

# THE BUSINESS SITUATION

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**T**HE ECONOMY'S uneven expansion continued in the first quarter of 1994, according to the advance estimates of the national income and product accounts (NIPA's). The growth of real gross domestic product (GDP) slowed to 2.6 percent from 7.0 percent in the fourth quarter of 1993 (chart 1).<sup>1</sup> The deceleration was accounted for by sharply slower growth in the production of goods other than motor vehicles and by a downturn in the production of structures; the production of motor vehicles surged again in the first quarter, and the production of services registered another modest increase (table 1)

Real gross domestic purchases also grew less in the first quarter than in the fourth—4.1 percent after 6.7 percent. The slowdown was more than accounted for by final sales to domestic purchasers; inventory investment accelerated sharply (table 2). Within final sales, residential and non-residential fixed investment increased less than in the fourth quarter, as did personal consumption expenditures, and government purchases dropped after no change.

Exports and imports are the link between goods and services produced in the United States (GDP) and goods and services purchased by U.S. residents (gross domestic purchases). In the first quarter, exports turned down, and imports slowed sharply. In the fourth quarter, both exports and imports had increased substantially.

The fixed-weighted price index for gross domestic purchases increased 2.3 percent in the first quarter, the same rate as in the fourth quarter. The fixed-weighted price index for GDP increased 2.9 percent after increasing 2.3 percent. The difference between the fourth-quarter increases in the two indexes reflects a step-up in the prices of exports and a downturn in the prices of imports.

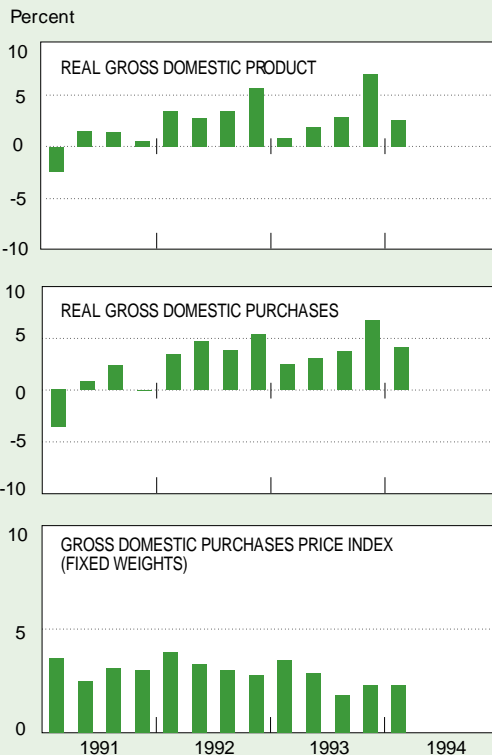
**Northridge earthquake.**—The Northridge earthquake struck southern California on the morning of January 17. The destruction it caused—and the reconstruction and relief efforts that resulted—

affected the components of first-quarter GDP and gross domestic purchases, but most of these effects are embedded in the source data that are used to estimate the components. Thus, the effects of the earthquake and reconstruction cannot be disentangled from the effects of unseasonably cold weather in much of the Nation or, indeed, from the effects of any other factor.

However, the Bureau of Economic Analysis did estimate the extent of the earthquake's damage to fixed capital. It is estimated that the earthquake caused the consumption of fixed capital (including residential capital) owned by business to increase \$41 billion in constant dollars

CHART 1

### Selected Measures: Change From Preceding Quarter



Note: Percent change at annual rate from preceding quarter, based on seasonally adjusted estimates.

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1. Quarterly estimates in the NIPA's are expressed at seasonally adjusted annual rates, and quarterly changes are differences between these rates. Quarter-to-quarter percent changes are annualized. Real, or constant-dollar, estimates are expressed in 1987 dollars.

and \$47 billion in current dollars (at annual rates). Reflecting the increase in consumption of fixed capital, real *net* domestic product (NDP) decreased 1.1 percent in the first quarter; if there had been no earthquake, real NDP would

have increased about 2.4 percent. (NDP is GDP less the consumption of fixed capital.)

The consumption of fixed capital is deducted in the calculation of two components of personal income: Rental income of persons with cap-

**Table 1.—Real Gross Domestic Product, by Major Type of Product**

[Seasonally adjusted at annual rates]

|                                     | Billions of 1987 dollars |                               |             |             |             | Percent change from preceding quarter |            |            |            |
|-------------------------------------|--------------------------|-------------------------------|-------------|-------------|-------------|---------------------------------------|------------|------------|------------|
|                                     | Level                    | Change from preceding quarter |             |             |             | 1993                                  |            |            | 1994       |
|                                     |                          | 1993                          |             |             | 1994        | II                                    | III        | IV         | I          |
|                                     | 1994:I                   | II                            | III         | IV          | I           |                                       |            |            |            |
| <b>Gross domestic product</b> ..... | <b>5,259.0</b>           | <b>23.9</b>                   | <b>36.2</b> | <b>87.3</b> | <b>33.4</b> | <b>1.9</b>                            | <b>2.9</b> | <b>7.0</b> | <b>2.6</b> |
| Goods .....                         | 2,161.0                  | 8.9                           | 5.8         | 56.0        | 30.1        | 1.7                                   | 1.1        | 11.2       | 5.8        |
| Motor vehicles .....                | 240.5                    | -2.6                          | -10.2       | 21.7        | 25.4        | -4.9                                  | -18.6      | 53.0       | 56.3       |
| Other .....                         | 1,920.5                  | 11.5                          | 16.0        | 34.3        | 4.7         | 2.5                                   | 3.5        | 7.5        | 1.0        |
| Services .....                      | 2,617.7                  | 12.2                          | 19.2        | 9.3         | 11.7        | 1.9                                   | 3.0        | 1.4        | 1.8        |
| Structures .....                    | 480.3                    | 2.8                           | 11.1        | 22.1        | -8.4        | 2.5                                   | 10.1       | 20.3       | -6.7       |

NOTE.—Most series are found in table 1.4 of the "Selected NIPA Tables." Output of motor vehicles is the sum of auto output and truck output from tables 8.4 and 8.6, respectively.

**Table 2.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers**

[Seasonally adjusted at annual rates]

