	1,225,487
40	Corporate and other bonds	534,116	121,194	721	-1,887		120,028	654,144
41	Corporate stocks	465,421	12,604	93,318			105,922	571,343
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	232,891	31,786		5,932	926	38,644	271,535
43	U.S. liabilities reported by U.S. banks, not included elsewhere	813,369	9,784		-3,273		6,511	819,880

^r Preliminary.^r Revised.

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

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

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

4. Also includes paid-in capital subscriptions to international financial institutions and outstanding

amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

5. 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.

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

NOTE.—The data in this table are from table 1 in "International Investment Position of the United States in 1996" in the July 1997 issue of the SURVEY OF CURRENT BUSINESS.

Table G.2.—U.S. Direct Investment Abroad: Selected Items, by Country and by Industry of Foreign Affiliate, 1994–96

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital outflows (inflows (-))			Income		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
All countries, all industries	640,320	717,554	796,494	68,272	85,115	85,560	68,597	87,448	95,067
By country									
Canada	78,018	85,441	91,587	6,760	8,435	6,875	5,873	8,812	8,642
Europe	320,135	360,994	399,632	28,785	45,292	45,274	30,468	41,320	46,183
<i>Of which:</i>									
France	28,204	32,950	34,000	2,586	5,726	5,221	1,296	2,728	3,322
Germany	38,467	44,226	44,259	2,217	4,373	955	3,107	4,783	4,286
Netherlands	29,558	39,344	44,667	6,331	8,420	7,140	5,081	6,890	7,991
United Kingdom	121,321	122,767	142,560	7,177	4,515	18,310	8,082	11,384	13,862
Latin America and Other Western Hemisphere	115,093	128,252	144,209	19,010	14,753	14,299	16,299	15,221	17,404
<i>Of which:</i>									
Brazil	18,400	23,706	26,166	3,517	4,899	3,064	4,756	3,515	3,879
Mexico	16,169	15,980	18,747	3,674	2,955	2,747	2,497	1,369	2,931
Africa	5,606	6,383	7,568	332	873	1,221	1,395	1,861	1,963
Middle East	6,741	7,669	8,743	242	905	1,044	964	1,393	1,458
Asia and Pacific	111,373	125,834	140,402	13,121	15,241	14,752	13,474	18,542	18,937
<i>Of which:</i>									
Australia	20,217	25,003	28,769	32	6,450	3,789	2,392	3,402	2,979
Japan	36,524	38,406	39,593	2,384	1,079	1,817	2,379	4,117	3,950
International	3,355	2,981	4,352	22	-384	2,096	124	300	480
By industry									
Petroleum	67,104	70,229	75,479	1,690	2,437	6,144	7,177	9,730	11,960
Manufacturing	211,431	250,253	272,564	23,953	42,531	28,530	26,699	35,065	34,975
Food and kindred products	29,588	32,439	36,179	3,764	2,871	3,280	4,690	4,728	4,684
Chemicals and allied products	49,128	62,151	69,430	4,992	18,477	7,835	6,839	8,877	10,001
Primary and fabricated metals	10,017	12,032	13,603	819	1,935	5,009	896	1,365	1,004
Industrial machinery and equipment	26,781	33,716	35,020	2,010	5,286	2,016	2,177	4,373	4,579
Electronic and other electric equipment	19,925	25,242	29,519	2,867	4,995	4,513	3,234	4,494	4,374
Transportation equipment	29,420	33,972	33,543	5,993	4,636	714	3,539	3,952	3,429
Other manufacturing	46,572	50,701	55,270	3,508	4,330	5,163	5,324	7,277	6,903
Wholesale trade	62,608	67,222	72,462	6,325	8,511	7,048	7,753	9,191	9,272
Banking	26,693	28,123	32,504	1,786	714	1,329	3,785	2,889	3,767
Finance (except banking), insurance, and real estate	213,175	228,744	257,213	22,982	12,109	28,985	18,302	23,757	27,797
Services	26,734	32,769	36,673	5,613	7,702	3,644	2,796	3,815	3,997
Other industries	32,575	40,213	49,600	5,924	11,113	9,880	2,085	3,002	3,299

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

The data in this table are from tables 17 and 18 in "U.S. Direct Investment Abroad: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996" in the September 1997 SURVEY OF CURRENT BUSINESS.

Table G.3.—Selected Financial and Operating Data for Nonbank Foreign Affiliates of U.S. Companies, by Country and by Industry of Affiliate, 1995

	Number of affiliates	Millions of dollars			Number of employees (thousands)
		Total assets	Sales	Net income	
All countries, all industries	21,318	2,815,141	2,140,438	124,675	7,377.0
By country					
Canada	2,023	246,242	231,081	8,313	918.1
Europe	10,435	1,567,904	1,176,126	63,083	3,014.5
<i>Of which:</i>					
France	1,226	135,906	124,457	4,303	413.9
Germany	1,358	219,538	234,169	6,467	596.3
Italy	757	59,468	68,550	2,315	198.7
Netherlands	999	139,078	112,182	11,492	138.8
Switzerland	505	132,464	60,128	7,203	50.6
United Kingdom	2,393	641,348	363,372	14,338	928.8
Latin America and Other Western Hemisphere	3,256	316,495	191,340	23,419	1,485.2
<i>Of which:</i>					
Brazil	400	48,477	44,536	5,073	299.9
Mexico	823	59,115	61,122	4,732	743.6
Africa	502	22,604	20,587	1,845	126.5
Middle East	338	30,231	21,703	2,899	73.4
Asia and Pacific	4,665	614,555	492,181	24,464	1,747.6
<i>Of which:</i>					
Australia	855	81,055	63,056	2,944	258.7
Japan	1,006	280,164	211,821	4,979	414.9
International	99	17,110	7,421	653	11.8
By industry					
Petroleum	1,520	272,087	428,030	13,981	230.9
Manufacturing	8,023	779,339	984,868	53,795	4,376.6
Food and kindred products	764	99,571	113,166	7,064	554.4
Chemicals and allied products	1,942	180,964	189,096	15,695	591.9
Primary and fabricated metals	722	35,266	36,862	1,227	195.7
Industrial machinery and equipment	1,033	112,921	159,205	7,611	529.4
Electronic and other electric equipment	855	71,483	95,395	6,443	846.0
Transportation equipment	469	124,721	218,333	4,406	697.6
Other manufacturing	2,238	154,413	172,811	11,348	961.5
Wholesale trade	4,878	206,015	367,515	15,124	538.3
Finance (except banking), insurance, and real estate	2,742	1,229,643	108,441	30,507	191.0
Services	2,671	114,995	100,035	4,050	779.8
Other industries	1,484	213,062	151,548	7,219	1,260.4

NOTE.—The data in this table are from "U.S. Multinational Companies: Operations in 1995" in the October 1997 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, 1994–96

[Millions of dollars]

	Direct investment position on a historical-cost basis			Capital inflows (outflows (-))			Income		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
All countries, all industries	496,539	560,850	630,045	46,995	69,414	78,828	21,286	32,029	33,759
By country									
Canada	41,959	48,258	53,845	4,960	7,080	5,670	2,996	3,911	3,285
Europe	303,649	357,193	410,425	28,002	55,300	59,809	16,059	22,975	25,806
<i>Of which:</i>									
France	33,603	38,480	49,307	3,881	4,500	10,928	-63	1,722	2,654
Germany	40,345	49,269	62,242	7,144	10,229	16,283	2,256	1,908	2,097
Netherlands	67,210	65,806	73,803	-3,174	-1,789	8,225	4,120	5,212	6,294
United Kingdom	104,867	126,177	142,607	8,076	20,446	18,929	7,232	11,006	9,220
Latin America and Other Western Hemisphere	26,070	25,240	24,627	4,767	-1,121	131	1,391	1,349	1,557
<i>Of which:</i>									
Brazil	629	751	591	-8	97	-99	88	91	34
Mexico	2,412	1,980	1,078	1,248	-470	-447	2	81	-8
Africa	1,230	1,164	717	44	-66	-440	-19	54	-113
Middle East	6,674	6,008	6,177	161	-298	555	54	209	141
Asia and Pacific	116,956	122,986	134,255	9,061	8,519	13,104	805	3,531	3,084
<i>Of which:</i>									
Australia	8,080	7,833	9,747	1,101	504	2,129	-268	112	-31
Japan	102,999	107,933	118,116	6,238	6,591	11,930	985	3,405	3,106
By industry									
Petroleum	32,290	33,888	42,343	1,665	3,152	8,113	1,902	2,970	4,190
Manufacturing	189,459	213,026	234,323	19,673	27,849	29,112	10,788	15,886	17,262
Food and kindred products	21,411	26,898	28,089	-1,375	5,596	2,439	2,134	1,709	1,780
Chemicals and allied products	66,028	71,367	74,810	10,820	11,306	6,880	4,643	6,202	6,247
Primary and fabricated metals	14,320	14,085	18,727	1,982	312	5,280	-216	1,273	1,060
Machinery	35,196	37,638	37,093	3,826	3,986	-35	1,165	2,316	1,739
Other manufacturing	52,504	63,037	75,604	4,419	6,648	14,548	3,063	4,386	6,436
Wholesale trade	63,792	66,393	77,937	5,785	6,453	9,799	2,611	3,863	3,548
Retail trade	11,857	12,743	15,008	1,532	1,207	2,140	399	544	496
Depository institutions	27,139	34,076	31,903	3,800	6,566	562	2,837	4,725	2,626
Finance, except depository institutions	41,000	62,369	70,185	3,652	16,681	7,775	831	697	714
Insurance	38,833	50,975	59,566	2,759	4,114	7,739	2,237	1,913	3,048
Real estate	31,613	29,704	30,118	259	-880	388	-680	-623	62
Services	37,045	32,887	38,945	2,303	1,946	8,618	-345	212	396
Other industries	23,511	24,788	29,716	5,570	2,326	4,583	705	1,841	1,418

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

The data in this table are from tables 16 and 17 in "Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1996" in the September 1997 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, 1995

	Number of affiliates	Millions of dollars				Thousands of employees	Millions of dollars	
		Total assets	Sales	Net income	Gross product		U.S. exports of goods shipped by affiliates	U.S. imports of goods shipped to affiliates
All countries, all industries	12,497	2,383,612	1,561,879	15,608	326,955	4,928.3	136,702	254,895
By country								
Canada	1,285	267,378	141,292	2,446	36,532	703.7	5,402	13,565
Europe	5,363	1,327,437	832,286	14,273	202,361	2,991.0	59,344	86,349
<i>Of which:</i>								
France	668	232,662	111,966	1,053	24,178	348.2	14,882	11,255
Germany	1,291	210,408	161,099	1,331	37,182	580.6	12,308	27,753
Netherlands	394	154,877	98,084	2,790	28,013	334.2	5,357	8,730
Switzerland	603	229,335	92,343	-137	18,624	308.3	6,398	7,847
United Kingdom	1,205	381,241	264,355	8,101	71,049	986.5	11,728	14,367
Latin America and Other Western Hemisphere	1,078	53,830	52,067	917	13,345	166.6	6,193	10,126
<i>Of which:</i>								
Brazil	75	8,661	3,903	89	213	4.3	866	1,310
Mexico	265	9,593	8,540	-20	1,798	35.6	661	2,182
Africa	68	(^D)	10,495	345	2,393	20.8	551	723
Middle East	414	25,516	18,121	-198	4,861	46.6	641	4,628
Asia and Pacific	4,212	598,404	489,928	-5,027	62,558	954.6	63,933	138,425
<i>Of which:</i>								
Australia	172	37,003	22,209	-577	4,211	73.6	877	1,110
Japan	3,241	519,577	418,656	-3,621	52,000	758.2	55,519	119,942
United States	77	(^D)	17,690	2,851	4,904	44.9	638	1,079
By industry								
Petroleum	240	104,358	131,889	2,419	30,525	105.7	9,956	19,522
Manufacturing	2,896	587,049	562,151	9,824	156,991	2,276.8	55,561	81,790
Food and kindred products	252	57,195	50,879	632	12,229	228.6	2,790	3,238
Chemicals and allied products	331	191,614	131,892	3,903	39,768	407.1	13,778	13,582
Primary and fabricated metals	396	55,979	70,086	1,547	17,804	246.9	3,988	8,018
Machinery	739	96,130	123,167	176	32,163	541.6	18,861	29,219
Other manufacturing	1,178	186,132	186,128	3,566	55,028	852.6	16,144	27,734
Wholesale trade	2,228	222,616	466,192	174	39,135	455.5	65,500	148,735
Retail trade	353	47,982	93,624	759	23,951	759.1	1,793	3,742
Finance, except depository institutions	874	568,216	45,074	1,392	2,910	45.3	18	25
Insurance	167	514,601	88,149	3,570	8,557	148.2	0	0
Real estate	3,494	96,852	14,184	-2,283	5,574	24.9	9	1
Services	1,250	110,674	59,264	-1,975	23,753	633.0	492	690
Other industries	995	131,264	101,352	1,729	35,561	479.9	3,372	389

^D Suppressed to avoid disclosure of data of individual companies.

