

Annual Revision of the National Income and Product Accounts

Annual Estimates for 2002–2004

Quarterly Estimates for 2002:I–2005:I

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THE Bureau of Economic Analysis (BEA) released revised estimates of the national income and product accounts (NIPAs) for 2002–2004 and for the first quarter of 2005 on July 29, 2005.¹ As is usual in annual NIPA revisions, these estimates incorporated newly available source data that are more complete, more detailed, and otherwise more reliable than those that were previously incorporated.

This annual revision has not changed the general picture of the economy for the past several years. The revisions to year-to-year growth rates of real gross domestic product (GDP) are small by historical standards. In addition, the quarterly pattern of real GDP growth shown by the revised estimates is similar to the pattern shown by previously published estimates. The revised estimates of prices show a somewhat faster rate of increase than the previously published estimates.

The following are the highlights of the revision:

- From 2001 to 2004, real GDP grew at an average annual rate of 2.8 percent, 0.3 percentage point less than in the previously published estimates. From the fourth quarter of 2001 to the first quarter of 2005, real GDP grew at an average annual rate of 3.3 percent, 0.2 percentage point less than in the previously published estimates.
- From the fourth quarter of 2001 to the first quarter of 2005, the average rate of increase in the price index for gross domestic purchases was revised up 0.3 percentage point to 2.5 percent.
- Both the revised estimates and the previously published estimates show similar quarterly patterns of growth in real GDP.

- From 2001 to 2004, the average annual rate of growth of real disposable personal income was unrevised at 3.0 percent.

In this article, the impact of the revisions on key NIPA measures of economic activity is discussed, and a summary of the revisions and the major source data underlying them are provided. In addition, several changes in the methodology that is used to prepare the estimates are described. Appendix A shows the revised annual estimates and the revisions for the seven summary accounts of the NIPAs in current dollars. An extensive set of tables presenting revised monthly, quarterly, and annual NIPA estimates and the “advance” estimates for the second quarter of 2005 are available in “National Income and Product Accounts Tables” in this issue. In addition, historical estimates are presented in “GDP and Other Major NIPA Series, 1929–2005:II.”

Impact of the Revisions

According to the revised estimates, the average annual rate of growth of real GDP from the fourth quarter of 2001 to the first quarter of 2005 was revised down 0.2 percentage point to 3.3 percent (table 1). In the revised estimates, equipment and software, personal consumption expenditures (PCE) for goods and services, residential fixed investment, change in private inventories, exports of goods, and imports of goods were weaker than in the previously published estimates; imports of services, nonresidential structures, exports of services, and state and local government spending were stronger. Federal Government spending was little revised.²

In the revised estimates, the cyclical recovery since 2001 was slightly milder than previously estimated.

1. Information about the structure, definitions, presentation, and methodologies that underlie the NIPAs and that reflect the 2003 comprehensive NIPA revision is available on BEA's Web site; go to <www.bea.gov>, and click on “Methodologies.”

2. In this article, “government spending” is shorthand for the NIPA series “government consumption expenditures and gross investment.”

From the third quarter of 2001 to the first quarter of 2005, the revised estimates show that real GDP increased at an average annual rate of 3.1 percent; the previously published estimates showed an average increase of 3.4 percent.

For 2002, the percent change in real GDP from the preceding year was revised down from 1.9 percent to 1.6 percent (chart 1). For 2003, the percent change was revised down from 3.0 percent to 2.7 percent. For 2004, the percent change was revised down from 4.4 percent to 4.2 percent.

From fourth quarter to fourth quarter, the percent change in real GDP was revised down from 2.3 percent to 1.9 percent for 2002, was revised down from 4.4 percent to 4.0 percent for 2003, and was revised down from 3.9 percent to 3.8 percent for 2004.