|   | Billions of 1987 dollars |                               |             |             |             | Percent change from preceding quarter |            |            |            |
|---|--------------------------|-------------------------------|-------------|-------------|-------------|---------------------------------------|------------|------------|------------|
|   | Level                    | Change from preceding quarter |             |             |             | 1993                                  |            |            | 1994       |
|   |                          | 1993                          |             |             | 1994        | II                                    | III        | IV         | I          |
|   | 1994:I                   | II                            | III         | IV          | I           |                                       |            |            |            |
| <b>Gross domestic product</b> .....                     | <b>5,259.0</b>           | <b>23.9</b>                   | <b>36.2</b> | <b>87.3</b> | <b>33.4</b> | <b>1.9</b>                            | <b>2.9</b> | <b>7.0</b> | <b>2.6</b> |
| Less: Exports of goods and services .....               | 605.0                    | 5.2                           | -1.3        | 28.1        | -15.0       | 3.6                                   | -9         | 20.4       | -9.3       |
| Plus: Imports of goods and services .....               | 709.3                    | 20.5                          | 9.8         | 26.3        | 4.8         | 13.3                                  | 6.0        | 16.4       | 2.8        |
| <b>Equals: Gross domestic purchases</b> .....           | <b>5,363.3</b>           | <b>39.3</b>                   | <b>47.2</b> | <b>85.4</b> | <b>53.3</b> | <b>3.1</b>                            | <b>3.7</b> | <b>6.7</b> | <b>4.1</b> |
| Less: Change in business inventories .....              | 30.5                     | -16.3                         | -6.5        | 2.0         | 22.0        | .....                                 | .....      | .....      | .....      |
| Farm .....  | -2                       | -4.1                          | -8.8        | 8.5         | 4.2         | .....                                 | .....      | .....      | .....      |
| Nonfarm .....   | 30.7                     | -12.2                         | 2.3         | -6.5        | 17.8        | .....                                 | .....      | .....      | .....      |
| <b>Equals: Final sales to domestic purchasers</b> ..... | <b>5,332.8</b>           | <b>55.5</b>                   | <b>53.8</b> | <b>83.5</b> | <b>31.2</b> | <b>4.4</b>                            | <b>4.2</b> | <b>6.6</b> | <b>2.4</b> |
| Personal consumption expenditures .....                 | 3,539.8                  | 28.9                          | 36.9        | 37.3        | 32.9        | 3.4                                   | 4.4        | 4.4        | 3.8        |
| Nonresidential fixed investment .....                   | 634.1                    | 22.0                          | 10.5        | 30.9        | 8.4         | 16.6                                  | 7.4        | 22.5       | 5.5        |
| Residential investment .....                            | 232.2                    | -5.2                          | 5.9         | 15.1        | 5.0         | -9.5                                  | 11.9       | 31.7       | 9.1        |
| Government purchases .....                              | 926.8                    | 9.8                           | .6          | 0           | -14.9       | 4.3                                   | .3         | 0          | -6.2       |

NOTE.—Dollar levels are found in tables 1.2 and 1.6 of the "Selected NIPA Tables." Percent changes are found in table 8.1.

**Table 3.—Motor Vehicle Output, Sales, and Inventories**

[Seasonally adjusted at annual rates]

|   | Billions of 1987 dollars |                               |              |             |             | Percent change from preceding quarter |              |             |             |
|---|--------------------------|-------------------------------|--------------|-------------|-------------|---------------------------------------|--------------|-------------|-------------|
|   | Level                    | Change from preceding quarter |              |             |             | 1993                                  |              |             | 1994        |
|   |                          | 1993                          |              |             | 1994        | II                                    | III          | IV          | I           |
|   | 1994:I                   | II                            | III          | IV          | I           |                                       |              |             |             |
| <b>Output</b> .....                         | <b>240.5</b>             | <b>-2.6</b>                   | <b>-10.2</b> | <b>21.7</b> | <b>25.4</b> | <b>-4.9</b>                           | <b>-18.6</b> | <b>53.0</b> | <b>56.3</b> |
| Autos .....                                 | 138.0                    | .9                            | -9.9         | 11.5        | 13.0        | 3.0                                   | -28.4        | 47.1        | 48.6        |
| Trucks .....                                | 102.5                    | -3.5                          | -3           | 10.2        | 12.4        | -15.7                                 | -1.5         | 61.7        | 67.5        |
| <b>Final sales</b> .....                    | <b>235.6</b>             | <b>14.1</b>                   | <b>-7.7</b>  | <b>13.8</b> | <b>24.1</b> | <b>32.9</b>                           | <b>-14.2</b> | <b>31.0</b> | <b>54.0</b> |
| Autos .....                                 | 136.4                    | 7.2                           | -4.9         | 2.9         | 17.2        | 27.8                                  | -15.2        | 10.4        | 71.5        |
| Trucks .....                                | 99.2                     | 6.9                           | -2.8         | 10.9        | 6.9         | 40.8                                  | -12.7        | 65.3        | 33.4        |
| <b>Change in business inventories</b> ..... | <b>4.9</b>               | <b>-16.7</b>                  | <b>-2.5</b>  | <b>7.9</b>  | <b>1.4</b>  | .....                                 | .....        | .....       | .....       |
| Autos .....                                 | 1.6                      | -6.3                          | -5.1         | 8.7         | -4.2        | .....                                 | .....        | .....       | .....       |
| Trucks .....                                | 3.3                      | -10.4                         | 2.6          | -8          | 5.6         | .....                                 | .....        | .....       | .....       |

NOTE.—Dollar levels for cars and trucks are found in tables 8.4 and 8.6, respectively, of the "Selected NIPA Tables."

ital consumption adjustment, and proprietors' income with inventory valuation and capital consumption adjustments. These incomes are not estimated on a constant-dollar basis in the NIPA's; the estimates reported below are in current dollars and are expressed at annual rates.

Earthquake damage to residential capital other than repairable damage reduced rental income of persons by \$31 billion, about one-third of which was offset by insurance benefits. Earthquake damage to fixed capital other than repairable damage reduced proprietors' income by \$2½ billion, about half of which was offset by insurance benefits.

The source data used to estimate first-quarter corporate profits are not yet available; however, other data indicate that profits were reduced by about \$29 billion by the earthquake. Non-repairable damage to corporate equipment and structures amounted to \$13½ billion, about one-third of which was offset by insurance benefits. In addition, benefits paid by insurance companies reduced profits by about \$20 billion.

*Motor vehicles.*—Motor vehicle output and sales jumped sharply for the second consecutive quarter; inventories also increased. The first-quarter jump in output was about the same as the jump in the fourth quarter, and it was evenly split between autos and trucks. The first-quarter jump in sales was about twice the fourth-quarter jump, and it was mostly accounted for by autos. The increase in inventories was much smaller than in the fourth quarter, and it was more than accounted for by trucks.

Output increased 56.3 percent in the first quarter after increasing 53.0 percent in the fourth (table 3). Truck output increased 67.5 percent after increasing 61.7 percent; auto output increased 48.6 percent after increasing 47.1 percent.

Final sales increased 54.0 percent in the first quarter after increasing 31.0 percent in the fourth. Auto sales increased 71.5 percent after increasing 10.4 percent. Domestic-car sales accounted for nearly three-fourths of the first-quarter increase in new-car sales. In units, domestic-car sales increased to 7.5 million from 7.1 million, and imported-car sales increased to 2.0 million from 1.9 million. Truck sales increased 33.4 percent after increasing 65.3 percent. Light domestic trucks accounted for nearly all of the first-quarter increase; sales of minivans, sport utilities, and full-size pickups remained very strong. In units, light domestic trucks increased to 5.9 million from 5.5 million, light imported trucks increased

to 0.2 million from 0.1 million, and "other" trucks were unchanged at 0.4 million.

About half of the first-quarter jump in motor vehicle sales was accounted for by consumers. Business and net exports accounted for most of the rest.

