

Annual Revision of the National Income and Product Accounts

Annual Estimates, 1999–2001

Quarterly Estimates, 1999:I–2002:I

By Eugene P. Seskin and Stephanie H. McCulla

IN this issue of the *SURVEY OF CURRENT BUSINESS*, the Bureau of Economic Analysis (BEA) presents revised estimates of the national income and product accounts (NIPAs) for 1999–2001 and the first quarter of 2002.¹ As is usual in annual NIPA revisions, these estimates incorporate newly available source data that are more complete, more detailed, and otherwise more appropriate than those that were previously incorporated.

Both the revised and the previously published estimates show similar quarterly patterns of growth in real gross domestic product (GDP) in 1999 and 2000. However, the revised estimates show that GDP declined in each of the first three quarters of 2001, whereas the previously published estimates showed positive, albeit decelerating, growth in the first two quarters of 2001 and a decline in the third quarter. Both sets of estimates show GDP growth resuming in the fourth quarter of 2001.

Additional highlights of this year's annual revision are the following:

- The growth rate of real GDP from 1998 to 2001 was revised down from 3.1 percent to 2.7 percent. The largest contributors to the downward revision were downward revisions to the growth in personal consumption expenditures (PCE) and nonresidential fixed investment.
- For 2001, the revised estimates show that real GDP grew 0.3 percent; the previous estimate was 1.2 percent. Most of the revision was accounted for by slower growth of PCE and by larger declines in nonresidential fixed investment and in inventory investment.
- The percent change at an annual rate in real GDP was revised down from 1.3 percent to –0.6 percent for the first quarter of 2001, was revised down from

0.3 percent to –1.6 percent for the second quarter of 2001, and was revised up from –1.3 percent to –0.3 percent for the third quarter of 2001.

- For 2001, personal income was revised down 0.4 percent. Wages and salaries was revised down 2.9 percent, and personal interest income was revised up 9.8 percent.
- Both the revised and the previously published estimates show that the slowdown in real GDP growth began in the second half of 2000, that the contraction in 2001 was mild, and that the trough was in the third quarter of 2001.
- Both sets of estimates show that the major contributors to the slowdown in real GDP growth from 2000 to 2001 were downturns in investment spending and exports and a slowdown in consumer spending. The contributions of these components were partly offset by a downturn in imports (which are subtracted in calculating GDP).

This annual revision features several important changes in methodology.

- A new methodology and revision schedule for the quarterly estimates of wages and salaries and related income-side components will enable the more timely incorporation of the comprehensive wage and salary tabulations of employees covered by State unemployment insurance from the Bureau of Labor Statistics (BLS). This change will reduce annual revisions to wages and salaries and thus provide more timely and reliable information to budget forecasters and other data users. (See the box “Revisions to Wages and Salaries and to Profits” on page 24.)
- Several new price indexes have been introduced to improve the real estimates of PCE, of foreign transactions, and of Federal Government spending (consumption expenditures and gross investment).

The first section of this article discusses the impact of the revisions on key NIPA measures of economic

1. For information about the structure, definitions, presentation, and methodologies that underlie the NIPAs, go to BEA's Web site at <www.bea.gov>, click on “Methodologies,” and under “National programs,” see “An Updated Guide to the NIPAs.”

activity, and the second section provides a summary of the revisions and the major source data underlying them. The third section describes the changes in the methodology used to prepare the estimates and a change in the presentation of the NIPA tables. Appendix A shows, in current dollars, the revised annual estimates and the revisions for the five summary accounts of the NIPA's. Tables presenting most of the revised monthly, quarterly, and annual NIPA estimates and the "advance" estimates for the second quarter of 2002 follow this article. In addition, tables presenting historical estimates for GDP and other major NIPA series from 1929 forward begin on page 123.

Impact of the Revisions

According to the revised estimates, the economy grew at a slower rate than that indicated by the previously published estimates: From the fourth quarter of 1998 to the first quarter of 2002, the average annual rate of change in real GDP was revised down 0.4 percentage point to 2.4 percent (table 1). In the revised estimates, PCE, equipment and software, imports of goods, and residential fixed investment were weaker; imports of services, nonresidential structures, and Federal nondefense spending were stronger; and change in private in-

ventories, exports of goods and services, Federal defense spending, and State and local spending were little revised.

From its cyclical trough in the first quarter of 1991 to its peak in the fourth quarter of 2000, GDP expanded at an average annual rate of 3.5 percent (unrevised from the previous estimate). After the fourth-quarter peak, real GDP decreased a total of 0.6 percent (0.8 percent at an average annual rate) in the first three quarters of 2001. GDP then increased 2.7 percent in the fourth quarter of 2001 and 5.0 percent in the first quarter of 2002 (annual rates). The previous estimates had shown that GDP decreased a total of 0.3 percent (1.3 percent at an annual rate) and that the decrease occurred in only a single quarter—the third quarter of 2001; it then increased 1.7 percent in the fourth quarter of 2001 and 6.1 percent in the first quarter of 2002 (annual rates).

For 1999, the percent change in real GDP from the preceding year was unrevised at 4.1 percent (chart 1). For 2000 and 2001, the percent changes were revised down: From 4.1 percent to 3.8 percent for 2000 and from 1.2 percent to 0.3 percent for 2001. (In the annual NIPA revisions since 1979, the revisions to the annual estimates of real GDP—without regard to sign—have

Table 1. Real GDP and Its Major Components: Change From 1998:IV to 2002:I

[Billions of chained (1996) dollars, seasonally adjusted annual rates]

	1998:IV	Previously published				Revised				Revision in change	
		2002:I	Change for 1998:IV–2002:I		2002:I	Change for 1998:IV–2002:I		2002:I	Percent (annual rate)	Dollars	Percentage points
			Dollars	Percent (annual rate)		Dollars	Percent (annual rate)				
Gross domestic product	8,667.9	9,488.6	820.7	2.8	9,363.2	695.3	2.4	-125.4	-0.4		
Personal consumption expenditures	5,784.7	6,593.5	808.8	4.1	6,513.8	729.1	3.7	-79.7	-0.4		
Durable goods.....	767.3	996.8	229.5	8.4	975.9	208.6	7.7	-20.9	-0.7		
Nondurable goods.....	1,715.3	1,931.1	215.8	3.7	1,921.4	206.1	3.6	-9.7	-0.1		
Services.....	3,307.6	3,692.6	385.0	3.4	3,642.2	334.6	3.0	-50.4	-0.4		
Gross private domestic investment	1,612.1	1,599.5	-12.6	-0.2	1,554.0	-58.1	-1.1	-45.5	-0.9		
Fixed investment.....	1,531.7	1,618.8	87.1	1.7	1,576.4	44.7	0.9	-42.4	-0.8		
Nonresidential.....	1,175.4	1,225.3	49.9	1.3	1,188.4	13.0	0.3	-36.9	-1.0		
Structures.....	265.1	234.2	-30.9	-3.7	243.2	-21.9	-2.6	9.0	1.1		
Equipment and software.....	912.9	1,005.9	93.0	3.0	953.7	40.8	1.4	-52.2	-1.6		
Residential.....	357.4	389.0	31.6	2.6	383.6	26.2	2.2	-5.4	-0.4		
Change in private inventories.....	80.0	-27.7	-107.7	.....	-28.9	-108.9	.....	-1.2	.....	
Net exports of goods and services	-239.2	-434.5	-195.3	.....	-446.6	-207.4	.....	-12.1	.....	
Exports.....	1,025.6	1,029.3	3.7	0.1	1,030.6	5.0	0.1	1.3	0.0		
Goods.....	742.8	736.4	-6.4	-0.3	738.1	-4.7	-0.2	1.7	0.1		
Services.....	283.3	291.9	8.6	0.9	292.2	8.9	1.0	0.3	0.1		
Imports.....	1,264.8	1,463.8	199.0	4.6	1,477.1	212.3	4.9	13.3	0.3		
Goods.....	1,070.6	1,256.5	185.9	5.1	1,250.0	179.4	4.9	-6.5	-0.2		
Services.....	194.6	206.4	11.8	1.8	225.5	30.9	4.6	19.1	2.8		
Government consumption expenditures and gross investment	1,504.8	1,690.9	186.1	3.7	1,697.3	192.5	3.8	6.4	0.1		
Federal.....	531.7	590.7	59.0	3.3	597.8	66.1	3.7	7.1	0.4		
National defense.....	345.8	389.2	43.4	3.7	388.5	42.7	3.6	-0.7	-0.1		
Nondefense.....	185.8	201.6	15.8	2.5	209.3	23.5	3.7	7.7	1.2		
State and local.....	972.8	1,099.8	127.0	3.8	1,099.3	126.5	3.8	-0.5	0.0		
Addenda:											
Final sales of domestic product.....	8,588.5	9,501.6	913.1	3.2	9,379.4	790.9	2.7	-122.2	-0.5		
Gross domestic purchases.....	8,896.6	9,896.2	999.6	3.3	9,778.2	881.6	2.9	-118.0	-0.4		
Gross national product.....	8,662.0	9,475.3	813.3	2.8	9,367.5	705.5	2.4	-107.8	-0.4		
Gross domestic income.....	8,700.3	9,644.2	943.9	3.2	9,470.4	770.1	2.6	-173.8	-0.6		

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quan-

tity indexes uses the weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

averaged 0.3 percentage point.)

On a fourth-quarter-to-fourth-quarter basis, the increase in real GDP during 1999 was revised down from 4.4 percent to 4.3 percent, the increase during 2000 was revised down from 2.8 percent to 2.3 percent, and the increase during 2001 was revised down from 0.5 percent to 0.1 percent.

The revisions to the quarterly estimates of the percent change in real GDP for 2001 were particularly notable: For the first quarter, down 1.9 percentage points to -0.6 percent; for the second quarter, down 1.9 percentage points to -1.6 percent; for the third quarter, up 1.0 percentage point to -0.3 percent; and for the fourth quarter, up 1.0 percentage point to 2.7 percent. In terms of indicating whether the economy was picking up or slowing down, the revised estimates for 1999 and 2000 mirror the previously published estimates for all eight quarters. Both the revised and previously published estimates also show a pickup in growth in the first quarter of 2002.²

The revised estimates show about the same rate of increase in prices as that shown by the previously published estimates. From the fourth quarter of 1998 to the first quarter of 2002, the average annual rate of increase in the price index for gross domestic purchases was unrevised at 1.8 percent, and the average annual rate of increase in the GDP price index was unrevised

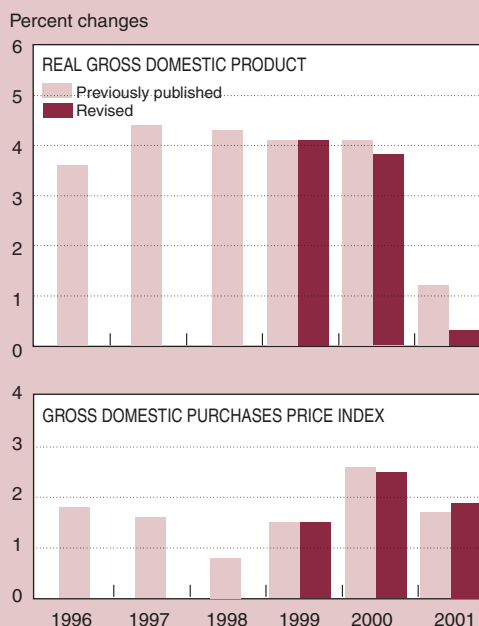
2. For an analysis of the reliability of the estimates of real GDP, see Dennis J. Fixler and Bruce T. Grimm, "Reliability of GDP and Related NIPA Estimates," SURVEY 82 (January 2002): 9-27.

**Table 2. Chain-Type Price Indexes:
Change from 1998:IV to 2002:I**

	Percent change for 1998:IV-2002:I (annual rate)		Revision in change (percentage points)
	Previously published	Revised	
Gross domestic product	1.9	1.9	0.0
Less: Exports of goods and services.....	0.2	-0.2	-0.4
Plus: Imports of goods and services.....	-0.1	0.1	0.2
Equals: Gross domestic purchases	1.8	1.8	0.0
Personal consumption expenditures	1.9	1.9	0.0
Durable goods.....	-2.1	-2.2	-0.1
Nondurable goods.....	2.0	2.0	0.0
Services.....	2.7	2.7	0.0
Gross private domestic investment	0.4	0.6	0.2
Fixed investment.....	0.5	0.6	0.1
Nonresidential.....	-0.6	-0.5	0.1
Structures.....	3.3	2.8	-0.5
Equipment and software.....	-1.9	-1.5	0.4
Residential.....	3.6	3.8	0.2
Change in private inventories.....	.....	.....	.....
Government consumption expenditures and gross investment	2.7	2.8	0.1
Federal.....	2.5	2.7	0.2
National defense.....	2.5	2.5	0.0
Nondefense.....	2.5	3.0	0.5
State and local.....	2.9	2.9	0.0
Addenda:			
Final sales of domestic product.....	1.9	1.9	0.0
Gross national product.....	1.9	1.9	0.0

CHART 1

Revisions to Annual Percent Changes in Featured Measures



U.S. Bureau of Economic Analysis

at 1.9 percent (table 2). The percent change from the preceding year for the price index for gross domestic purchases was unrevised at 1.5 percent for 1999, was revised down 0.1 percentage point to 2.5 percent for 2000, and was revised up 0.2 percentage point to 1.9 percent for 2001 (chart 1).

Summary of the Revisions

In general, the annual revisions to real GDP reflect four factors: (1) Revisions to the current-dollar components of GDP for which chained-dollar estimates are prepared by deflation, (2) revisions to the prices used in deflation, (3) revisions to the quantities used to estimate components of real GDP by extrapolation or direct valuation, and (4) revisions resulting from the use of revised and updated weights in the calculation of real GDP.³ In this year's annual revision, the first factor accounted for most of the revisions.

The first part of this section describes the revisions to the percent changes in the annual estimates of real GDP and its major components, and the second part

3. For the GDP components for which chained-dollar estimates are prepared by extrapolation or by direct valuation, the current-dollar and chained-dollar estimates are based on independent source data; consequently, the corresponding revisions are unrelated. For a list of these components, see table 2 in "Updated Summary NIPA Methodologies," SURVEY 81 (October 2001): 18-41; an updated version of table 2 will be published in the October 2002 SURVEY.

describes the revisions to the quarterly estimates. The third part describes the revisions to the current-dollar NIPA estimates and discusses the sources of these revisions. The fourth part describes the revisions to the annual price estimates.

Annual real GDP estimates

The annual percent change in real GDP was unrevised at 4.1 percent for 1999, was revised down 0.3 percentage point to 3.8 percent for 2000, and was revised down 0.9 percentage point to 0.3 percent for 2001 (table 3).

For 2000, the largest contributors to the downward revision to real GDP growth were fixed investment in equipment and software, PCE for nondurable goods, and PCE for durable goods; the contributions of these components were partly offset by an upward revision to change in private inventories. For 2001, the largest contributors to the downward revision to real GDP growth were PCE for services, equipment and software investment, change in private inventories, and State

and local consumption expenditures and gross investment; the contributions of these components were partly offset by an upward revision to Federal nondefense consumption expenditures and gross investment.

Revisions to the components of real GDP. The annual percent change in real PCE was revised down for all 3 years: 0.1 percentage point to 4.9 percent for 1999, 0.4 percentage point to 4.4 percent for 2000, and 0.6 percentage point to 2.5 percent for 2001 (table 4). For 1999, the downward revision was primarily accounted for by PCE for durable goods, particularly motor vehicles and parts. For 2000, the revision reflected downward revisions to all three major components of PCE: PCE for nondurable goods (mainly "other" nondurable goods and clothing and shoes), PCE for durable goods (widespread), and PCE for services (mainly housing services, medical care, and "other" services). For 2001, the revision was primarily accounted for by a large downward revision to PCE for services (mainly "other" services).

