

## Benchmark Input-Output Accounts for the U.S. Economy, 1987: Requirements Tables

THIS REPORT COMPLETES the presentation of the 1987 benchmark input-output (I-O) accounts for the U.S. economy. An article in last month's SURVEY OF CURRENT BUSINESS discussed the procedures used for the 1987 benchmark and described the concepts and methods underlying the I-O accounts; it presented, and illustrated how to use, the I-O make table (table 1) and use table (table 2).<sup>1</sup> This report presents, and illustrates how to use, the three remaining basic I-O tables: The commodity-by-industry direct requirements for a dollar of industry output, the commodity-by-commodity total requirements, direct and indirect, for a dollar of delivery to final use, and the industry-by-commodity total requirements, direct and indirect, for a dollar of delivery to final use.

### The commodity-by-industry direct requirements table

The commodity-by-industry direct requirements for a dollar of industry output table is presented in two parts: Table 3.1 shows the input coefficients for each commodity that an industry requires to produce a dollar of output; table 3.2 shows component detail for the value added input coefficients that an industry requires to produce a dollar of output. The input coefficients in both tables are also referred to as "direct requirements coefficients." The coefficients for total intermediate inputs plus the total value added for each industry equal 1.00000.

Tables 3.1 and 3.2 are derived from tables 2.1 and 2.2, respectively, by dividing each industry's commodity or value added component by that industry's total output. However, table 3.1, unlike table 2.1, does not include the components of final uses or gross domestic product.

In table 3.1, each column shows, for the industry named at the head of the column, the input coefficients for the commodities and for the total value added that an industry directly requires to produce a dollar of output. Each row names the commodity or the total value added that the industry requires. For example, to produce a dollar of output, the radio and TV broadcasting industry (column 67) has direct requirements for 1.60 cents (calculated as  $100 \times 0.01601$  from the table) of the commodity radio and TV broadcasting (row 67) and 0.28 cent of the commodity advertising (row 73D).

In table 3.2, industries are shown in the rows, and total output, total intermediate inputs, and the components of value added required to produce a dollar of output are shown in the columns.<sup>2</sup> For example, to produce a dollar of output, the radio and TV broadcasting industry (row 67) has direct requirements for 45.79 cents of value added; these requirements consist of 33.63 cents of labor compensation, 2.04 cents of indirect business tax and non-

tax liability, and 10.12 cents of other value added. The industry has direct requirements of 54.21 cents for intermediate inputs, which are shown in detail in column 67 of table 3.1.

The information in table 3.1 can be used with the make table (table 1) to trace the changes in an industry's output, as well as the changes in that industry's total requirements for other industries' output, that result from a change in final uses of a commodity. For example, tables 1 and 3.1 can be used to trace the direct effects on all industries producing household appliances of a \$1 million increase in sales of household appliances to final users.

Table 1 shows that total output of the commodity household appliances (column 54) was about \$16 billion. The household appliances industry (row 54) produced \$15 billion, or 95 percent, of this commodity; the audio, video, and communication equipment industry (row 56) produced \$0.3 billion, or 2 percent, and 21 other industries produced the rest. Based on these proportions, production in the household appliances industry would initially increase \$950,000 ( $\$1,000,000 \times 0.95$ ) to meet the \$1 million increase in household appliances sold to final users. Production in the audio, video, and communication equipment industry would increase \$20,000 ( $\$1,000,000 \times 0.02$ ), and production in the 21 other industries would increase \$30,000.

Table 3.1 can then be used to determine the commodities required by each industry to produce its share of the \$1 million of household appliances sold to final users. The commodities required by the household appliances industry will be traced first. Column 54 in table 3.1 shows that the household appliances industry would require, in addition to other commodity inputs, \$4,921 ( $\$950,000 \times 0.00518$ ) of household appliances (row 54); to provide this commodity input, the industry's production would have to increase an additional \$4,675 ( $\$4,921 \times 0.95$ ). Thus, the increase in the production of the household appliances industry would be \$954,675 ( $\$950,000$  for final users plus \$4,675 for its own intermediate use). This production in turn would require \$71,085 ( $\$954,675 \times 0.07446$ ) of primary iron and steel manufacturing (row 37), \$39,886 ( $\$954,675 \times 0.04178$ ) of rubber and miscellaneous plastics products (row 32), and so on down column 54 in table 3.1. From table 3.2, the value added required by the household appliances industry would total \$409,823 ( $\$954,675 \times 0.42928$ ). Of this total, \$227,489 ( $\$954,675 \times 0.23829$ ) is compensation of employees, \$7,867 ( $\$954,675 \times 0.00824$ ) is indirect business tax and nontax liability, and \$174,467 ( $\$954,675 \times 0.18275$ ) is other value added.

