

# Preview of Revised NIPA Estimates for 1992 From the 1992 I-O Accounts

By Leon W Taub and Robert P. Parker

**T**HIS ARTICLE presents preliminary revised estimates of the major aggregates and components of the national income and product accounts (NIPA's) for 1992. The revised estimates reflect the newly available benchmark input-output (I-O) accounts for 1992, which are presented in the November 1997 issue and in this issue of the SURVEY OF CURRENT BUSINESS.<sup>1</sup> As part of the next comprehensive revision of the NIPA's, the estimates will be further revised and will incorporate definitional changes and other statistical improvements.

The first part of this article provides a brief overview of the revision; the second part describes the new source data and estimating procedures incorporated into the revised estimates; and the third part identifies some of the other changes that will be introduced in the NIPA comprehensive revision.

## *Preliminary revisions to NIPA major aggregates and components*

The presently published and preliminary revised estimates for 1992, and the amount of the revision, are shown for the five NIPA summary accounts in table A. The revised estimates of gross domestic product (GDP) and its expenditure components are based on the 1992 I-O accounts; the revised estimates of other NIPA major aggregates and components reflect the incorporation of the I-O source data and expenditure estimates that directly affect their calculation.

The revised estimate of GDP is \$10.5 billion lower, or 0.2 percent lower, than the presently published estimate for 1992. Personal consumption expenditures (PCE) more than accounts for the downward revision. PCE for durable goods was revised down \$17.7 billion. Motor vehicles and parts was revised down \$6.6 billion, primarily reflecting reduced dealer margins; furniture and household equipment was revised down \$10.7

billion. PCE for nondurable goods was revised down \$0.9 billion. Categories of nondurable goods that were revised down include "other" nondurable goods (\$4.1 billion), clothing and shoes (\$3.7 billion), and gasoline and oil (\$1.7 billion). These downward revisions were partly offset by an upward revision to PCE for food (\$7.4 billion) that reflects an improved allocation of purchased meals and beverages at certain retail and service establishments between consumption by persons (which are included in final expenditures) and purchases by business (which are intermediate purchases and are therefore not included in final expenditures) and that reflects improved estimates of the misreporting adjustments for eating and drinking places. PCE for services was revised up \$7.6 billion. Upward revisions to "other" services (\$8.4 billion) and medical care (\$6.3 billion) more than offset downward revisions to housing (\$4.2 billion) and transportation (\$3.0 billion).

Gross private domestic investment was revised up \$6.0 billion, reflecting upward revisions to nonresidential producers' durable equipment (PDE) and to structures. PDE was revised up \$4.4 billion; the revision was more than accounted for by industrial equipment and information processing and related equipment. Within information processing and related equipment, business purchases of instruments was revised up sharply, primarily as a result of a reclassification of analytical instruments from photocopy and related equipment; most other categories of information processing and related equipment were revised down. Nonresidential structures was revised up \$3.0 billion, primarily as a result of upward revisions to electric light and power structures.

Government consumption expenditures and gross investment was revised down \$6.0 billion. State and local spending was revised down \$3.9 billion as a result of the incorporation of new data from the 1992 Census of Governments. Federal spending was revised down \$2.1 billion; both defense and nondefense spending were revised

1. Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Make, Use, and Supplementary Tables," SURVEY 77 (November 1997): 36-83; and Ann M. Lawson, "Benchmark Input-Output Accounts for the U.S. Economy, 1992: Requirements Tables" in this issue.

down. As shown in account 5, line 12, the government current deficit on a NIPA basis was revised down only \$1.7 billion, because the downward revision to State and local spending and a small portion of the downward revision to Federal spending were to investment rather than to current expenditures; in addition, government transfer payments to the rest of the world was revised up \$0.3 billion.<sup>2</sup>

Net exports of goods and services was revised up \$0.5 billion; a downward revision of \$2.0 billion to exports was more than offset by a downward revision of \$2.5 billion to imports. The preliminary revised estimates of exports and imports shown in account 1 are on a NIPA basis; NIPA exports and imports include, and the I-O accounts exclude, the value of U.S. goods that are returned to the United States from other countries, foreign goods that are reexported from the United States to other countries, and certain transactions between foreigners that involve U.S. intermediaries. These differences do not cause differences between the NIPA and I-O estimates of net exports.