The revised estimates of prices show a somewhat faster rate of increase than the previously published estimates. From the fourth quarter of 2001 to the first quarter of 2005, the average annual rate of increase in the price index for gross domestic purchases was revised up 0.3 percentage point to 2.5 percent, and the average annual rate of increase in the GDP price index was also revised up 0.3 percentage point to 2.3 percent

Chart 1. Revisions to Annual Percent Changes in Featured Measures

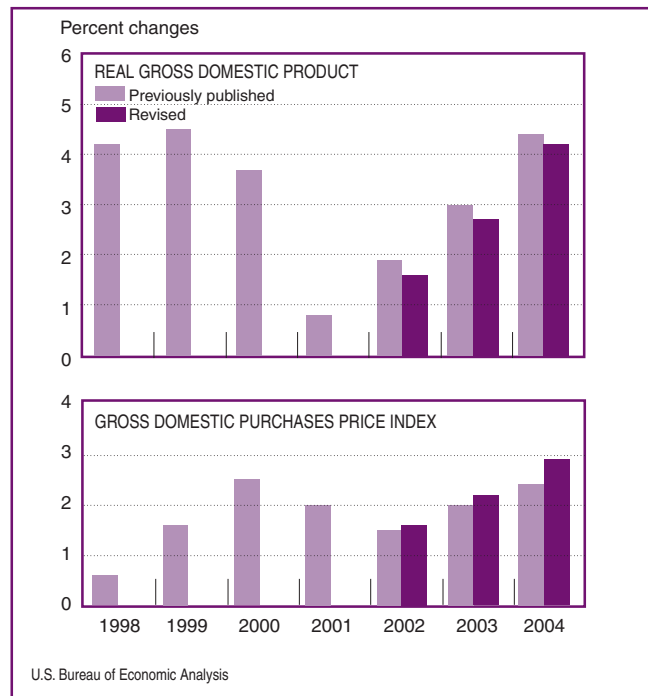


Table 1. Real GDP and Its Major Components: Change From 2001:IV to 2005:I

[Billions of chained (2000) dollars, seasonally adjusted annual rates]