Sales to consumers increased 29.3 percent after increasing 26.3 percent; auto sales accounted for three-fourths of the first-quarter jump. The strength in first-quarter sales to consumers is consistent with recent improvements in consumer attitudes and incomes. The Index of Consumer Sentiment (prepared by the University of Michigan's Survey Research Center) jumped from 84.0 in the fourth quarter to 93.0 in the first, its highest level in 5 years. Real disposable personal income increased 2.7 percent, the fourth consecutive increase; over the past four quarters, it has increased 3.9 percent. In addition, interest rates on new-vehicle loans remained low; for example, the rate on 48-month new car loans at commercial banks averaged 7.54 percent in February.

The first-quarter increase in motor vehicle inventories was more than accounted for by trucks. Auto inventories decreased in the first quarter after increasing in the fourth; based on units, the inventory-sales ratio for domestic new cars was unchanged at 2.5—just above the traditional industry target of 2.4.

### Prices

The fixed-weighted price index for gross domestic purchases increased 2.3 percent in the first quarter, the same rate as in the fourth quarter (table 4). A slowdown in food prices and a downturn in energy prices roughly offset an acceleration in prices paid by the Federal Government for employee services.

Prices of personal consumption expenditures increased 2.1 percent after increasing 2.8 percent. A slowdown in food prices mainly reflected downturns in the prices of fresh fruits and vegetables and slowdowns in the prices of seafood and poultry. Gasoline and oil contributed the most to the downturn in energy prices, but electricity and gas also contributed; fuel oil and coal turned up. Slowdowns were widespread in prices of other personal consumption expenditures; two exceptions were transportation services and durable goods excluding both motor vehicles and "furniture and household equipment."

Prices of nonresidential fixed investment increased 1.8 percent after increasing 1.2 percent. Prices of nonresidential structures in-

creased somewhat less in the first quarter than in the fourth. Prices of producers' durable equipment increased after little change. Prices of transportation equipment posted the largest increase in 3 years, and prices of information processing equipment decreased again, reflecting a decrease in computer prices.

Prices of residential investment increased 2.2 percent after increasing 3.2 percent. The first-quarter increase was substantially below the 3.9-percent average rate of increase over the preceding six quarters and substantially above the

1.0-percent average rate of increase over the six quarters before that.

Prices of government purchases increased 3.7 percent after increasing 1.0 percent. Prices paid by the Federal Government increased 4.6 percent after increasing 0.5 percent; the step-up was attributable to a pay raise for Federal employees.<sup>2</sup> Prices paid by State and local governments increased 3.0 percent after increasing 1.5 percent; prices of goods turned up, and prices of serv-

2. In the NIPA's, an increase in the rate of Federal employee compensation is treated as an increase in the price of employee services purchased by the Federal Government.

### First-Quarter 1994 Advance GDP Estimate: Source Data and Assumptions

The advance GDP estimate for the first quarter is based on the following major source data, some of which are subject to revision. (The number of months for which data were available is shown in parentheses.)

*Personal consumption expenditures.* Sales of retail stores (3) and unit auto and truck sales (3);

*Nonresidential fixed investment.* Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment (3), and exports and imports of machinery and equipment (2);

*Residential investment.* Construction put in place (2) and housing starts (3);

*Change in business inventories.* Manufacturing and trade inventories (2) and unit auto and truck inventories (3);

*Net exports of goods and services.* Exports and imports of goods and services (2);

*Government purchases.* Military outlays (3), other Federal outlays (2), State and local construction put in place (2), and State and local employment (3);

*GDP prices.* Consumer Price Index (3), Producer Price Index (3), price indexes for nonpetroleum merchandise exports and imports (3), and values and quantities of petroleum imports (2).

The Bureau of Economic Analysis (BEA) made assumptions for the source data that were not available. A table detailing these assumptions is available on the Department of Commerce's Economic Bulletin Board or from BEA; the assumptions are summarized in table A.

Table A.—Summary of Major Data Assumptions for Advance Estimate, 1994:1

[Billions of dollars, seasonally adjusted at annual rates]

|  | 1993    |          |          | 1994    |          |                     |
|--|---------|----------|----------|---------|----------|---------------------|
|  | October | November | December | January | February | March               |
| Fixed investment:  |         |          |          |         |          |                     |
| Nonresidential structures:   |         |          |          |         |          |                     |
| Buildings, utilities, and farm:  |         |          |          |         |          |                     |
| Value of new nonresidential construction put in place .....  | 135.6   | 138.7    | 139.0    | 132.2   | 129.6    | 136.8 <sup>1</sup>  |
| Producers' durable equipment:  |         |          |          |         |          |                     |
| Manufacturers' shipments less exports, aircraft industry, nondefense .....   | 4.3     | 3.1      | 5.2      | 1.0     | 2.5      | 11.5 <sup>2</sup>   |
| Manufacturers' shipments, other than aircraft industry .....   | 344.2   | 366.9    | 375.5    | 355.4   | 373.0    | 370.3 <sup>2</sup>  |
| Residential structures:  |         |          |          |         |          |                     |
| Value of new residential construction put in place:  |         |          |          |         |          |                     |
| 1-unit structures .....  | 139.5   | 144.5    | 150.8    | 150.6   | 151.4    | 155.6 <sup>1</sup>  |
| 2-or-more-unit structures .....  | 10.5    | 11.2     | 11.3     | 10.6    | 10.8     | 11.2 <sup>1</sup>   |
| Change in business inventories nonfarm:  |         |          |          |         |          |                     |
| Change in inventories for manufacturing and trade (except nonmerchant wholesalers) for industries other than motor vehicles and equipment in trade ..... | 6.1     | 37.0     | -32.9    | 15.1    | 53.1     | 35.0 <sup>1</sup>   |
| Net exports:   |         |          |          |         |          |                     |
| Exports of merchandise:  |         |          |          |         |          |                     |
| U.S. exports, excluding gold, balance-of-payments basis .....  | 457.2   | 459.9    | 486.8    | 457.3   | 440.6    | 456.9 <sup>1</sup>  |
| Imports of merchandise:  |         |          |          |         |          |                     |
| U.S. imports, excluding gold, balance-of-payments basis .....  | 611.9   | 599.3    | 595.1    | 593.5   | 603.2    | 610.1 <sup>1</sup>  |
| Net merchandise trade (exports less imports) .....   | -154.7  | -139.3   | -108.3   | -136.2  | -162.6   | -153.2 <sup>1</sup> |
| Government purchases:  |         |          |          |         |          |                     |
| State and local:   |         |          |          |         |          |                     |
| Structures:  |         |          |          |         |          |                     |
| Value of new construction put in place .....   | 116.1   | 120.7    | 124.6    | 112.0   | 110.2    | 118.8 <sup>1</sup>  |

1. Assumed.

2. Aircraft industry shipments, which were available through March, were used (along with exports and imports) to estimate the first-quarter change in producers' durable equipment

for aircraft. Shipments of complete civilian aircraft, the usual source data, are available only through February.

ices increased somewhat more than in the fourth quarter.