The information in tables 1 and 3.1 now can be used to trace the continuing repercussions on the output of other industries from the \$954,675 of additional output produced by the household appliances industry. For example, to supply the primary iron and steel manufacturing required by the household appliances industry, the primary iron and steel manufactur-

1. See "Benchmark Input-Output Accounts for the U.S. Economy," SURVEY 74 (April 1994): 73-115.

2. For the caveats on using the value added estimates, see "Benchmark Input-Output Accounts, 1987," 76.

ing industry (column 37 in table 3.1) requires \$5,995 (\$39,886 × 0.15029) of its own products (row 37 in table 3.1) plus \$585 (\$45,881 × 0.01275) of general industrial machinery and equipment (row 49), \$976 (\$45,881 × 0.02128) of coal mining (row 7), and so on. Similarly, all the other industries that produce primary iron and steel manufacturing (column 37 in table 1) as secondary products—for example, primary nonferrous metals manufacturing (row 38 in table 1)—would also require commodities to produce their shares of the output of primary iron and steel manufacturing that is required by the household appliances industry.

Similarly, the continuing effects of each industry producing its share of the \$1 million of household appliances sold to final users can be traced, and the increase in production required from each industry can be derived. For each industry producing household appliances, either as a primary product or as a secondary product, the direct requirements coefficients corresponding to that same industry are used from tables 3.1 and 3.2.<sup>3</sup> For example, for household appliances as a primary product of the household appliances industry, the direct requirements coefficients from column 54 in table 3.1 are used; for household appliances as a secondary product of the audio, video, and communication equipment industry, the coefficients from column 56 are used.

Alternatively, the total commodity and industry outputs resulting from changes in final uses can be calculated more easily from the total requirements tables. These tables—which combine the information shown in tables 1, 3.1, and 3.2—completely trace and summarize the continuing repercussions of a dollar change in final use of a specified commodity.

3. For a discussion of the “industry-based technology assumption,” which underlies this approach, see “Benchmark Input-Output Accounts, 1987,” 82.

**The commodity-by-commodity total requirements table**

The commodity-by-commodity total requirements table (table 4) shows the inputs for each commodity that are directly and indirectly required to deliver a dollar of the commodity to final users. The head of each column names the commodity delivered to final users, and each row shows the total production of the commodity that is required. The coefficients in this table are referred to as “commodity-by-commodity total requirements coefficients.” The table is derived from both the make and use tables.<sup>4</sup>

In the household appliances example, the total requirements for each commodity can be calculated from the entries in column 54. Providing consumers with \$1 million of household appliances would require \$1,005,120 (\$1,000,000 × 1.00512) of household appliances (row 54) from all industries. Similarly, it would require \$24,830 (\$1,000,000 × 0.02483) of paperboard containers and boxes (row 25), \$41,080 (\$1,000,000 × 0.04108) of plastics and synthetic materials (row 28), and so on.

The total at the bottom of each column in table 4 is the sum of all the changes in commodity outputs that are required to deliver a dollar of a commodity to final users. Because each total change is a dollar multiple of the initial dollar spent for the output of the given commodity, the total change in output is often called the total commodity output multiplier.

The total commodity output multipliers can be used to estimate the impact of changes in the final uses of commodities on total commodity output. For example, for the household appliances commodity (column 54), the total commodity out-

4. The derivation of this table and the industry-by-commodity total requirements table is available on the diskettes that are offered for sale (see the box below).

*Text continues on page 86.*

**Data Availability**

The estimates from the 1987 benchmark I-O accounts are available on diskette at two-digit (95 I-O industries) and six-digit (480 I-O industries) levels. They can be ordered for “transactions,” for “total requirements,” or for “all.” “Transactions” includes the six-digit make table, use table, direct requirements coefficients table, and estimates by commodity of transportation costs and of wholesale and retail trade margins. “Total requirements” includes six-digit industry-by-commodity or commodity-by-commodity coefficients. Products specifying “all” contain all above data, but for the two-digit I-O industry level only. Each product includes information on the mathematical derivation of the coefficients tables. The BEA accession numbers and the prices for these products are listed below.

For further information about I-O products or when ordering by MasterCard or Visa, call the Interindustry Economics Division at (202) 606-5585. To order by mail, write to the Public Information Office, Order Desk, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230. Specify the item, accession number, and price of the product. For foreign shipment, add 25 percent to the total amount of the order. A check or money order payable to “Bureau of Economic Analysis” must accompany all written orders. Be sure to include a return address.