	2001:IV	Previously published				Revised				Revision in change	
		2005:I	Change for 2001:IV–2005:I		2005:I	Change for 2001:IV–2005:I		2005:I	2005:I	Dollars	Percentage points
			Dollars	Percent (annual rate)		Dollars	Percent (annual rate)				
Gross domestic product	9,910.0	11,096.2	1,186.2	3.5	10,999.3	1,089.3	3.3	10,999.3	1,089.3	-96.9	-0.2
Personal consumption expenditures	7,017.6	7,815.8	798.2	3.4	7,764.9	747.3	3.2	7,764.9	747.3	-50.9	-0.2
Durable goods.....	958.7	1,134.0	175.3	5.3	1,122.3	163.6	5.0	1,122.3	163.6	-11.7	-0.3
Nondurable goods.....	2,010.3	2,275.3	265.0	3.9	2,265.6	255.3	3.7	2,265.6	255.3	-9.7	-0.2
Services.....	4,051.2	4,422.4	371.2	2.7	4,392.0	340.8	2.5	4,392.0	340.8	-30.4	-0.2
Gross private domestic investment	1,493.4	1,962.9	469.5	8.8	1,902.9	409.5	7.7	1,902.9	409.5	-60.0	-1.1
Fixed investment.....	1,577.0	1,892.1	315.1	5.8	1,842.2	265.2	4.9	1,842.2	265.2	-49.9	-0.9
Nonresidential.....	1,128.2	1,301.3	173.1	4.5	1,252.2	124.0	3.3	1,252.2	124.0	-49.1	-1.2
Structures.....	284.9	240.8	-44.1	-5.0	251.0	-33.9	-3.8	251.0	-33.9	10.2	1.2
Equipment and software.....	843.8	1,075.3	231.5	7.7	1,014.2	170.4	5.8	1,014.2	170.4	-61.1	-1.9
Residential.....	447.8	586.3	138.5	8.6	584.1	136.3	8.5	584.1	136.3	-2.2	-0.1
Change in private inventories.....	-86.7	66.8	153.5	.....	58.2	144.9	.....	58.2	144.9	-8.6	.....
Net exports of goods and services	-414.5	-637.5	-223.0	.....	-645.4	-230.9	.....	-645.4	-230.9	-7.9	.....
Exports.....	980.3	1,164.6	184.3	5.4	1,165.3	185.0	5.5	1,165.3	185.0	0.7	0.1
Goods.....	694.7	814.0	119.3	5.0	810.7	116.0	4.9	810.7	116.0	-3.3	-0.1
Services.....	285.6	350.4	64.8	6.5	354.3	68.7	6.9	354.3	68.7	3.9	0.4
Imports.....	1,394.9	1,802.1	407.2	8.2	1,810.7	415.8	8.4	1,810.7	415.8	8.6	0.2
Goods.....	1,172.1	1,542.9	370.8	8.8	1,537.3	365.2	8.7	1,537.3	365.2	-5.6	-0.1
Services.....	222.8	261.7	38.9	5.1	274.8	52.0	6.7	274.8	52.0	13.1	1.6
Government consumption expenditures and gross investment	1,812.7	1,954.8	142.1	2.4	1,971.9	159.2	2.6	1,971.9	159.2	17.1	0.2
Federal.....	614.2	729.9	115.7	5.5	731.8	117.6	5.5	731.8	117.6	1.9	0.0
National defense.....	395.6	491.3	95.7	6.9	487.3	91.7	6.6	487.3	91.7	-4.0	-0.3
Nondefense.....	218.6	238.2	19.6	2.7	244.3	25.7	3.5	244.3	25.7	6.1	0.8
State and local.....	1,198.5	1,224.9	26.4	0.7	1,239.8	41.3	1.0	1,239.8	41.3	14.9	0.3
Addenda:											
Final sales of domestic product.....	9,992.3	11,027.9	1,035.6	3.1	10,940.3	948.0	2.8	10,940.3	948.0	-87.6	-0.3
Gross domestic purchases.....	10,325.6	11,725.7	1,400.1	4.0	11,635.4	1,309.8	3.7	11,635.4	1,309.8	-90.3	-0.3
Gross national product.....	9,983.1	11,124.6	1,141.5	3.4	11,036.3	1,053.2	3.1	11,036.3	1,053.2	-88.3	-0.3
Gross domestic income.....	9,930.3	11,183.4	1,253.1	3.7	10,980.1	1,049.8	3.1	10,980.1	1,049.8	-203.3	-0.6

NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type

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

(table 2). The percent change from the preceding year for the price index for gross domestic purchases was revised up 0.1 percentage point to 1.6 percent for 2002, was revised up 0.2 percentage point to 2.2 percent for 2003, and was revised up 0.5 percentage point to 2.9 percent for 2004 (chart 1).

Table 2. Chain-Type Price Indexes: Change From 2001:IV to 2005:I

	Percent change for 2001:IV–2005:I (annual rate)		Revision in change (percentage points)
	Previously published	Revised	
Gross domestic product	2.0	2.3	0.3
Less: Exports of goods and services	2.6	2.7	0.1
Plus: Imports of goods and services	4.1	4.1	0.0
Equals: Gross domestic purchases	2.2	2.5	0.3
Personal consumption expenditures	2.0	2.2	0.2
Durable goods	–2.3	–2.1	0.2
Nondurable goods	2.5	2.5	0.0
Services	2.6	3.0	0.4
Gross private domestic investment	1.5	2.1	0.6
Fixed investment	1.5	2.1	0.6
Nonresidential	0.3	0.8	0.5
Structures	4.2	5.1	0.9
Equipment and software	–0.9	–0.6	0.3
Residential	4.1	4.6	0.5
Change in private inventories			
Government consumption expenditures and gross investment	3.6	3.9	0.3
Federal	3.7	4.3	0.6
National defense	3.9	4.4	0.5
Nondefense	3.2	4.0	0.8
State and local	3.5	3.7	0.2
Addenda:			
Final sales of domestic product	2.0	2.3	0.3
Gross national product	2.0	2.3	0.3

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 and third factors accounted for most of the revisions.