NOTE.—The data in this table are from tables A1 and A2 in *Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1995 Estimates*.

H. International Perspectives

Quarterly data in this table are shown in the middle month of the quarter.

Table H.1.—International Perspectives

	1996	1997	1996	1997												1998
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Exchange rates per U.S. dollar (not seasonally adjusted)																
Canada (Can./US\$)	1.3725	1.3638	1.3622	1.3494	1.3556	1.3725	1.3942	1.3804	1.3843	1.3775	1.3872	1.3872	1.3869	1.4128	1.4271	1.4409
France (FFr/US\$)	4.9864	5.1158	5.2427	5.4145	5.6536	5.7154	5.7672	5.7482	5.8293	6.0511	6.2010	6.0031	5.8954	5.8001	5.9542	6.0832
Germany (DM/US\$)	1.4321	1.5049	1.5525	1.6047	1.6747	1.6946	1.7119	1.7048	1.7277	1.7939	1.8400	1.7862	1.7575	1.7323	1.7788	1.8165
Italy (L/US\$)	16.2945	15.4276	15.2844	15.6791	16.5500	16.9121	16.9452	16.8433	16.9454	17.4591	17.9712	17.4322	17.2109	16.9708	17.4386	17.8787
Japan (¥/US\$) .....	.9396	1.0878	1.1398	1.1791	1.2296	1.2277	1.2564	1.1919	1.1429	1.1538	1.1793	1.2089	1.2106	1.2538	1.2973	1.2955
Mexico (Peso/US\$)	6.4467	7.6004	7.8769	7.8289	7.8023	7.9562	7.9059	7.9037	7.9498	7.8679	7.7818	7.7809	7.8708	8.2716	8.1271	8.2272
United Kingdom (US\$/£)	1.5785	1.5607	1.6639	1.6585	1.6285	1.6096	1.6293	1.6322	1.6449	1.6694	1.6035	1.6013	1.6330	1.6889	1.6597	1.6350
Addendum: Exchange value of the U.S. dollar ¹	84.25	87.34	88.71	91.01	94.52	95.60	96.39	95.29	95.42	97.48	99.96	98.29	97.07	96.37	98.82	100.52
Unemployment rates (percent, seasonally adjusted)																
Canada	9.7	9.2	9.8	9.7	9.7	9.3	9.5	9.4	9.1	9.0	9.0	9.0	9.1	9.0	8.6	8.9
France	12.3	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.6	12.5	12.5	12.5	12.5	12.4	12.2	12.1
Germany	10.4	11.5	10.9	11.2	11.2	11.2	11.2	11.4	11.4	11.5	11.6	11.7	11.8	11.8	11.8	11.6
Italy	12.1	12.3	.....	.....	12.2	.....	.....	12.4	.....	.....	12.1	.....	.....	12.2	.....	.....
Japan	3.4	3.4	3.3	3.3	3.3	3.2	3.3	3.6	3.5	3.4	3.4	3.4	3.4	3.5	3.5	3.5
Mexico	5.5	3.7	5.0	4.5	4.2	4.2	4.2	3.9	3.4	3.8	3.4	3.3	3.2	3.3	3.2	.....
United Kingdom	7.5	5.6	6.7	6.5	6.2	6.1	5.9	5.8	5.7	5.5	5.3	5.2	5.2	5.1	5.0	5.0
Addendum: United States	5.6	5.4	5.3	5.3	5.3	5.2	5.0	4.8	5.0	4.9	4.9	4.9	4.8	4.6	4.7	4.7
Consumer prices (seasonally adjusted, 1990=100)																
Canada	113.5	115.3	114.5	114.8	114.9	115.2	115.2	115.3	115.5	115.5	115.7	115.6	115.7	115.5	115.4	116.0
France	113.8	115.2	114.4	114.7	114.9	115.0	115.0	115.2	115.2	115.0	115.3	115.5	115.5	115.7	115.7	115.3
Germany (1991=100)	116.5	118.6	117.0	117.6	118.1	117.9	117.9	118.4	118.6	119.2	119.3	119.0	118.9	118.9	119.1	119.1
Italy	133.2	.....	134.4	134.9	135.1	135.4	135.6	136.0	136.0	136.0	136.1	136.2	136.6	137.1	.....	.....
Japan	107.1	109.0	107.5	107.6	107.6	107.5	109.1	109.0	109.3	109.3	109.5	109.7	109.9	109.7	109.6	109.6
Mexico	301.7	364.0	333.3	341.9	347.6	352.0	355.8	359.0	362.2	365.3	368.6	373.2	376.2	380.4	385.7	394.1
United Kingdom	121.1	124.9	122.4	122.4	122.9	123.2	123.9	124.4	124.9	124.9	125.7	126.3	126.5	126.5	126.9	126.5
Addendum: United States	120.0	122.9	121.8	122.0	122.3	122.4	122.5	122.5	122.7	122.9	123.1	123.5	123.7	123.8	123.9	123.9
Real gross domestic product (percent change from preceding quarter, seasonally adjusted at annual rates)																
Canada	1.2	.....	.....	.....	4.1	.....	.....	5.4	.....	.....	4.1	.....	.....	.....	.....	.....
France	1.5	.....	.....	.....	1.3	.....	.....	4.4	.....	.....	3.5	.....	.....	.....	.....	.....
Germany	1.4	.....	.....	.....	1.2	.....	.....	4.1	.....	.....	3.2	.....	.....	.....	.....	.....
Italy .....	.6	.....	.....	.....	-9	.....	.....	7.7	.....	.....	1.7	.....	.....	.....	.....	.....
Japan	3.9	.....	.....	.....	8.3	.....	.....	-10.6	.....	.....	3.1	.....	.....	.....	.....	.....
Mexico	5.1	.....	.....	.....	3.3	.....	.....	19.4	.....	.....	4.7	.....	.....	.....	.....	.....
United Kingdom	2.3	.....	.....	.....	4.6	.....	.....	3.4	.....	.....	3.8	.....	.....	.....	.....	.....
Addendum: United States	2.8	3.8	.....	.....	4.9	.....	.....	3.3	.....	.....	3.1	.....	.....	3.7	.....	.....

See footnotes at the end of the table.

Table H.1.—International Perspectives—Continued

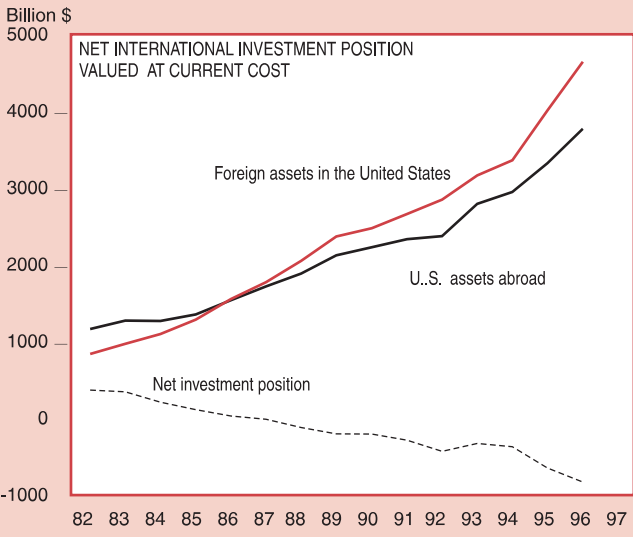
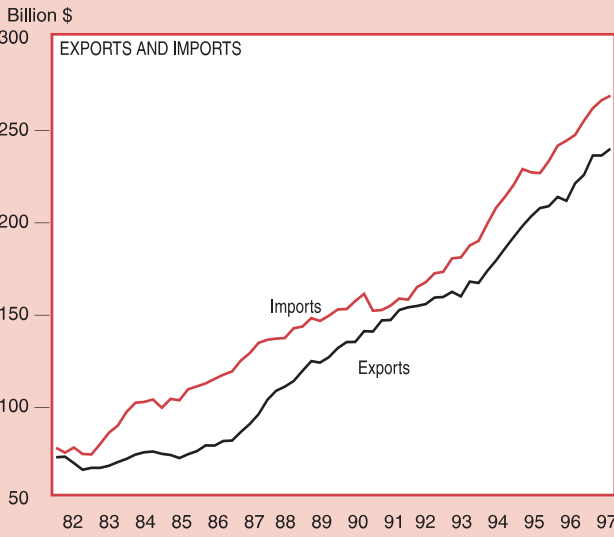
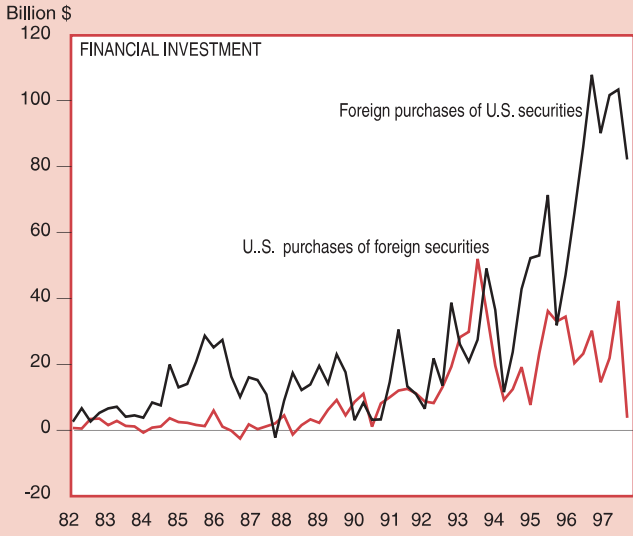
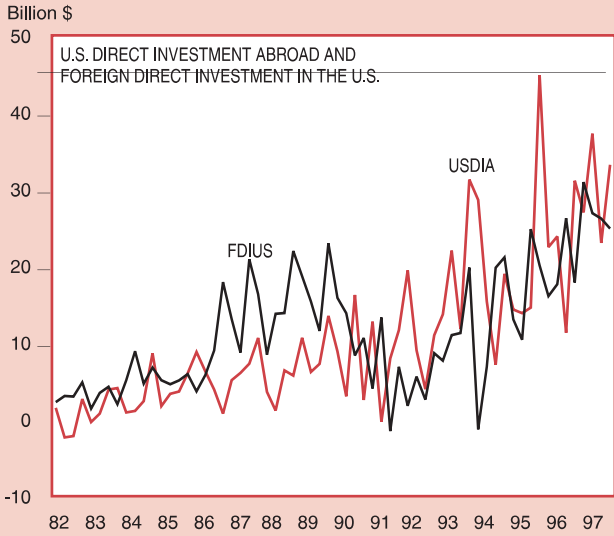
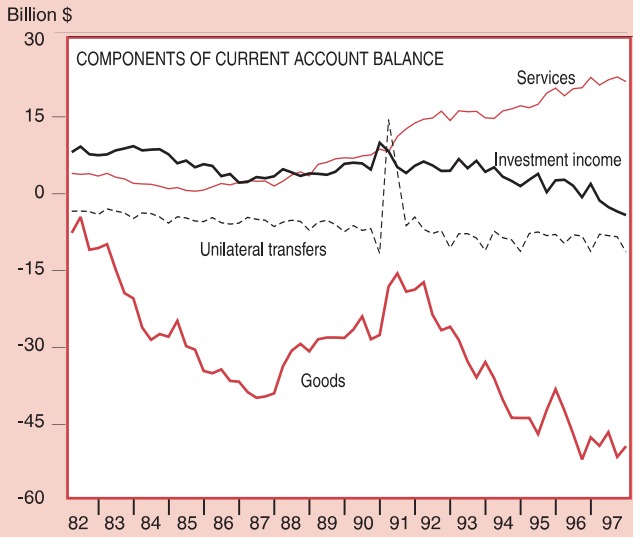
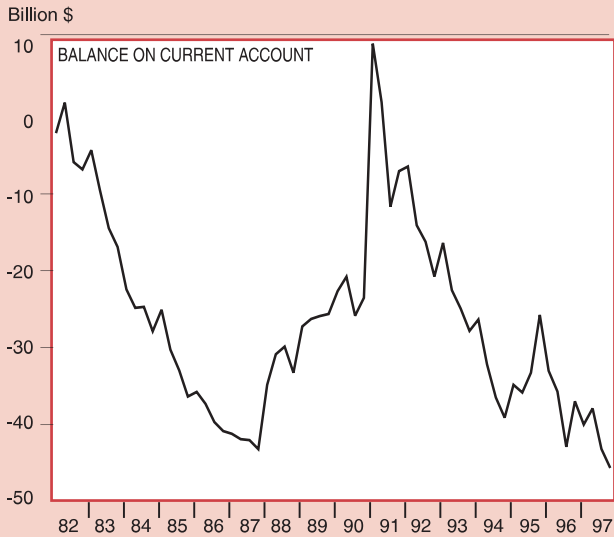
	1996	1997	1996	1997												1998
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Short-term, 3-month, interest rates (percent, not seasonally adjusted)																
Canada	4.43	3.53	3.08	3.11	3.10	3.20	3.41	3.29	3.22	3.51	3.63	3.60	3.76	3.99	4.58	4.62
France	3.94	3.46	3.44	3.35	3.33	3.36	3.40	3.48	3.43	3.39	3.43	3.41	3.59	3.69	3.69	3.62
Germany	3.31	3.33	3.23	3.14	3.19	3.26	3.23	3.17	3.14	3.14	3.26	3.31	3.58	3.74	3.74	3.57
Italy	8.82	6.88	7.25	7.23	7.36	7.43	7.13	6.83	6.88	6.89	6.87	6.67	6.65	6.49	6.08	6.09
Japan .....	.59	.60	.52	.53	.55	.56	.56	.58	.61	.67	.59	.56	.53	.55	.89	.....
Mexico	32.91	21.26	26.51	24.60	21.96	22.32	22.37	20.59	21.40	19.40	20.15	20.51	19.91	22.01	19.88	19.37
United Kingdom	6.02	6.83	6.34	6.32	6.19	6.20	6.37	6.45	6.66	6.95	7.15	7.20	7.25	7.54	7.62	7.48
Addendum:																
United States	5.51	5.02	4.87	5.05	5.00	5.14	5.17	5.13	4.92	5.07	5.13	4.97	4.95	5.15	5.16	5.09
Long-term interest rates, government bond yields (percent, not seasonally adjusted)																
Canada	7.54	6.47	6.81	6.99	6.74	6.92	7.09	6.90	6.63	6.30	6.30	6.19	5.94	5.76	5.85	5.58
France	6.51	5.67	5.82	5.69	5.39	5.80	5.93	5.96	5.67	5.50	5.65	5.55	5.80	5.66	5.45	5.26
Germany	6.10	5.50	5.70	5.70	5.40	5.60	5.70	5.60	5.40	5.50	5.50	5.50	5.50	5.50	5.30	5.10
Italy	8.85	6.55	6.95	6.76	6.93	7.55	7.37	7.02	6.82	6.38	6.53	6.10	5.90	5.81	5.44	5.21
Japan	2.98	2.11	2.57	2.38	2.40	2.27	2.36	2.55	2.37	2.12	2.01	1.88	1.62	1.73	1.66	1.77
Mexico .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
United Kingdom	7.82	7.04	7.55	7.54	7.20	7.46	7.65	7.16	7.13	7.04	7.08	6.80	6.50	6.61	6.36	6.09
Addendum:																
United States	6.44	6.35	6.30	6.58	6.42	6.69	6.89	6.71	6.49	6.22	6.30	6.21	6.03	5.88	5.81	5.54
Share price indices (not seasonally adjusted, 1990=100)																
Canada	154.0	189.0	173.0	179.0	180.0	171.0	175.0	187.0	188.0	201.0	193.0	206.0	200.0	190.0	196.0	196.0
France	118.0	152.0	128.0	135.0	145.0	148.0	145.0	149.0	151.0	161.0	161.0	160.0	159.0	151.0	157.0	163.0
Germany	115.6	158.4	124.9	130.0	138.9	145.8	145.7	154.4	160.2	174.8	176.4	170.2	171.5	161.5	171.2	176.7
Italy	96.0	131.0	100.0	114.0	119.0	114.0	116.0	119.0	123.0	138.0	139.0	145.0	149.0	145.0	154.0	175.0
Japan	74.0	64.0	69.0	63.0	64.0	63.0	63.0	68.0	70.0	70.0	68.0	65.0	62.0	57.0	55.0	.....
Mexico	554.8	779.2	589.5	639.7	673.7	657.4	658.9	696.1	781.9	888.9	815.3	933.4	815.2	872.5	917.2	801.4
United Kingdom	167.0	189.0	171.0	176.0	179.0	182.0	179.0	185.0	186.0	190.0	194.0	198.0	203.0	194.0	200.0	205.0
Addendum:																
United States	195.0	249.0	213.0	220.0	228.0	227.0	219.0	236.0	249.0	262.0	262.0	267.0	272.0	268.0	275.0	275.0