The change in nonresidential fixed investment was

Acknowledgments

Brent R. Moulton, Associate Director for National Income, Expenditures, and Wealth Accounts, supervised the preparation of this year's annual revision of the national income and product accounts. Carol E. Moylan, Chief of the National Income and Wealth Division, and Brooks B. Robinson, Chief of the Government Division, directed major parts of the revision. David F. Sullivan—assisted by Arnold J. Katz, Janet H. Kmitch, Stephanie H. McCulla, Karin E. Moses, Ann M. Weidman, and Ernest D. Wilcox—coordinated and conducted the estimation and review process.

Eugene P. Seskin and Stephanie H. McCulla wrote the article. Duane G. Hackmann, Nicole Mayerhauser, and Teresa L. Weadock prepared analyses and other review materials for both the article and the news release. Mary Carol Barron, Michael J. Boehm, James J. Raley III, John Sporing, Jr., Mary D. Young, and Alexander J. Yuskavage developed and operated the computer systems that were used to compile, check, analyze, and report the final estimates. Wanda Y. Chambers prepared review materials for selected Federal Government estimates.

Other BEA staff who made significant contributions to the revision are listed below.

Personal consumption expenditures: **Clinton P. McCully.** *Goods:* **M. Greg Key,** Harvey L. Davis, Jr., Everette P. Johnson, Ralph W. Morris. *Services:* **Michael Armah,** Waqaas Fahmawi, Robert N. Ganz III, Jerome T. Grzeskiewicz, Jr., Farah Naz.

Investment and Foreign transactions: **Paul R. Lally.** *Inventories and structures:* **Jennifer A. Ribarsky,** Debra M. Blagburn, Velma P. Henry, Christopher Lucas, Tony Troy. *Foreign transactions, equipment, software, and prices:*

David B. Wasshausen, Randal T. Matsunaga, Nadia F.P. Sadée, Todd P. Siebeneck, Linden L. Webber.

Federal Government: **Pamela A. Kelly,** W. Robert Armstrong, Peter G. Beall, Maryan M. Chirayath, Christopher G. Falcone, Doris N. Johnson, Raymen G. LaBella, Andrea L. Meacham, Claire G. Pitzer, Michelle D. Robinson, Jay M. Rogers, Mary L. Roy, Shelly Smith, Benyam Tsehaye, Andrew E. Vargo, Ann M. Weidman.

State and local government: **Bruce E. Baker,** Steven J. Andrews, Benjamin D. Cowan, Eric C. Erickson, Janet H. Kmitch, Michael A. Mascaro, Donald L. Peters.

Chain-type quantity and price measures: **Michael J. Boehm,** Karl V. Rohrer.

Personal income: **Kurt Kunze,** Thae S. Park, Toui C. Pomsouvan.

Employee compensation: **Kurt Kunze,** Kathryn M. Collins, M. Terri Davenport, Mollie B. Knight, James E. Rankin, Ernest D. Wilcox.

Business income: **Kenneth A. Petrick,** Willie J. Abney, Scott Okrent, Jerry L. Stone, Garth K. Trinkl.

Property income: **George M. Smith.** *Farm output and income:* **Bonnie A. Retus.** *Interest income:* **Shaunda M. Villones.** *Rental income of persons and housing output:* **Denise A. McBride.**

Consumption of fixed capital: **Paul R. Lally.** *Private:* **Michael D. Glenn,** Leonard J. Loebach, Dennis R. Weikel. *Government:* **D. Timothy Dobbs,** Jennifer A. Bennett, Charles S. Robinson.

NIPA information: **Marilyn E. Baker,** Virginia H. Manerling, Teresa L. Weadock.

Secretarial and program assistance: **Adrienne M. Burch,** Esther M. Carter, Katherine Dent, Angela P. Pointer.

revised down for all 3 years: 0.1 percentage point to 8.1 percent for 1999, 2.1 percentage points to 7.8 percent for 2000, and 2.0 percentage points to -5.2 percent for 2001. For 2000, the revision was more than accounted for by a downward revision to equipment and software (mainly computers and peripheral equipment). For 2001, both equipment and software and, to a lesser extent, nonresidential structures contributed to the revision. Within equipment and software, the revision primarily reflected downward revisions to information

processing equipment and software and to transportation equipment. Within nonresidential structures, the downward revision primarily reflected downward revisions to nonresidential buildings and to utilities.

The change in residential investment was unrevised at 6.7 percent for 1999, was revised up 0.3 percentage point to 1.1 percent for 2000, and was revised down 1.2 percentage points to 0.3 percent for 2001. For 2001, the revision was mostly accounted for by "other" structures, specifically, by improvements to residential

Table 3. Revisions to Contributions to Percent Change in Real GDP

	1998	1999			2000			2001		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Percent change at annual rate:										
Gross domestic product	4.3	4.1	4.1	0.0	4.1	3.8	-0.3	1.2	0.3	-0.9
Percentage points at annual rates:										
Personal consumption expenditures	3.18	3.35	3.30	-0.05	3.28	2.94	-0.34	2.10	1.67	-0.43
Durable goods	0.80	0.97	0.92	-0.05	0.77	0.65	-0.12	0.54	0.48	-0.06
Nondurable goods	0.81	0.93	0.91	-0.02	0.94	0.77	-0.17	0.36	0.39	0.03
Services	1.57	1.45	1.47	0.02	1.57	1.51	-0.06	1.19	0.80	-0.39
Gross private domestic investment	1.96	1.14	1.15	0.01	1.19	1.08	-0.11	-1.41	-1.90	-0.49
Fixed investment	1.80	1.29	1.29	0.00	1.28	1.03	-0.25	-0.33	-0.65	-0.32
Nonresidential	1.49	1.01	1.01	0.00	1.25	0.98	-0.27	-0.40	-0.66	-0.26
Structures	0.21	-0.07	-0.04	0.03	0.19	0.20	0.01	0.02	-0.05	-0.07
Equipment and software	1.27	1.08	1.05	-0.03	1.06	0.78	-0.28	-0.42	-0.61	-0.19
Residential	0.32	0.28	0.28	0.00	0.04	0.05	0.01	0.07	0.01	-0.06
Change in private inventories	0.15	-0.15	-0.15	0.00	-0.09	0.06	0.15	-1.08	-1.24	-0.16
Net exports of goods and services	-1.20	-0.98	-1.01	-0.03	-0.79	-0.75	0.04	-0.12	-0.18	-0.06
Exports	0.24	0.35	0.37	0.02	1.01	1.04	0.03	-0.49	-0.59	-0.10
Goods	0.17	0.30	0.29	-0.01	0.85	0.85	0.00	-0.44	-0.47	-0.03
Services	0.07	0.05	0.08	0.03	0.17	0.19	0.02	-0.06	-0.13	-0.07
Imports	-1.44	-1.33	-1.38	-0.05	-1.81	-1.79	0.02	0.37	0.42	0.05
Goods	-1.20	-1.31	-1.29	0.02	-1.54	-1.54	0.00	0.33	0.40	0.07
Services	-0.24	-0.02	-0.09	-0.07	-0.26	-0.24	0.02	0.04	0.01	-0.03
Government consumption expenditures and gross investment	0.34	0.58	0.68	0.10	0.47	0.49	0.02	0.63	0.65	0.02
Federal	-0.05	0.13	0.14	0.01	0.10	0.08	-0.02	0.16	0.29	0.13
National defense	-0.07	0.08	0.09	0.01	0.00	0.00	0.00	0.18	0.19	0.01
Nondefense	0.02	0.05	0.06	0.01	0.10	0.08	-0.02	-0.02	0.10	0.12
State and local	0.39	0.44	0.54	0.10	0.37	0.41	0.04	0.47	0.36	-0.11

Table 4. Revisions to Percent Change in Real GDP

[Percent change from preceding year]

	1998	1999			2000			2001		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Gross domestic product	4.3	4.1	4.1	0.0	4.1	3.8	-0.3	1.2	0.3	-0.9
Personal consumption expenditures	4.8	5.0	4.9	-0.1	4.8	4.4	-0.4	3.1	2.5	-0.6
Durable goods	10.5	12.5	11.8	-0.7	9.5	8.2	-1.3	6.7	6.0	-0.7
Nondurable goods	4.1	4.7	4.7	0.0	4.7	3.9	-0.8	1.8	2.0	0.2
Services	4.0	3.7	3.7	0.0	4.0	3.8	-0.2	3.0	2.0	-1.0
Gross private domestic fixed investment	11.4	7.8	7.8	0.0	7.6	6.1	-1.5	-2.0	-3.8	-1.8
Nonresidential	12.5	8.2	8.1	-0.1	9.9	7.8	-2.1	-3.2	-5.2	-2.0
Structures	6.8	-2.0	-1.3	0.7	6.2	6.5	0.3	0.9	-1.7	-2.6
Equipment and software	14.6	11.8	11.5	-0.3	11.1	8.2	-2.9	-4.4	-6.4	-2.0
Residential	8.0	6.7	6.7	0.0	0.8	1.1	0.3	1.5	0.3	-1.2
Change in private inventories										
Net exports of goods and services										
Exports	2.1	3.2	3.4	0.2	9.5	9.7	0.2	-4.5	-5.4	-0.9
Goods	2.1	3.9	3.8	-0.1	11.3	11.3	0.0	-5.6	-5.9	-0.3
Services	2.3	1.6	2.5	0.9	5.3	6.0	0.7	-1.9	-4.0	-2.1
Imports	11.8	10.5	10.9	0.4	13.4	13.2	-0.2	-2.7	-2.9	-0.2
Goods	11.7	12.4	12.2	-0.2	13.5	13.5	0.0	-2.8	-3.3	-0.5
Services	11.9	1.1	4.2	3.1	12.6	11.6	-1.0	-2.6	-0.5	2.1
Government consumption expenditures and gross investment	1.9	3.3	3.9	0.6	2.7	2.7	0.0	3.6	3.7	0.1
Federal	-0.8	2.2	2.3	0.1	1.7	1.3	-0.4	2.7	4.8	2.1
National defense	-1.8	2.1	2.1	0.0	0.1	-0.1	-0.2	4.7	5.0	0.3
Nondefense	1.1	2.3	2.7	0.4	4.6	3.6	-1.0	-0.9	4.5	5.4
State and local	3.4	3.9	4.7	0.8	3.2	3.5	0.3	4.0	3.1	-0.9

structures.

The change in private inventories was revised up for all 3 years: \$0.7 billion (chained 1996 dollars) for 1999, \$14.4 billion for 2000, and \$0.3 billion for 2001. For 2000, nonfarm inventory investment more than accounted for the revision.

The change in exports of goods and services was revised up 0.2 percentage point to 3.4 percent for 1999, was revised up 0.2 percentage point to 9.7 percent for 2000, and was revised down 0.9 percentage point to -5.4 percent for 2001. For 1999, an upward revision to exports of services was partly offset by a downward revision to exports of goods. For 2000, an upward revision to exports of services accounted for most of the revision. For 2001, both exports of services and exports of goods were revised down.

The change in imports of goods and services was revised up 0.4 percentage point to 10.9 percent for 1999, was revised down 0.2 percentage point to 13.2 percent for 2000, and was revised down 0.2 percentage point to -2.9 percent for 2001. For 1999, an upward revision to imports of services was partly offset by a downward revision to imports of goods. For 2000, the revision was mostly accounted for by a downward revision to imports of services. For 2001, a downward revision to imports of goods was partly offset by an upward revision to imports of services.

The change in government consumption expenditures and gross investment was revised up 0.6 percentage point to 3.9 percent for 1999, was unrevised at 2.7 percent for 2000, and was revised up 0.1 percentage point to 3.7 percent for 2001. For 1999, an upward revision to State and local government consumption ex-

penditures accounted for most of the revision. For 2001, an upward revision to Federal nondefense consumption expenditures was largely offset by a downward revision to State and local government consumption expenditures and gross investment.

Quarterly estimates

Revisions to the quarterly (and monthly) NIPA estimates reflect the revisions to the annual estimates that resulted from the incorporation of newly available annual source data, the incorporation of new and revised monthly and quarterly source data (including the updating of seasonal factors that are used to indicate quarterly patterns), and the introduction of changes in methodology (see the section "Changes in Methodology").

For real GDP, the revisions to the 13 quarterly percent changes (at annual rates) averaged 0.9 percentage point (without regard to sign). In the annual NIPA revisions since 1979, the revisions to the quarterly estimates have averaged 0.7 percentage point.

The largest downward revisions to the percent changes in real GDP were 1.9 percentage points for the first and second quarters of 2001 (table 5 and chart 2). For the first quarter, the GDP growth rate was revised down to -0.6 percent; the largest contributors to the revision were change in nonfarm private inventories, exports of goods and services, PCE for services, and nonresidential investment in structures. For the second quarter, the growth rate was revised down to -1.6 percent; the largest contributors to the revision were change in nonfarm inventories, PCE for services, residential investment, and imports of services.

**Table 5. GDP, Real GDP, the GDP Price Index, and the Gross Domestic Purchases Price Index:
Revisions to Percent Change From Preceding Quarter**

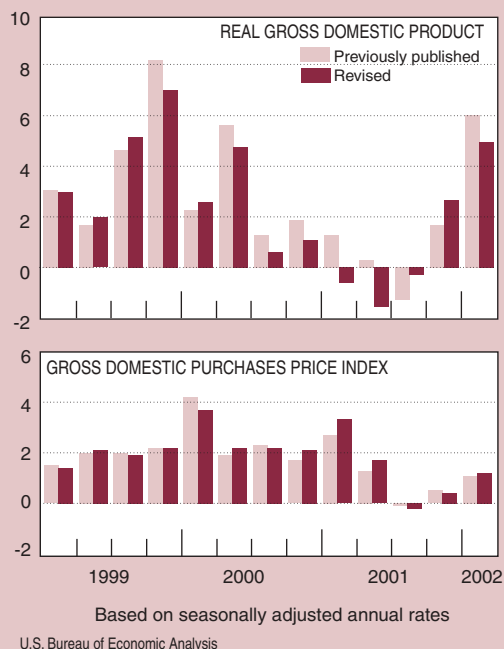
[Percent change at annual rates; based on seasonally adjusted annual rates]

	GDP			Real GDP			GDP price index			Gross domestic purchases price index		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1998:IV.....	7.8	.....	.....	6.7	.....	.....	1.1	.....	.....	1.2	.....	.....
1999:I.....	4.9	4.9	0.0	3.1	3.0	-0.1	1.7	1.8	0.1	1.5	1.4	-0.1
II.....	3.0	3.5	0.5	1.7	2.0	0.3	1.4	1.5	0.1	2.0	2.1	0.1
III.....	6.1	6.5	0.4	4.7	5.2	0.5	1.4	1.2	-0.2	2.0	1.9	-0.1
IV.....	10.0	8.9	-1.1	8.3	7.1	-1.2	1.8	1.7	-0.1	2.2	2.2	0.0
2001:I.....	6.3	5.7	-0.6	2.3	2.6	0.3	3.8	3.1	-0.7	4.2	3.7	-0.5
II.....	8.0	7.3	-0.7	5.7	4.8	-0.9	2.1	2.3	0.2	1.9	2.2	0.3
III.....	3.3	2.2	-1.1	1.3	0.6	-0.7	1.9	1.6	-0.3	2.3	2.2	-0.1
IV.....	3.7	3.2	-0.5	1.9	1.1	-0.8	1.8	2.1	0.3	1.7	2.1	0.4
2001:II.....	4.6	3.0	-1.6	1.3	-0.6	-1.9	3.3	3.7	0.4	2.7	3.3	0.6
II.....	2.4	0.9	-1.5	0.3	-1.6	-1.9	2.1	2.5	0.4	1.3	1.7	0.4
III.....	0.9	1.9	1.0	-1.3	-0.3	1.0	2.3	2.2	-0.1	-0.1	-0.2	-0.1
IV.....	1.5	2.2	0.7	1.7	2.7	1.0	-0.1	-0.5	-0.4	0.5	0.4	-0.1
2002:I.....	7.5	6.5	-1.0	6.1	5.0	-1.1	1.2	1.3	0.1	1.1	1.2	0.1

CHART 2

Revisions to Quarterly Percent Changes in Featured Measures

Percent changes



The largest upward revisions to the percent changes in real GDP were 1.0 percentage point for the third and fourth quarters of 2001. For the third quarter, the GDP growth rate was revised up to -0.3 percent; the largest contributors to the revision were change in nonfarm private inventories, nonresidential investment in structures, PCE for durables, exports of services, and PCE for nondurables. For the fourth quarter, the growth rate was revised to 2.7 percent; the largest contributors to the revision were change in nonfarm inventories, equipment and software investment, and PCE for non-durable goods.