Annual estimates of real GDP

The annual percent change in real GDP was revised down for all 3 years: From 1.9 percent to 1.6 percent for 2002, from 3.0 percent to 2.7 percent for 2003, and from 4.4 percent to 4.2 percent for 2004 (table 3).

For 2002, the largest contributor to the downward revision to real GDP growth was PCE for services. For 2003, the largest contributors to the downward revision to real GDP were fixed investment in equipment and software and PCE; the contributions of these components were partly offset by an upward revision to change in private inventories. For 2004, the largest contributors to the downward revision were a

3. For the GDP components for which chained-dollar estimates are prepared by extrapolation or 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 OF CURRENT BUSINESS 84 (November 2004): 28–32.

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

	2001	2002			2003			2004		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Percent change at annual rate:										
Gross domestic product	0.8	1.9	1.6	–0.3	3.0	2.7	–0.3	4.4	4.2	–0.2
Percentage points at annual rates:										
Personal consumption expenditures	1.74	2.14	1.90	–0.24	2.29	2.05	–0.24	2.65	2.71	0.06
Durable goods	0.37	0.56	0.61	0.05	0.63	0.57	–0.06	0.57	0.51	–0.06
Nondurable goods	0.40	0.51	0.50	–0.01	0.73	0.63	–0.10	0.91	0.94	0.03
Services	0.97	1.08	0.79	–0.29	0.93	0.85	–0.08	1.17	1.27	0.10
Gross private domestic investment	–1.39	–0.37	–0.41	–0.04	0.66	0.58	–0.08	2.00	1.82	–0.18
Fixed investment	–0.50	–0.80	–0.84	–0.04	0.76	0.54	–0.22	1.56	1.47	–0.09
Nonresidential	–0.52	–1.02	–1.06	–0.04	0.33	0.13	–0.20	1.05	0.92	–0.13
Structures	–0.07	–0.57	–0.55	0.02	–0.15	–0.11	0.04	0.03	0.06	0.03
Equipment and software	–0.44	–0.45	–0.51	–0.06	0.48	0.24	–0.24	1.01	0.86	–0.15
Residential	0.02	0.22	0.22	0.00	0.43	0.41	–0.02	0.51	0.55	0.04
Change in private inventories	–0.88	0.42	0.43	0.01	–0.10	0.05	0.15	0.44	0.35	–0.09
Net exports of goods and services	–0.20	–0.70	–0.69	0.01	–0.43	–0.46	–0.03	–0.59	–0.73	–0.14
Exports	–0.60	–0.24	–0.23	0.01	0.18	0.17	–0.01	0.82	0.80	–0.02
Goods	–0.48	–0.29	–0.28	0.01	0.14	0.12	–0.02	0.59	0.59	0.00
Services	–0.12	0.05	0.06	0.01	0.04	0.05	0.01	0.23	0.22	–0.01
Imports	0.40	–0.46	–0.46	0.00	–0.61	–0.63	–0.02	–1.40	–1.53	–0.13
Goods	0.39	–0.42	–0.41	0.01	–0.54	–0.56	–0.02	–1.27	–1.30	–0.03
Services	0.01	–0.04	–0.05	–0.01	–0.07	–0.07	0.00	–0.14	–0.23	–0.09
Government consumption expenditures and gross investment	0.60	0.79	0.80	0.01	0.52	0.53	0.01	0.37	0.41	0.04
Federal	0.23	0.46	0.43	–0.03	0.43	0.45	0.02	0.32	0.36	0.04
National defense	0.15	0.30	0.29	–0.01	0.38	0.37	–0.01	0.33	0.32	–0.01
Nondefense	0.08	0.16	0.14	–0.02	0.06	0.08	0.02	–0.01	0.04	0.05
State and local	0.37	0.33	0.37	0.04	0.09	0.08	–0.01	0.05	0.05	0.00

downward revision to fixed investment in equipment and software and an upward revision to imports of goods and services.