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries. March 1973=100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see: "Index of the weighted-average exchange value of the U.S. dollar: Revision" on page 700 of the August 1978 *Federal Reserve Bulletin*.

NOTE.—All exchange rates are from the Board of Governors of the Federal Reserve System. U.S. interest rates, unemployment rates, and GDP growth rates are from the Federal Reserve, the Bureau of Labor Statistics, and BEA, respectively. All other data (including U.S. consumer prices and U.S. share prices, both of which have been rebased to 1990 to facilitate comparison) are © OECD, March 1998, *OECD Main Economic Indicators* and are reproduced with permission of the OECD.

I. Charts

THE U.S. IN THE INTERNATIONAL ECONOMY



Regional Data

J. State and Regional Tables

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

The quarterly and annual State personal income estimates and the gross state product estimates are available on diskettes or CD-ROM. For information on personal income, e-mail reis.remd@bea.doc.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 state product, e-mail gspread@bea.doc.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 J.1.—Quarterly Personal Income for States and Regions

Area name	Millions of dollars												Percent change ¹			
	1995				1996				1997				1996:III–1996:IV	1996:IV–1997:I	1997:I–1997:II	1997:II–1997:III
	I	II	III	IV	I	II	III	IV	I	II	III					
United States	6,040,235	6,102,138	6,166,454	6,242,674	6,344,946	6,446,004	6,526,017	6,602,689	6,730,234	6,813,111	6,890,952	1.2	1.9	1.2	1.1	
New England	361,426	366,632	370,349	375,186	379,607	385,048	388,521	394,993	403,164	407,102	412,469	1.7	2.1	1.0	1.3	
Connecticut	104,157	105,263	106,209	107,485	109,083	110,491	111,178	112,912	116,058	117,258	119,092	1.6	2.8	1.0	1.6	
Maine	24,630	24,975	24,979	25,282	25,984	26,251	26,669	27,068	27,371	27,668	27,668	1.6	1.5	1.1	1.1	
Massachusetts	168,247	170,826	173,256	175,702	177,592	180,415	182,334	185,678	189,306	190,836	193,262	1.8	2.0	.8	1.3	
New Hampshire	28,839	29,559	29,592	30,050	30,336	30,727	31,109	31,584	31,984	32,533	32,896	1.5	1.3	1.7	1.1	
Rhode Island	23,121	23,507	23,684	23,853	23,971	24,270	24,341	24,743	25,105	25,330	25,600	1.7	1.5	.9	1.1	
Vermont	12,433	12,502	12,630	12,815	13,034	13,160	13,307	13,407	13,643	13,773	13,952	.7	1.8	1.0	1.3	
Mideast	1,186,541	1,194,849	1,203,961	1,216,140	1,237,524	1,251,871	1,264,426	1,280,913	1,304,447	1,311,683	1,325,982	1.3	1.8	.6	1.1	
Delaware	18,424	18,573	18,823	19,208	19,552	19,842	20,252	20,735	20,806	20,858	21,170	2.4	.3	.2	1.5	
District of Columbia	17,979	17,999	18,011	18,097	18,444	18,299	18,629	18,787	19,046	18,980	19,128	.8	1.4	0	.8	
Maryland	132,435	133,396	134,073	135,171	137,621	139,245	140,748	142,657	145,585	146,772	148,279	1.4	2.1	.8	1.0	
New Jersey	235,873	238,211	239,921	242,202	245,984	249,308	251,460	254,430	259,568	260,234	263,035	1.2	2.0	.3	1.1	
New York	500,818	502,971	507,122	512,336	522,825	527,239	532,396	540,159	550,752	552,885	559,445	1.5	2.0	.4	1.2	
Pennsylvania	281,013	283,700	286,012	289,126	293,099	297,938	300,941	304,145	308,691	311,954	314,925	1.1	1.5	1.1	1.0	
Great Lakes	1,011,205	1,016,414	1,025,335	1,037,991	1,050,678	1,067,473	1,080,212	1,088,807	1,107,241	1,118,858	1,128,709	.8	1.7	1.0	.9	
Illinois	297,953	299,874	302,507	306,538	311,898	316,298	320,221	323,827	329,728	334,795	338,706	1.1	1.8	1.5	1.2	
Indiana	125,000	125,260	125,840	127,120	128,813	131,434	133,113	134,643	136,273	137,946	139,130	1.1	1.2	1.2	.9	
Michigan	228,072	227,361	229,862	232,862	235,014	238,849	241,129	242,326	246,604	246,771	247,980	.5	1.8	1.1	.5	
Ohio	247,297	249,836	252,041	254,992	257,084	261,194	264,418	265,610	270,378	273,296	275,415	.5	1.8	.1	.8	
Wisconsin	112,884	114,063	115,086	116,480	117,869	119,697	121,331	122,402	124,257	126,050	127,478	.9	1.5	1.4	1.1	
Plains	396,928	401,414	405,940	411,894	422,854	430,289	436,027	440,502	447,509	454,004	458,272	1.0	1.6	1.5	.9	
Iowa	58,230	58,654	59,339	60,349	62,444	63,330	64,071	64,608	65,608	66,547	66,789	.8	1.5	1.4	.4	
Kansas	55,452	55,957	56,483	56,978	58,546	59,253	59,992	60,546	61,519	62,694	63,322	.9	1.6	1.9	1.0	
Minnesota	108,996	110,264	111,360	113,501	116,196	118,885	120,959	122,079	123,362	125,624	127,214	.9	1.1	1.8	1.3	
Missouri	114,669	116,225	117,492	118,622	121,011	122,784	124,035	125,633	128,408	129,378	130,487	1.3	2.2	.8	.9	
Nebraska	34,259	34,631	35,324	36,008	36,963	37,696	38,117	38,681	39,335	39,833	40,287	1.5	1.7	1.3	1.1	
North Dakota	11,619	11,828	11,871	12,141	12,842	13,111	13,347	13,338	13,507	13,758	13,933	0	1.3	1.9	1.3	
South Dakota	13,702	13,854	14,072	14,295	14,853	15,239	15,505	15,617	15,769	16,170	16,240	.7	1.0	2.5	.4	
Southeast	1,315,532	1,330,900	1,346,689	1,366,123	1,384,840	1,409,188	1,427,939	1,443,187	1,472,789	1,490,004	1,506,729	1.1	2.1	1.2	1.1	
Alabama	80,849	81,643	82,531	83,247	84,122	85,655	86,740	87,568	88,998	89,800	90,587	1.0	1.6	.9	.9	
Arkansas	44,006	44,711	45,284	46,153	46,329	47,567	48,005	48,436	48,995	50,187	50,252	.9	1.2	2.4	.1	
Florida	322,062	328,801	330,072	334,334	342,159	346,800	351,320	355,118	362,557	366,848	371,544	1.1	2.1	1.2	1.3	
Georgia	154,451	156,103	158,784	162,162	164,063	168,023	170,891	172,657	176,818	178,647	181,433	1.2	2.3	1.0	1.6	
Kentucky	71,560	72,417	72,972	74,008	75,075	76,525	77,707	78,235	79,899	80,934	81,762	.7	2.1	1.3	1.0	
Louisiana	81,220	81,823	82,912	83,053	83,917	85,273	86,111	86,892	88,374	89,748	90,871	.9	1.7	1.6	1.3	
Mississippi	44,325	44,797	45,387	46,079	46,721	47,627	48,188	48,402	49,263	50,109	50,571	.4	1.8	1.7	.9	
North Carolina	148,917	151,505	153,258	156,724	158,014	161,859	163,920	166,616	170,544	172,999	174,230	1.6	2.4	1.4	.7	
South Carolina	69,009	69,827	70,483	71,511	72,080	73,495	74,607	75,377	76,809	77,802	78,662	1.0	1.9	1.0	1.4	
Tennessee	109,635	111,021	112,222	113,817	114,441	116,169	117,626	118,806	121,368	122,635	123,994	1.0	2.2	1.0	1.1	
Virginia	157,790	159,368	160,764	162,642	165,259	167,219	169,444	171,277	175,302	176,238	178,236	1.1	2.3	.5	1.1	
West Virginia	31,708	31,885	32,021	32,392	32,659	32,976	33,381	33,603	33,864	34,258	34,585	.7	.8	1.2	1.0	
Southwest	568,008	576,315	584,361	592,619	603,099	613,576	623,327	630,151	645,366	656,488	665,435	1.1	2.4	1.7	1.4	
Arizona	85,300	86,460	88,345	89,968	92,200	93,851	95,623	96,709	99,123	100,860	102,407	1.1	2.5	1.8	1.5	
New Mexico	30,231	30,580	31,009	31,304	31,823	32,152	32,367	32,526	33,301	33,837	34,154	.5	2.4	1.6	.9	
Oklahoma	60,341	61,041	61,604	62,385	63,239	64,273	65,003	65,541	67,017	67,547	68,659	.8	2.3	.8	1.6	
Texas	392,135	398,234	403,402	408,962	415,838	423,301	430,334	435,376	445,924	454,244	460,215	1.2	2.4	1.9	1.3	
Rocky Mountain	172,902	174,647	177,649	180,764	183,459	187,084	190,154	192,566	196,311	199,637	202,462	1.3	1.9	1.7	1.4	
Colorado	89,985	90,804	92,494	93,779	95,749	97,514	99,191	100,578	102,455	104,393	105,785	1.4	1.9	1.9	1.3	
Idaho	21,944	22,135	22,446	22,945	23,112	23,581	23,795	23,877	24,354	24,760	25,169	.3	2.0	1.7	1.7	
Montana	15,891	16,029	16,250	16,456	16,566	16,788	17,017	17,213	17,294	17,536	17,660	1.2	.5	1.4	.7	
Utah	35,196	35,701	36,388	37,378	37,856	38,484	39,697	40,397	41,520	42,153	42,921	1.8	2.8	1.5	1.8	
Wyoming	9,885	9,977	10,072	10,205	10,177	10,354	10,453	10,501	10,687	10,795	10,926	.5	1.8	1.0	1.2	
Far West	1,027,694	1,040,967	1,052,169	1,061,958	1,082,884	1,101,474	1,115,412	1,131,570	1,153,406	1,175,334	1,190,893	1.4	1.9	1.9	1.3	
Alaska	14,500	14,548	14,590	14,615	14,731	14,789	14,826	14,894	15,055	15,384	15,574	.5	1.1	2.2	1.2	
California	752,421	761,340	768,728	775,160	790,291	803,573	812,716	825,321	840,004	855,514	866,436	1.6	1.8	1.8	1.3	
Hawaii	29,352	29,669	29,633	29,716	29,902	30,067	30,150	30,169	30,549	30,837	31,095	.1	1.3	.9	.8	
Nevada	36,893	37,503	38,351	39,055	40,255	41,286	42,207	43,050	44,032	44,799	45,490	2.0	2.3	1.7		