The price index for GDP, which measures the prices paid for goods and services produced in the United States, increased 2.9 percent after increasing 2.3 percent. This index, unlike the index for gross domestic purchases, includes prices of exports and excludes prices of imports. Export prices increased more in the first quarter than in the fourth. All major end-use categories of exports except nonautomotive capital

**Table 4.—Price Indexes (Fixed Weights): Change From Preceding Quarter**

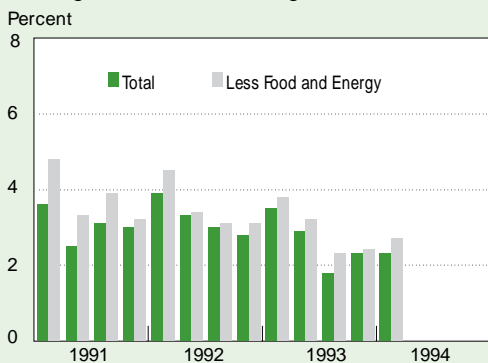
[Percent change at annual rates; based on seasonally adjusted index numbers (1987=100)]

|   | 1993       |            |            | 1994       |
|---|------------|------------|------------|------------|
|   | II         | III        | IV         | I          |
| <b>Gross domestic product</b> .....                   | <b>2.8</b> | <b>2.1</b> | <b>2.3</b> | <b>2.9</b> |
| Less: Exports of goods and services .....             | 2.8        | .6         | .7         | 3.7        |
| Plus: Imports of goods and services .....             | 3.8        | -2.7       | 1.1        | -1.6       |
| <b>Equals: Gross domestic purchases</b> .....         | <b>2.9</b> | <b>1.8</b> | <b>2.3</b> | <b>2.3</b> |
| Less: Change in business inventories .....            |            |            |            |            |
| <b>Equals: Final sales to domestic purchasers</b> ... | <b>2.9</b> | <b>1.8</b> | <b>2.3</b> | <b>2.4</b> |
| Personal consumption expenditures .....               | 2.9        | 1.4        | 2.8        | 2.1        |
| Food .....  | 2.3        | .3         | 3.2        | 1.1        |
| Energy .....  | -1.5       | -4.2       | 2.4        | -1.5       |
| Other personal consumption expenditures ....          | 3.4        | 2.0        | 2.8        | 2.5        |
| Nonresidential fixed investment .....                 | 2.5        | 1.9        | 1.2        | 1.8        |
| Nonresidential structures .....                       | 3.8        | 3.4        | 3.2        | 2.5        |
| Producers' durable equipment .....                    | 1.8        | 1.0        | .1         | 1.3        |
| Residential investment .....                          | 5.0        | 4.6        | 3.2        | 2.2        |
| Government purchases .....                            | 2.6        | 2.5        | 1.0        | 3.7        |
| <b>Addenda:</b>                                       |            |            |            |            |
| Merchandise imports .....                             | 4.1        | -3.4       | .3         | -1.7       |
| Petroleum and products .....                          | 16.1       | -36.6      | -27.5      | -32.0      |
| Other merchandise .....                               | 3.0        | .5         | 3.2        | 1.2        |

NOTE.—Percent changes in major aggregates are found in table 8.1 of the "Selected NIPA Tables." Most index number levels are found in tables 7.1 and 7.2.

**CHART 2**

**Gross Domestic Purchases Prices (Fixed Weights): Change From Preceding Quarter**



Note.—Percent change at annual rate from preceding quarter, based on seasonally adjusted index numbers (1987=100).

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

and consumer goods contributed to the step-up. Import prices turned down. The price of imported petroleum and products posted its third straight drop of roughly 30 percent; all other major end-use categories of imports except industrial supplies and materials contributed to the downturn.

**Personal income**

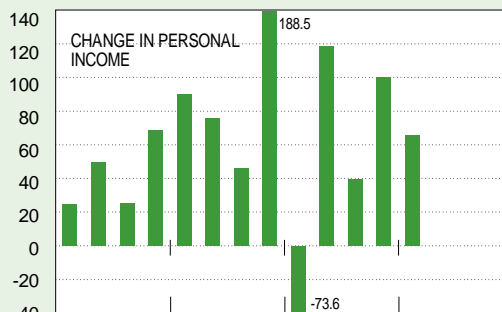
Real disposable personal income (DPI) increased 2.7 percent in the first quarter after increasing 5.4 percent in the fourth (chart 3). The deceleration was more than accounted for by a slowdown in current-dollar DPI, which increased 4.1 percent after increasing 7.8 percent. The personal saving rate—saving as a percentage of current-dollar DPI—decreased 0.3 percentage point to 3.7 percent, its lowest level in the current expansion.

Personal income increased \$65.4 billion in the first quarter after increasing \$100.0 billion in the

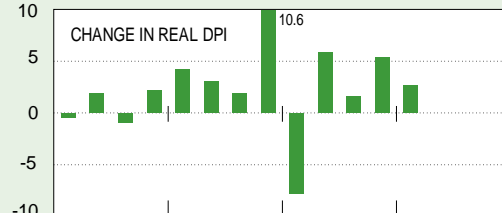
**CHART 3**

**Selected Personal Income and Saving Measures**

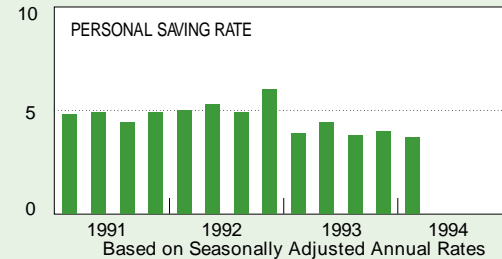
Billions \$



Percent



Percent



Note.—Changes are from preceding quarter.

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

fourth (table 5). Proprietors' income and rental income of persons more than accounted for the slowdown.

Farm proprietors' income increased \$3.6 billion after increasing \$31.6 billion. Federal subsidy payments to farm proprietors decreased \$4.1 billion after increasing \$14.5 billion. If the subsidies and the adjustments for the effects of last year's floods and drought on fourth-quarter income are excluded, farm proprietors' income increased \$4.5 billion in the first quarter after increasing \$11.0 billion in the fourth; the slowdown reflected weaker increases in farm prices and lower livestock production.

Nonfarm proprietors' income increased \$5.0 billion after increasing \$13.0 billion. The deceleration reflected slowdowns in residential construction and in retail sales. Rental income of persons decreased \$12.9 billion after increasing \$2.7 billion. As mentioned earlier, nonfarm proprietors' income and rental income in the first

quarter were reduced by adjustments for damage resulting from the Northridge earthquake.

Wage and salary disbursements increased \$51.1 billion after increasing \$34.2 billion. Wages and salaries in both private industry and government increased more in the first quarter than in the fourth. In private industry, a step-up to \$44.5 billion from \$31.6 billion was concentrated in the service and distributive industries; manufacturing also contributed, reflecting bonus payments to employees in the motor vehicle industry. In government, a step-up to \$6.6 billion from \$2.6 billion mainly reflected the Federal pay raise; the rest was accounted for by an adjustment to State and local government compensation that reflected rescue and cleanup efforts associated with the earthquake.