In general, the quarter-to-quarter pattern of changes in the revised estimates of gross domestic purchases prices was not markedly different from that of the previously published estimates. The revisions to the 13 quarterly percent changes (at annual rates) averaged 0.2 percentage point (without regard to sign). The largest downward revision was 0.5 percentage point, to 3.7 percent, for the first quarter of 2000; prices of PCE for services accounted for more than half of the revision. The largest upward revision was 0.6 percentage point, to 3.3 percent, for the first quarter of 2001; prices of nonresidential fixed investment, of PCE for services, and of State and local government

spending accounted for most of the revision.

Annual current-dollar estimates

Table 6 summarizes the current-dollar revisions to major NIPA components. It shows the subcomponent series for which revisions were \$4.0 billion or more (absolute value) for any of the 3 years covered by this annual revision, and it lists the major source data that underlie the revised estimates. Note that the incorporation of new and revised source data for a given year usually results in a revision to the level of an estimate not only for that year but also for subsequent years.

The annual revision incorporated data from the following Federal statistical sources: Census Bureau annual surveys for 2000 and revised monthly indicators for 1999–2001 of manufactures, of merchant wholesale trade, and of retail trade; Census Bureau annual surveys of services for 2000 and 2001 and of State and local governments for 1999 and 2000; Census Bureau monthly surveys of the value of construction put in place for 1999–2001; Federal Government budget data for fiscal years 2001 and 2002; Internal Revenue Service (IRS) tabulations of tax returns for corporations for 1999 and 2000 and for sole proprietorships and partnerships for 2000; BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 2001; Department of Agriculture farm statistics for 2001; and BEA's international transaction accounts for 1999–2001.

Details about the sources of the major revisions to the NIPA components follow.

Gross domestic product (GDP). The level of current-dollar GDP was revised up \$5.7 billion, or 0.1 percent, for 1999; was revised down \$48.3 billion, or 0.5 percent, for 2000; and was revised down \$125.9 billion, or 1.2 percent, for 2001.

By major component, for 1999, upward revisions to State and local government spending were partly offset by a downward revision to PCE for goods. For 2000, downward revisions to PCE for goods, to equipment and software investment, and to PCE for services were partly offset by upward revisions to change in private inventories and to State and local government spending. For 2001, downward revisions to PCE for services, to equipment and software investment, to PCE for goods, and to exports of services, an upward revision to imports of services, and a downward revision to nonresidential structures were partly offset by an upward revision to Federal Government spending, a downward revision to imports of goods, and an upward revision to State and local government spending.

The text continues on page 19.

Table 6. NIPA Revisions: Selected Component Detail and Major Source Data

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2001 level	
	1999	2000	2001		
Gross domestic product.....	5.7	-48.3	-125.9	10,082.2	
Personal consumption expenditures.....	-3.7	-44.7	-77.5	6,987.0	
Goods.....	-6.2	-32.4	-36.2	2,877.2	
Of which:					
Motor vehicles and parts.....	-5.6	-10.2	-13.8	361.3	
Of which:					
Other motor vehicles.....	-6.0	-10.6	-13.2	149.0	Trucks: Revised Census Bureau annual survey of manufactures (ASM) product shipments data for 1999; new ASM data for 2000; revised BEA tabulations of exports and imports for 1999–2001; trade source data on unit sales, prices, and registrations by sector for new trucks for 2001.
Goods other than motor vehicles and parts.....	-0.6	-22.2	-22.4	2,515.9	
Of which:					
Furniture and household equipment.....	0.3	-2.5	-4.3	306.1	Revised Census Bureau annual retail trade survey (ARTS) sales data for 1999; new ARTS data for 2000; revised Census Bureau monthly sales data for 2001.
Other durable goods.....	0.2	-3.1	-4.4	168.4	Revised Census Bureau annual retail trade survey (ARTS) sales data for 1999; new ARTS data for 2000; revised Census Bureau monthly sales data for 2001.
Clothing and shoes.....	0.1	-5.4	-6.9	315.3	Revised Census Bureau annual retail trade survey (ARTS) sales data for 1999; new ARTS data for 2000; revised Census Bureau monthly sales data for 2001.
Other nondurable goods.....	-0.2	-8.0	-7.0	555.0	Revised Census Bureau annual retail trade survey (ARTS) sales data for 1999; new ARTS data for 2000; revised Census Bureau monthly sales data for 2001.
Services.....	2.5	-12.3	-41.2	4,109.9	
Of which:					
Household operation.....	0.7	0.5	-5.9	406.3	
Of which:					
Domestic service.....	0.0	0.0	-5.7	14.6	Revised BLS data on employment, hours, and earnings for private households for 1999–2001.
Transportation.....	2.0	-5.0	-6.9	271.4	
Of which:					
User-operated transportation.....	1.6	-5.0	-7.8	218.6	
Of which:					
Insurance.....	0.0	-7.2	-8.3	32.1	Revised trade source data on premiums and benefits for 2000; new trade source data for 2001.
Medical care.....	-2.7	-4.7	11.1	1,072.2	
Of which:					
Other professional services.....	-1.4	-3.6	-2.3	153.5	Revised Census Bureau service annual survey (SAS) data for 1999 and 2000; new SAS data for 2001.
Hospitals.....	0.2	-0.4	9.8	425.9	
Of which:					
Nonprofit.....	0.0	0.3	7.3	281.0	FY 2000 trade source data on expenses for 1999 and 2000; new Census Bureau service annual survey data for 2001.
Other services.....	0.3	-3.8	-39.2	1,073.6	
Of which:					
Personal care.....	0.0	-1.2	-6.3	79.0	Revised Census Bureau service annual survey (SAS) data for 1999 and 2000; new SAS data for 2001.
Personal business.....	-2.1	-6.4	-32.4	634.3	
Of which:					
Brokerage charges and investment counseling.....	4.2	4.5	-8.0	74.2	New Census Bureau service annual survey (SAS) data for 1999–2001 on receipts of investment advisors; revised Federal Reserve Board (FRB) data on securities held by households for 1999 and 2000; new FRB data for 2001; revised Securities and Exchange Commission data on income and expenses of registered broker-dealers for 2001; new NASDAQ National Market System dealers' and New York Stock Exchange specialists' spread data for 1999–2001.
Services furnished without payment by financial intermediaries except life insurance carriers.....	-5.0	-7.3	-20.7	259.5	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; revised Federal Reserve Board (FRB) flow-of-funds accounts sector assets data for 1999 and 2000; new FRB data for 2001; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2001.
Education and research.....	2.6	4.1	2.4	174.9	
Of which:					
Higher education.....	1.9	2.5	1.6	87.6	New Department of Education (EDUC) expense data for FY 1998, FY 1999 and FY 2000; new EDUC enrollment data for 2001; revised Census Bureau Government Finances tabulations for FY 1999 and FY 2000.
Nursery, elementary, and secondary schools.....	0.6	1.5	1.5	35.5	Revised Department of Education (EDUC) expense data for FY 1999 and FY 2000; new EDUC data for FY 2001.
Gross private domestic investment.....	0.0	-12.1	-47.9	1,586.0	
Fixed investment.....	-1.0	-26.3	-46.1	1,646.3	
Nonresidential.....	-1.1	-27.3	-44.4	1,201.6	
Structures.....	0.2	0.6	-5.8	324.5	
Of which:					
Nonresidential buildings, excluding farm.....	-0.1	-3.9	-8.9	210.1	
Of which:					
Industrial.....	0.0	-2.2	-4.1	25.6	Revised Census Bureau value of construction put in place data for 1999–2001.

See the footnotes at the end of the table.

Table 6. NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2001 level	
	1999	2000	2001		
Commercial	0.0	-1.1	-3.9	118.5	Revised Census Bureau value of construction put in place data for 1999–2001.
Mining exploration, shafts, and wells	0.2	1.6	4.0	42.7	
Of which:					
Petroleum and natural gas.....	0.2	2.1	4.5	41.3	Trade source data on drilling costs for 1999 and 2000; revised trade source data on footage drilled for 1999–2001.
Equipment and software.....	-1.3	-27.9	-38.7	877.1	
Of which:					
Information processing equipment and software.....	2.6	-19.6	-22.8	404.3	
Of which:					
Computers and peripheral equipment.....	-0.4	-16.0	-13.5	74.2	Revised Census Bureau annual survey of manufactures (ASM) product shipments data for 1999; new ASM data for 2000; revised Census Bureau monthly industry shipments data for 2001; revised BEA tabulations of exports and imports for 1999–2001.
Software	2.7	-3.7	-8.6	180.4	Revised Census Bureau service annual survey (SAS) industry receipts data for 1999 and 2000; new SAS data for 2001; BLS employment data for 1999 and 2000.
Industrial equipment.....	1.1	-1.8	-3.1	159.0	
Of which:					
Special industry machinery, nec.....	0.1	-4.3	-5.1	41.0	Revised Census Bureau annual survey of manufactures (ASM) product shipments data for 1999; new ASM data for 2000; revised Census Bureau monthly industry shipments data for 2001; revised BEA tabulations of exports and imports for 1999–2001.
Transportation equipment.....	-4.4	-6.2	-12.2	165.8	
Of which:					
Trucks, buses, and truck trailers.....	-4.3	-6.8	-7.2	90.1	Revised Census Bureau annual survey of manufactures (ASM) product shipments data for 1999; new ASM data for 2000; revised BEA tabulations of exports and imports for 1999–2001; trade source data on unit sales, prices, and registrations by sector for new trucks for 2001.
Autos	-0.3	-0.5	-2.4	34.1	Revised trade source data on optional equipment percentages for model year 2001; revised price data for domestic autos for model year 2002.
Aircraft.....	0.2	1.4	-2.1	33.7	Revised Census Bureau annual survey of manufactures (ASM) product shipments data for 1999; new ASM data for 2000; revised BEA tabulations of exports and imports for 1999–2001; Census Bureau current industrial reports data for complete civilian aircraft for 2001.
Residential.....	0.2	0.9	-1.5	444.8	
Structures.....	0.1	1.2	-1.4	435.4	
Of which:					
Single-family structures	0.0	0.0	2.5	232.1	Revised Census Bureau value of construction put in place data for 1999–2001.
Improvements	0.0	0.0	-4.4	104.6	Revised Census Bureau value of construction put in place data for 2001.
Change in private inventories	0.9	14.2	-1.9	-60.3	
Farm	0.0	-0.4	3.3	1.6	
Nonfarm	1.0	14.7	-5.1	-61.9	Revised USDA data for 1999 and 2000; new USDA data for 2001.
Change in book value	2.0	13.7	-10.5	-75.5	
Of which:					
Manufacturing	2.9	5.2	-4.0	-36.4	Revised Census Bureau annual survey of manufactures (ASM) inventory book value data for 1999; new ASM data for 2000; revised Census Bureau monthly inventory data for 2001.
Wholesale trade.....	0.1	-1.3	-4.8	-19.4	
Of which:					
Merchant wholesale trade.....	-0.1	-0.1	-4.7	-16.5	Revised Census Bureau annual wholesale trade survey (AWTS) inventory book value data for 1999; new AWTS data for 2000; revised Census Bureau monthly inventory data for 2001.
Retail trade	0.2	4.9	-4.5	-21.2	Revised Census Bureau annual retail trade survey (ARTS) inventory book value data for 1999; new ARTS data for 2000; revised BEA estimates based on inventory data from trade sources for 2001; revised Census Bureau monthly inventory data for 2001.
Of which:					
Motor vehicle dealers	-0.1	5.4	-2.3	-15.9	Revised Census Bureau annual retail trade survey (ARTS) inventory book value data for 1999; new ARTS data for 2000; revised BEA estimates based on inventory data from trade sources for 2001.
Other industries.....	-1.2	6.0	-0.2	1.6	Revised IRS tabulations of inventory book value data from corporate tax returns for 1999; new IRS tabulations of inventory book value data from sole proprietorship, partnership, and corporate tax returns for 2000; Census Bureau Quarterly Financial Report data for mining for 2001.
Inventory valuation adjustment	-0.9	0.9	5.4	13.6	Revised Census Bureau annual survey of manufactures (ASM), annual wholesale trade survey (AWTS), and annual retail trade survey (ARTS) information on accounting methods used for inventory reporting for 1999; new ASM, AWTS, and ARTS information for 2000; revised data on cost of inventories for 1999–2001; revised BEA unit labor cost indexes for 1999–2001.
Net exports of goods and services.....	1.0	-1.5	-19.1	-348.9	Revised BEA international transactions accounts estimates for 1999–2001.
Exports	-0.5	-1.8	-16.3	1,034.1	
Goods.....	-1.0	-0.6	-2.9	733.5	
Services.....	0.5	-1.2	-13.4	300.6	
Imports.....	-1.4	-0.3	2.9	1,383.0	
Goods.....	-1.6	-1.8	-6.3	1,167.2	
Services.....	0.2	1.6	9.2	215.8	

See the footnotes at the end of the table.

