

## Taking Account...

### Travel spending turns down in the first quarter

Real spending on travel and tourism continued to decline in the first quarter of 2009, according to the Bureau of Economic Analysis (BEA). Real spending fell at an annual rate of 5.9 percent after falling 6.9 percent in the fourth quarter of 2008. By comparison, real gross domestic product fell 5.5 percent in the first quarter after falling 6.3 percent in the fourth quarter.

Spending fell despite a 10.9 percent drop in travel and tourism prices in the first quarter, which compares with a 16.5 percent drop in the fourth quarter.

The overall decline in prices reflected in part a decline in transportation prices, which fell 23.0 percent in the first quarter after falling 36.1 percent in the fourth quarter. Prices for passenger air transportation fell 28.7 percent after falling 2.3 percent. Fuel costs continued to decrease, allowing airlines to reduce fares to stimulate demand. Prices for accommodations decreased 15.1 percent after falling 7.0 percent. Business travel continued to decline; those traveling used lower cost lodging.

Other highlights:

- Passenger air transportation continued to contract, falling 5.8 percent in the first quarter after falling 8.7 percent in the fourth quarter. Spending on domestic flights declined for the sixth consecutive quarter; however, real spending on

international flights rose 10.5 percent after an increase of 10.1 percent.

- Spending on travel accommodations fell 18.6 percent in the first quarter after a 10.4 percent decrease in the fourth quarter. The hotel industry continued to experience declining demand despite reduced room rates.
- Retail shopping by travelers showed a smaller decrease, falling 1.3 percent in the first quarter after falling 11.6 percent in the fourth quarter.
- Employment directly supported by travel and tourism fell 6.6 percent in the first quarter after falling 3.9 percent in the fourth quarter. All travel and tourism industries reduced employment in the first quarter. Overall U.S. employment fell 5.9 percent after falling 3.7 percent.

With the release of these statistics, BEA has improved the employment statistics by removing a one-quarter lag in the availability of the statistics.

For more information, visit [www.bea.gov/industry/index.htm#satellite](http://www.bea.gov/industry/index.htm#satellite).

### New NBER volume on services, intangibles

Quantitative measures of international trade have long focused on goods. However, in recent years, intangible assets and services—such as research and development and, more broadly, innovation—have become increasingly important to the in-

ternational economy. A new collection of articles published by the National Bureau of Economic Research (NBER), *International Trade in Services and Intangibles in the Era of Globalization*, looks at the challenges involved in measuring trade in services and intangibles; the comparative advantages enjoyed by U.S. service industries; heightened international competition for jobs in service sector industries, capital investment, and economic growth; and tax-related distortions in patterns of trade in services and patterns of asset-holding by foreign affiliates of multinational corporations.

Contributors from BEA include Maria Borga, whose article discussed improved measures of U.S. trade in insurance, wholesale and retail trade, and financial services; Carol A. Robbins, whose article discussed payments for use of intellectual property; Robert E. Yuskavage, Erich H. Strassner, and Gabriel W. Medeiros, whose article discussed offshore outsourcing of services; and Raymond J. Mataloni, who commented on an article about multinationals and U.S. productivity growth. The volume was edited by Marshall B. Reinsdorf of BEA and Matthew Slaughter, a professor of international economics at the Tuck School of Business, Dartmouth College, and a research associate of the NBER.

For more information, visit [www.nber.org/books/rein09-1](http://www.nber.org/books/rein09-1).