The revised estimate of gross national income is \$10.4 billion lower, or 0.2 percent lower, than the presently published estimate. Downward revisions to rental income of persons (\$6.2 billion) and to net interest (\$5.0 billion) more than account for the revision. Gross domestic income, which differs from gross national income by net receipts of factor income, was revised down \$11.5 billion.

In the presently published estimates for 1992, GDP is \$44.8 billion larger than gross domestic income, and the statistical discrepancy—the difference between them—is positive. Reflecting the larger downward revision to gross domestic income than to GDP, the statistical discrepancy was revised up slightly, to \$45.8 billion, or to 0.7 percent of GDP.

Personal income was revised down \$11.1 billion, or 0.2 percent, largely reflecting the downward revisions to rental income of persons and to net interest (account 2). Disposable personal income—personal income less personal tax and nontax payments—was also revised down \$11.1 billion, as taxes were not revised. As a result of the larger downward revision to disposable personal income than to personal outlays, personal saving was revised down \$2.6 billion, and the personal saving rate—personal saving as a

percentage of disposable personal income—was revised from 6.2 percent to 6.1 percent.

### *New source data and estimating procedures*

A variety of new source data and estimating procedures were incorporated into the 1992 benchmark I-O accounts. The I-O estimates incorporated detailed data that had not been available to be incorporated into the NIPA's, including data on industries that were covered for the first time in economic censuses—finance, insurance, and real estate industries and transportation, communication, and utility industries. The I-O accounts also incorporated data on sales by detailed commodity from the 1992 economic censuses and trade margins from 1992 annual surveys of merchant wholesalers and retail trade.

In addition, the detailed commodity-flow method was used to prepare the estimates of PCE and PDE in the I-O accounts.<sup>3</sup> This method enables the use of more of the detailed data from the economic censuses, of improved estimates of the sales of businesses with no employees in mining, manufacturing, and wholesale trade, which are excluded from the economic censuses, and of improved adjustments on the extent of underreporting of sales on tax returns used for the economic censuses.<sup>4</sup> Other newly incorporated source data include Credit Union National Association data and additional Federal Deposit Insurance Corporation data on bank revenues, which resulted in revisions to the estimates of imputed interest.

The major source of the I-O estimates of foreign transactions is the U.S. balance of payments accounts (BPA's). The I-O accounts reflect the 1992 estimates released in the 1996 annual BPA revision; the estimates from the 1997 revision became available too late to be incorporated. During the next comprehensive NIPA revision, the estimates for 1992 and earlier years will be revised on the basis of the BPA estimates available at that time.

### *Additional NIPA changes*

In the next comprehensive NIPA revision, BEA will incorporate the results of the 1992 I-O accounts as well as definitional and other statistical changes. As part of its Strategic Plan, BEA is conducting research in many areas, such as the treatment of

2. In the next comprehensive NIPA revision, the government current accounts will also be affected by the revisions to consumption of fixed capital that result from the revisions to investment.

3. For more information, see the box "Personal Consumption Expenditures and Producers' Durable Equipment" on page 39 of the November 1997 SURVEY.

4. See Robert P. Parker, "Improved Adjustments for Misreporting of Tax Return Information Used to Estimate the National Income and Product Accounts, 1977," SURVEY 64 (June 1984): 17-25.

purchases of software as investment.<sup>5</sup> In addition, BEA is exploring the accuracy of the present adjustments that are used to restate business incomes and depreciation that are reported on business income tax returns in order to conform them to the NIPA definition of investment.<sup>6</sup> BEA is

also evaluating a recent Census Bureau report on a potentially large understatement of the reported value of exports. To the extent that some of this research is completed before the comprehensive NIPA revision, the results may be incorporated into the extrapolators used in a regular annual NIPA revision.