Table J.2.—Annual Personal Income and Disposable Personal Income for States and Regions

Area name	Personal income					Disposable personal income				
	Millions of dollars			Percent change ¹		Millions of dollars			Percent change ¹	
	1994	1995	1996	1994-95	1995-96	1994	1995	1996	1994-95	1995-96
United States	5,774,806	6,137,875	6,479,914	6.3	5.6	5,036,648	5,343,656	5,593,988	6.1	4.7
New England	345,430	368,398	387,042	6.6	5.1	295,605	313,755	325,596	6.1	3.8
Connecticut	99,703	105,778	110,916	6.1	4.9	84,190	88,514	91,395	5.1	3.3
Maine	23,865	24,966	26,124	4.6	4.6	21,091	22,099	22,963	4.8	3.9
Massachusetts	160,247	172,008	181,505	7.3	5.5	135,860	145,105	151,149	6.8	4.2
New Hampshire	27,532	29,510	30,939	7.2	4.8	24,522	26,221	27,221	6.9	3.8
Rhode Island	22,296	23,541	24,331	5.6	3.4	19,562	20,683	21,247	5.7	2.7
Vermont	11,787	12,595	13,227	6.9	5.0	10,381	11,132	11,622	7.2	4.4
Mideast	1,138,137	1,200,373	1,258,684	5.5	4.9	977,624	1,029,807	1,070,910	5.3	4.0
Delaware	17,517	18,757	20,095	7.1	7.1	15,016	16,074	17,069	7.0	6.2
District of Columbia	17,795	18,021	18,539	1.3	2.9	15,167	15,405	15,859	1.6	2.9
Maryland	127,014	133,769	140,068	5.3	4.7	108,911	114,640	119,139	5.3	3.9
New Jersey	225,686	239,052	250,295	5.9	4.7	193,487	205,302	212,443	6.1	3.5
New York	479,156	505,812	530,655	5.6	4.9	407,831	429,520	447,031	5.3	4.1
Pennsylvania	270,969	284,963	299,031	5.2	4.9	237,212	248,867	259,369	4.9	4.2
Great Lakes	964,118	1,022,736	1,071,792	6.1	4.8	834,810	884,726	919,565	6.0	3.9
Illinois	284,319	301,718	318,061	6.1	5.4	245,498	260,030	271,612	5.9	4.5
Indiana	119,665	125,805	132,001	5.1	4.9	103,684	109,145	113,693	5.3	4.2
Michigan	215,266	229,544	239,330	6.6	4.3	186,873	199,127	206,030	6.6	3.5
Ohio	237,118	251,041	262,077	5.9	4.4	206,164	217,936	225,788	5.7	3.6
Wisconsin	107,749	114,628	120,325	6.4	5.0	92,591	98,488	102,442	6.4	4.0
Plains	382,697	404,044	432,418	5.6	7.0	333,873	351,357	373,267	5.2	6.2
Iowa	56,787	59,143	63,613	4.1	7.6	49,894	51,960	55,617	4.1	7.0
Kansas	53,088	56,218	59,585	5.9	6.0	46,463	49,000	51,481	5.5	5.1
Minnesota	104,727	111,031	119,530	6.0	7.7	89,182	94,081	100,058	5.5	6.4
Missouri	109,613	116,752	123,366	6.5	5.7	96,242	102,314	107,573	6.3	5.1
Nebraska	33,218	35,055	37,862	5.5	8.0	29,308	30,756	32,985	4.9	7.2
North Dakota	11,661	11,865	13,159	1.7	10.9	10,437	10,602	11,748	1.6	10.8
South Dakota	13,602	13,981	15,303	2.8	9.5	12,348	12,643	13,805	2.4	9.2
Southeast	1,255,475	1,339,811	1,416,289	6.7	5.7	1,109,304	1,181,959	1,240,754	6.5	5.0
Alabama	77,344	82,067	86,021	6.1	4.8	68,892	73,043	76,151	6.0	4.3
Arkansas	42,079	45,039	47,584	7.0	5.7	37,597	40,142	42,344	6.8	5.5
Florida	306,657	328,067	348,849	7.0	6.3	271,419	289,716	305,142	6.7	5.3
Georgia	146,103	157,875	168,959	8.1	7.0	127,646	137,701	145,978	7.9	6.0
Kentucky	68,670	72,739	76,885	5.9	5.7	60,451	63,930	67,208	5.8	5.1
Louisiana	78,219	82,252	85,548	5.2	4.0	70,548	74,106	76,592	5.0	3.4
Mississippi	42,507	45,147	47,735	6.2	5.7	38,700	41,143	43,420	6.3	5.5
North Carolina	141,426	152,601	162,602	7.9	6.6	123,333	133,009	141,008	7.8	6.0
South Carolina	66,019	70,208	73,890	6.3	5.2	58,661	62,097	65,038	5.9	4.7
Tennessee	103,989	111,674	116,760	7.4	4.6	93,528	100,278	104,146	7.2	3.9
Virginia	151,487	160,141	168,300	5.7	5.1	130,741	138,126	144,189	5.6	4.4
West Virginia	30,973	32,001	33,155	3.3	3.6	27,788	28,667	29,539	3.2	3.0
Southwest	541,429	580,326	617,538	7.2	6.4	483,571	518,174	547,021	7.2	5.6
Arizona	79,868	87,518	94,596	9.6	8.1	70,242	76,887	82,509	9.5	7.3
New Mexico	28,518	30,781	32,217	7.9	4.7	25,388	27,508	28,661	8.4	4.2
Oklahoma	58,691	61,343	64,514	4.5	5.2	52,010	54,409	56,831	4.6	4.5
Texas	374,353	400,683	426,212	7.0	6.4	335,932	359,370	379,020	7.0	5.5
Rocky Mountain	163,203	176,490	188,316	8.1	6.7	141,204	152,796	161,621	8.2	5.8
Colorado	84,643	91,766	98,258	8.4	7.1	72,629	78,826	83,523	8.5	6.0
Idaho	20,732	22,368	23,591	7.9	5.5	18,136	19,588	20,545	8.0	4.9
Montana	15,137	16,157	16,896	6.7	4.6	13,275	14,258	14,792	7.4	3.7
Utah	33,171	36,166	39,199	9.0	8.4	28,761	31,239	33,633	8.6	7.7
Wyoming	9,522	10,035	10,371	5.4	3.4	8,403	8,885	9,128	5.7	2.7
Far West	984,317	1,045,697	1,107,835	6.2	5.9	860,656	911,081	955,254	5.9	4.8
Alaska	14,125	14,563	14,810	3.1	1.7	12,247	12,655	12,778	3.3	1.0
California	722,002	764,435	807,975	5.9	5.7	632,206	665,609	695,767	5.3	4.5
Hawaii	28,469	29,593	30,072	3.9	1.6	24,640	25,916	26,119	5.2	.8
Nevada	34,292	37,951	41,699	10.7	9.9	29,699	32,870	35,718	10.7	8.7
Oregon	63,667	68,806	73,922	8.1	7.4	54,244	58,879	62,833	8.5	6.7
Washington	121,762	130,350	139,356	7.1	6.9	107,621	115,154	122,040	7.0	6.0

1. Percent changes are 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 national income and product accounts (NIPA) estimate of personal income because, by definition, it omits the earnings of Federal civilian and military personnel

stationed abroad and of U.S. residents employed abroad temporarily by private U.S. firms. It can also differ from the NIPA estimate because of different data sources and revision schedules.

Source: Tables 1 and 3 in "State Personal Income, Revised Estimates for 1958-96" in the October 1997 SURVEY OF CURRENT BUSINESS.