Item	BEA accession number	Price
<i>Diskettes (3 1/2 inch HD)</i>		
1987 benchmark six-digit, transactions (three diskettes)	51-94-40-001	\$40
1987 benchmark six-digit, industry-by-commodity total requirements (two diskettes) .....	51-94-40-002	40
1987 benchmark six-digit, commodity-by-commodity total requirements (two diskettes) .....	51-94-40-003	40
1987 benchmark two-digit, all .....	51-94-40-004	20
1987 benchmark commodity composition of NIPA final demand .....	51-94-40-005	20
1987 benchmark personal consumption expenditures and producers' durable equipment by NIPA category .....	51-94-40-006	20

BEA's 1987 benchmark I-O accounts, at both the two-digit and six-digit levels, are also available on CD-ROM through the Commerce Department's National Economic, Social, and Environmental Data Bank (NESE-DB) CD-ROM. The NESE-DB CD-ROM is produced quarterly in February, May, August, and November. Call the Office of Business Analysis at (202) 482-1986 for more information or to place an order. The NESE-DB CD-ROM is available for public use at over 900 Federal Depository Libraries.





















Total Requirements, 1987 Benchmark

of delivery to final demand, at producers' prices]

Table with columns: Food and kindred products, Tobacco products, Broad and narrow fabrics, yarn and thread mills, Miscellaneous textile goods and floor coverings, Apparel, Miscellaneous fabricated textile products, Lumber and wood products, Furniture and fixtures, Paper and allied products, except containers, Paper-board containers and boxes, News-papers and periodicals, Other printing and publishing, Industrial and other chemicals, Agricultural fertilizers and chemicals, Plastics and synthetic materials, Drugs, Cleaning and toilet preparations, Paints and allied products, Commodity number. Rows contain numerical values for each category, with summary rows at the bottom.

Table 4.—Commodity-by-Commodity [Total requirements, direct and indirect, per dollar

Table with 13 columns: Commodity number, Commodity description, and 12 commodity-specific columns (31-42). Rows include categories like Livestock, Agriculture, Forestry, Mining, Manufacturing, and Services.

\*Less than .000005.















Total Requirements, 1987 Benchmark—Continued

of delivery to final demand, at producers' prices]

Table with 20 columns representing industry sectors (26A to 41) and one column for 'Industry number'. Each row contains numerical values for these categories, representing total requirements for various goods and services.



Total Requirements, 1987 Benchmark—Continued

of delivery to final demand, at producers' prices]

Table with 18 columns for industry categories (54-66) and an 'Industry number' column. Each category contains a list of numerical values representing requirements. The table is organized into rows corresponding to different sub-categories within each industry.







*Text continues from page 63.*

put multiplier is 2.14598 (the sum of all the entries in the column). The total dollar change in all commodity output that is required for an additional \$1,000,000 of household appliances delivered to final users is \$2,145,980 ( $\$1,000,000 \times 2.14598$ ).

#### ***The industry-by-commodity total requirements table***

The industry-by-commodity total requirements table (table 5) shows the input requirements coefficients for the output from each industry that is directly and indirectly required to deliver a dollar of a commodity to final users. The head of each column names the commodity delivered to final users, and each row shows the total production that is required from an industry. The coefficients in this table are referred to as "industry-by-commodity total requirements coefficients." The table is also derived from both the make and use tables.<sup>5</sup>

The calculations made using this table are similar to those for the commodity-by-commodity total requirements table. For example, to provide final users with an additional \$1 million of household appliances, the household appliances industry (row 54) is required to produce \$955,360 ( $\$1,000,000 \times 0.95536$ ) of industry output; the paperboard containers and boxes industry (row 25) is required to produce \$24,810 ( $\$1,000,000 \times 0.02481$ ) of industry output, the plastics and synthetic materials industry (row 28) is required to produce \$36,130 ( $\$1,000,000 \times 0.03613$ ) of industry output, and so on.

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5. See footnote 4.

The total at the bottom of each column in table 5 is the sum of all the changes in industry outputs that are required to deliver a dollar of a commodity to final users. Because each total change is a dollar multiple of the initial dollar spent for the output of the given industry, the total change in output is often called the total industry output multiplier.

The total industry output multipliers can be used to estimate the impact of changes in the final uses of commodities on total industry output. For example, the total industry output multiplier for the household appliances commodity (column 54) is 2.13254 (the sum of all the entries in the column). The total dollar change in the output of all industries that is required for an additional \$1,000,000 of household appliances delivered to final users is \$2,132,540 ( $\$1,000,000 \times 2.13254$ ).

#### ***Total multipliers***

The total multipliers in tables 4 and 5 are similar but not identical. The main reason for the difference is that the commodity multiplier includes "noncomparable imports," which by definition do not have a domestic-industry counterpart and are not included in the column total industry multiplier in the commodity-by-industry total requirements table.

When using the two total requirements tables, one should be aware that the amount of output required to deliver a dollar of commodity to final users includes both imported and domestically supplied commodities. However, both the total commodity output multiplier and the total industry output multiplier represent the output required as if all of the commodity were domestically supplied. Therefore, if a portion of the commodity is imported, the impact on domestic output would be lower than that implied by the multiplier. 