---

5. See "BEA'S Mid-Decade Strategic Plan: A Progress Report," SURVEY 76 (June 1996): 52-55.

6. For more information, see the box "The Statistical Discrepancy" on page 19 of the August 1997 SURVEY.

*Table A follows.* 

Table A.—Summary National Income and Product Accounts, 1992

[Billions of dollars]

Line		Presently published	Preliminary revised	Revision	Line		Presently published	Preliminary revised	Revision
<b>Account 1.—National Income and Product Account</b>									
1	Compensation of employees .....	3,644.9	3,644.9	0	36	Personal consumption expenditures (2-3) .....	4,219.8	4,208.7	-11.1
2	Wage and salary accruals .....	2,970.6	2,970.6	0	37	Durable goods .....	488.5	470.8	-17.7
3	Disbursements (2-7) .....	2,986.4	2,986.4	0	38	Nondurable goods .....	1,321.8	1,320.9	-.9
4	Wage accruals less disbursements (3-8 and 5-5) .....	-15.8	-15.8	0	39	Services .....	2,409.4	2,417.0	7.6
5	Supplements to wages and salaries .....	674.3	674.3	0					
6	Employer contributions for social insurance (3-16) .....	323.0	323.0	0	40	Gross private domestic investment (5-1) .....	790.4	796.4	6.0
7	Other labor income (2-8) .....	351.3	351.3	0	41	Fixed investment .....	783.4	791.0	7.6
					42	Nonresidential .....	557.9	565.3	7.4
8	Proprietors' income with inventory valuation and capital consumption adjustments (2-9) .....	423.8	423.9	.1	43	Structures .....	169.2	172.2	3.0
					44	Producers' durable equipment .....	388.7	393.1	4.4
9	Rental income of persons with capital consumption adjustment (2-10) .....	79.4	73.2	-6.2	45	Residential .....	225.6	225.7	.1
					46	Change in business inventories .....	7.0	5.4	-1.6
10	Corporate profits with inventory valuation and capital consumption adjustments .....	428.0	429.0	1.0	47	Net exports of goods and services .....	-29.5	-29.0	.5
					48	Exports (4-1) <sup>1</sup> .....	639.4	637.4	-2.0
11	Corporate profits with inventory valuation adjustment .....	398.9	399.9	1.0	49	Imports (4-4) <sup>1</sup> .....	669.0	666.5	-2.5
12	Profits before tax .....	406.4	407.4	1.0					
13	Profits tax liability (3-13) .....	143.0	143.0	0	50	Government consumption expenditures and gross investment (3-1 and 5-2) .....	1,263.8	1,257.8	-6.0
14	Profits after tax .....	263.4	264.4	1.0					
15	Dividends (2-12) .....	169.5	169.5	0	51	Federal .....	528.0	525.9	-2.1
16	Undistributed profits .....	93.9	94.9	1.0	52	National defense .....	375.8	375.0	-.8
17	Inventory valuation adjustment .....	-7.5	-7.5	0	53	Nondefense .....	152.2	150.9	-1.3
18	Capital consumption adjustment .....	29.1	29.1	0	54	State and local .....	735.8	731.9	-3.9
19	Net interest (2-15) .....	414.3	409.3	-5.0					
20	<b>National income</b> .....	<b>4,990.4</b>	<b>4,980.3</b>	<b>-10.1</b>					