Table 6. NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2001 level	
	1999	2000	2001		
Government consumption expenditures and gross investment	8.5	10.0	18.5	1,858.0	
Federal consumption expenditures and gross investment	1.0	-1.0	12.4	628.1	
Of which:					
Nondefense	1.2	-0.5	11.6	228.2	
Consumption expenditures	1.8	0.1	12.1	184.0	
Of which:					
Services	1.3	0.8	10.0	174.0	
Of which:					
Other services	1.4	0.8	11.3	50.1	Revised allocation of FY 2000 Federal budget data for 1999 and 2000; revised FY 2001 Federal budget data for 2000 and 2001; preliminary FY 2002 Federal budget data for 2001; National Science Foundation data on research and development expenditures for 2000 and 2001.
State and local consumption expenditures and gross investment	7.5	11.0	6.1	1,229.9	
Consumption expenditures	6.3	8.9	9.5	993.7	
Of which:					
Services	3.9	5.6	6.4	856.7	
Of which:					
Compensation of general government employees, except own-account investment	-0.5	-1.0	4.0	700.4	Revised BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 1999 and 2000; new BLS tabulations of for 2001; revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 1999; new <i>GF</i> tabulations for FY 2000; revised <i>GF</i> tabulations of retirement plans for FY 1999 and FY 2000; new <i>GF</i> tabulations of retirement plans for FY 2001; HHS medical expenditure panel survey data on health insurance for 1999; BLS data on employer costs for health insurance for 2001 and 2002.
Other services	4.4	6.8	3.3	60.9	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 1999; new <i>GF</i> tabulations for FY 2000.
Gross investment	1.2	2.1	-3.4	236.2	
Of which:					
Structures	1.0	2.4	-5.5	177.6	Revised Census Bureau value of construction put in place data for 1999-2001.
Gross domestic product	5.7	-48.3	-125.9	10,082.2	
Plus: Net receipts of income	29.5	35.5	27.2	21.9	Revised BEA international transactions accounts estimates for 1999-2001.
Income receipts from the rest of the world	3.1	-0.8	-18.3	316.9	
Less: Income payments to the rest of the world	-26.4	-36.3	-45.5	295.0	
Equals: Gross national product	35.3	-12.8	-98.7	10,104.1	
Less: Statistical discrepancy ²	33.9	1.9	32.5	-117.3	
Equals: Gross national income	1.2	-14.7	-131.2	10,221.4	
Compensation of employees	-1.9	8.2	-135.1	5,874.9	
Wage and salary accruals	-1.8	-0.9	-147.6	4,950.6	
Of which:					
Wage and salary disbursements	-1.8	-0.9	-147.6	4,950.6	
Government	-0.1	0.5	4.8	810.8	
Federal	-0.2	0.0	-5.1	197.4	Revised Office of Personnel Management (OPM) data for 1999 and 2000; new OPM data for 2001; new FY 2002 Federal budget data for 2001.
State and local	0.0	0.4	10.0	613.5	Revised BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 1999 and 2000; new BLS tabulations for 2001.
Private	-1.6	-1.4	-152.4	4,139.8	Revised BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 1999 and 2000; new BLS tabulations for 2001; revised USDA data on farm wages for 1999 and 2000; new USDA data for 2001; new BEA international transactions accounts data on rest-of-the-world wage and salary accruals for 1999-2001.
Supplements to wages and salaries	-0.2	9.1	12.5	924.3	
Employer contributions for social insurance	-0.6	-0.9	-4.1	353.9	
Federal social insurance funds	-0.2	0.1	-2.5	346.6	Revised BLS tabulations of employer contributions to the unemployment trust fund for 2000; new BLS tabulations for 2001; revised Social Security Administration (SSA) data on taxable wages for 1999 and 2000; new SSA data for 2001.
State and local social insurance funds	-0.4	-1.0	-1.6	7.2	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 1999; new <i>GF</i> tabulations for FY 2000.
Other labor income	0.5	10.0	16.6	570.4	
Of which:					
Private pension and profit-sharing plans	0.0	4.0	.....	75.9	Pension Benefit Guaranty Corporation tabulations of assets and liabilities for 2000 and 2001.
Publicly administered government retirement plans	-1.0	-4.1	.....	110.9	Revised Census Bureau <i>Government Finances</i> tabulations for FY 1999 and FY 2000; new <i>GF</i> tabulations for 2001.
Group health and life insurance	1.2	6.3	.....	339.6	HHS medical expenditure panel survey data on health insurance for 1999; BLS data on employer costs for health insurance for 2001 and 2002; revised BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 2000; new BLS tabulations for 2001; trade source data on life insurance for 1999 and 2000; BLS data on employer costs for life insurance for 2001.

See the footnotes at the end of the table.

Table 6. NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2001 level	
	1999	2000	2001		
Proprietors' income with IVA and CCAdj.....	6.4	-0.2	-15.6	727.9	
Farm	1.1	-8.0	-8.6	19.0	
<i>Of which:</i>					
Proprietors' income with IVA	0.8	-8.0	-8.4	26.7	Revised USDA data for 1999 and 2000; new USDA data for 2001.
Nonfarm	5.3	7.8	-7.1	708.8	
<i>Of which:</i>					
Proprietors' income	1.6	-4.7	-20.5	621.6	New IRS tabulations of sole proprietorship and partnership tax return data for 2000.
CCAdj.....	3.9	13.0	12.9	86.3	Capital consumption allowances: New IRS tabulations of sole proprietorship and partnership tax return data for 2000. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 1999-2001.
Rental income of persons with CCAdj.....	1.4	5.0	-4.7	137.9	
Rental income of persons	3.2	4.1	-7.6	204.4	Revised Federal Reserve Board flow-of-funds accounts residential mortgage liabilities data for 1999-2001; revised USDA data on rent on farms owned by nonoperator landlords for 1999 and 2000; new USDA data for 2001; new trade source data on property insurance for 2000; new Census Bureau Census of Population and Housing data on owner- and tenant-occupied units for 2000; new Census Bureau current population survey data on owner- and tenant-occupied units for 2001; revised IRS tabulations of individual tax return data for 1999; new IRS data for 2000; revised BEA fixed investment and price estimates for 1999-2001.
CCAdj.....	-1.7	1.0	2.9	-66.5	Revised BEA fixed investment and price estimates for 1999-2001.
Corporate profits with IVA and CCAdj.....	-19.4	-88.3	-35.5	731.6	
Profits before tax	-14.2	-63.1	-28.3	670.2	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; regulatory agency and public financial reports profits data for 2001.
<i>Of which:</i>					
Domestic	-19.8	-69.6	-29.8	519.4	
Mining	0.0	6.7	9.5	15.8	
Construction	-0.3	-3.0	-4.6	39.4	
Manufacturing	-4.9	7.3	4.0	84.1	
Communications	0.2	-18.1	-14.5	-6.0	
Electric, gas, and sanitary services	-1.8	-11.7	-11.1	31.6	
Retail trade	-1.5	-8.8	-6.9	79.0	
Finance, insurance, and real estate	-9.3	2.5	15.8	211.1	
Financial	-9.3	-3.4	10.6	190.6	
Other	0.0	6.0	5.2	20.5	
Services	-2.7	-44.4	-25.0	17.6	
Rest of the world	5.6	6.5	1.5	150.8	Revised BEA international transactions accounts estimates for 1999-2001.
Receipts from the rest of the world	2.2	-1.1	-18.4	172.4	
Less: Payments to the rest of the world	-3.4	-7.6	-19.9	21.6	
IVA	-1.3	-2.6	2.8	5.0	
CCAdj.....	-3.8	-22.6	-9.9	56.5	Capital consumption allowances: Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 1999-2001.
Net interest ³	20.1	78.8	95.5	649.8	
Monetary interest paid	-15.0	8.7	.....	2,639.2	
<i>Of which:</i>					
Domestic business	-16.1	7.7	.....	1,950.6	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; new IRS tabulations of sole proprietorship and partnership tax return data for 2000; revised Federal Reserve Board (FRB) flow-of-funds accounts residential mortgage liabilities data for 1999 and 2000; new FRB flow-of-funds accounts residential mortgage liabilities data for 2001 and nonfinancial corporate liabilities data for 2000 and 2001; revised USDA data on interest paid by farmers for 1999 and 2000; new USDA data for 2001; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2001.
<i>Of which:</i>					
Financial corporations	-7.5	-10.8	.....	809.3	
Nonfinancial corporations	-7.8	-2.5	.....	527.2	
Sole proprietorships and partnerships	-0.2	23.4	.....	209.4	
Monetary interest received	-15.0	8.7	.....	2,639.2	
<i>Of which:</i>					
Domestic business	-16.2	-40.5	.....	1,668.3	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; new IRS tabulations of sole proprietorship partnership tax return data for 2000; new Federal Reserve Board flow-of-funds accounts nonfinancial corporate assets data for 2000 and 2001; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2001.
<i>Of which:</i>					
Financial corporations	-14.3	-27.3	.....	1,332.5	
Nonfinancial corporations	-1.7	-15.0	.....	280.7	
Persons	23.8	77.5	.....	630.4	
Rest of the world	-23.7	-29.3	.....	246.5	Revised BEA international transactions accounts estimates for 1999-2001.
From business	-3.2	-4.6	.....	165.8	
From Federal Government	-20.6	-24.7	-23.6	80.7	
Imputed interest paid (by domestic financial corporate business)	0.2	8.7	.....	574.5	
<i>Of which:</i>					
Life insurance carriers	0.5	6.1	0.2	201.3	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; new trade source data on life insurance for 2000; new Federal Reserve Board flow-of-funds accounts life insurance companies' assets data for 2000 and 2001.
Imputed interest received	0.2	8.7	.....	574.5	Revised Federal Reserve Board (FRB) flow-of-funds accounts sector assets data for 1999 and 2000; new FRB data for 2001; new Federal Deposit Insurance Corporation data for 2001.
<i>Of which:</i>					
Domestic business	4.8	7.7	.....	84.3	
Persons	-4.5	-1.2	-20.6	460.8	
From banks, credit agencies, and investment companies	-5.0	-7.3	-20.7	259.5	
From life insurance carriers	0.5	6.1	0.2	201.3	
Rest of the world	0.1	-0.1	-4.6	18.3	

See the footnotes at the end of the table.

Table 6. NIPA Revisions: Selected Component Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2001 level	
	1999	2000	2001		
Consumption of fixed capital	-6.2	-12.4	-22.1	1,329.3	Revised BEA fixed investment and price estimates for 1999–2001.
Of which:					
Private	-6.0	-11.9	-20.8	1,106.8	
Corporate	-3.7	-6.0	-9.5	789.1	
Noncorporate	-2.3	-6.0	-11.3	317.7	
Capital consumption allowances	-6.0	-19.2	-12.7	1,168.4	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; revised BEA fixed investment estimates for 1999–2001.
Corporate	-7.6	-28.6	-19.4	845.6	
Noncorporate	1.6	9.4	6.7	322.8	New IRS tabulations of sole proprietorship and partnership tax return data for 2000; revised BEA fixed investment estimates for 1999–2001.
Less: CCAAdj	-0.1	-7.3	8.0	61.6	CCAAdj is calculated as consumption of fixed capital less capital consumption allowances.
Corporate	-3.8	-22.6	-9.9	56.5	
Noncorporate	3.9	15.4	18.0	5.1	
Of which:					
Nonfarm proprietors' income	3.9	13.0	12.9	86.3	
Nonfactor income	0.8	-5.8	-13.8	770.0	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 1999 and FY 2000; new <i>GF</i> tabulations for FY 2001; revised Census Bureau quarterly tax revenue data for 1999 and 2000; new tax revenue data for 2001.
Of which:					
Indirect business tax and nontax liability	-0.2	-9.1	-19.2	774.8	
Of which:					
State and local	0.2	-7.0	-18.6	664.4	
Less: Subsidies less current surplus of government enterprises	-0.8	-3.5	-7.5	47.3	Revised allocations of FY 2000 Federal budget data for 1999 and 2000; revised FY 2001 Federal budget data for 2000 and 2001; preliminary FY 2002 Federal budget data for 2001; new FY 2000 and FY 2001 Postal Service financial data for 2000 and 2001. For consumption of government enterprise fixed capital: Perpetual-inventory calculations at current cost based on gross investment and on investment prices for 1999–2001. See also entries for gross investment.
Federal	-0.4	-3.0	-2.1	50.3	
State and local	-0.4	-0.5	-5.5	-3.1	
Addenda:					
Gross domestic income	-28.2	-50.3	-158.6	10,199.4	
National income	6.6	3.5	-95.5	8,122.0	See entries under "gross national income."
Gross saving	-3.3	22.2	-78.4	1,662.4	
Personal income	9.2	87.4	-38.2	8,685.3	See entries under "gross national income" and additional sources below.
Wage and salary disbursements	-1.8	-0.9	-147.6	4,950.6	Revised IRS tabulations of corporate tax return data for 1999; new IRS tabulations for 2000; regulatory agency and public financial statements data on dividends for 2001.
Other labor income	0.5	10.0	16.6	570.4	
Proprietors' income with IVA and CCAAdj	6.4	-0.2	-15.6	727.9	
Rental income of persons with CCAAdj	1.4	5.0	-4.7	137.9	
Personal dividend income	-15.1	-3.5	-7.1	409.2	
Personal interest income	19.2	76.4	97.7	1,091.3	See entries under "net interest."
Of which:					
Net interest	20.1	78.8	95.5	649.8	See entries under "net interest."
Domestic business	-4.4	49.0	69.0	772.5	
Rest of the world	24.6	29.6	26.6	-122.6	
Transfer payments to persons	-1.1	1.2	21.6	1,170.4	Revised FY 2001 Federal budget data for 2000 and 2001; preliminary FY 2002 Federal budget data for 2001; new Department of Labor data on unemployment benefits for 2001.
Of which:					
From government	-1.2	1.3	23.2	1,137.0	
Federal	-0.1	0.6	9.2	832.6	
State and local	-1.2	0.6	14.0	304.4	
Of which:					Revised Centers for Medicare and Medicaid Services (CMS) tabulations of medicaid for 1999 and 2000; new CMS tabulations for 2001.
Medical care	-1.1	1.0	14.4	234.7	
Less: Personal contributions for	0.3	0.7	-1.0	372.3	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 1999 and FY 2000; new <i>GF</i> tabulations for FY 2001; revised Census Bureau quarterly tax revenue data for 1999 and 2000; new tax revenue data for 2001.
social insurance	-0.1	-1.8	-14.1	1,292.1	
Less: Personal tax and nontax payments	-0.1	-1.2	-14.9	281.2	
Of which:					
State and local	-0.1	-1.2	-14.9	281.2	
Equals: Disposable personal income	9.4	89.2	-24.1	7,393.2	See entries under "personal consumption expenditures."
Less: Personal outlays	-3.9	-44.7	-75.4	7,223.5	
Of which:					
Personal consumption expenditures	-3.7	-44.7	-77.5	6,987.0	
Equals: Personal saving	13.1	133.8	51.3	169.7	

1. In these descriptions, "new" indicates this is the first time that data from the specific source are being incorporated into the component estimate for the given year, and "revised" indicates that data from the specific source were incorporated previously and now revised data from that source are being incorporated.

2. The statistical discrepancy is gross national product (GNP) less gross national income (GNI); it is also the difference between gross domestic product (GDP) and gross domestic income (GDI), which is GNI less net income receipts from the rest of the world. The statistical discrepancy arises because the product-side measures of GNP and GDP are estimated independently from the income-side measures of GNI and GDI.

3. Net interest is the sum of monetary interest paid by domestic business and by the rest of the world and imputed interest paid by domestic financial corporate business, less monetary interest received by domestic business and by the rest of the world and imputed interest received by domestic business and by the rest of the world.

BEA Bureau of Economic Analysis
BLS Bureau of Labor Statistics
CCAAdj Capital consumption adjustment
DOL Department of Labor
FY Fiscal year
HHS Department of Health and Human Services
IRS Internal Revenue Service
IVA Inventory valuation adjustment
USDA U.S. Department of Agriculture

PCE for goods. PCE for goods was revised down for all 3 years: \$6.2 billion for 1999, \$32.4 billion for 2000, and \$36.2 billion for 2001. For 1999, motor vehicles and parts accounted for most of the revision. For 2000 and 2001, the revisions reflected downward revisions to “goods other than motor vehicles and parts” and to motor vehicles and parts.

“Goods other than motor vehicles and parts” was revised down for all 3 years: \$0.6 billion for 1999, \$22.2 billion for 2000, and \$22.4 billion for 2001. These revisions resulted from the incorporation of revised annual data for 1999 and newly available annual data for 2000 on retail sales and food services sales and of revised monthly sales data for 2001.

For 2000 and 2001, the revisions to “goods other than motor vehicles and parts” reflected downward revisions to “other nondurable goods,” to clothing and shoes, to “other durable goods,” and to furniture and household equipment. Within “other nondurable goods,” downward revisions to magazines, newspapers, and sheet music and to toilet articles and preparations were partly offset by upward revisions to drug preparations and sundries. Within “other durable goods,” the downward revision was mostly accounted for by “wheel goods, sports and photographic equipment, boats, and pleasure aircraft.”

Motor vehicles and parts was revised down for all 3 years: \$5.6 billion for 1999, \$10.2 billion for 2000, and \$13.8 billion for 2001. For 1999 and 2000, the revisions were more than accounted for by “other motor vehicles” (specifically new trucks), reflecting the incorporation of revised product shipments data from the Census Bureau’s annual survey of manufactures (ASM) for 1999 and new ASM data for 2000. For 2001, the revision was mostly accounted for by “other motor vehicles”—specifically new trucks—reflecting the extrapolation of the revised 2000 estimates using unit sales and price data from trade sources.

PCE for services. PCE for services was revised up \$2.5 billion for 1999, was revised down \$12.3 billion for 2000, and was revised down \$41.2 billion for 2001. For 2000, the revision primarily reflected downward revisions to transportation services and to medical care services. For 2001, a large downward revision to “other services” and smaller downward revisions to transportation services and to household operation services were partly offset by an upward revision to medical care services.