Transfer payments increased \$14.8 billion after increasing \$11.3 billion. The step-up was due to cost-of-living adjustments (COLA's) to benefits under social security and several other Federal

**Table 5.—Personal Income and Its Disposition**

[Billions of dollars; seasonally adjusted at annual rates]

|  | Level          | Change from preceding quarter |              |              |              |  | Level | Change from preceding quarter |    |     |    |   |  |  |
|--|----------------|-------------------------------|--------------|--------------|--------------|--|-------|-------------------------------|----|-----|----|---|--|--|
|  |                | 1993                          |              |              |              |  |       | 1994                          |    |     |    |   |  |  |
|  |                | 1994:I                        | II           | III          | IV           |  |       | I                             | II | III | IV | I |  |  |
| Wage and salary disbursements .....  | 3,200.7        | 108.4                         | 32.7         | 34.2         | 51.1         |  |       |                               |    |     |    |   |  |  |
| Commodity-producing industries .....   | 789.5          | 24.4                          | 4.3          | 9.9          | 10.2         |  |       |                               |    |     |    |   |  |  |
| Manufacturing .....  | 595.8          | 20.6                          | 1.2          | 6.3          | 8.0          |  |       |                               |    |     |    |   |  |  |
| Other .....  | 193.7          | 3.8                           | 3.1          | 3.6          | 2.2          |  |       |                               |    |     |    |   |  |  |
| Distributive industries .....  | 733.5          | 26.2                          | 5.3          | 5.7          | 13.4         |  |       |                               |    |     |    |   |  |  |
| Service industries .....   | 1,075.8        | 55.6                          | 16.6         | 15.9         | 21.1         |  |       |                               |    |     |    |   |  |  |
| Government .....   | 602.0          | 2.2                           | 6.5          | 2.6          | 6.6          |  |       |                               |    |     |    |   |  |  |
| Other labor income .....   | 371.9          | 8.1                           | 8.1          | 8.2          | 9.0          |  |       |                               |    |     |    |   |  |  |
| Proprietors' income with IVA and CCAAdj  | 475.6          | -4.7                          | -16.9        | 44.5         | 8.6          |  |       |                               |    |     |    |   |  |  |
| Farm .....   | 60.0           | -8.7                          | -22.2        | 31.6         | 3.6          |  |       |                               |    |     |    |   |  |  |
| Nonfarm .....  | 415.6          | 4.0                           | 5.2          | 13.0         | 5.0          |  |       |                               |    |     |    |   |  |  |
| Rental income of persons with CCAAdj ....  | 3.5            | 5.2                           | 1.0          | 2.7          | -12.9        |  |       |                               |    |     |    |   |  |  |
| Personal dividend income .....   | 160.7          | .8                            | 1.2          | .4           | 1.3          |  |       |                               |    |     |    |   |  |  |
| Personal interest income .....   | 700.2          | -2.3                          | 2.6          | 1.0          | 3.5          |  |       |                               |    |     |    |   |  |  |
| Transfer payments to persons .....   | 944.6          | 11.1                          | 13.0         | 11.3         | 14.8         |  |       |                               |    |     |    |   |  |  |
| Less: Personal contributions for social insurance .....  | 279.1          | 7.9                           | 2.3          | 2.4          | 9.9          |  |       |                               |    |     |    |   |  |  |
| <b>Personal income .....</b>   | <b>5,578.1</b> | <b>118.5</b>                  | <b>39.5</b>  | <b>100.0</b> | <b>65.4</b>  |  |       |                               |    |     |    |   |  |  |
| Less: Personal tax and nontax payments .....   | 715.7          | 23.9                          | 8.0          | 10.2         | 16.5         |  |       |                               |    |     |    |   |  |  |
| <b>Equals: Disposable personal income ..</b>   | <b>4,862.4</b> | <b>94.7</b>                   | <b>31.5</b>  | <b>89.8</b>  | <b>48.9</b>  |  |       |                               |    |     |    |   |  |  |
| Less: Personal outlays .....   | 4,680.4        | 63.9                          | 60.4         | 76.1         | 60.3         |  |       |                               |    |     |    |   |  |  |
| <b>Equals: Personal saving .....</b>   | <b>182.0</b>   | <b>30.8</b>                   | <b>-29.0</b> | <b>13.7</b>  | <b>-11.4</b> |  |       |                               |    |     |    |   |  |  |
| <b>Addenda: Special factors in personal income:</b>  |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| In wages and salaries:   |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Federal Government and Postal Service pay adjustments .....  |                | -2.2                          | 1.6          | -1.0         | 2.6          |  |       |                               |    |     |    |   |  |  |
| Profit sharing and bonus pay (including accelerated bonuses) .....   |                | 79.8                          | 0            | .4           | 1.7          |  |       |                               |    |     |    |   |  |  |
| In farm proprietors' income:   |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Agricultural subsidy payments .....  |                | -7.4                          | -11.0        | 14.5         | -4.1         |  |       |                               |    |     |    |   |  |  |
| Uninsured losses to residential and business property and crop losses due to Midwest floods and Southeast drought <sup>1</sup> ..... |                | 0                             | -9.3         | 6.1          | 3.2          |  |       |                               |    |     |    |   |  |  |
| In nonfarm proprietors' income:  |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Uninsured losses to business property: <sup>1</sup>  |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Due to Midwest floods .....  |                | 0                             | -7           | .7           | 0            |  |       |                               |    |     |    |   |  |  |
| Due to Northridge, California earthquake .....   |                | 0                             | 0            | 0            | -1.4         |  |       |                               |    |     |    |   |  |  |
| In rental income of persons with CCAAdj:   |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Uninsured losses to nonfarm residential and business property: <sup>1</sup>  |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Due to Midwest floods .....  |                | 0                             | -1.9         | 1.9          | 0            |  |       |                               |    |     |    |   |  |  |
| Due to Northridge, California earthquake .....   |                | 0                             | 0            | 0            | -19.5        |  |       |                               |    |     |    |   |  |  |
| In transfer payments to persons:   |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Social security retroactive payments .....   |                | 0                             | 0            | 1.2          | -1.2         |  |       |                               |    |     |    |   |  |  |
| Cost-of-living increases in Federal transfer payments .....  |                | 0                             | 0            | 0            | 8.9          |  |       |                               |    |     |    |   |  |  |
| Emergency unemployment compensation payments .....   |                | -8                            | .2           | -2.5         | -4.7         |  |       |                               |    |     |    |   |  |  |
| Midwest floods .....   |                | 0                             | .3           | -1           | -2           |  |       |                               |    |     |    |   |  |  |
| Northridge, California earthquake ..   |                | 0                             | 0            | 0            | 1.4          |  |       |                               |    |     |    |   |  |  |
| In personal contributions for social insurance:  |                |                               |              |              |              |  |       |                               |    |     |    |   |  |  |
| Social security rate and base changes and increase in the premium for supplementary medical insurance .....                          |                | 0                             | 0            | 0            | 6.2          |  |       |                               |    |     |    |   |  |  |

NOTE.—Most dollar levels are found in table 2.1 of the "Selected NIPA Tables."  
IVA Inventory valuation adjustment  
CCAAdj Capital consumption adjustment

1. These estimates mainly reflect adjustments to account for uninsured losses to residential and business property; however, some of the estimates include relatively small amounts reflecting other items.

retirement and income support programs; the COLA's, which became effective in January, added \$8.9 billion to transfer payments. Emergency unemployment benefits decreased \$4.7 billion after decreasing \$2.5 billion.