21	Business transfer payments .....	28.4	28.1	-.3					
22	To persons (2-19) .....	22.5	22.5	0					
23	To the rest of the world (4-9) .....	5.8	5.5	-.3					
24	Indirect business tax and nontax liability (3-14) .....	505.6	505.6	0					
25	Less: Subsidies less current surplus of government enterprises (3-7) .....	27.1	27.1	0					
26	Consumption of fixed capital (5-7) .....	713.5	713.5	0					
27	Private (5-8) .....	585.4	585.4	0					
28	Government (5-9) .....	128.2	128.2	0					
29	General government (5-10) .....	110.2	110.2	0					
30	Government enterprises (5-11) .....	18.0	18.0	0					
31	<b>Gross national income</b> .....	<b>6,210.7</b>	<b>6,200.3</b>	<b>-10.4</b>					
32	Less: Receipts of factor income from the rest of the world (4-2) .....	137.9	138.5	.6					
33	Plus: Payments of factor income to the rest of the world (4-5) .....	126.8	126.3	-.5					
34	<b>Gross domestic income</b> .....	<b>6,199.6</b>	<b>6,188.1</b>	<b>-11.5</b>					
35	Statistical discrepancy (5-14) .....	44.8	45.8	1.0					
	<b>GROSS DOMESTIC PRODUCT</b> .....	<b>6,244.4</b>	<b>6,233.9</b>	<b>-10.5</b>		<b>GROSS DOMESTIC PRODUCT</b> .....	<b>6,244.4</b>	<b>6,233.9</b>	<b>-10.5</b>
<b>Account 2.—Personal Income and Outlay Account</b>									
1	Personal tax and nontax payments (3-12) .....	650.5	650.5	0	7	Wage and salary disbursements (1-3) .....	2,986.4	2,986.4	0
2	Personal outlays .....	4,341.0	4,332.6	-8.4	8	Other labor income (1-7) .....	351.3	351.3	0
3	Personal consumption expenditures (1-36) .....	4,219.8	4,208.7	-11.1					
4	Interest paid by persons (2-17) .....	111.7	111.7	0	9	Proprietors' income with inventory valuation and capital consumption adjustments (1-8) .....	423.8	423.9	.1
5	Personal transfer payments to the rest of the world (net) (4-7) .....	9.6	12.3	2.7					
6	Personal saving (5-4) .....	285.6	283.0	-2.6	10	Rental income of persons with capital consumption adjustment (1-9) .....	79.4	73.2	-6.2
					11	Personal dividend income .....	159.4	159.4	0
					12	Dividends (1-15) .....	169.5	169.5	0
					13	Less: Dividends received by government (3-6) .....	10.1	10.1	0
					14	Personal interest income .....	667.2	662.2	-5.0
					15	Net interest (1-19) .....	414.3	409.3	-5.0
					16	Net interest paid by government (3-5) .....	141.2	141.2	0
					17	Interest paid by persons (2-4) .....	111.7	111.7	0
					18	Transfer payments to persons .....	858.2	858.2	0
					19	From business (1-22) .....	22.5	22.5	0
					20	From government (3-3) .....	835.7	835.7	0
					21	Less: Personal contributions for social insurance (3-17) .....	248.4	248.4	0
	<b>PERSONAL TAXES, OUTLAYS, AND SAVING</b> .....	<b>5,277.2</b>	<b>5,266.1</b>	<b>-11.1</b>		<b>PERSONAL INCOME</b> .....	<b>5,277.2</b>	<b>5,266.1</b>	<b>-11.1</b>