Table J.3.—Per Capita Personal Income and Per Capita Disposable Personal Income for States and Regions, 1994-96

Area name	Per capita personal income ¹				Per capita disposable personal income ¹			
	Dollars			Rank in U.S.	Dollars			Rank in U.S.
	1994	1995	1996	1996	1994	1995	1996	1996
United States	22,180	23,348	24,426	.....	19,345	20,327	21,087	.....
New England	26,040	27,688	28,989	.....	22,284	23,582	24,387	.....
Connecticut	30,462	32,341	33,875	1	25,722	27,063	27,913	1
Maine	19,277	20,157	21,011	36	17,036	17,842	18,469	37
Massachusetts	26,522	28,332	29,792	3	22,486	23,901	24,810	3
New Hampshire	24,250	25,700	26,615	8	21,599	22,836	23,416	7
Rhode Island	22,383	23,738	24,572	18	19,638	20,856	21,457	18
Vermont	20,299	21,538	22,470	29	17,878	19,036	19,743	28
Mideast	25,613	26,968	28,242	.....	22,000	23,136	24,028	.....
Delaware	24,748	26,159	27,724	5	21,215	22,417	23,549	5
District of Columbia	31,327	32,499	34,129	.....	26,702	27,780	29,195	.....
Maryland	25,405	26,547	27,618	6	21,784	22,751	23,491	6
New Jersey	28,547	30,071	31,334	2	24,474	25,826	26,595	2
New York	26,332	27,806	29,181	4	22,412	23,612	24,583	4
Pennsylvania	22,471	23,628	24,803	17	19,672	20,635	21,514	15
Great Lakes	22,342	23,575	24,575	.....	19,346	20,394	21,084	.....
Illinois	24,230	25,590	26,848	7	20,922	22,054	22,928	8
Indiana	20,811	21,702	22,601	28	18,032	18,828	19,466	32
Michigan	22,692	24,066	24,945	16	19,699	20,877	21,474	17
Ohio	21,368	22,547	23,457	21	18,579	19,574	20,209	21
Wisconsin	21,192	22,379	23,320	22	18,211	19,228	19,854	25
Plains	21,005	22,018	23,414	.....	18,325	19,147	20,211	.....
Iowa	20,049	20,802	22,306	30	17,616	18,276	19,503	31
Kansas	20,819	21,929	23,165	23	18,221	19,114	20,015	23
Minnesota	22,904	24,061	25,663	11	19,504	20,388	21,482	16
Missouri	20,779	21,949	23,022	25	18,244	19,234	20,075	22
Nebraska	20,435	21,385	22,917	27	18,030	18,763	19,966	24
North Dakota	18,229	18,495	20,448	38	16,315	16,526	18,255	38
South Dakota	18,783	19,165	20,895	37	17,051	17,331	18,849	35
Southeast	20,003	21,076	22,016	.....	17,674	18,593	19,288	.....
Alabama	18,349	19,327	20,131	39	16,344	17,202	17,821	39
Arkansas	17,142	18,126	18,959	47	15,316	16,155	16,872	45
Florida	21,959	23,129	24,226	20	19,436	20,425	21,190	19
Georgia	20,686	21,901	22,977	26	18,072	19,102	19,852	26
Kentucky	17,949	18,860	19,797	42	15,801	16,576	17,305	42
Louisiana	18,135	18,960	19,664	43	16,356	17,083	17,605	40
Mississippi	15,931	16,745	17,575	50	14,504	15,260	15,986	50
North Carolina	19,979	21,188	22,205	32	17,423	18,467	19,256	33
South Carolina	18,138	19,146	19,977	40	16,116	16,934	17,584	41
Tennessee	20,120	21,284	21,949	33	18,096	19,113	19,577	30
Virginia	23,129	24,208	25,212	14	19,961	20,880	21,600	14
West Virginia	16,998	17,532	18,160	49	15,250	15,706	16,179	49
Southwest	19,739	20,673	21,614	.....	17,630	18,459	19,146	.....
Arizona	19,562	20,329	21,363	35	17,205	17,860	18,633	36
New Mexico	17,187	18,215	18,803	48	15,301	16,278	16,727	48
Oklahoma	18,039	18,731	19,544	45	15,985	16,614	17,217	44
Texas	20,308	21,311	22,282	31	18,224	19,114	19,815	27
Rocky Mountain	20,286	21,467	22,490	.....	17,552	18,585	19,302	.....
Colorado	23,109	24,487	25,704	10	19,829	21,034	21,849	12
Idaho	18,243	19,181	19,837	41	15,959	16,798	17,276	43
Montana	17,672	18,563	19,214	46	15,499	16,382	16,821	46
Utah	17,334	18,468	19,595	44	15,029	15,952	16,812	47
Wyoming	20,013	20,941	21,544	34	17,661	18,542	18,961	34
Far West	22,867	24,052	25,173	.....	19,994	20,955	21,706	.....
Alaska	23,487	24,170	24,398	19	20,364	21,002	21,050	20
California	23,022	24,217	25,346	13	20,158	21,087	21,826	13
Hawaii	24,278	25,095	25,404	12	21,012	21,978	22,065	10
Nevada	23,422	24,748	26,011	9	20,285	21,435	22,280	9
Oregon	20,575	21,851	23,074	24	17,530	18,698	19,612	29
Washington	22,755	23,927	25,187	15	20,112	21,138	22,057	11

1. Per capita personal income and per capita disposable personal income are computed using midyear population estimates of the Bureau of the Census.

NOTE.—The personal income level shown for the United States is derived as the sum of the State estimates. It differs from the national income and product accounts (NIPA) estimate of per-

sonal income because, by definition, it omits the earnings of Federal civilian and military personnel stationed abroad and of U.S. residents employed abroad temporarily by private U.S. firms. It can also differ from the NIPA estimate because of different data sources and revision schedules.

Source: Tables 2 and 4 in "State Personal Income, Revised Estimates for 1958-96" in the October 1997 SURVEY OF CURRENT BUSINESS.

Table J.4.—Gross State Product for States and Regions by Industry, 1994

[Millions of dollars]

State and region	Rank of total gross state product	Total gross state product	Farms	Agricultural services, forestry, and fishing	Mining	Construction	Manufacturing			Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Federal civilian government	Federal military government	State and local government
							Total	Durable goods	Nondurable goods								
United States		6,835,641	82,197	35,651	90,058	269,232	1,197,098	673,139	523,959	606,354	461,863	609,908	1,273,678	1,342,720	182,651	79,948	604,284
New England		389,259	1,182	1,915	237	13,158	66,134	43,392	22,743	27,786	25,962	33,195	92,056	88,578	6,712	2,084	30,258
Connecticut	21	110,449	280	504	38	3,646	18,612	12,231	6,381	7,744	7,328	8,813	30,138	22,939	1,510	579	9,319
Maine	42	26,069	221	267	12	1,142	4,639	2,200	2,439	1,864	1,510	3,159	4,742	4,816	827	342	2,528
Massachusetts	10	186,199	296	777	113	5,943	30,387	20,245	10,142	12,883	13,237	14,784	42,919	47,245	3,134	678	13,804
New Hampshire	40	29,393	94	138	29	1,031	6,053	4,336	1,718	2,327	1,742	2,913	6,502	5,723	448	67	2,326
Rhode Island	44	23,867	56	147	14	822	4,148	2,776	1,372	1,739	1,274	2,204	5,456	5,151	477	354	2,026
Vermont	50	13,282	234	82	31	574	2,296	1,605	691	1,229	872	1,323	2,299	2,704	317	65	1,256
Midwest		1,327,798	4,504	4,012	2,355	45,626	183,235	85,106	98,129	114,721	86,894	100,291	321,733	294,563	46,598	7,278	115,987
Delaware	41	26,697	221	75	4	889	5,397	1,486	3,911	1,354	1,046	1,513	10,414	3,419	358	273	1,733
District of Columbia		48,028	0	13	7	428	1,267	153	1,114	2,596	577	1,367	6,988	15,636	16,102	1,166	1,981
Maryland	16	132,703	601	610	111	6,536	11,442	5,676	5,766	11,144	8,199	11,787	29,253	29,531	2,117	111	14,416
New Jersey	8	254,945	479	864	152	9,261	36,841	12,144	24,698	25,750	23,374	19,096	57,125	54,124	4,186	832	22,862
New York	2	570,994	1,399	1,221	428	16,861	70,346	35,556	34,790	46,605	35,683	40,005	164,061	129,468	8,443	1,804	54,850
Pennsylvania	6	294,431	1,805	1,229	1,653	11,852	57,941	30,091	27,850	27,272	18,014	26,253	53,972	62,385	7,553	1,087	23,145
Great Lakes		1,111,598	11,265	4,418	4,459	45,155	284,542	188,314	96,229	90,978	77,674	97,284	179,209	198,663	19,212	4,025	94,713
Illinois	4	332,853	3,515	1,321	1,273	14,086	62,441	35,277	27,164	31,940	26,639	27,549	63,253	66,853	6,357	1,666	25,938
Indiana	15	138,190	1,839	531	753	6,493	41,843	29,115	12,728	11,407	8,382	12,334	18,448	21,325	2,725	479	11,229
Michigan	9	240,390	1,486	887	938	8,584	71,415	54,414	17,001	16,156	16,373	19,958	36,385	42,288	2,814	527	22,580
Ohio	7	274,844	2,121	1,039	1,238	10,583	73,887	48,605	25,282	22,582	18,534	25,922	41,404	47,899	5,225	1,032	23,366
Wisconsin	19	125,321	2,302	640	258	5,409	34,956	20,903	14,053	8,882	7,745	11,120	19,719	20,298	2,091	300	11,600
Plains		455,013	17,428	2,562	2,466	19,202	88,359	49,443	38,916	43,306	34,207	41,979	69,161	79,879	10,786	4,102	41,575
Iowa	29	68,298	4,238	553	156	2,700	16,699	9,775	6,924	5,388	4,718	5,966	9,632	10,090	1,263	191	6,706
Kansas	31	61,758	2,529	348	815	2,402	10,727	5,638	5,090	7,444	4,545	5,956	7,831	10,003	1,584	1,347	6,227
Minnesota	20	124,641	2,822	534	507	5,318	24,950	14,510	10,440	9,564	10,061	11,134	21,969	23,882	2,361	306	11,334
Missouri	17	128,216	1,751	563	356	5,823	27,017	14,477	12,540	13,476	9,406	12,493	18,734	24,172	3,549	892	9,985
Nebraska	36	41,357	3,180	308	98	1,714	6,031	3,088	2,944	4,559	3,147	3,488	5,937	6,724	1,104	587	4,500
North Dakota	49	13,494	1,286	84	349	588	979	534	445	1,496	1,255	1,291	1,673	2,302	358	494	1,341
South Dakota	46	17,250	1,642	173	185	657	1,956	1,422	534	1,378	1,076	1,652	3,487	2,706	567	288	1,483
Southeast		1,478,627	20,175	7,841	21,509	60,747	282,972	126,435	156,537	143,740	97,808	144,130	226,278	263,453	45,781	31,101	133,092
Alabama	25	88,661	1,512	460	1,184	3,496	19,398	9,593	9,805	8,821	5,515	9,926	10,860	14,045	4,173	1,411	8,861
Arkansas	33	50,575	2,035	315	382	1,846	12,578	6,757	5,820	6,196	3,077	5,193	6,637	7,272	1,179	411	4,555
Florida	5	317,829	3,399	2,735	711	14,592	26,612	15,079	11,533	29,914	22,644	35,783	68,123	72,639	6,669	4,573	29,435
Georgia	11	183,042	2,491	768	752	6,707	32,576	13,383	19,392	18,202	16,355	16,714	26,663	31,980	5,667	3,519	15,085
Kentucky	26	86,485	1,867	442	2,941	3,429	23,221	12,545	10,676	8,305	4,770	7,651	9,514	12,471	2,683	1,803	7,387
Louisiana	22	101,101	882	369	9,995	4,476	17,417	4,311	13,107	11,059	5,784	8,717	13,260	16,738	1,841	1,320	9,241
Mississippi	32	50,587	1,256	287	356	1,855	11,854	7,015	4,839	6,228	2,840	5,008	5,680	7,597	1,522	1,064	5,039
North Carolina	12	181,521	3,420	786	229	7,078	53,629	19,739	33,890	14,315	11,692	16,338	23,465	26,345	3,146	4,882	16,194
South Carolina	27	79,925	724	363	158	3,473	21,787	8,403	13,384	6,399	4,367	8,043	10,297	11,632	1,864	2,273	8,545
Tennessee	18	126,539	1,242	476	347	4,677	30,611	16,049	14,562	10,646	9,232	13,881	16,217	23,663	4,450	694	10,403
Virginia	13	177,708	1,147	737	1,074	7,443	27,435	11,047	16,389	15,425	9,694	14,820	30,823	33,594	11,646	9,009	14,860
West Virginia	39	34,654	200	101	3,380	1,675	5,854	2,514	3,341	4,567	1,836	3,057	3,838	5,477	939	142	3,587
Southwest		677,888	8,347	3,541	39,652	28,989	105,712	61,747	43,964	72,514	46,743	62,877	98,977	120,958	17,331	9,967	62,281
Arizona	24	94,093	810	673	1,114	5,116	13,973	11,155	2,817	9,345	5,677	10,034	17,115	18,155	2,538	1,200	9,343
New Mexico	37	37,832	564	178	2,702	1,781	5,117	4,422	695	3,672	1,645	5,130	6,595	1,791	834	4,272	8,442
Oklahoma	30	66,189	1,591	311	3,281	2,069	11,060	6,615	4,445	7,281	4,051	6,663	8,203	10,788	2,500	1,476	6,915
Texas	3	479,774	5,381	2,379	32,555	20,024	75,562	39,555	36,007	53,216	35,369	42,630	68,529	85,419	10,502	6,456	41,750
Rocky Mountain		198,132	3,989	1,120	8,816	10,271	24,790	15,011	9,779	22,017	11,869	19,563	29,743	37,142	7,215	3,034	18,564
Colorado	23	99,767	1,180	506	1,660	5,234	12,299	7,197	5,102	11,014	6,341	10,039	16,825	20,626	3,424	1,885	8,736
Idaho	43	24,185	1,260	276	169	1,536	4,612	3,030	1,583	2,181	1,456	2,502	3,092	3,771	760	268	2,301
Montana	47	16,862	835	135	837	758	1,317	763	555	2,152	1,049	2,261	3,061	742	266	266	1,734
Utah	35	41,657	418	123	1,484	2,151	5,891	3,806	2,086	4,008	2,532	4,268	5,905	6,221	1,901	412	4,346
Wyoming	48	15,660	297	79	4,666	591	670	215	455	2,662	492	1,040	1,661	1,464	388	202	1,447
Far West		1,197,326	15,306	10,241	10,563	46,084	161,354	103,692	57,662	91,293	80,707	110,589	256,519	259,485	29,015	18,357	107,814
Alaska	45	22,720	18	356	4,238	1,038	1,149	317	833	3,835	672	1,539	2,480	2,653	1,113	1,094	2,535
California	1	875,697	11,171	7,189	4,459	29,222	121,842	76,608	45,234	63,122	59,860	79,662	199,078	193,314	18,900	11,187	26,691
Hawaii																	

K. Local Area Table

Table K.1.—Personal Income and Per Capita Personal Income by Metropolitan Area, 1993–95

Table with columns for Area name, Personal income (Millions of dollars, Percent change), and Per capita personal income (Dollars, Rank in U.S.). Rows include United States, Metropolitan portion, Nonmetropolitan portion, Consolidated Metropolitan Statistical Areas, and various metropolitan areas like Chicago, Dallas-Fort Worth, etc.