Personal contributions for social insurance, which are subtracted in deriving the personal income total, increased \$9.9 billion after increasing \$2.4 billion. The first-quarter increase was boosted \$6.2 billion by several program changes: An increase in the social security taxable wage base for employees and in the social security taxable earnings base for the self-employed from \$57,600 to \$60,600; the removal of the \$135,000 cap on the medicare taxable wage base; and an increase in the monthly premium for supplementary medical insurance.

Personal tax and nontax payments increased \$16.5 billion after increasing \$10.2 billion. The first-quarter increase in Federal income tax payments reflected the effects of tax rate changes and other provisions of the Omnibus Budget Reconciliation Act of 1993, as well as the growth in wages and salaries. The increase was restrained by the annual revision of the withholding tables to reflect the inflation indexing provisions of earlier tax law.

### Corporate Profits and Property Income in 1993

Profits from current production—profits before tax plus inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)—increased \$59.4 billion in 1993, to \$466.6 billion, after increasing \$37.7 billion in 1992 (table 6).<sup>3</sup>

Profits from the domestic operations of nonfinancial corporations increased \$42.2 billion after increasing \$44.4 billion. In both years, real gross product of these corporations increased about 4 percent. Moreover, profits per unit increased substantially in both years, as unit labor costs increased much less than unit prices.

Profits from the domestic operations of financial corporations increased \$20.7 billion after decreasing \$2.0 billion. The upturn was more than accounted for by property and casualty insurance carriers, whose profits had turned negative in 1992 in the wake of Hurricanes Andrew and Iniki.

Profits from the rest of the world decreased \$3.6 billion after decreasing \$4.6 billion. In both years, payments (outflows) increased more than receipts

(inflows), reflecting the stronger growth in the U.S. economy than in many foreign economies.

Cash flow from current production, a profits-related measure of internally generated funds available to corporations for investment, increased \$25.4 billion after increasing \$21.4 billion. Cash flow as a percentage of nonresidential fixed investment was 85.4 percent in 1993, down from 89.7 percent in 1992, but still much higher than its 72.1-percent average in the 1980's.

Current-production measures of profits are not available for individual industries because estimates of the CCAdj by industry do not exist; profits before tax (PBT) with IVA is the best available measure. Most manufacturing industries posted smaller increases in 1993 than in 1992; however, profits from petroleum refining increased much more than in 1992. In contrast to the slowdown in manufacturing profits, profits in trade and in the transportation and utilities group turned up.

*Related measures.*—PBT increased \$54.0 billion after increasing \$33.1 billion. The difference be-

Table 6.—Corporate Profits

|   | Level               | Change from preceding year |             |
|---|---------------------|----------------------------|-------------|
|   | 1993                | 1992                       | 1993        |
|   | Billions of dollars |                            |             |
| <b>Profits from current production</b> .....                                  | <b>466.6</b>        | <b>37.7</b>                | <b>59.4</b> |
| Domestic .....  | 407.9               | 42.3                       | 63.0        |
| Financial .....   | 87.4                | -2.0                       | 20.7        |
| Nonfinancial .....  | 320.5               | 44.4                       | 42.2        |
| Rest of the world .....   | 58.7                | -4.6                       | -3.6        |
| IVA .....   | -7.1                | -10.2                      | -1.8        |
| CCAdj .....   | 24.3                | 14.9                       | 7.2         |
| Profits before tax .....  | 449.4               | 33.1                       | 54.0        |
| Profits tax liability .....   | 174.0               | 16.5                       | 27.7        |
| Profits after tax .....   | 275.4               | 16.6                       | 26.3        |
| Cash flow from current production .....                                       | 532.4               | 21.4                       | 25.4        |
| <b>Profits by industry:</b>   |                     |                            |             |
| Profits before tax with IVA .....   | 442.3               | 22.8                       | 52.2        |
| Domestic .....  | 383.6               | 27.4                       | 55.8        |
| Financial .....   | 99.0                | -2.6                       | 20.9        |
| Nonfinancial .....  | 284.6               | 30.1                       | 34.8        |
| Manufacturing .....   | 131.7               | 25.7                       | 16.2        |
| Trade .....   | 54.4                | -1.1                       | 8.1         |
| Transportation and public utilities .....                                     | 57.8                | -2.4                       | 5.8         |
| Other .....   | 40.6                | 7.8                        | 4.6         |
| Rest of the world .....   | 58.7                | -4.6                       | -3.6        |
| Receipts (inflows) .....  | 71.3                | 1.7                        | 6.1         |
| Payments (outflows) .....   | 12.6                | 6.3                        | 9.6         |
|   | Dollars             |                            |             |
| <b>Unit prices, costs, and profits of domestic nonfinancial corporations:</b> |                     |                            |             |
| Unit price .....  | 1.164               | 0.012                      | 0.015       |
| Unit labor cost .....   | .768                | .004                       | .006        |
| Unit nonlabor cost .....  | .287                | -.004                      | -.002       |
| Unit profits from current production .....                                    | .109                | .013                       | .010        |

NOTE.—Dollar levels of these and other profits series are found in tables 1.14, 1.16, 6.16C, and 7.15 of the "Selected NIPA Tables."

IVA Inventory valuation adjustment  
CCAdj Capital consumption adjustment

3. According to the revised estimates (released April 28, 1994), profits increased \$39.4 billion in the fourth quarter of 1993; the preliminary estimates, released March 31, had shown a \$42.0 billion increase.

tween the increase in PBT and the increase in profits from current production in 1993 reflected an increase in the CCAdj that more than offset a decrease in the IVA.

The CCAdj is the difference between the predominantly tax-based depreciation measure that underlies PBT and BEA's estimate of the consumption of fixed capital. The CCAdj increased \$7.2 billion in 1993.

The IVA is an estimate, with the sign reversed, of the inventory profits that are included in PBT. Inventory profits increased \$1.8 billion in 1993.

### Property income

Corporate property income includes net interest payments as well as profits from current production. For domestic nonfinancial corporations, net interest payments decreased \$1.6 billion in

1993, to \$133.7 billion, after decreasing \$6.0 billion in 1992.

Chart 4 and table 7 provide a perspective on the recent changes in both types of property income. From 1970 to 1990, both types trended up, but net interest, which increased at an average annual rate of 11.4 percent, generally increased much faster than profits, which increased at an average annual rate of 7.8 percent. As a result, the share of net interest in property income rose from 23.0 percent in 1970 to 36.7 percent in 1990.

Since 1990, however, net interest has decreased each year (at an average rate of 3.4 percent); the downtrend reflects the ebbing of the wave of leveraged buyouts that were so prominent in the 1980's, the efforts by corporations to restructure balance sheets, and falling interest rates. Profits, in contrast, decreased only in 1991; in 1992 and 1993, profits increased at an average rate of 17.1 percent. As a consequence, the share of net interest in property income slid to 29.4 percent in 1993.