Table A.—Summary National Income and Product Accounts, 1992—Continued

Line		Pres- ently pub- lished	Pre- limi- nary revised	Revi- sion	Line		Pres- ently pub- lished	Pre- limi- nary revised	Revi- sion
<b>Account 3.—Government Receipts and Expenditures Account</b>									
1	Consumption expenditures (1–50) .....	1,054.7	1,052.7	-2.0	12	Personal tax and nontax payments (2–1) .....	650.5	650.5	0
2	Transfer payments .....	852.3	852.6	.3	13	Corporate profits tax liability (1–13) .....	143.0	143.0	0
3	To persons (2–20) .....	835.7	835.7	0	14	Indirect business tax and nontax liability (1–24) .....	505.6	505.6	0
4	To the rest of the world (net) (4–8) .....	16.6	16.9	.3	15	Contributions for social insurance .....	571.4	571.4	0
5	Net interest paid (2–16) .....	141.2	141.2	0	16	Employer (1–6) .....	323.0	323.0	0
6	Less: Dividends received by government (2–13) .....	10.1	10.1	0	17	Personal (2–21) .....	248.4	248.4	0
7	Subsidies less current surplus of government enterprises (1–25) .....	27.1	27.1	0					
8	Less: Wage accruals less disbursements (1–4) .....	0	0	0					
9	Current surplus or deficit (-), national income and product accounts (5–12) .....	-194.6	-192.9	1.7					
10	Federal .....	-280.9	-279.2	1.7					
11	State and local .....	86.3	86.3	0					
	<b>GOVERNMENT CURRENT EXPENDITURES AND SURPLUS ....</b>	<b>1,870.6</b>	<b>1,870.6</b>	<b>0</b>		<b>GOVERNMENT RECEIPTS .....</b>	<b>1,870.6</b>	<b>1,870.6</b>	<b>0</b>
<b>Account 4.—Foreign Transactions Account</b>									
1	Exports of goods and services (1–48) <sup>1</sup> .....	639.4	637.4	-2.0	4	Imports of goods and services (1–49) <sup>1</sup> .....	669.0	666.5	-2.5
2	Receipts of factor income (1–32) .....	137.9	138.5	.6	5	Payments of factor income (1–33) .....	126.8	126.3	-.5
3	Capital grants received by the United States (net) (5–13) .....	0	0	0	6	Transfer payments to the rest of the world (net) .....	32.0	34.7	2.7
					7	From persons (net) (2–5) .....	9.6	12.3	2.7
					8	From government (net) (3–4) .....	16.6	16.9	.3
					9	From business (1–23) .....	5.8	5.5	-.3
					10	Net foreign investment (5–3) .....	-50.5	-51.6	-1.1
	<b>RECEIPTS FROM THE REST OF THE WORLD .....</b>	<b>777.3</b>	<b>775.9</b>	<b>-1.4</b>		<b>PAYMENTS TO THE REST OF THE WORLD .....</b>	<b>777.3</b>	<b>775.9</b>	<b>-1.4</b>
<b>Account 5.—Gross Saving and Investment Account</b>									
1	Gross private domestic investment (1–40) .....	790.4	796.4	6.0	4	Personal saving (2–6) .....	285.6	283.0	-2.6
2	Gross government investment (1–50) .....	209.1	205.1	-4.0	5	Wage accruals less disbursements (private) (1–4) .....	-15.8	-15.8	0
3	Net foreign investment (4–10) .....	-50.5	-51.6	-1.1	6	Undistributed corporate profits with inventory valuation and capital consumption adjustments .....	115.5	116.5	1.0
					7	Consumption of fixed capital (1–26) .....	713.5	713.5	0
					8	Private (1–27) .....	585.4	585.4	0
					9	Government (1–28) .....	128.2	128.2	0
					10	General government (1–29) .....	110.2	110.2	0
					11	Government enterprises (1–30) .....	18.0	18.0	0
					12	Government current surplus or deficit (-), national income and product accounts (3–9) .....	-194.6	-192.9	1.7
					13	Capital grants received by the United States (net) (4–3) .....	0	0	0
					14	Statistical discrepancy (1–35) .....	44.8	45.8	1.0
	<b>GROSS INVESTMENT .....</b>	<b>949.1</b>	<b>950.0</b>	<b>.9</b>		<b>GROSS SAVING AND STATISTICAL DISCREPANCY .....</b>	<b>949.1</b>	<b>950.0</b>	<b>.9</b>

1. The preliminary revised values of exports and imports differ from those in the I-O accounts by U.S. goods returned from other countries, reexports of foreign goods, and foreign-to-foreign transactions. In the I-O accounts, these items are subtracted from both exports and imports.

NOTE.—Numbers in parentheses indicate accounts and items of counterentry in the accounts. For example, the counterentry for wage and salary disbursements (2–7), is in account 2 line 7.  
Source: Presently published estimates appear in the August 1997 SURVEY OF CURRENT BUSINESS.