See footnotes at the end of the table.

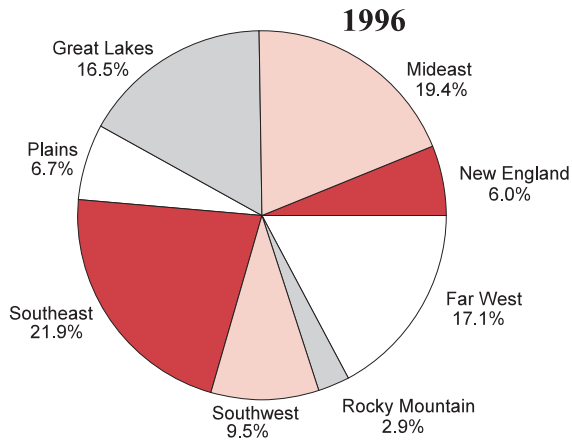
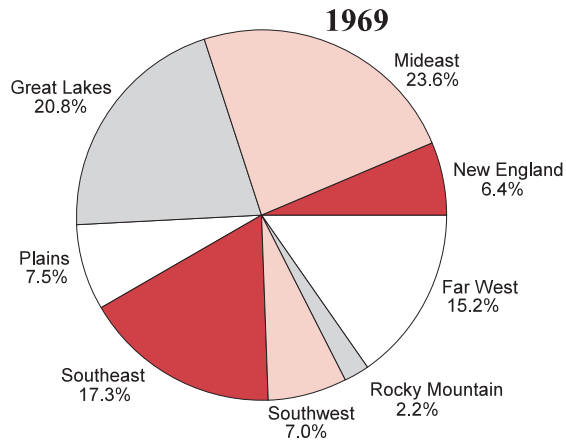
Table K.1.—Personal Income and Per Capita Personal Income by Metropolitan Area, 1993–95—Continued

Area name	Personal income				Per capita personal income ³				Area name	Personal income				Per capita personal income ³			
	Millions of dollars			Percent change ²	Dollars			Rank in U.S.		Millions of dollars			Percent change ²	Dollars			Rank in U.S.
	1993	1994	1995		1993	1994	1995			1993	1994	1995		1993	1994	1995	
Jonesboro, AR	1,154	1,226	1,335	8.9	15,905	16,704	17,826	290	Raleigh-Durham-Chapel Hill, NC ...	21,293	22,694	24,596	8.4	22,661	23,448	24,675	54
Joplin, MO	2,357	2,543	2,739	7.7	16,857	17,960	19,088	241	Rapid City, SD	1,564	1,645	1,760	7.0	18,181	18,991	20,176	189
Kalamazoo-Battle Creek, MI	8,737	9,229	9,821	6.4	19,895	20,964	22,203	122	Reading, PA	7,698	8,202	8,455	5.4	22,268	23,008	24,139	67
Kankakee, IL	1,808	1,892	2,020	6.7	18,003	18,699	19,901	204	Redding, CA	2,909	3,007	3,146	4.6	18,319	18,785	19,558	219
Kansas City, MO-KS	36,359	38,533	41,123	6.7	22,290	23,244	24,576	58	Reno, NV	6,933	7,506	8,110	8.0	25,189	26,448	27,866	23
Kenosha, WI	2,597	2,751	2,948	7.2	19,092	19,990	21,117	158	Richland-Kennebec-Pasco, WA	3,388	3,605	3,699	2.6	20,220	20,691	20,618	171
Killeen-Temple, TX	4,202	4,530	4,828	6.6	15,600	15,682	16,508	303	Richmond-Petersburg, VA	21,378	22,540	23,940	6.2	23,600	24,587	25,851	41
Knoxville, TN	12,153	12,964	13,814	6.6	20,627	20,566	21,558	138	Riverside-San Bernardino, CA*	50,578	52,250	55,477	6.2	17,584	17,892	18,685	255
Kokomo, IN	2,071	2,203	2,368	7.5	19,848	22,130	23,715	77	Roanoke, VA	5,017	5,207	5,575	7.1	22,045	22,753	24,378	62
La Crosse, WI-MN	2,314	2,430	2,550	4.9	19,385	20,210	21,088	159	Rochester, MN	2,608	2,667	2,784	4.4	23,141	23,574	24,720	52
Lafayette, LA	5,720	6,161	6,527	5.9	15,999	17,060	17,867	287	Rochester, NY	24,339	25,451	26,703	4.9	22,372	23,386	24,566	59
Lafayette, IN	2,994	3,164	3,353	6.0	18,070	18,806	19,734	215	Rockford, IL	6,837	7,381	7,888	6.9	19,923	21,330	22,602	111
Lake Charles, LA	2,957	3,176	3,394	6.9	17,188	18,258	19,262	230	Rocky Mount, NC	2,375	2,481	2,656	7.1	17,147	17,631	18,615	260
Lakeland-Winter Haven, FL	7,175	7,709	8,344	8.2	16,972	17,930	19,126	238	Sacramento, CA	30,464	31,962	34,258	7.2	21,306	22,173	23,459	84
Lancaster, PA	9,537	9,785	10,321	5.5	21,745	22,084	23,056	93	Saginaw-Bay City-Midland, MI	7,973	8,478	8,996	6.1	19,787	20,047	22,342	118
Lansing-East Lansing, MI	8,531	9,168	9,686	5.7	19,553	20,614	21,717	132	Salt Lake City-Ogden, UT	2,609	2,777	2,902	4.5	16,825	17,048	18,278	272
Laredo, TX	1,730	1,885	1,966	4.3	10,998	11,430	11,402	314	San Joseph, MO	1,697	1,781	1,872	5.1	17,251	18,214	19,222	233
Las Cruces, NM	2,059	2,160	2,343	8.5	13,487	13,752	14,643	311	St. Louis, MO-IL	56,970	59,826	63,929	6.9	22,529	23,634	25,170	48
Las Vegas, NV-AZ	21,342	23,786	26,198	10.1	21,054	21,974	22,927	97	Salem, OR	5,300	5,624	6,010	6.9	17,612	18,278	19,154	236
Lawrence, KS	1,417	1,505	1,608	6.8	16,483	17,266	18,191	274	Salinas, CA	7,946	7,922	8,452	6.7	22,577	23,804	25,270	47
Lawton, OK	1,778	1,803	1,880	4.3	15,041	15,866	16,870	297	Salt Lake City-Ogden, UT	2,143	2,230	2,339	7.8	17,674	18,703	19,825	205
Lawton-Atsugi, ME (NECMA)	1,849	1,918	2,019	5.3	17,808	18,558	19,626	217	San Antonio, TX	1,754	1,845	1,958	6.1	17,553	18,247	19,231	232
Lexington, KY	8,680	9,080	9,743	7.3	20,331	21,060	22,394	116	San Angelo, TX	25,644	27,298	29,313	7.4	18,214	19,055	20,034	196
Lima, OH	2,795	2,988	3,117	4.3	17,897	19,168	20,042	195	San Diego, CA	56,001	57,820	61,106	5.6	21,484	22,114	23,263	88
Lincoln, NE	4,481	4,831	5,156	6.7	20,275	21,325	22,446	114	San Francisco, CA*	55,375	56,964	60,853	6.8	33,891	34,745	36,989	1
Little Rock-North Little Rock, AR ...	10,549	11,105	11,916	7.3	19,680	20,652	21,954	126	San Jose, CA	43,786	45,784	49,548	8.2	28,362	29,439	31,487	10
Longview-Marshall, TX	3,507	3,660	3,905	6.7	17,531	18,166	19,132	237	San Luis Obispo-Atascadero-Paso Robles, CA	4,216	4,361	4,645	6.5	18,970	19,444	20,490	176
Los Angeles-Long Beach, CA*	199,770	201,754	213,337	5.7	21,984	22,218	23,501	82	Santa Barbara-Santa Maria-Lompoc, CA	9,193	9,378	9,929	5.9	24,216	24,435	25,860	40
Louisville, KY-IN	20,804	21,834	23,232	6.4	21,363	22,267	23,552	81	Santa Cruz-Watsonville, CA*	5,618	5,788	6,193	7.0	20,049	20,587	22,022	36
Lubbock, TX	4,100	4,330	4,590	6.0	18,027	18,776	19,783	209	Santa Fe, NM	2,913	3,087	3,350	8.5	22,812	23,461	24,691	53
Lynchburg, VA	3,723	3,922	4,127	5.2	18,550	19,314	20,199	188	Santa Rosa, CA*	9,703	10,103	10,779	6.7	23,799	24,563	25,888	39
Macon, GA	5,490	5,740	6,085	6.0	18,129	18,686	19,674	216	Sarasota-Bradenton, FL	13,489	14,375	15,557	8.2	26,406	27,704	29,641	13
Madison, WI	9,206	9,765	10,391	6.4	23,822	25,032	26,449	33	Savannah, GA	5,292	5,612	5,971	6.4	19,473	20,319	21,351	145
Mansfield, OH	3,039	3,201	3,373	5.4	17,343	18,265	19,243	231	Scranton-Wilkes-Barre-Hazleton, PA	11,963	12,316	12,927	5.0	18,695	19,363	20,442	179
McAllen-Edinburg-Mission, TX	4,521	4,893	5,248	7.3	10,170	10,525	10,878	315	Seattle-Bellevue-Everett, WA*	57,079	59,763	63,422	6.1	26,408	27,422	28,773	15
Medford-Ashdan, OR	2,859	3,070	3,272	6.6	18,080	18,913	19,746	213	Sharon, PA	2,042	2,141	2,259	5.5	16,752	17,545	18,498	263
Melbourne-Titusville-Palm Bay, FL	8,564	8,938	9,341	4.5	19,663	20,161	20,747	167	Sheboygan, WI	2,188	2,314	2,456	6.2	20,589	21,526	22,560	113
Memphis, TN-AR-MS	21,862	23,432	25,222	7.6	20,988	22,215	23,640	79	Sherman-Denison, TX	1,677	1,751	1,879	7.3	17,420	17,963	19,090	240
Merced, CA	3,025	3,043	3,017	-9	15,735	15,494	15,653	307	Shreveport-Bossier City, LA	6,963	7,296	7,672	5.2	18,495	19,321	20,228	187
Miami, FL	39,110	40,344	43,087	6.8	19,699	20,056	21,058	160	Sioux City, IA-NE	2,196	2,336	2,517	7.7	18,493	19,544	20,871	165
Middlesex-Somerset-Hunterdon, NJ*	31,640	33,117	35,087	5.9	29,967	30,997	32,507	7	Sioux Falls, SD	3,208	3,504	3,747	6.9	21,573	23,045	24,320	63
Milwaukee-Waukesha, WI*	33,779	35,519	37,698	6.1	23,263	24,422	25,906	38	South Bend, IN	5,126	5,399	5,741	6.3	20,215	21,150	22,350	117
Minneapolis-St. Paul, MN-WI	66,474	70,555	74,901	6.2	25,026	26,197	27,436	26	Spokane, WA	7,409	7,849	8,271	5.4	18,932	19,788	20,575	173
Mobile, AL	8,495	8,967	9,469	5.6	16,811	17,614	18,429	266	Springfield, IL	4,145	4,381	4,554	3.9	21,311	21,657	22,426	115
Modesto, CA	6,992	7,139	7,449	4.3	17,379	17,537	18,122	278	Springfield, MO	5,243	5,640	6,053	7.3	18,562	19,556	20,616	172
Monmouth-Ocean, NJ*	27,308	28,058	29,635	5.6	26,720	27,089	28,187	18	Springfield, MA (NECMA)	12,124	12,566	13,264	5.6	20,321	21,080	22,342	118
Monroe, LA	2,390	2,528	2,708	7.1	16,395	17,304	18,444	264	State College, PA	2,247	2,333	2,475	6.1	17,403	17,977	18,957	242
Montgomery, AL	5,840	6,178	6,558	6.1	18,996	19,964	21,000	162	Steubenville-Weirton, OH-WV	2,326	2,420	2,521	4.2	16,519	17,278	18,079	279
Muncie, IN	2,180	2,287	2,384	4.2	18,185	19,204	20,044	193	Stockton-Lodi, CA	9,115	9,385	9,924	5.7	17,826	18,085	18,874	245
Myrtle Beach, SC	2,544	2,771	3,034	9.5	17,143	18,177	19,220	234	Sumter, SC	1,463	1,549	1,645	6.2	13,811	14,557	15,387	308
Naples, FL	5,343	5,601	6,015	7.4	31,084	31,447	32,878	5	Syracuse, NY	14,898	15,544	16,171	4.0	19,745	20,676	21,592	136
Nashville, TN	23,385	25,394	27,453	8.1	22,367	23,716	25,077	9	Tacoma, WA*	12,125	12,706	13,586	6.9	19,231	19,899	20,945	163
Nassau-Suffolk, NY*	77,581	80,864	85,250	5.4	29,373	30,260	32,108	9	Tallahassee, FL	4,504	4,784	5,083	6.3	18,014	18,760	19,753	212
New Haven-Bridgeport-Stamford-Danbury-Waterbury, CT	52,715	54,255	57,566	6.1	32,372	33,352	35,400	3	Tampa-St. Petersburg-Clearwater, FL	43,934	45,864	49,391	7.7	20,567	21,246	22,646	108
New London-Norwich, CT (NECMA)	5,907	6,264	6,615	5.6	23,761	25,157	26,436	34	Terre Haute, IN	2,574	2,654	2,789	5.1	17,160	17,757	18,640	258
New Orleans, LA	25,439	26,568	28,089	5.7	19,497	20,277	21,374	144	Texarkana, TX-Texarkana, AR	1,975	2,080	2,215	6.5	16,184	16,939	17,998	284
New York, NY*	242,044	251,831	266,669	5.9	28,163	29,227	30,896	11	Toledo, OH	12,883	13,292	14,038	5.6	20,521			