Revisions to the components of real GDP. The annual percent change in real PCE was revised down 0.4 percentage point to 2.7 percent for 2002, was revised down 0.4 percentage point to 2.9 percent for 2003, and was revised up 0.1 percentage point to 3.9 percent for 2004 (table 4). For 2002, the revision was more than accounted for by a downward revision to PCE for services (mainly to housing services). For 2003, the revision reflects downward revisions to all three subcategories of PCE; the largest contributor to the revision was a downward revision to food. For 2004, the revision primarily reflects an upward revision to PCE for services (which was more than accounted for by housing services) that was partly offset by a downward revision to PCE for durable goods (which was more than accounted for by motor vehicles and parts).

The annual percent change in nonresidential fixed investment was revised down for all 3 years: 0.3 percentage point to -9.2 percent for 2002, 2.0 percentage points to 1.3 percent for 2003, and 1.2 percentage points to 9.4 percent for 2004. For all 3 years, the revisions were more than accounted for by downward revisions to equipment and software. For 2002, in equipment and software, downward revisions to computers and peripheral equipment, to "other information processing equipment and software," and to industrial equipment were partly offset by an upward revision to software. For 2003, the revision to equipment and software was more than accounted for by a

downward revision to information processing equipment and software. For 2004, the revision to equipment and software was mostly accounted for by a downward revision to information processing equipment and software.

The percent change in residential fixed investment was unrevised at 4.8 percent for 2002, was revised down 0.4 percentage point to 8.4 percent for 2003, and was revised up 0.6 percentage point to 10.3 percent for 2004. For 2003, the revision was primarily accounted for by a downward revision to single-family structures, and for 2004, the revision was more than accounted for by a downward revision to single-family structures.

The change in private inventories (in chained 2000 dollars) was revised up for all 3 years: \$0.8 billion for 2002, \$16.3 billion for 2003, and \$6.3 billion for 2004. Nonfarm inventory investment more than accounted for the revision for all 3 years.

The annual percent change in exports of goods and services was unrevised at -2.3 percent for 2002, was revised down 0.1 percentage point to 1.8 percent for 2003, and was revised down 0.2 percentage point to 8.4 percent for 2004. For 2003, the revision reflects a downward revision to exports of goods that was partly offset by an upward revision to exports of services. For 2004, the revision reflects a downward revision to exports of services.

The percent change in imports of goods and services was unrevised at 3.4 percent for 2002, was revised up 0.2 percentage point to 4.6 percent for 2003, and was revised up 0.8 percentage point to 10.7 percent for 2004. For 2003, the revision reflects an upward

Table 4. Revisions to Percent Change in Real GDP

[Percent change from preceding year]