For 2000, the downward revision to transportation services was more than accounted for by net auto insurance premiums, reflecting the incorporation of re-

vised trade source data on premiums and benefits. The downward revision to medical care services was primarily accounted for by “other professional medical services,” reflecting the incorporation of revised data from the Census Bureau service annual survey (SAS).⁴

For 2001, the downward revision to “other services” was primarily accounted for by personal business services, but personal care services also contributed. The downward revision to personal business services was to imputed financial services—that is, “services furnished without payment by financial intermediaries except life insurance carriers”⁵ and to brokerage charges and investment counseling. Within imputed financial services, the downward revision was primarily to commercial banks and regulated investment companies. The revision to commercial banks primarily reflected the incorporation of new flow-of-funds data on assets by sector from the Federal Reserve Board. The revision to regulated investment companies was primarily due to the incorporation of trade source data on mutual fund assets. The revision to brokerage charges and investment counseling was more than accounted for by equities commissions, primarily reflecting the incorporation of data on New York Stock Exchange specialists’ quoted spreads for 2001 and the incorporation of newly available NASDAQ data on market-maker spreads (see the section “Changes in Methodology”). The downward revision to transportation services was more than accounted for by net auto insurance premiums, reflecting the incorporation of newly available trade source data. The downward revision to household operation was mostly accounted for by domestic service, reflecting the incorporation of revised BLS data on employment, hours, and earnings for private households. The upward revision to medical care services was mostly accounted for by hospitals, reflecting the incorporation of new SAS data for 2001.

Nonresidential structures. Nonresidential structures was revised up \$0.2 billion for 1999, was revised up \$0.6 billion for 2000, and was revised down \$5.8 billion for 2001.

For 2001, downward revisions to industrial structures and commercial structures were partly offset by

4. The SAS data are on a North American Industry Classification System basis; for details, see the section “Changes in Methodology.”

5. This PCE category consists of imputed payments by persons to depository institutions—that is, commercial banks, mutual savings banks, savings and loan associations, credit unions, and regulated investment companies—to purchase checking, bookkeeping, and investment services for which they do not pay an explicit service charge. For additional information, go to BEA’s Web site at <www.bea.gov>, click on “Methodologies,” and under “National programs,” see “MP6: Personal Consumption Expenditures,” 11–12.

an upward revision to petroleum and natural gas well drilling and exploration. The revisions to industrial and commercial structures primarily reflected the incorporation of revised Census Bureau data on the value of construction put in place.⁶ The upward revision to petroleum and natural gas primarily reflected newly incorporated trade source data on drilling footage.

Equipment and software. Equipment and software was revised down for all 3 years: \$1.3 billion for 1999, \$27.9 billion for 2000, and \$38.7 billion for 2001. For 2000, the largest contributor to the revision was computers and peripheral equipment. For 2001, the revision primarily reflected downward revisions to information processing equipment and software (mainly computers and peripheral equipment and software) and to transportation equipment (notably trucks, buses, and truck trailers).

The downward revisions to computers and peripheral equipment reflected the incorporation of newly available data from the Census Bureau's 2000 Annual Survey of Manufactures (ASM) and of revised data from the Census Bureau's monthly industry shipments for 2001. The revision to software primarily reflected the incorporation of newly available data from the Census Bureau's 2001 Service Annual Survey. The revision to trucks, buses, and truck trailers reflected the incorporation of revised and newly available data from the Census Bureau's 2000 ASM.

Residential fixed investment. Residential fixed investment was revised up \$0.2 billion for 1999, was revised up \$0.9 billion for 2000, and was revised down \$1.5 billion for 2001. For 2001, a downward revision to improvements to residential structures was partly offset by an upward revision to single-family structures; both revisions reflected the incorporation of revised Census Bureau data on the value of construction put in place.⁷

Change in private inventories. The change in private inventories was revised up \$0.9 billion for 1999, was revised up \$14.2 billion for 2000, and was revised

down \$1.9 billion for 2001.⁸

The revisions to the change in farm inventories were negligible for 1999 and 2000; for 2001, the change was revised up \$3.3 billion.⁹

The change in private nonfarm inventories was revised up \$1.0 billion for 1999, was revised up \$14.7 billion for 2000, and was revised down \$5.1 billion for 2001. For 2000, the upward revision was more than accounted for by upward revisions to the changes in book value for "other industries," for manufacturing, and for retail trade, reflecting the incorporation of newly available tabulations of inventory book value data from IRS tabulations of tax return data for corporations and for sole proprietorships and partnerships for 2000 and the incorporation of newly available book value data from the Census Bureau annual survey of manufactures and annual retail trade survey.

For 2001, downward revisions to the changes in book value for merchant wholesale trade, for retail trade, and for manufacturing were partly offset by an upward revision to the inventory valuation adjustment (IVA). The revisions to the changes in book value reflected the incorporation of revised monthly book value data from Census Bureau monthly surveys. The revision to the IVA reflected the incorporation of newly available information from the Census Bureau on the accounting methods used in inventory reporting and revised BEA unit labor cost indexes.

Net exports of goods and services. Net exports of goods and services was revised up \$1.0 billion for 1999, was revised down \$1.5 billion for 2000, and was revised down \$19.1 billion for 2001. For 2001, a downward revision to exports of services, an upward revision to imports of services, and a downward revision to exports of goods were partly offset by a downward revision to imports of goods. The revisions to exports and imports of services primarily reflected the incorporation of revised data from BEA's international transactions accounts (ITA's). The revised ITA estimates primarily reflected the use of updated source

6. The Census Bureau data on the value of construction put in place are the major source data for the estimates of both nonresidential and residential structures. The revised estimates of structures are based on the "best period-to-period change" rather than on the "best level" of the appropriate Census Bureau series; see the box "Incorporating Source Data on the Basis of 'Best Change'" in Eugene P. Seskin and David F. Sullivan, "Annual Revision of the National Income and Product Accounts," SURVEY 80 (August 2000): 16.

7. See footnote 6.

8. Change in private inventories is calculated by adjusting inventories reported by businesses on a non-LIFO (last-in-first-out) book-value basis to a current-period replacement-cost basis; this revaluation eliminates gains or losses that result from holding inventories when prices change. The inventory valuation adjustment, which is calculated as the change in private inventories less the change in book values, reflects inventory price changes for firms that value inventory withdrawals at acquisition (historical) cost.

9. The inventory valuation adjustment is not needed for farm inventories, because they are measured on the basis of current market price.

data.¹⁰ In addition, the revision to exports of services reflected the incorporation of a revised NIPA adjustment for “services furnished without payment by financial intermediaries except life insurance carriers.” The revision to imports of goods primarily reflected the incorporation of revised NIPA adjustments for U.S. territories and Puerto Rico (see footnote 3 in NIPA table 4.5B).

As usual, the ITA revisions were incorporated into the NIPA’s at their “best level,” beginning with estimates for 1999. (The revisions to the ITA’s for years before 1999 will be incorporated in the next comprehensive NIPA revision.) As a result, there are discontinuities between the NIPA estimates for 1998 and those for 1999 (table 7). For current-dollar net exports of goods and services (and for current-dollar GDP), the change from 1998 to 1999 is understated by only \$0.1 billion.

Government consumption expenditures and gross investment. Government consumption expenditures and gross investment was revised up for all 3 years: \$8.5 billion for 1999, \$10.0 billion for 2000, and \$18.5 billion for 2001.

Federal Government consumption expenditures and gross investment was revised up \$1.0 billion for 1999, was revised down \$1.0 billion for 2000, and was revised up \$12.4 billion for 2001. For 2001, the upward revision was primarily accounted for by nondefense consumption expenditures for “other” services, primarily reflecting revised Federal budget data for fiscal year 2001, preliminary budget data for fiscal year 2002, and National Science Foundation data on research and development expenditures.

State and local government consumption expenditures and gross investment was revised up for all 3 years: \$7.5 billion for 1999, \$11.0 billion for 2000, and \$6.1 billion for 2001. For 1999 and 2000, the revisions were primarily accounted for by upward revisions to consumption expenditures for “other” services. For 2001, the revision reflected an upward revision to consumption expenditures that was partly offset by a downward revision to gross investment. The revision to consumption expenditures reflected upward revisions to compensation of employees and to “other” services. The revision to gross investment was more than accounted for by a downward revision to struc-

Table 7. Discontinuities in NIPA Foreign Transactions, 1998–99
[Billions of dollars]

	1998			1999	Change from 1998 to 1999	
	Published	Discontinuity ¹	Adjusted	Revised	Published	Adjusted
Net exports of goods and services						
Exports	-151.8	-0.1	-151.9	-249.9	-98.1	-98.0
Goods	964.9	0.0	964.9	989.3	24.4	24.4
Services	681.3	0.0	681.3	697.3	16.0	16.0
Imports	283.6	0.0	283.6	292.0	8.4	8.4
Goods	1,116.7	0.1	1,116.8	1,239.2	122.5	122.4
Services	930.0	0.0	930.0	1,045.3	115.3	115.3
Compensation of employees	186.7	0.1	186.8	193.9	7.2	7.1
Net receipts of income	-3.5	13.8	10.3	22.8	26.3	12.5
Receipts	286.1	0.1	286.2	316.9	30.8	30.7
Corporate profits	145.3	0.0	145.3	175.5	30.1	30.1
Interest	138.9	0.1	138.9	139.2	0.3	0.2
Compensation of employees	1.9	0.0	1.9	2.2	0.3	0.3
Payments	289.6	-13.7	275.9	294.1	4.5	18.2
Corporate profits	43.1	0.9	44.0	55.3	12.2	11.3
Interest	239.6	-14.7	224.9	230.9	-8.7	6.0
Compensation of employees	6.9	0.1	7.0	8.0	1.0	1.0
Transfer payments to rest of the world (net)	44.5	0.1	44.6	48.9	4.4	4.3
Addenda:						
GDP	8,781.5	-0.1	8,781.4	8,781.5	0.0	0.1
GNP	8,778.1	13.7	8,791.8	8,778.1	0.0	-13.7

1. Equals the revisions to the U.S. international transactions accounts that have not been carried back in the NIPA’s at this time.

tures.

The upward revisions to “other” services for all 3 years reflected the incorporation of revised data for fiscal year 1999 and newly available data for fiscal year 2000 from Census Bureau surveys of government finances and a change in the methodology for estimating brokers’ fees (see the section “Changes in Methodology”). The upward revision to compensation of employees reflected the incorporation of newly available BLS tabulations of wages and salaries of employees covered by State unemployment insurance for 2001. The downward revision to structures for 2001 reflected the incorporation of revised Census Bureau data on the value of construction put in place.

Net receipts of income. Net receipts of income from the rest of the world, which is excluded from GDP but included in gross national product (GNP), was revised up for all 3 years: \$29.5 billion for 1999, \$35.5 billion for 2000, and \$27.2 billion for 2001. For 1999 and 2000, the upward revisions primarily reflected downward revisions to income payments to the rest of the world. For 2001, a downward revision to income payments was partly offset by a downward revision to income receipts from the rest of the world.

The revisions for all 3 years primarily reflected the incorporation of the annual revision of the ITA’s.

10. See Christopher L. Bach, “Annual Revision of the U.S. International Accounts, 1993–2001,” SURVEY 82 (July 2002): 33–40.

Specifically, the revised estimates of income payments primarily reflected the incorporation of results from the U.S. Treasury's Benchmark Survey of Foreign Portfolio Investment in the United States for March 2000; the revised estimates of income receipts primarily reflected updated source data.¹¹

The incorporation of the ITA revisions into the NIPA's at their "best level" resulted in discontinuities between the NIPA estimates for 1998 and those for 1999 (table 7). For net receipts of income, the change from 1998 to 1999 is overstated by \$13.8 billion. The discontinuity is more than accounted for by interest paid to the rest of the world, reflecting the incorporation of results from the Treasury Department's benchmark survey of portfolio investment.

Gross national product (GNP). GNP was revised up \$35.3 billion, or 0.4 percent, for 1999; was revised down \$12.8 billion, or 0.1 percent, for 2000; and was revised down \$98.7 billion, or 1.0 percent, for 2001. The revisions to GNP differ from those to GDP because of the revisions to net receipts of income. Because GNP includes both net exports of goods and services and net receipts of income, it also has a discontinuity between the estimates for 1998 and 1999; the change is overstated by \$13.7 billion.

Gross domestic income (GDI). GDI, which measures the costs incurred and the incomes earned in the production of GDP, was revised down for all 3 years: \$28.2 billion for 1999; \$50.3 billion for 2000; and \$158.6 billion for 2001 (see the addenda to table 6).

For 1999, the revision to GDI reflected downward revisions to domestic corporate profits with inventory

valuation adjustment (IVA) and capital consumption adjustment (CCAdj), to consumption of fixed capital (CFC), and to domestic net interest that were partly offset by an upward revision to proprietors' income with IVA and CCAdj.

For 2000, the revision to GDI reflected a large downward revision to domestic corporate profits with IVA and CCAdj and smaller downward revisions to CFC and to indirect business tax and nontax liability that were partly offset by a large upward revision to domestic net interest and smaller upward revisions to compensation of employees and to rental income of persons with CCAdj.

For 2001, the revision to GDI reflected a large downward revision to compensation of employees and smaller downward revisions to domestic corporate profits with IVA and CCAdj, to CFC, to indirect business tax and nontax liability, to proprietors' income with IVA and CCAdj, and to rental income of persons with CCAdj that were partly offset by a large upward revision to domestic net interest and a downward revision to "subsidies less current surplus of government enterprises," which is subtracted in the calculation of GDI.

Statistical discrepancy. Revisions to the statistical discrepancy reflect the differences between the revisions to GDP and those to GDI.¹² For 1999, the statistical discrepancy was revised from -\$72.7 billion to -\$38.8 billion (from -0.8 percent to -0.4 percent of GDP), reflecting a downward revision to GDI and an upward revision to GDP. For 2000, the statistical dis-

11. See Bach, "Annual Revision," 33-40.

12. For a further discussion, see the box "The Statistical Discrepancy" in Robert P. Parker and Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 77 (August 1997): 19.

Data Availability

The estimates in the NIPA tables that follow this article and the estimates for earlier periods (for most tables, beginning with 1929 for annual estimates and with 1946 for quarterly estimates) are available on BEA's Web site at <www.bea.gov>. Later this year, the NIPA estimates will be available on a CD-ROM; its availability will be announced in the SURVEY OF CURRENT BUSINESS and on BEA's Web site.

Publication of the revised estimates and of related estimates will continue in subsequent issues of the SURVEY. The September SURVEY will present table 5.16, which shows changes in the net stock of produced assets; reconciliation table 8.28, which shows the relationship between personal income in the NIPA's and adjusted gross income from the Internal Revenue Service; and new estimates of

fixed assets and consumer durable goods for 2001 and revised estimates for 1999 and 2000.

The October SURVEY will present "Updated Summary NIPA Methodologies," which lists the principal source data and estimating methods used in preparing the current-dollar and real estimates of GDP; tables 3.15-3.17 (government spending by function), tables 3.18-3.20 (government sector reconciliation tables), and tables 9.1-9.6 (seasonally unadjusted estimates); revised real inventories, sales, and inventory-sales ratios for manufacturing and trade for 1998:I-2002:I; and revised estimates of State personal income that incorporate the results of this annual revision of the NIPA's.

The November SURVEY will present revised and updated estimates of GDP by industry.

crepancy was revised from $-\$130.4$ billion to $-\$128.5$ billion (revised less than 0.1 percentage point at -1.3 percent of GDP), reflecting a downward revision to GDI that was mostly offset by a downward revision to GDP. For 2001, the statistical discrepancy was revised from $-\$149.8$ billion to $-\$117.3$ billion (from -1.5 percent to -1.2 percent of GDP), reflecting a large downward revision to GDI that was partly offset by a large downward revision to GDP.