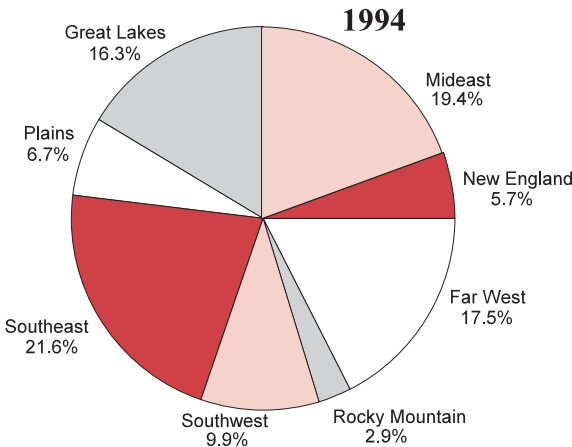
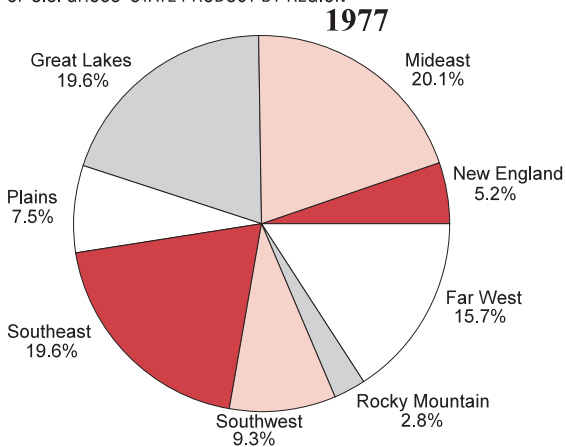
L. Charts

SELECTED REGIONAL ESTIMATES

SHARES OF U.S. PERSONAL INCOME BY REGION



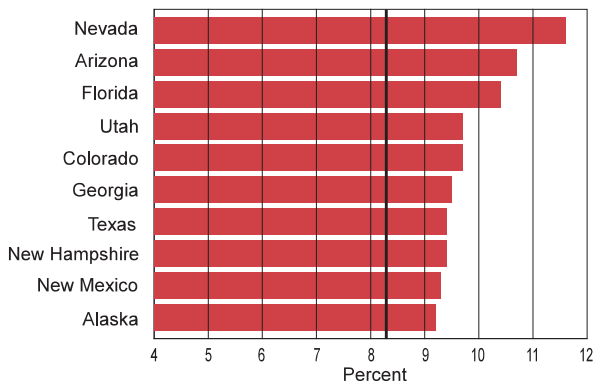
SHARES OF U.S. GROSS STATE PRODUCT BY REGION



AVERAGE ANNUAL GROWTH RATE OF PERSONAL INCOME, 1969-96

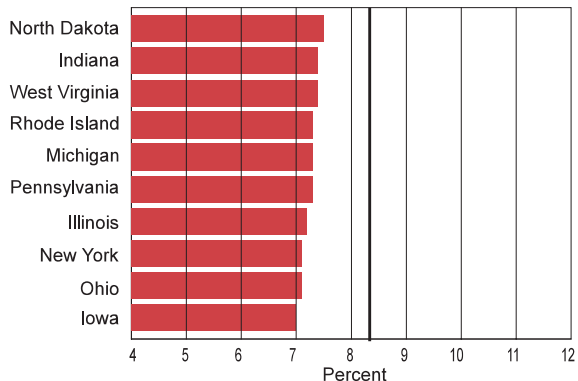
STATES WITH FASTEST GROWTH

U.S. average
8.2 %



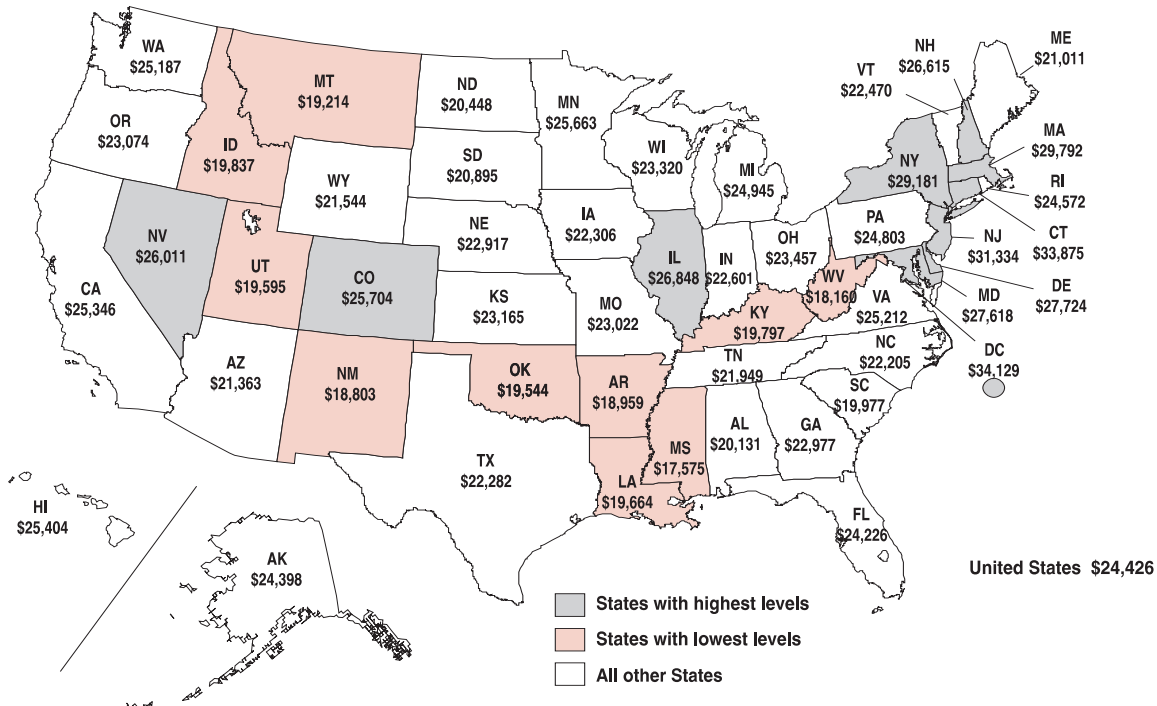
STATES WITH SLOWEST GROWTH

U.S. average
8.2 %

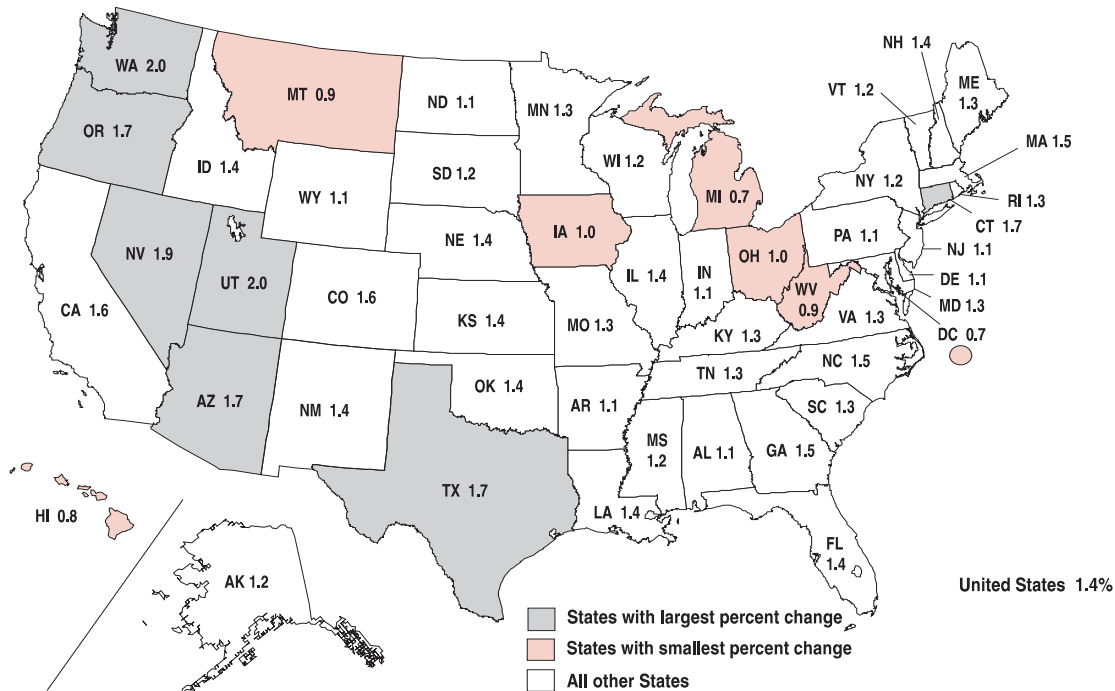


SELECTED REGIONAL ESTIMATES

PER CAPITA PERSONAL INCOME, 1996



PERSONAL INCOME GROWTH: AVERAGE QUARTERLY PERCENT CHANGE, 1996:III-1997:III



Appendix A

Additional Information About BEA's NIPA Estimates

Statistical Conventions

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

Except for the most recent period, the annual and quarterly changes in real GDP and prices are "chain-type" measures that are both based on the "Fisher Ideal" formula that incorporates weights from two adjacent years. For example, the 1992–93 percent change in real GDP uses prices for 1992 and 1993 as weights, and the 1992–93 percent change in price uses quantities for 1992 and 1993 as weights. Because the quantity and price index numbers calculated in this way are symmetric, the product of the index of real GDP and the index of prices equals the index of current-dollar GDP.

In the most recent period, a variant of the formula is used because only 1 year's information is available for computing the index number weights. Accordingly, BEA uses the prices and quantities from the two adjacent quarters as weights to calculate Fisher chain-type measures for those estimates. For example, the 1996:II–1996:III percent change in real GDP uses prices for 1996:II and 1996:III as weights, and the 1996:II–1996:III percent change in the GDP price index uses quantities for 1996:II and 1996:III as weights.