	2001	2002			2003			2004		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Gross domestic product	0.8	1.9	1.6	-0.3	3.0	2.7	-0.3	4.4	4.2	-0.2
Personal consumption expenditures	2.5	3.1	2.7	-0.4	3.3	2.9	-0.4	3.8	3.9	0.1
Durable goods.....	4.3	6.5	7.1	0.6	7.4	6.6	-0.8	6.7	6.0	-0.7
Nondurable goods.....	2.0	2.6	2.5	-0.1	3.7	3.2	-0.5	4.6	4.7	0.1
Services.....	2.4	2.6	1.9	-0.7	2.2	2.0	-0.2	2.8	3.0	0.2
Gross private domestic fixed investment	-3.0	-4.9	-5.2	-0.3	5.1	3.6	-1.5	10.3	9.7	-0.6
Nonresidential.....	-4.2	-8.9	-9.2	-0.3	3.3	1.3	-2.0	10.6	9.4	-1.2
Structures.....	-2.3	-17.8	-17.1	0.7	-5.6	-4.2	1.4	1.4	2.2	0.8
Equipment and software.....	-4.9	-5.5	-6.2	-0.7	6.4	3.2	-3.2	13.6	11.9	-1.7
Residential.....	0.4	4.8	4.8	0.0	8.8	8.4	-0.4	9.7	10.3	0.6
Change in private inventories										
Net exports of goods and services										
Exports.....	-5.4	-2.3	-2.3	0.0	1.9	1.8	-0.1	8.6	8.4	-0.2
Goods.....	-6.1	-4.1	-4.0	0.1	2.2	1.8	-0.4	8.8	8.9	0.1
Services.....	-3.7	1.8	1.9	0.1	1.4	1.7	0.3	8.0	7.4	-0.6
Imports.....	-2.7	3.4	3.4	0.0	4.4	4.6	0.2	9.9	10.7	0.8
Goods.....	-3.2	3.7	3.7	0.0	4.7	4.9	0.2	10.8	11.0	0.2
Services.....	-0.3	1.9	2.1	0.2	3.1	3.0	-0.1	5.8	9.6	3.8
Government consumption expenditures and gross investment	3.4	4.4	4.4	0.0	2.8	2.8	0.0	1.9	2.2	0.3
Federal.....	3.9	7.5	7.0	-0.5	6.6	6.9	0.3	4.7	5.2	0.5
National defense.....	3.9	7.7	7.4	-0.3	9.0	8.8	-0.2	7.3	7.0	-0.3
Nondefense.....	3.9	7.1	6.3	-0.8	2.4	3.4	1.0	-0.5	1.8	2.3
State and local.....	3.2	2.8	3.1	0.3	0.7	0.6	-0.1	0.4	0.4	0.0

revision to imports of goods. For 2004, the revision reflects upward revisions to imports of services and to imports of goods.

The percent change in government spending was unrevised at 4.4 percent for 2002, was unrevised at 2.8 percent for 2003, and was revised up 0.3 percentage point to 2.2 percent for 2004. For 2004, the revision reflects an upward revision to Federal Government spending that was more than accounted for by Federal nondefense consumption expenditures.

Quarterly estimates

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

For real GDP, the revisions to the 13 quarterly percent changes (at annual rates) averaged 0.3 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.)

Both the revised estimates and the previously published estimates show similar quarterly patterns of growth in real GDP. The largest downward revision to the percent changes in real GDP was 0.7 percentage point, from 3.4 percent to 2.7 percent, for the first quarter of 2002 (table 5 and chart 2). The largest contributors to the revision were downward revisions to PCE for services and to equipment and software investment; the negative contributions of these components were partly offset by an upward revision to PCE for durable goods.

In general, the percent changes for the gross domestic purchases price index were revised up; the revisions to the 13 quarterly percent changes (at annual rates) averaged 0.3 percent (*with* regard to sign). The price index was revised up for 10 quarters, was revised down for 1 quarter (0.1 percentage point for the third quarter of 2002), and was unchanged for 2 quarters. The largest upward revision was 0.8 percentage point, to 4.2 percent, for the first quarter of 2004; the major contributors to the revision were prices of PCE for services, of Federal Government consumption expenditures, and of residential fixed investment.