Compensation of employees. Compensation of employees was revised down $\$1.9$ billion for 1999, was revised up $\$8.2$ billion for 2000, and was revised down $\$135.1$ billion for 2001. For 2000, the revision was more than accounted for by an upward revision to other labor income. For 2001, the revision reflected a very large downward revision to wage and salary accruals that was partly offset by an upward revision to other labor income.

For 2000, the revision to other labor income reflected upward revisions to employer contributions to group health and life insurance and to private pension and profit-sharing plans that were partly offset by downward revisions to employer contributions to publicly administered government retirement plans. The revisions to employer contributions to group health and life insurance and to private pension and profit-sharing plans reflected the incorporation of more complete source data. The revision to employer contributions to publicly administered government retirement plans reflected the incorporation of revised and new data from Census Bureau surveys of State and local government finances for fiscal years 2000 and 2001.

For 2001, the revision to wage and salary accruals reflected a very large downward revision to private wages and salaries and a smaller downward revision to Federal Government wages and salaries that were partly offset by an upward revision to State and local government wages and salaries. The revisions to private and to State and local government wages and salaries reflected the incorporation of BLS tabulations of wages and salaries of employees covered by State unemployment insurance (UI).¹³ (See the box "Revisions to Wages and Salaries and to Profits" on page 24.) The revision to Federal Government wages and salaries reflected the incorporation of payroll data from the Office of Personnel Management for 2001 and Federal Government budget data for fiscal years 2001 and

2002. The upward revision to other labor income for 2001 cannot be attributed to the same level of component detail as the revision for 2000, because the previously published estimates were prepared at a less detailed level.

Proprietors' income with IVA and CCAdj. Proprietors' income with IVA and CCAdj was revised up $\$6.4$ billion for 1999, was revised down $\$0.2$ billion for 2000, and was revised down $\$15.6$ billion for 2001. For 1999, the upward revision was primarily accounted for by nonfarm proprietors' income. For 2000, a downward revision to farm proprietors' income was largely offset by an upward revision to nonfarm proprietors' income. For 2001, both farm and nonfarm proprietors' income were revised down.

For 2000 and 2001, the downward revision to farm proprietors' income reflected the incorporation of revised and newly available information from the U.S. Department of Agriculture.

For 2000, the upward revision to nonfarm proprietors' income reflected an upward revision to the CCAdj that was partly offset by a downward revision to nonfarm proprietors' income without CCAdj. The revision to nonfarm proprietors' income was based on newly available IRS tabulations of sole proprietorship and partnership tax returns for 2000. For 2001, a downward revision to nonfarm proprietors' income without CCAdj that reflected the incorporation of the retroactive provisions of the Job Creation and Worker Assistance Act of 2002 on a best-level basis and on revisions to the industry-specific indicators used for extrapolation was partly offset by an upward revision to the CCAdj.¹⁴

Rental income of persons with CCAdj. Rental income of persons with CCAdj was revised up $\$1.4$ billion for 1999, was revised up $\$5.0$ billion for 2000, and was revised down $\$4.7$ billion for 2001. For 2000, the upward revision was primarily accounted for by rental income of persons without CCAdj and reflected upward revisions to rent for owner-occupied and tenant-occupied dwellings and to royalties. Downward revisions to two categories of expenses—mortgage interest and property insurance—also contributed to the revision. For 2001, the downward revision reflected a downward revision to rental income that was partly

13. The incorporation of the more comprehensive quarterly UI data into the NIPA estimates of wages and salaries was previewed in the box "BEA Estimates of Wages and Salaries for 2001," SURVEY 82 (May 2002): 7.

14. This act did not affect the estimates of proprietors' income with CCAdj, because these estimates do not depend on the depreciation accounting practices used for Federal income tax purposes; instead, this measure of proprietors' income is based on an estimate of the value of fixed capital actually used up in the production process. For additional information about the provisions of the act, see the box in the "Business Situation," SURVEY 82 (April 2002): 6.

offset by an upward revision to the CCAdj. The revision to rental income primarily reflected an upward revision to closing-cost expenses (see the section "Changes in Methodology"); the revision to the CCAdj reflected the incorporation of revised prices for residential housing.

Corporate profits with IVA and CCAdj. Corporate profits with IVA and CCAdj was revised down for all 3 years: \$19.4 billion for 1999, \$88.3 billion for 2000, and \$35.5 billion for 2001. The downward revisions were mostly accounted for by profits before tax, but revisions to the CCAdj also contributed. (For more information on the revisions to profits, see the box "Revisions to Wages and Salaries and to Profits.") For

1999 and 2000, both the CCAdj and the IVA were revised down; for 2000, the revision to the CCAdj accounted for about a fourth of the revision to corporate profits. For 2001, the downward revision to the CCAdj was partly offset by an upward revision to the IVA. (For more information about the CCAdj, see the entry "Consumption of fixed capital.")

For all 3 years, downward revisions to domestic profits were slightly offset by upward revisions to rest-of-the-world profits. The revisions to domestic profits primarily reflected the incorporation of revised IRS tabulations of corporate tax returns for 1999, of newly available preliminary tabulations for 2000, and of other data from regular sources. The revisions to

Revisions to Wages and

In this year's annual revision, the estimate of wage and salary accruals for 2001 was revised down \$147.6 billion; the change from 2000 to 2001 was revised down to an increase of 2.4 percent from the previously published increase of 5.4 percent. The estimate of corporate profits from current production for 2000 was revised down \$88.3 billion; the change from 1999 was revised down to a decrease of 2.2 percent from the previously published increase of 6.2 percent. For 2001, corporate profits was revised down \$35.5 billion; the change from 2000 was revised up to a decrease of 7.2 percent from the previously published decrease of 12.5 percent.

BEA's estimates of wages and salaries and profits are critically important in guiding monetary policy and in projecting Federal budgets and Social Security trust fund balances. In order to provide more timely information, BEA has changed its revision schedule to allow earlier incorporation of comprehensive data on wages and salaries (see the section "Changes in Methodology"). This change will reduce future annual revisions to wages and salaries and thus provide more timely and reliable information to budget forecasters and other data users who rely on the wage and salary estimates. BEA will also be researching ways to improve the extrapolation of corporate profits.

The large revisions to the estimates of wages and salaries and corporate profits reflect the incorporation of newly available source data that are more complete, more reliable, and otherwise more appropriate than those that were previously incorporated. This box briefly discusses the differences between the source data used for initial estimates and the more complete data that were used for the revised estimates and that led to this year's large revisions.

Wages and salaries. Wage and salary accruals is defined as monetary remuneration of employees—including commissions, tips, bonuses, gains from exercising non-

qualified stock options, and receipts in kind that represent income.

The Bureau of Labor Statistics (BLS) tabulates wages and salaries of workers covered by the State unemployment insurance (UI) program and by the Unemployment Compensation for Federal Employees program. These source data cover most wages and salaries, and BEA adjusts the data for misreporting on employment tax returns and for undercoverage of selected industries and types of employees (see NIPA table 8.27).

Because the UI-based data are available with a lag of 5 to 6 months, the current estimates of wages and salaries are extrapolated using data from the BLS monthly current employment statistics payroll survey of nonfarm employment, hours, and earnings. However, these data are less comprehensive because they cover hours and earnings only for production workers (or for nonsupervisory workers in service industries) and because they do not include commissions, tips, bonuses, or gains from exercising nonqualified stock options. Thus, the monthly survey misses a substantial portion of the wage and salary compensation of high-wage workers. This, in turn, can lead to large revisions to wages and salaries (see the table on page 37 of the May 2002 SURVEY).

In 5 of the 13 annual and comprehensive NIPA revisions from 1990 to 2002, the annual growth rate of wages and salaries was revised by more than 1.0 percentage point (in absolute value). The revision of -3.0 percentage points in this year's annual revision is the largest such revision; the next largest was -2.5 percentage points in the July 1990 annual revision.

BEA has decided to change its revision policy and speed up the incorporation of the seasonally adjusted comprehensive UI data. Henceforth, the release of the "final" quarterly GDP estimate will include revised estimates of wages and salaries for the prior quarter (see the "Changes in Methodology" section).

rest-of-the-world profits reflected the incorporation of the annual revision of the ITA's.

Net interest. Net interest was revised up for all 3 years: 20.1 billion for 1999, \$78.8 billion for 2000, and \$95.5 billion for 2001.¹⁵

For 1999, the revision reflected a downward revision to monetary interest received by the rest of the world that was partly offset by an upward revision to imputed interest received by domestic business.

15. Net interest is calculated as the sum of monetary interest paid by domestic business and by the rest of the world and imputed interest paid by domestic financial corporate business, less monetary interest received by domestic business and by the rest of the world and imputed interest received by domestic business and by the rest of the world.

For 2000, downward revisions to monetary interest received by domestic corporate business and by the rest of the world and an upward revision to monetary interest paid by domestic nonfarm sole proprietorships and partnerships were partly offset by a downward revision to monetary interest paid by domestic corporate business and by an upward revision to imputed interest received by domestic corporate business.

The revisions to domestic monetary interest reflected the incorporation of revised and newly available IRS tabulations of tax return data for corporations and for sole proprietorships and partnerships. The revisions to monetary interest received by the rest of the world reflected the incorporation of the annual

Salaries and to Profits

Profits. Corporate profits is defined as receipts arising from current production less associated expenses. Most businesses prepare profits information on two bases—financial accounting and tax accounting—that may use different definitions of some receipts and expenses.

BEA uses the tax-accounting measures as the primary source of information on corporate profits because they are based on well-specified accounting definitions, whereas financial-accounting measures allow more flexibility in the way they are applied by corporations. In addition, the tax-accounting measures are more comprehensive, covering all incorporated businesses—both publicly traded and privately held—and all industries, while financial-accounting tabulations cover only a subset of the corporate universe. However, because financial-accounting measures are available on a more timely, quarterly basis than annual tax return data, they are used to extrapolate the tax-return-based estimates to current periods.¹

Annual estimates of corporate profits are primarily based on IRS tabulations of data from corporate tax returns. The tabulations provide estimates of universe totals by industry for many of the items on the corporate income tax return, including receipt and expense items, tax liabilities, and balance sheet items. These totals are the starting point for preparing the NIPA estimates. However, preliminary IRS tabulations become available about 2 years after the reference year, and the final tabulations are available with a 3-year lag. For example, in this annual revision, final IRS tabulations replace the estimates for 1999, preliminary IRS tabulations replace the estimates for 2000, and new BEA extrapolations replace the estimates for 2001. The extrapolations use industry indicators based on corporate financial reports (such as

the Census Bureau *Quarterly Financial Report*), on reports filed with Government agencies that regulate certain industries, on BEA's tabulations of income from shareholder reports, on information related to corporate income (such as sales), and on judgment.

Quarterly estimates are obtained by interpolating and, for the most recent quarters, by extrapolating indicators based on financial-accounting measures that are similar to those used for the annual indicators; however, the amount of industry detail is somewhat less.

Because the tax-based source data used for the annual estimates differ from the financial-accounting based source data for the quarterly estimates, the extrapolation may misstate the growth in profits. For example, under financial accounting, corporations do not usually record the most common type of employee stock options (nonqualified options) as expenses, whereas, under tax-accounting rules, these options are deducted from profits when exercised. Thus, financial profits would not usually decline when nonqualified options are exercised, whereas tax-based profits would decline.

Despite this important difference, for 9 of the 12 annual or comprehensive revisions between 1991 and 2002, corporate profits were revised up when the tax-based data were incorporated into the estimates. For the 2002 annual revision, the large downward revisions to profits for 1999 and 2000 may reflect the fact that the employee stock options that many high-tech companies, such as Internet firms, began providing in the mid-1990s became fully vested, and the employees started to exercise their options.

Unfortunately, quarterly information on the value of exercised nonqualified options is not available on which to base an adjustment to the extrapolator. BEA is working with the IRS to obtain additional annual information from administrative records that would allow BEA to adjust the extrapolated values of corporate profits.

1. The financial-accounting measures are adjusted to remove items such as capital gains and losses, foreign-source income, dividend income, and nonrecurring items, because these items are not considered a part of domestic current production.

revision of the ITA's. The revisions to imputed interest received reflected the incorporation of revised data from the Federal Reserve Board (FRB) flow-of-funds accounts on business deposits at commercial banks.

For 2001, the upward revision to net interest was attributable to the revisions to the 2000 levels and to newly incorporated regular source data from regulatory agencies, particularly data from the FRB flow-of-funds accounts.¹⁶

Consumption of fixed capital (CFC). CFC, which is the charge for the using up of private and government fixed capital, was revised down for all 3 years: \$6.2 billion for 1999, \$12.4 billion for 2000, and \$22.1 billion for 2001. The revisions were mostly accounted for by downward revisions to the private component of CFC that reflected the incorporation of revised BEA estimates of fixed investment—primarily for computers and trucks—and of revised prices. (The estimates of investment and prices are direct inputs into the calculation of both private and government net capital stocks, which are used to calculate the CFC.)

Private capital consumption allowances (CCA)—that is, tax-return-based depreciation for corporations and nonfarm proprietorships and historical-cost depreciation (using consistent service lives) for farm proprietorships, rental income of persons, and nonprofit institutions—was revised down for all 3 years: \$6.0 billion for 1999, \$19.2 billion for 2000, and \$12.7 billion for 2001. These revisions primarily reflected the incorporation of revised and newly available IRS tax return data. For all 3 years, downward revisions to the corporate component were partly offset by upward revisions to the noncorporate component. The revisions to the corporate component for 1999 and 2000 reflected the incorporation of revised and newly available IRS tax return data for corporations; for 2001, the revision reflected the incorporation of revised BEA projections of IRS depreciation and amortization on the basis of BEA estimates of investment flows and IRS service lives and depreciation conventions. The revisions to the noncorporate component for 1999 and 2000 reflected the incorporation of revised and newly available IRS tax return data for nonfarm proprietorships and partnerships; for 2001, the revision reflected the incorporation of revised BEA projections of IRS tax return data for nonfarm proprietorships and partnerships.

Private capital consumption adjustment (CCAdj), which is derived as the difference between private CCA

and private CFC, was revised down \$0.1 billion for 1999, was revised down \$7.3 billion for 2000, and was revised up \$8.0 billion for 2001.

Nonfactor income. Nonfactor income—which comprises indirect business tax and nontax liability, business transfer payments, and “subsidies less current surplus of government enterprises”—was revised up \$0.8 billion for 1999, was revised down \$5.8 billion for 2000, and was revised down \$13.8 billion for 2001. For 2000 and 2001, the revisions primarily reflected downward revisions to indirect business taxes that were partly offset by downward revisions to “subsidies less current surplus of government enterprises,” which is subtracted in aggregating nonfactor incomes.

The downward revisions to indirect business taxes were mainly to State and local indirect business taxes—specifically to general sales taxes—reflecting the incorporation of newly available and revised data from Census Bureau surveys of State and local government finances.

The downward revisions to “subsidies less current surplus of government enterprises” were mostly accounted for by the Federal Government component for 2000 and by the State and local government component for 2001. The downward revisions to Federal Government “subsidies less current surplus of government enterprises” were mostly accounted for by the current surplus of government enterprises for the U.S. Postal Service, reflecting newly incorporated financial data for fiscal years 2000 and 2001 from the U.S. Postal Service. The downward revisions to State and local government “subsidies less current surplus of government enterprises” were accounted for by the current surplus of government enterprises for 1999 and 2000 and by subsidies for 2001. For 2001, the downward revision to subsidies was accounted for by the incorporation of revised estimates of electricity expenditures by the State of California.

National income. National income—income that originates from production—was revised up \$6.6 billion for 1999, was revised up \$3.5 for 2000, and was revised down \$95.5 billion for 2001. These revisions reflected the previously described revisions to compensation of employees, proprietors' income, rental income of persons, corporate profits, and net interest.