Further perspective on recent changes in property income can be gained by examining the relationship of property income to the stock of net reproducible assets and to domestic income. Net reproducible assets consist of fixed capital stock and inventories, both of which are measured at current replacement cost; these assets increased 2.7 percent in 1993 after increasing 1.2 percent in 1992. From 1970 to 1990, in contrast, these assets grew at an average rate of 9.0 percent. Domestic income of corporations is property

Table 7.—Property Income of Domestic Nonfinancial Corporations and Related Series, 1959–93

[Billions of dollars]

| Year | Property income |                                 |                       |              | Domestic income | Net reproducible assets <sup>1</sup> |
|------|-----------------|---------------------------------|-----------------------|--------------|-----------------|--------------------------------------|
|      | Total           | Profits from current production |                       | Net interest |                 |                                      |
|      |                 | Total                           | Profits tax liability |              |                 |                                      |
| (1)  | (2)             | (3)                             | (4)                   | (5)          | (6)             | (7)                                  |
| 1959 | 45.8            | 42.6                            | 20.7                  | 21.9         | 3.1             | 217.2                                |
| 1960 | 43.4            | 40.0                            | 19.2                  | 20.8         | 3.5             | 224.6                                |
| 1961 | 44.7            | 40.8                            | 19.5                  | 21.3         | 4.0             | 230.1                                |
| 1962 | 52.7            | 48.2                            | 20.6                  | 27.5         | 4.5             | 252.8                                |
| 1963 | 58.6            | 53.8                            | 22.8                  | 31.0         | 4.8             | 269.7                                |
| 1964 | 65.4            | 60.0                            | 24.0                  | 36.1         | 5.3             | 292.0                                |
| 1965 | 76.4            | 70.3                            | 27.2                  | 43.1         | 6.1             | 322.8                                |
| 1966 | 82.3            | 74.9                            | 29.5                  | 45.4         | 7.4             | 356.2                                |
| 1967 | 80.5            | 71.8                            | 27.8                  | 43.9         | 8.8             | 372.8                                |
| 1968 | 86.1            | 76.0                            | 33.6                  | 42.4         | 10.1            | 409.3                                |
| 1969 | 84.4            | 71.3                            | 33.3                  | 37.9         | 13.2            | 443.3                                |
| 1970 | 74.2            | 57.1                            | 27.2                  | 29.9         | 17.1            | 452.8                                |
| 1971 | 85.3            | 67.2                            | 29.9                  | 37.2         | 18.1            | 487.3                                |
| 1972 | 96.1            | 77.0                            | 33.8                  | 43.2         | 19.2            | 543.2                                |
| 1973 | 106.0           | 83.6                            | 40.2                  | 43.4         | 22.5            | 612.0                                |
| 1974 | 98.9            | 70.6                            | 42.2                  | 28.4         | 28.3            | 655.7                                |
| 1975 | 120.2           | 91.5                            | 41.5                  | 50.0         | 28.7            | 700.6                                |
| 1976 | 139.0           | 111.5                           | 53.0                  | 58.5         | 27.5            | 795.7                                |
| 1977 | 162.6           | 132.0                           | 59.9                  | 72.1         | 30.6            | 904.4                                |
| 1978 | 182.4           | 146.1                           | 67.1                  | 79.0         | 36.3            | 1,032.6                              |
| 1979 | 183.2           | 138.1                           | 69.6                  | 68.5         | 45.1            | 1,147.4                              |
| 1980 | 178.9           | 120.7                           | 67.0                  | 53.7         | 58.2            | 1,232.4                              |
| 1981 | 208.9           | 136.9                           | 63.9                  | 73.0         | 71.9            | 1,373.6                              |
| 1982 | 194.0           | 111.5                           | 46.3                  | 65.2         | 82.5            | 1,404.0                              |
| 1983 | 236.6           | 159.9                           | 59.4                  | 100.4        | 76.7            | 1,508.2                              |
| 1984 | 302.2           | 214.3                           | 73.7                  | 140.7        | 87.9            | 1,711.4                              |
| 1985 | 312.1           | 221.4                           | 69.9                  | 151.5        | 90.7            | 1,815.3                              |
| 1986 | 302.0           | 203.8                           | 75.6                  | 128.2        | 98.3            | 1,883.6                              |
| 1987 | 350.0           | 244.2                           | 93.5                  | 150.8        | 105.8           | 2,024.9                              |
| 1988 | 396.0           | 274.4                           | 101.7                 | 172.6        | 121.6           | 2,210.2                              |
| 1989 | 401.8           | 255.2                           | 99.5                  | 155.7        | 146.6           | 2,322.0                              |
| 1990 | 404.9           | 256.4                           | 93.9                  | 162.5        | 148.5           | 2,425.8                              |
| 1991 | 375.2           | 233.9                           | 82.7                  | 151.2        | 141.3           | 2,429.0                              |
| 1992 | 413.6           | 278.3                           | 98.2                  | 180.1        | 135.3           | 2,563.1                              |
| 1993 | 454.2           | 320.5                           | 117.0                 | 203.5        | 133.7           | 2,709.8                              |

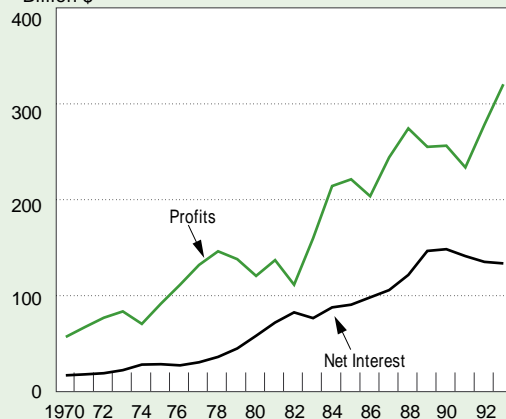
1. Structures, equipment, and inventories, valued at current replacement cost. Data are averages of end-of-year values for adjacent years.

NOTE.—Property income is profits from current production plus net interest. Profits from current production is corporate profits with inventory valuation adjustment and capital consumption adjustment. Profits after tax is also shown with inventory valuation adjustment and capital consumption adjustment. Current data on most series are shown in table 1.16 of the "Selected NIPA Tables." The value of structures and equipment through 1992 are from *Fixed Reproducible Tangible Wealth in the United States, 1925–89*, (Washington DC: U.S. Government Printing Office, 1993) and from SURVEY OF CURRENT BUSINESS 73 (September 1993): 64–65. Data on structures and equipment for 1993 and all data on inventories are unpublished BEA estimates.

CHART 4

Profits From Current Production and Net Interest, Domestic Nonfinancial Corporations, 1970–93

Billion \$



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




income plus compensation of employees; it increased 5.7 percent in 1993 after increasing 5.5 percent in 1992.

The ratio of property income to the stock of net reproducible assets is the average rate of return on these assets. The use of property income, rather than profits alone, as the numerator of this ratio captures the total return to investment (profits plus interest) regardless of whether the investment was financed by equity or by debt.<sup>4</sup>

The ratio of property income to domestic income is property income's share of domestic income—that is, the fraction of domestic income that is not used to compensate labor. Property

income's share is related to the rate of return by a third ratio—the ratio of domestic income to the value of net reproducible assets, which measures the average annual product per dollar of capital.<sup>5</sup>

The three ratios are plotted for 1970–93 in chart 5 and are reported, along with related ratios, for 1959–93 in table 8. Property income's rate of return (column 1) and its share of domestic income (column 6) appear to have shifted to lower levels around 1970. The rate of return fell from an average of 12.8 percent in 1959–69 to an average of 8.6 percent in 1970–93; the share of domestic income fell from an average of 21.2 percent to an average of 16.6 percent.