Chart 2. Revisions to Quarterly Percent Changes in Featured Measures

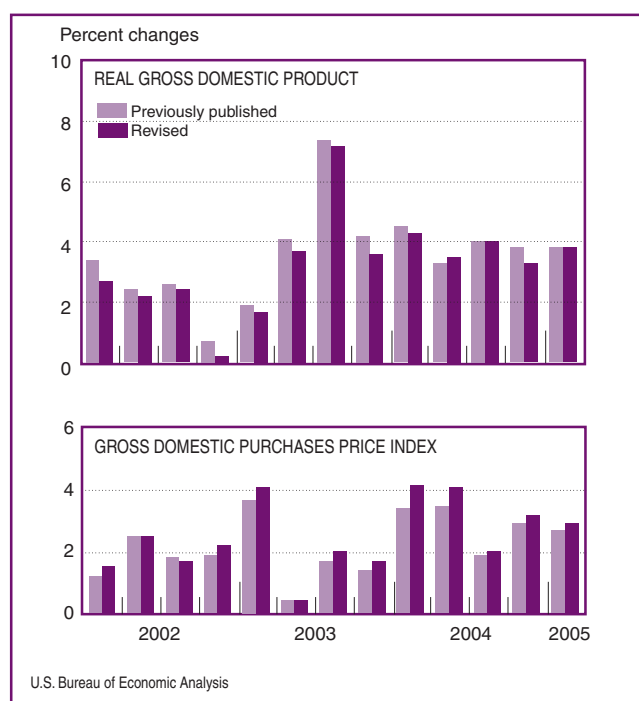


Table 5. GDP, Real GDP, the GDP Price Index, and the Gross Domestic Purchases Price Index: Revisions to Percent Change From Preceding Quarter

[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
2001:IV	3.6			1.6			1.7			0.6		
2002:I	4.5	4.3	-0.2	3.4	2.7	-0.7	1.4	1.7	0.3	1.2	1.5	0.3
II	4.2	3.7	-0.5	2.4	2.2	-0.2	1.5	1.5	0.0	2.5	2.5	0.0
III	3.9	3.9	0.0	2.6	2.4	-0.2	1.7	1.6	-0.1	1.8	1.7	-0.1
IV	2.7	2.4	-0.3	0.7	0.2	-0.5	2.0	2.2	0.2	1.9	2.2	0.3
2003:I	4.9	4.8	-0.1	1.9	1.7	-0.2	2.7	3.1	0.4	3.7	4.1	0.4
II	5.3	4.8	-0.5	4.1	3.7	-0.4	1.1	1.1	0.0	0.4	0.4	0.0
III	8.8	9.3	0.5	7.4	7.2	-0.2	1.4	1.8	0.4	1.7	2.0	0.3
IV	5.7	5.5	-0.2	4.2	3.6	-0.6	1.6	1.9	0.3	1.4	1.7	0.3
2004:I	7.4	8.1	0.7	4.5	4.3	-0.2	2.8	3.6	0.8	3.4	4.2	0.8
II	6.6	7.5	0.9	3.3	3.5	0.2	3.2	3.9	0.7	3.5	4.1	0.6
III	5.5	5.3	-0.2	4.0	4.0	0.0	1.4	1.5	0.1	1.9	2.0	0.1
IV	6.2	6.1	-0.1	3.8	3.3	-0.5	2.3	2.7	0.4	2.9	3.2	0.3
2005:I	6.7	7.0	0.3	3.8	3.8	0.0	2.9	3.1	0.2	2.7	2.9	0.2

Annual current-dollar estimates

A summary of the current-dollar revisions to major NIPA components is presented in table 6. It shows the subcomponent series for which revisions were \$5.0 billion or more (absolute value) for any of the 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 year usually results in a revision to the level of an estimate both for that year and for subsequent years.

This annual revision incorporated data from the following Federal statistical sources: Census Bureau economic census for 2002; Census Bureau annual surveys of manufactures, of merchant wholesale trade, and of retail trade for 2003 and revised monthly indicators for 2002–2004 of merchant wholesale trade and of retail trade; Census Bureau annual surveys of services for 2002 and 2003 (revised) and 2004 (preliminary) and of state and local governments for 2002 (revised) and 2003 (preliminary); Census Bureau monthly survey of construction put in place for 2002–2004 (revised); Census Bureau quarterly survey of services for 2004; Census Bureau survey of housing for 2003; Federal Government budget data for fiscal years 2004 and 2005; Internal Revenue Service tabulations of tax returns for corporations for 2002 (revised) and 2003 (preliminary) and for sole proprietorships and partnerships for 2003; Bureau of Labor Statistics quarterly census of employment and wages for 2004 (revised); Department of Agriculture farm statistics for 2002–2004; and BEA's international transactions accounts for 2002–2004 (revised).

Domestic income and product

Gross domestic product (GDP). The level of current-dollar GDP was revised down for all 3 years: \$17.4 billion, or 0.2 percent, for 2002, \$32.8 billion, or 0.3 percent, for 2003, and \$0.7 billion, or less than 0.1 percent, for 2004.