Personal income and its disposition. Personal income—income received by persons from participation in production, from government and business transfer payments, and from government interest—was revised up \$9.2 billion for 1999, was revised up \$87.4 billion for 2000, and was revised down \$38.2 billion for 2001.

16. For 2001, the revision cannot be attributed to the same level of component detail as that for 2000, because for 2001, the previously published estimates were prepared at a less detailed level.

These revisions partly reflected the previously described revisions to the components of national income that are included in personal income—wage and salary disbursements, other labor income, proprietors' income, and rental income of persons—and to the components of personal income—personal dividend income and personal interest income—that are derived from related components of national income. The revisions also reflected revisions to transfer payments to persons and to personal contributions for social insurance.

Personal dividend income—which consists of dividend income received by persons from all sources and which equals national income dividends less dividends received by government—was revised down for all 3 years: \$15.1 billion for 1999, \$3.5 billion for 2000, and \$7.1 billion for 2001. These revisions reflected the incorporation of revised and newly available IRS tabulations of corporate tax return data, the annual revision of the ITA's, and data from public financial statements.

Personal interest income—which consists of monetary and imputed interest received by persons from all sources and which equals net interest plus interest paid by persons and interest paid by government less interest received by government—was revised up for all 3 years: \$19.2 billion for 1999, \$76.4 billion for 2000, and \$97.7 billion for 2001. These revisions primarily reflected the previously described revisions to net interest.

Transfer payments to persons was revised down \$1.1 billion for 1999, was revised up \$1.2 billion for 2000, and was revised up \$21.6 billion for 2001. For 2001, the revision primarily reflected upward revisions to State and local government transfer payments to persons and to Federal Government transfer payments to persons. The revision to State and local government transfer payments was mostly accounted for by medical care payments and reflected the incorporation of newly available data from the Centers for Medicare and Medicaid Services. The revision to Federal Government transfer payments was mostly accounted for by unemployment benefits and reflected the incorporation of newly available data from the Department of Labor.

Personal contributions for social insurance—which is subtracted in calculating personal income—was revised up \$0.3 billion for 1999, was revised up \$0.7 billion for 2000, and was revised down \$1.0 billion for 2001.

Personal tax and nontax payments was revised down for all 3 years: \$0.1 billion for 1999, \$1.8 billion

for 2000, and \$14.1 billion for 2001. For 2001, the revision was more than accounted for by a downward revision to State and local tax and nontax payments, reflecting the incorporation of revised and newly available data from Census Bureau surveys of State and local government finances.

Reflecting the revisions to personal income and to personal tax and nontax payments, disposable personal income (DPI) was revised up \$9.4 billion for 1999, was revised up \$89.2 billion for 2000, and was revised down \$24.1 billion for 2001.

Personal outlays—PCE, interest paid by persons, and “personal transfer payments to the rest of the world (net)” —was revised down for all 3 years: \$3.9 billion for 1999, \$44.7 billion for 2000, and \$75.4 billion for 2001. For 2000, a downward revision to PCE accounted for the revision; for 2001, a downward revision to PCE more than accounted for the revision.

Personal saving—the difference between DPI and personal outlays—was revised up for all 3 years: \$13.1 billion for 1999, \$133.8 billion for 2000, and \$51.3 billion for 2001. For 1999, the revision primarily reflected the upward revision to DPI. For 2000, the revision reflected the large upward revision to DPI and the large downward revision to personal outlays. For 2001, the revision reflected the large downward revision to personal outlays that was partly offset by the downward revision to DPI. Largely reflecting the revisions to personal saving, the personal saving rate—personal saving as a percentage of DPI—was revised up from 2.4 percent to 2.6 percent for 1999, was revised up from 1.0 percent to 2.8 percent for 2000, and was revised up from 1.6 percent to 2.3 percent for 2001.

Gross saving and investment. Gross saving was revised down \$3.3 billion for 1999, was revised up \$22.2 billion for 2000, and was revised down \$78.4 billion for 2001. Gross saving as a percentage of GNP was revised down 0.1 percentage point to 18.3 percent for 1999, was revised up 0.3 percentage point to 18.4 percent for 2000, and was revised down 0.6 percentage point to 16.5 percent for 2001.

For 1999, a downward revision to gross government saving was partly offset by an upward revision to gross private saving. The revision to gross government saving reflected downward revisions to the Federal Government current surplus and to the State and local government current surplus. The revision to gross private saving was more than accounted for by an upward revision to personal saving.

For 2000, an upward revision to gross private saving was partly offset by a downward revision to gross

government saving. The revision to gross private saving reflected a large upward revision to personal saving that was partly offset by a large downward revision to undistributed corporate profits with IVA and CCAdj. The revision to gross government saving reflected downward revisions to the State and local government current surplus and to the Federal Government current surplus.

For 2001, a large downward revision to gross government saving was partly offset by an upward revision to gross private saving. The revision to gross government saving reflected large downward revisions to the State and local government current surplus and to the Federal Government current surplus. Within gross private saving, a large upward revision to personal saving was partly offset by downward revisions to undistributed corporate profits with IVA and CCAdj, to noncorporate CFC, and to corporate CFC.

Gross investment—the sum of gross private domestic investment, gross government investment, and net foreign investment—was revised up \$30.7 billion for 1999, was revised up \$24.1 billion for 2000, and was revised down \$45.8 billion for 2001. The revision for 1999 was accounted for by an upward revision to net foreign investment. The revision for 2000 reflected an upward revision to net foreign investment that was partly offset by a downward revision to gross private

domestic investment. The revision for 2001 was more than accounted for by a downward revision to gross private domestic investment.

Annual price estimates

Revisions to the chain-type price indexes result from the incorporation of newly available and revised source data, from the introduction of methodological changes that affect the use of source data, and from the regularly scheduled incorporation of annual weights for the most recent year (2001). In this annual revision, the source data for price indexes that were used for deflation and the source data that affect implicit prices were revised.¹⁷ Methodological changes included the introduction of a new price index for services of security and commodity brokers within PCE, exports and imports, and State and local government consumption expenditures; a new price index for insurance services within exports and imports; and new price indexes for several categories of Federal defense and nondefense services (see the section “Changes in Methodology”).

17. The implicit prices are computed by dividing the current-dollar estimates by the chained-dollar estimates that are derived from the quantity data used in quantity extrapolation and direct valuation. Thus, differences between the current-dollar revisions and the chained-dollar revisions to these components are reflected as revisions to their implicit prices.

Table 8. Revisions to Percent Change in GDP Price Indexes

[Percent change from preceding year]

	1998	1999			2000			2001		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Gross domestic product	1.2	1.4	1.4	0.0	2.3	2.1	-0.2	2.2	2.4	0.2
Personal consumption expenditures	1.1	1.6	1.6	0.0	2.7	2.5	-0.2	1.9	2.0	0.1
Durable goods.....	-2.4	-2.5	-2.5	0.0	-1.6	-1.7	-0.1	-1.8	-1.9	-0.1
Nondurable goods.....	0.0	2.3	2.3	0.0	3.7	3.8	0.1	1.5	1.5	0.0
Services.....	2.3	2.2	2.2	0.0	3.1	2.8	-0.3	2.8	3.1	0.3
Gross private domestic fixed investment	-0.9	-0.1	-0.2	-0.1	1.2	1.1	-0.1	0.5	1.2	0.7
Nonresidential.....	-2.1	-1.4	-1.5	-0.1	0.1	0.1	0.0	-0.5	0.2	0.7
Structures.....	3.3	2.5	1.8	-0.7	4.1	4.0	-0.1	4.5	5.0	0.5
Equipment and software.....	-3.9	-2.6	-2.5	0.1	-1.1	-1.2	-0.1	-2.2	-1.5	0.7
Residential.....	2.8	3.8	3.8	0.0	4.5	4.4	-0.1	3.4	4.1	0.7
Change in private inventories										
Net exports of goods and services										
Exports.....	-2.2	-0.6	-0.8	-0.2	1.8	1.4	-0.4	-0.2	-0.8	-0.6
Goods.....	-3.1	-1.4	-1.3	0.1	1.1	1.2	0.1	-0.7	-0.7	0.0
Services.....	0.0	1.2	0.4	-0.8	3.4	2.1	-1.3	0.8	-1.0	-1.8
Imports.....	-5.4	0.6	0.1	-0.5	4.3	4.5	0.2	-3.3	-2.9	0.4
Goods.....	-6.0	0.2	0.2	0.0	4.8	4.8	0.0	-3.1	-2.9	0.2
Services.....	-2.3	2.7	-0.4	-3.1	1.7	3.3	1.6	-4.5	-2.9	1.6
Government consumption expenditures and gross investment	1.5	2.8	2.7	-0.1	3.9	3.9	0.0	2.0	2.4	0.4
Federal.....	1.0	2.4	2.4	0.0	2.9	3.0	0.1	1.6	1.7	0.1
National defense.....	0.8	2.3	2.2	-0.1	2.8	3.0	0.2	1.6	1.6	0.0
Nondefense.....	1.3	2.5	2.8	0.3	3.0	3.1	0.1	1.7	1.9	0.2
State and local.....	1.7	2.9	2.9	0.0	4.4	4.3	-0.1	2.2	2.7	0.5
Addendum:										
Gross domestic purchases.....	0.8	1.5	1.5	0.0	2.6	2.5	-0.1	1.7	1.9	0.2

In addition, the prices used for deflation reflected updated seasonal factors.

Newly available source data resulted in revisions to the implicit prices for four types of PCE for services—automobile insurance, health insurance, brokerage and investment charges, and “services furnished without payment by financial intermediaries except life insurance carriers”—and in revisions to the implicit prices for Federal Government and State and local government compensation of employees. The revisions to most of these prices reflected the previously discussed revisions to the corresponding current-dollar estimates.

The annual percent increase in the chain-type price index for gross domestic purchases was unrevised at 1.5 percent for 1999, was revised down 0.1 percentage point to 2.5 percent for 2000, and was revised up 0.2 percentage point to 1.9 percent for 2001 (see the addendum to table 8 and chart 1). The annual percent increase in the price index for GDP was unrevised at 1.4 percent for 1999, was revised down 0.2 percentage point to 2.1 percent for 2000, and was revised up 0.2 percentage point to 2.4 percent for 2001.

For 1999, the revisions to the prices of all the major components of GDP were small. For 2000, the largest contributor to the downward revision to the price index for gross domestic purchases was PCE for services; within services, the largest contributor was transportation services (primarily insurance).

For 2001, the largest contributors to the upward revision to the price index for gross domestic purchases were PCE for services, State and local government spending, and equipment and software. Within PCE for services, the largest contributor was medical care services (primarily, hospitals and nursing homes). Within State and local government spending, the largest contributor was “compensation of general government employees, except own-account investment.” Within equipment and software, the largest contributor was computers and peripheral equipment.

Changes in Methodology

This section describes the changes in the source data and in the estimation methods that were incorporated into this year’s annual revision.¹⁸ One presentational change is also discussed.

Earlier incorporation of comprehensive data on

18. These changes update the methodological information in the two tables that were published in “Updated Summary NIPA Methodologies,” 18–40; updated tables will be published in the October 2002 SURVEY.

wages and salaries. When the final estimates of GDP for the current quarter are released (in September, December, March, and June), BEA will now also release revised estimates of private wages and salaries and affected income-side aggregates for the previous quarter (for example, in September 2002, BEA will release revised wages and salaries for the first quarter of 2002).¹⁹ This new revision schedule will permit the incorporation of the most recently available wage and salary data from the State unemployment insurance (UI) program on a more timely basis and thus improve the quality of the wage and salary estimates.

Underlying this change is a new method for estimating quarterly wages and salaries. Specifically, the quarterly estimates of wages and salaries have been improved by interpolating and extrapolating using seasonally adjusted quarterly information from BLS tabulations of wages and salaries of employees covered by State UI. Previously, only the annual estimates reflected data from this source; the quarterly estimates of wages and salaries were interpolated and extrapolated based on employment, hours, and average hourly earnings from the establishment survey of the BLS current employment statistics, a less comprehensive data source. Differences between the two data sources are described more fully in the box on page 24.

NAICS and improved estimates of PCE services. The estimates of personal consumption expenditures (PCE) for services are now prepared using data collected by the Census Bureau on a North American Industry Classification System (NAICS) 1997 basis. Previously, the estimates were prepared using data that were collected on a NAICS basis but were converted to a Standard Industrial Classification (SIC) basis by BEA.

PCE for services is estimated on a commodity basis rather than on an industry basis. Data collected on an industry basis, such as those reported in the Census

19. Affected aggregates include gross domestic income, the statistical discrepancy, gross national income, national income, personal income, disposable personal income, personal saving, gross (national) saving, compensation, and gross product of corporate business. Other components that are closely linked to wages and salaries, such as personal tax payments, may also be revised. The revision schedule will be contingent on the availability of source data and may be adjusted for annual and comprehensive revisions.

GDP and its components will continue to be revised only for the current quarter. In order to avoid introducing small revisions to GDP and its components for the prior quarter, the revision schedule for wages and salaries of government and nonprofit institutions will not be changed. Wages and salaries of these organizations affect the level of GDP because their output is measured by costs, and compensation of employees is a component of their costs.

Bureau service annual survey (SAS), are allocated to commodities using “merchandise-line” and “sources-of-revenue” data from the 1997 Economic Census. Using the NAICS-based industry data improves the estimates of PCE for services by providing increased coverage and more detail than the SIC-based data. Industries that were not included in the SIC-based SAS are now reported in the NAICS-based SAS and can be used to estimate commodities within recreation services, household operation services, and “other services”; previously, the estimates for most of these commodities were prepared using data on sales, receipts, or wages for broader or less-related industries. The increased level of detail in the NAICS-based SAS enables BEA to allocate the industry-based data more accurately on the basis of merchandise lines or sources of revenue.

Improved measures of imputed commissions on equities transactions. Annual, quarterly, and monthly estimates of imputed commissions on equities transactions are now based on newly available source data on the quoted spreads of “market makers” from the NASDAQ National Market System.²⁰ Commissions on equities are included in brokerage charges and investment counseling within PCE for services and within State and local consumption expenditures for “other” services; they are also treated as an expense in the calculation of corporate profits as part of an adjustment to IRS source data for “costs of trading or issuing corporate securities.” Previously, the annual estimates of spreads were based on historical samples of bid-ask spreads on NASDAQ stocks and on an examination of changes in spreads over time; for the quarterly and monthly estimates of spreads, the annual values were held constant.

Improved extrapolators for components of PCE services. Quarterly and monthly estimates of hotel and motel services and of postage expenses have been improved. The estimates of hotel and motel services for the most recent month are now extrapolated using estimates of room revenue that are, in turn, based on estimates of monthly occupancy rates, room rates, and room supply. Monthly occupancy and room rates are extrapolated using weekly trade source data, and esti-

mates of monthly room supply are extrapolated using the number of available rooms based on trade source data. Previously, the estimates for hotel and motel services for the most recent month were extrapolated judgmentally.

Monthly and quarterly estimates of postage expenses are now interpolated and extrapolated using data on quarterly revenues for single-piece letters, flats, and parcels from the “Revenue, Pieces, and Weight Report” of the U.S. Postal Service. These data are adjusted from postal service accounting periods to calendar quarters and then seasonally adjusted and interpolated to months using the consumer price index for postage. Previously, estimates of postage expenses were judgmentally interpolated and extrapolated.

Improved estimates of closing costs in rental income. The quarterly estimates of rental income of persons with capital consumption adjustment are primarily calculated as space rent less expenses. Closing costs are a large and often volatile component of expenses; these costs include mortgage origination fees, which are about 1 percent of the value of mortgage originations, and other costs such as those associated with title insurance, attorney fees, and surveys. The estimates of closing costs have been improved by using more accurate data on mortgage originations. Specifically, the annual estimates of total closing costs are now interpolated using quarterly data on the value of mortgage originations reported to the Federal Reserve Board (FRB) under the Home Mortgage Disclosure Act (HMDA). Previously, the quarterly values of mortgage originations were judgmentally estimated. The quarterly values for 1998 remain judgmental estimates, and those for years prior to 1998 are based on information from the Department of Housing and Urban Development.