BEA also presents another measure, known as the "implicit price deflator," in the NIPA tables. The implicit price deflator is calculated as the ratio of current-dollar value to the corresponding chained-dollar value multiplied by 100.

In addition, BEA prepares measures of real GDP and its components in a dollar-denominated form, designated "*chained (1992) dollar estimates*." These estimates are computed by multiplying the 1992 current-dollar value of GDP, or of a GDP component, by the corresponding quantity index number. For example, if a current-dollar GDP component equaled \$100 in

1992 and if real output for this component increased by 10 percent in 1993, then the "chained (1992) dollar" value of this component in 1993 would be \$110 ($\100×1.10). Note that percentage changes in the chained (1992) dollar estimates and the percentage changes calculated from the quantity indexes are identical, except for small differences due to rounding.

Because of the formula used for calculating real GDP, the chained (1992) dollar estimates for detailed GDP components *do not add* to the chained-dollar value of GDP or to any intermediate aggregates. A "*residual*" line is shown as the difference between GDP and the sum of the most detailed components shown in each table. The residual generally is small close to the base period but tends to become larger as one moves further from it. The table of contributions of the major components to the change in real GDP (NIPA table 8.2) provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

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

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

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

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

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

Reconciliation Tables

Table 1.—Reconciliation of Changes in BEA-Derived Compensation Per Hour with BLS Average Hourly Earnings

[Percent change from preceding period]

	1995	1996	1997	Seasonally adjusted at annual rates				
				1996	1997			
				IV	I	II	III	IV
BEA-derived compensation per hour of all persons in the nonfarm business sector (less housing)	2.5	3.8	3.8	3.4	4.3	3.2	3.8	5.2
<i>Less:</i> Contribution of supplements to wages and salaries per hour	-6	-6	-4	-7	-6	-1	-1	-6
<i>Plus:</i> Contribution of wages and salaries per hour of persons in housing and in nonprofit institutions	0	-1	-1	0	-4	-3	-2	-4
<i>Less:</i> Contribution of wages and salaries per hour of persons in government enterprises, unpaid family workers, and self-employed	-2	-1	-1	-1	-2	-3	-3	-1
Equals: BEA-derived wages and salaries per hour of all employees in the private nonfarm sector	2.8	4.3	4.1	4.0	4.6	3.3	3.5	5.6
<i>Less:</i> Contribution of wages and salaries per hour of nonproduction workers in manufacturing	-1	-2	-2	-8	-1	-3	-1	-1
<i>Less:</i> Other differences ¹	-1	1.2	-5	-9	-6	-5	-2	-4
Equals: BLS average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls	2.9	3.3	3.8	3.9	4.2	3.0	3.8	5.1
Addendum: BLS estimates of compensation per hour in the nonfarm business sector ²	2.5	3.8	3.8	3.4	4.3	3.2	3.8	5.2

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

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

Table 2.—Relation of Net Exports of Goods and Services and Net Receipts of Factor Income in the National Income and Product Accounts (NIPA's) to Balance on Goods, Services, and Income in the Balance of Payments Accounts (BPA's)

[Billions of dollars]

	Line	1996	1997	Seasonally adjusted at annual rates					
				1996		1997			
				III	IV	I	II	III	IV
Exports of goods, services, and income, BPA's	1	1,055.2	1,167.6	1,047.9	1,098.2	1,117.3	1,174.7	1,182.1	1,196.4
<i>Less:</i> Gold, BPA's	2	6.9	5.7	5.2	3.7	6.7	9.3	3.4	3.4
Statistical differences ¹	3	0	4.0	0	0	-2	4.8	5.4	6.2
Other items	4	1.1	.7	1.5	1.1	.8	.7	.6	.8
<i>Plus:</i> Adjustment for grossing of parent/affiliate interest payments	5	8.7	9.1	8.4	8.9	8.6	8.4	9.5	9.8
Adjustment for U.S. territories and Puerto Rico	6	34.0	36.2	33.6	34.9	35.4	36.5	36.0	37.0
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans	7	15.3	16.9	15.9	16.3	16.5	17.0	17.1	17.1
Equals: Exports of goods and services and receipts of factor income, NIPA's	8	1,105.1	1,219.3	1,099.0	1,153.4	1,170.4	1,221.9	1,235.2	1,249.9
Imports of goods, services, and income, BPA's	9	1,163.4	1,295.5	1,183.5	1,198.0	1,242.6	1,290.4	1,318.3	1,330.8
<i>Less:</i> Gold, BPA's	10	7.7	6.6	6.2	3.4	8.7	11.0	3.0	3.8
Statistical differences ¹	11	0	-2.4	0	0	-4.0	-4.2	-1.0	-4
Other items	12	0	0	0	0	0	0	0	0
<i>Plus:</i> Gold, NIPA's	13	-3.8	-3.7	-4.0	-4.2	-3.6	-3.9	-3.6	-3.7
Adjustment for grossing of parent/affiliate interest payments	14	8.7	9.1	8.4	8.9	8.6	8.4	9.5	9.8
Adjustment for U.S. territories and Puerto Rico	15	22.4	26.5	22.4	23.4	24.1	26.1	27.9	27.9
Imputed interest paid to rest of world	16	15.3	16.9	15.9	16.3	16.5	17.0	17.1	17.1
Equals: Imports of goods and services and payments of factor income, NIPA's	17	1,198.3	1,340.1	1,219.9	1,238.8	1,283.5	1,331.3	1,367.2	1,378.4
Balance on goods, services, and income, BPA's (1-9)	18	-108.2	-127.9	-135.6	-99.8	-125.3	-115.7	-136.2	-134.4
<i>Less:</i> Gold (2-10+13)	19	-4.6	-4.6	-5.0	-3.9	-5.6	-5.6	-3.2	-4.1
Statistical differences (3-11) ¹	20	0	6.4	0	0	3.8	9.0	6.4	6.6
Other items (4-12)	21	1.1	.7	1.5	1.1	.8	.7	.6	.8
<i>Plus:</i> Adjustment for U.S. territories and Puerto Rico (6-15)	22	11.6	9.7	11.2	11.5	11.3	10.4	8.1	9.1
Equals: Net exports of goods and services and net receipts of factor income, NIPA's (8-17)	23	-93.2	-120.8	-120.9	-85.4	-113.1	-109.4	-132.0	-128.5

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated into the BPA's (1997:IV) and statistical revisions in the BPA's that have not yet been incorporated in the NIPA's (1997:I-1997:IV).

Appendix B

Suggested Reading

Mid-Decade Strategic Plan

BEA has published the following articles in the SURVEY OF CURRENT BUSINESS on the development and implementation of its strategic plan for improving the accuracy, reliability, and relevance of the national, regional, and international accounts.

“Mid-Decade Strategic Review of BEA’s Economic Accounts: Maintaining and Improving Their Performance” (February 1995)*

“Mid-Decade Strategic Review of BEA’s Economic Accounts: An Update” (April 1995)*

“BEA’s Mid-Decade Strategic Plan: A Progress Report” (June 1996)*

Mid-Decade Strategic Review of BEA’s Economic Accounts: Background Papers (1995) presents seven background papers that evaluate the state of the U.S. economic accounts and that identify the problems and the prospects for improving the accounts.

Methodology

BEA has published a wealth of information about the methodology used to prepare its national, regional, and international estimates.

National

National income and product accounts (NIPA’s)

NIPA Methodology Papers: This series documents the conceptual framework of the NIPA’s and the methodology used to prepare the estimates.

An Introduction to National Economic Accounting (NIPA Methodology Paper No. 1, 1985)* [Also appeared in the March 1985 issue of the SURVEY]

Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends (NIPA Methodology Paper No. 2, 1985)*

Foreign Transactions (NIPA Methodology Paper No. 3, 1987) [Revised version forthcoming]

GNP: An Overview of Source Data and Estimating Methods (NIPA Methodology Paper No. 4, 1987) [Largely superseded by “A Guide to the NIPA’s” (March 1998 SURVEY)*]

Government Transactions (NIPA Methodology Paper No. 5, 1988)*

Personal Consumption Expenditures (NIPA Methodology Paper No. 6, 1990)*

The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the NIPA’s; these improvements are described in the SURVEY articles that cover these revisions.

“Annual Revision of the U.S. National Income and Product Accounts”: This series of SURVEY articles, the latest of which was published in the August 1997 issue,* describes the annual NIPA revisions and the improvements in methodology.

The most recent comprehensive revision of the NIPA’s is described in the following series of SURVEY articles.

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA’s New Featured Measures of Output and Prices” (July 1995)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation” (September 1995)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables” (October 1995)*

“Improved Estimates of the National Income and Product Accounts for 1959–95: Results of the Comprehensive Revision” (January/February 1996)*

“Completion of the Comprehensive Revision of the National Income and Product Accounts, 1929–96” (May 1997)*

“A Guide to the NIPA’s” (March 1998 SURVEY)* provides the definitions of the major NIPA aggregates and components; discusses the measures of real output and prices; explains how production is classified and how the NIPA’s are presented; describes the statistical conventions that are used; and lists the principal source

Availability

For the availability of some of these publications, see the *inside back cover* of this issue. See also the *User’s Guide to BEA Information*: To request a copy, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington DC 20230, call 202-606-9900, or visit BEA’s Internet site at <<http://www.bea.doc.gov>>.

* Items with an asterisk can be found on BEA’s Internet site at <<http://www.bea.doc.gov>>.

data and methods used to prepare the estimates of gross domestic product (GDP).

Information on the sources and methods used to prepare the national estimates of personal income, which provide the basis for the State estimates of personal income, can be found in *State Personal Income, 1929–93* (1995).*

“Gross Domestic Product as a Measure of U.S. Production” (August 1991 SURVEY)* briefly explains the difference between GDP and gross national product.

The conceptual basis for the chain-type measures of real output and prices used in the NIPA’s is described in the following SURVEY articles.

“Alternative Measures of Change in Real Output and Prices” (April 1992)*

“Economic Theory and BEA’s Alternative Quantity and Price Indexes” (April 1992)*

“Alternative Measures of Change in Real Output and Prices, Quarterly Estimates for 1959–92” (March 1993)*

“Preview of the Comprehensive Revision of the National Income and Product Accounts: BEA’s New Featured Measures of Output and Prices” (July 1995)*

“BEA’s Chain Indexes, Time Series, and Measures of Long-Term Economic Growth” (May 1997)*

“Reliability and Accuracy of the Quarterly Estimates of GDP” (October 1993 SURVEY)* evaluates GDP estimates by examining the record of revisions in the quarterly estimates.

Wealth and related estimates

“Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95” (May 1997 SURVEY)* describes the most recent comprehensive revision of the estimates of fixed reproducible tangible wealth.

Gross product by industry

“Improved Estimates of Gross Product by Industry, 1959–94” (August 1996 SURVEY)* describes the most recent comprehensive revision of the estimates of gross product by industry.

“Gross Product by Industry, 1947–96” (November 1997 SURVEY)* presents the most recent revision to the estimates of gross product by industry and briefly describes changes in methodology.

Input-output accounts

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

International

Balance of payments accounts (BPA’s)

The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures (1990)* describes the methodologies used in preparing the estimates in the BPA’s and of the international investment position of the United States. These methodologies are subject to periodic improvements that are typically introduced as part of the annual revisions of the BPA’s.

“U.S. International Transactions, Revised Estimates”: This series of SURVEY articles, the latest of which was published in the July 1997 issue,* describes the annual BPA revisions and the improvements in methodology.

Direct investment

The coverage, concepts, definitions, and classifications used in the benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States are presented in the publications of the final results of the following benchmark surveys.

U.S. Direct Investment Abroad: 1989 Benchmark Survey, Final Results (1992)*

Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results (1995)*

The types of data on direct investment that are collected and published by BEA and the clarifications of the differences between the data sets are presented in the following SURVEY articles.

“A Guide to BEA Statistics on U.S. Multinational Companies” (March 1995)*

“A Guide to BEA Statistics on Foreign Direct Investment in the United States” (February 1990)*

Regional

Personal income

State Personal Income, 1929–93 (1995)* includes a description of the methodology used to prepare the estimates of State personal income. [Also available on the CD-ROM “State Personal Income, 1958–96”]

Local Area Personal Income, 1969–92 (1994)* includes a description of the methodology used to prepare the estimates of local area personal income. [Also available on the CD-ROM “Regional Economic Information System, 1969–95”]

Gross state product

“Comprehensive Revision of Gross State Product by Industry, 1977–94” (June 1997 SURVEY)* summarizes the sources and methods for BEA’s estimates of gross state product. 