In 1993, property income's rate of return and its share of domestic income continued to rebound from cyclical decreases in 1991 that took the ratios to their lowest levels in almost a decade. Higher profits were responsible for the rebounds in both ratios. 

4. Rates of return can be calculated in many other ways; several are discussed in some detail in the box "Rates of Return" in SURVEY OF CURRENT BUSINESS 69 (April 1989): 8.

5. It should be noted that this ratio is not appropriate for use in productivity analysis; for productivity analysis, the denominator should measure capital services, not capital stock.

**Table 8.—Rate of Return, Income Share, and Average Product of Capital, Domestic Nonfinancial Corporations, 1959–93**

[Percent]

| Year | Rate of return  |                                 |                       |                   |              | Share of domestic income |                                 |              |                            |
|------|-----------------|---------------------------------|-----------------------|-------------------|--------------|--------------------------|---------------------------------|--------------|----------------------------|
|      | Property income |                                 |                       |                   |              | Property income          |                                 |              |                            |
|      | Total           | Profits from current production |                       |                   | Net interest | Total                    | Profits from current production | Net interest | Average product of capital |
|      |                 | Total                           | Profits tax liability | Profits after tax |              |                          |                                 |              |                            |
| (1)  | (2)             | (3)                             | (4)                   | (5)               | (6)          | (7)                      | (8)                             | (9)          |                            |
| 1959 | 11.7            | 10.9                            | 5.3                   | 5.6               | 0.8          | 21.1                     | 19.6                            | 1.4          | 0.555                      |
| 1960 | 10.7            | 9.8                             | 4.7                   | 5.1               | .9           | 19.3                     | 17.8                            | 1.5          | .554                       |
| 1961 | 10.7            | 9.8                             | 4.7                   | 5.1               | .9           | 19.4                     | 17.7                            | 1.7          | .552                       |
| 1962 | 12.2            | 11.2                            | 4.8                   | 6.4               | 1.1          | 20.8                     | 19.1                            | 1.8          | .587                       |
| 1963 | 13.1            | 12.0                            | 5.1                   | 6.9               | 1.1          | 21.7                     | 19.9                            | 1.8          | .604                       |
| 1964 | 13.9            | 12.7                            | 5.1                   | 7.7               | 1.1          | 22.4                     | 20.6                            | 1.8          | .621                       |
| 1965 | 15.2            | 14.0                            | 5.4                   | 8.6               | 1.2          | 23.7                     | 21.8                            | 1.9          | .641                       |
| 1966 | 14.9            | 13.6                            | 5.4                   | 8.2               | 1.3          | 23.1                     | 21.0                            | 2.1          | .645                       |
| 1967 | 13.3            | 11.9                            | 4.6                   | 7.3               | 1.5          | 21.6                     | 19.2                            | 2.4          | .616                       |
| 1968 | 13.0            | 11.5                            | 5.1                   | 6.4               | 1.5          | 21.0                     | 18.6                            | 2.5          | .619                       |
| 1969 | 11.6            | 9.8                             | 4.6                   | 5.2               | 1.8          | 19.0                     | 16.1                            | 3.0          | .611                       |
| 1970 | 9.3             | 7.1                             | 3.4                   | 3.7               | 2.1          | 16.4                     | 12.6                            | 3.8          | .567                       |
| 1971 | 9.8             | 7.7                             | 3.4                   | 4.3               | 2.1          | 17.5                     | 13.8                            | 3.7          | .560                       |
| 1972 | 10.1            | 8.1                             | 3.5                   | 4.5               | 2.0          | 17.7                     | 14.2                            | 3.5          | .571                       |
| 1973 | 9.9             | 7.8                             | 3.7                   | 4.0               | 2.1          | 17.3                     | 13.7                            | 3.7          | .572                       |
| 1974 | 7.8             | 5.5                             | 3.3                   | 2.2               | 2.2          | 15.1                     | 10.8                            | 4.3          | .517                       |
| 1975 | 8.2             | 6.2                             | 2.8                   | 3.4               | 2.0          | 17.2                     | 13.1                            | 4.1          | .477                       |
| 1976 | 8.6             | 6.9                             | 3.3                   | 3.6               | 1.7          | 17.5                     | 14.0                            | 3.5          | .491                       |
| 1977 | 9.1             | 7.4                             | 3.4                   | 4.1               | 1.7          | 18.0                     | 14.6                            | 3.4          | .506                       |
| 1978 | 9.1             | 7.3                             | 3.4                   | 3.9               | 1.8          | 17.7                     | 14.1                            | 3.5          | .514                       |
| 1979 | 8.0             | 6.0                             | 3.0                   | 3.0               | 2.0          | 15.9                     | 12.0                            | 3.9          | .503                       |
| 1980 | 6.9             | 4.6                             | 2.6                   | 2.1               | 2.2          | 14.5                     | 9.8                             | 4.7          | .476                       |
| 1981 | 7.1             | 4.7                             | 2.2                   | 2.5               | 2.4          | 15.2                     | 9.9                             | 5.2          | .467                       |
| 1982 | 6.1             | 3.5                             | 1.5                   | 2.1               | 2.6          | 13.8                     | 7.9                             | 5.9          | .442                       |
| 1983 | 7.2             | 4.8                             | 1.8                   | 3.0               | 2.3          | 15.6                     | 10.6                            | 5.1          | .462                       |
| 1984 | 8.8             | 6.2                             | 2.1                   | 4.1               | 2.6          | 17.6                     | 12.5                            | 5.1          | .500                       |
| 1985 | 8.7             | 6.1                             | 1.9                   | 4.2               | 2.5          | 17.1                     | 12.2                            | 5.0          | .509                       |
| 1986 | 8.1             | 5.4                             | 2.0                   | 3.4               | 2.6          | 16.0                     | 10.8                            | 5.2          | .506                       |
| 1987 | 9.0             | 6.3                             | 2.4                   | 3.9               | 2.7          | 17.3                     | 12.1                            | 5.2          | .520                       |
| 1988 | 9.7             | 6.7                             | 2.5                   | 4.2               | 3.0          | 17.9                     | 12.4                            | 5.5          | .542                       |
| 1989 | 9.3             | 5.9                             | 2.3                   | 3.6               | 3.4          | 17.3                     | 11.0                            | 6.3          | .538                       |
| 1990 | 9.0             | 5.7                             | 2.1                   | 3.6               | 3.3          | 16.7                     | 10.6                            | 6.1          | .539                       |
| 1991 | 8.1             | 5.0                             | 1.8                   | 3.3               | 3.0          | 15.4                     | 9.6                             | 5.8          | .526                       |
| 1992 | 8.8             | 5.9                             | 2.1                   | 3.8               | 2.9          | 16.1                     | 10.9                            | 5.3          | .547                       |
| 1993 | 9.4             | 6.6                             | 2.4                   | 4.2               | 2.8          | 16.8                     | 11.8                            | 4.9          | .560                       |

Source: Table 7.

NOTE.—Columns 1–5 are percentages of the stock of net reproducible assets (structures, equipment, and inventories) valued at current replacement cost. Columns 6–8 are percentages of domestic income. Column 9 is calculated as the ratio of column 1 to column 6.