The HMDA data are currently available through the fourth quarter of 2000 and cover about three-fourths of the total value of residential mortgage originations. The data include adjustments for originations by small lenders and by other parties who are not required to report to the FRB. Beginning with the first quarter of 2001, the HMDA data are extrapolated using a two-quarter moving average of the Mortgage Bankers Association index of mortgage loan applications received by commercial banks, thrift institutions, and mortgage banking companies. These institutions re-

20. A market maker buys and sells securities; the spread is the difference between the price paid for a security and the price charged.

ceive about two-fifths of all residential mortgage applications.

Improved price measures for GDP components.

The price measures of some components of PCE, exports and imports, and Federal Government consumption expenditures have been improved.

New price indexes are introduced for financial services within PCE for services and foreign transactions. Within PCE for services, producer price indexes (PPI's) for brokerage services are now used in the deflation of some components of brokerage and investment counseling. Previously, real estimates of these components were based on volume and trade data from the Securities and Exchange Commission and from trade sources and on the value of trading in U.S. Government and agency securities deflated by the BLS consumer price index (CPI) for all items. Within exports and imports, beginning with the fourth quarter of 2000, the PPI for security brokers, dealers, and investment banking companies replaces an annual implicit price deflator (IPD) from BEA's GDP-by-industry estimates for security and commodity brokers.

Within PCE for services, passenger fare payments by U.S. residents to U.S. carriers on international flights are now deflated using the corresponding BLS international price index. Previously, these passenger fare payments were deflated using the BLS import price index for air passenger fares.

Within PCE for services, real estimates of the commercial bank component of "services furnished without payment by financial intermediaries except life insurance" are based on a measure of unpriced output calculated as total output less priced output. For the most recent year, the total output measure is now extrapolated using data for most of the components of the BLS output index; the index itself is not

available.²¹ Previously, estimates of the commercial bank component for the most recent year were extrapolated based on a judgmental trend.

A new price index is now used in the deflation of net insurance (premiums less losses), a component of exports and imports of services. Beginning with the first quarter of 1999, a weighted average of the PPI's for "life insurance carriers" and "premiums for property and casualty insurance" replaces an annual IPD from BEA's GDP-by-industry for insurance carriers.

Installation support services, weapons support services, personnel support services, and printing within Federal defense consumption expenditures and "other" services and printing within nondefense consumption expenditures are now deflated using price indexes derived from PPI's, employment cost indexes, and CPI's. Previously, weighted averages of indexes derived from average hourly earnings were used.

Presentational change. Only one presentational change is introduced as part of this annual revision. Beginning with the second quarter of 2002, the quarterly estimates of net interest—shown in NIPA tables 1.9 and 1.14—will be published with each quarterly GDP estimate. Previously, the quarterly estimates of net interest were published only with the preliminary and final GDP estimates for the first three quarters of each year and only with the final estimate for the fourth quarter. The reliability of the source data available for the advance estimates of quarterly net interest is similar to that available for the preliminary estimate.

21. Since the 1999 comprehensive NIPA revision, estimates for years other than the most recent year have been based on the BLS output index, the same index that BLS uses to measure the output of this industry in its estimates of productivity by industry. For further information, see Brent R. Moulton and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revisions of the National Income and Product Accounts: Statistical Changes," *SURVEY* 79 (October 1999): 13.

Appendix A. Revisions to the National Income and Product Accounts

[Billions of dollars]

	1999		2000		2001	
	Revised	Revision	Revised	Revision	Revised	Revision
Account 1. National Income and Product Account						
Compensation of employees	5,308.8	-1.9	5,723.4	8.2	5,874.9	-135.1
Wage and salary accruals	4,475.6	-1.8	4,836.3	-0.9	4,950.6	-147.6
Disbursements	4,470.4	-1.8	4,836.3	-0.9	4,950.6	-147.6
Wage accruals less disbursements	5.2	0.0	0.0	0.0	0.0	0.0
Supplements to wages and salaries	833.2	-0.2	887.1	9.1	924.3	12.5
Employer contributions for social insurance	323.0	-0.6	342.9	-0.9	353.9	-4.1
Other labor income	510.2	0.5	544.2	10.0	570.4	16.6
Proprietors' income with inventory valuation and capital consumption adjustments	678.4	6.4	714.8	-0.2	727.9	-15.6
Rental income of persons with capital consumption adjustment	149.1	1.4	146.6	5.0	137.9	-4.7
Corporate profits with inventory valuation and capital consumption adjustments	805.8	-19.4	788.1	-88.3	731.6	-35.5
Corporate profits with inventory valuation adjustment	757.9	-15.5	767.3	-65.7	675.1	-25.6
Profits before tax	762.1	-14.2	782.3	-63.1	670.2	-28.3
Profits tax liability	247.8	-5.2	259.4	-12.1	199.3	-16.7
Profits after tax	514.3	-9.0	522.9	-51.0	470.9	-11.6
Dividends	328.4	-15.1	376.1	-3.5	409.6	-7.0
Undistributed profits	185.9	6.1	146.8	-47.5	61.2	-4.7
Inventory valuation adjustment	-4.2	-1.3	-15.0	-2.6	5.0	2.8
Capital consumption adjustment	47.9	-3.8	20.8	-22.6	56.5	-9.9
Net interest	526.6	20.1	611.5	78.8	649.8	95.5
National income	7,468.7	6.6	7,984.4	3.5	8,122.0	-95.5
Business transfer payments	41.5	0.2	43.7	-0.2	42.5	-2.1
To persons	31.3	0.2	33.0	-0.1	33.4	-1.6
To the rest of the world	10.2	0.0	10.6	-0.2	9.1	-0.5
Indirect business tax and nontax liability	712.9	-0.2	753.6	-9.1	774.8	-19.2
Less: Subsidies less current surplus of government enterprises	32.5	-0.8	34.1	-3.5	47.3	-7.5
Consumption of fixed capital	1,145.2	-6.2	1,228.9	-12.4	1,329.3	-22.1
Private	947.3	-6.0	1,018.0	-11.9	1,106.8	-20.8
Government	197.9	-0.2	210.9	-0.4	222.4	-1.4
General government	168.6	-0.3	179.5	-0.6	187.7	-1.7
Government enterprises	29.3	0.1	31.5	0.3	34.8	0.4
Gross national income	9,335.8	1.2	9,976.5	-14.7	10,221.4	-131.2
Less: Income receipts from the rest of the world	316.9	3.1	383.4	-0.8	316.9	-18.3
Plus: Income payments to the rest of the world	294.1	-26.4	360.0	-36.3	295.0	-45.5
Gross domestic income	9,313.1	-28.2	9,953.1	-50.3	10,199.4	-158.6
Statistical discrepancy	-38.8	33.9	-128.5	1.9	-117.3	32.5
GROSS DOMESTIC PRODUCT	9,274.3	5.7	9,824.6	-48.3	10,082.2	-125.9
Personal consumption expenditures	6,246.5	-3.7	6,683.7	-44.7	6,987.0	-77.5
Durable goods	755.9	-5.0	803.9	-15.7	835.9	-22.4
Nondurable goods	1,830.1	-1.2	1,972.9	-16.7	2,041.3	-13.8
Services	3,660.5	2.5	3,906.9	-12.3	4,109.9	-41.2
Gross private domestic investment	1,636.7	0.0	1,755.4	-12.1	1,586.0	-47.9
Fixed investment	1,577.2	-1.0	1,691.8	-26.3	1,646.3	-46.1
Nonresidential	1,173.5	-1.1	1,265.8	-27.3	1,201.6	-44.4
Structures	283.7	0.2	314.2	0.6	324.5	-5.8
Equipment and software	889.8	-1.3	951.6	-27.9	877.1	-38.7
Residential	403.7	0.2	426.0	0.9	444.8	-1.5
Change in private inventories	59.5	0.9	63.6	14.2	-60.3	-1.9
Net exports of goods and services	-249.9	1.0	-365.5	-1.5	-348.9	-19.1
Exports	989.3	-0.5	1,101.1	-1.8	1,034.1	-16.3
Imports	1,239.2	-1.4	1,466.6	-0.3	1,383.0	2.9
Government consumption expenditures and gross investment	1,641.0	8.5	1,751.0	10.0	1,858.0	18.5
Federal	565.0	1.0	589.2	-1.0	628.1	12.4
National defense	364.3	-0.2	374.9	-0.5	399.9	0.9
Nondefense	200.7	1.2	214.3	-0.5	228.2	11.6
State and local	1,076.0	7.5	1,161.8	11.0	1,229.9	6.1
GROSS DOMESTIC PRODUCT	9,274.3	5.7	9,824.6	-48.3	10,082.2	-125.9

Appendix A. Revisions to the National Income and Product Accounts—Continued

[Billions of dollars]

	1999		2000		2001	
	Revised	Revision	Revised	Revision	Revised	Revision
Account 2. Personal Income and Outlay Account						
Personal tax and nontax payments	1,159.1	-0.1	1,286.4	-1.8	1,292.1	-14.1
Personal outlays	6,453.3	-3.9	6,918.6	-44.7	7,223.5	-75.4
Personal consumption expenditures	6,246.5	-3.7	6,683.7	-44.7	6,987.0	-77.5
Interest paid by persons	179.5	-0.2	205.4	0.1	205.4	2.2
Personal transfer payments to the rest of the world (net)	27.3	0.1	29.5	-0.1	31.1	-0.1
Personal saving	174.0	13.1	201.5	133.8	169.7	51.3
PERSONAL TAXES, OUTLAYS, AND SAVING	7,786.5	9.2	8,406.6	87.4	8,685.3	-38.2
Wage and salary disbursements	4,470.4	-1.8	4,836.3	-0.9	4,950.6	-147.6
Other labor income	510.2	0.5	544.2	10.0	570.4	16.6
Proprietors' income with inventory valuation and capital consumption adjustments	678.4	6.4	714.8	-0.2	727.9	-15.6
Rental income of persons with capital consumption adjustment	149.1	1.4	146.6	5.0	137.9	-4.7
Personal dividend income	328.0	-15.1	375.7	-3.5	409.2	-7.1
Dividends	328.4	-15.1	376.1	-3.5	409.6	-7.0
Less: Dividends received by government	0.4	0.0	0.4	0.0	0.4	0.0
Personal interest income	969.2	19.2	1,077.0	76.4	1,091.3	97.7
Net interest	526.6	20.1	611.5	78.8	649.8	95.5
Net interest paid by government	263.1	-0.7	260.1	-2.5	236.0	-0.1
Interest paid by persons	179.5	-0.2	205.4	0.1	205.4	2.2
Transfer payments to persons	1,018.5	-1.1	1,070.3	1.2	1,170.4	21.6
From business	31.3	0.2	33.0	-0.1	33.4	-1.6
From government	987.2	-1.2	1,037.3	1.3	1,137.0	23.2
Less: Personal contributions for social insurance	337.4	0.3	358.4	0.7	372.3	-1.0
PERSONAL INCOME	7,786.5	9.2	8,406.6	87.4	8,685.3	-38.2
Account 3. Government Receipts and Expenditures Account						
Consumption expenditures	1,336.3	8.3	1,431.2	8.5	1,522.2	23.9
Transfer payments	998.5	-1.6	1,050.8	0.8	1,146.6	24.5
To persons	987.2	-1.2	1,037.3	1.3	1,137.0	23.2
To the rest of the world (net)	11.4	-0.2	13.6	-0.4	9.6	1.3
Net interest paid	263.1	-0.7	260.1	-2.5	236.0	-0.1
Less: Dividends received by government	0.4	0.0	0.4	0.0	0.4	0.0
Subsidies less current surplus of government enterprises	32.5	-0.8	34.1	-3.5	47.3	-7.5
Less: Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	0.0
Current surplus or deficit (-), national income and product accounts	150.2	-11.1	224.8	-26.6	40.7	-95.8
Federal	111.9	-7.3	206.9	-11.7	72.0	-47.0
State and local	38.3	-3.8	18.0	-14.8	-31.3	-48.9
GOVERNMENT CURRENT EXPENDITURES AND SURPLUS	2,780.3	-5.8	3,000.6	-23.3	2,992.3	-55.1
Personal tax and nontax payments	1,159.1	-0.1	1,286.4	-1.8	1,292.1	-14.1
Corporate profits tax liability	247.8	-5.2	259.4	-12.1	199.3	-16.7
Indirect business tax and nontax liability	712.9	-0.2	753.6	-9.1	774.8	-19.2
Contributions for social insurance	660.4	-0.3	701.3	-0.2	726.1	-5.1
Employer	323.0	-0.6	342.9	-0.9	353.9	-4.1
Personal	337.4	0.3	358.4	0.7	372.3	-1.0
GOVERNMENT CURRENT RECEIPTS	2,780.3	-5.8	3,000.6	-23.3	2,992.3	-55.1

Appendix A. Revisions to the National Income and Product Accounts—Continued

[Billions of dollars]

	1999		2000		2001	
	Revised	Revision	Revised	Revision	Revised	Revision
Account 4. Foreign Transactions Account						
Exports of goods and services	989.3	-0.5	1,101.1	-1.8	1,034.1	-16.3
Income receipts	316.9	3.1	383.4	-0.8	316.9	-18.3
RECEIPTS FROM THE REST OF THE WORLD	1,306.2	2.6	1,484.5	-2.6	1,351.1	-34.4
Imports of goods and services	1,239.2	-1.4	1,466.6	-0.3	1,383.0	2.9
Income payments	294.1	-26.4	360.0	-36.3	295.0	-45.5
Transfer payments to the rest of the world (net)	48.9	-0.1	53.7	-0.7	49.8	0.7
From persons (net)	27.3	0.1	29.5	-0.1	31.1	-0.1
From government (net)	11.4	-0.2	13.6	-0.4	9.6	1.3
From business	10.2	0.0	10.6	-0.2	9.1	-0.5
Net foreign investment	-276.0	30.6	-395.8	34.7	-376.7	7.4
PAYMENTS TO THE REST OF THE WORLD	1,306.2	2.6	1,484.5	-2.6	1,351.1	-34.4
Account 5. Gross Saving and Investment Account						
Gross private domestic investment	1,636.7	0.0	1,755.4	-12.1	1,586.0	-47.9
Gross government investment	304.7	0.1	319.8	1.5	335.8	-5.4
Net foreign investment	-276.0	30.6	-395.8	34.7	-376.7	7.4
GROSS INVESTMENT	1,665.4	30.7	1,679.4	24.1	1,545.1	-45.8
Personal saving	174.0	13.1	201.5	133.8	169.7	51.3
Wage accruals less disbursements (private)	5.2	0.0	0.0	0.0	0.0	0.0
Undistributed corporate profits with inventory valuation and capital consumption adjustments	229.6	0.9	152.6	-72.7	122.7	-11.8
Consumption of fixed capital	1,145.2	-6.2	1,228.9	-12.4	1,329.3	-22.1
Private	947.3	-6.0	1,018.0	-11.9	1,106.8	-20.8
Government	197.9	-0.2	210.9	-0.4	222.4	-1.4
General government	168.6	-0.3	179.5	-0.6	187.7	-1.7
Government enterprises	29.3	0.1	31.5	0.3	34.8	0.4
Government current surplus or deficit (-), national income and product accounts	150.2	-11.1	224.8	-26.6	40.7	-95.8
Statistical discrepancy	-38.8	33.9	-128.5	1.9	-117.3	32.5
GROSS SAVING AND STATISTICAL DISCREPANCY	1,665.4	30.7	1,679.4	24.1	1,545.1	-45.8