By major component, the revision to current-dollar GDP for 2002 was more than accounted for by a downward revision to PCE for services. For 2003, the revision primarily reflects downward revisions to PCE for services, to equipment and software investment, and to PCE for goods that were partly offset by upward revisions to change in private inventories, to nonresidential structures, and to state and local government spending. For 2004, downward revisions to equipment and software and to PCE for goods and an upward revision to imports of goods and services were partly offset by upward revisions to nonresidential structures, to Federal Government spending, to state and local government spending, and to change in private inventories.

Gross domestic income (GDI) and the statistical discrepancy. GDI, which measures the costs incurred and the incomes earned in the production of GDP, was revised down for all 3 years: \$11.7 billion for 2002, \$54.3 billion for 2003, and \$45.5 billion for 2004 (see table 6).

For 2002, the revision to GDI reflects downward revisions to net operating surplus and to consumption of fixed capital (CFC) that were partly offset by an upward revision to supplements to wages and salaries. The revision to net operating surplus reflects

Data Availability

An extensive set of estimates are presented in "National Income and Product Accounts" in this issue. These estimates and annual estimates for 1929 forward and quarterly estimates for 1946 forward 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.

Selected revised NIPA estimates and related estimates will be published in upcoming issues of the SURVEY. The September SURVEY will present NIPA table 7.19 (which shows the relationship between personal income in the NIPAs and adjusted gross income from the IRS); it will also present new estimates of fixed assets and consumer durable goods for 2004 and revised estimates for 2002 and 2003.

The October SURVEY will present the following NIPA

tables: Tables 3.15–3.17 (government spending by function), tables 3.18–3.19 (government sector reconciliation tables), and tables 8.1–8.6 (seasonally unadjusted estimates). It will also present revised real inventories, sales, and inventory-sales ratios for manufacturing and trade for 2002:I–2005:I. In addition, the revised estimates of state personal income that incorporate the results of this annual revision of the NIPAs will be presented.

The November SURVEY will feature the "Updated Summary NIPA Methodologies," which lists the principal source data and estimating methods that are used in preparing the current-dollar and real estimates of GDP.

Revised and updated estimates of GDP by industry will be available in the late fall of 2005. A future issue of the SURVEY will feature NIPA table 2.9 (personal income by households and by nonprofits institutions serving households) and table 7.20 (nonprofits reconciliation table).

downward revisions to rental income of persons with capital consumption adjustment (CCAdj) and to domestic net interest and miscellaneous payments that were partly offset by an upward revision to domestic corporate profits with inventory valuation adjustment (IVA) and CCAdj.

For 2003, the revision to GDI reflects downward revisions to net operating surplus and to CFC that were partly offset by upward revisions to supplements to wages and salaries and to wages and salaries. The revision to net operating surplus reflects downward revisions to domestic net interest and miscellaneous payments, to proprietors' income with IVA and CCAdj, to rental income of persons with CCAdj, and to the surplus of government enterprises that were partly offset by an upward revision to domestic corpo-

rate profits with IVA and CCAdj.

For 2004, the revision to GDI reflects a large downward revision to the net operating surplus that was partly offset by upward revisions to CFC, to supplements to wages and salaries, to wages and salaries, and to taxes on production and imports. The revision to net operating surplus reflects downward revisions to domestic net interest and miscellaneous payments, to rental income of persons with CCAdj, to proprietors' income with IVA and CCAdj, to domestic corporate profits with IVA and CCAdj, and to the current surplus of government enterprises that were partly offset by an upward revision to "business current transfer payments (net)."

Details about the sources of the major revisions to the NIPA components continue on page 24.

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Other BEA staff who made significant contributions to the revision are listed below by area of expertise.

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Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continues

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2004 level	
	2002	2003	2004		
Gross domestic product	-17.4	-32.8	-0.7	11,734.3	
Personal consumption expenditures	-25.4	-51.0	-15.6	8,214.3	
Goods	7.3	-11.7	-14.9	3,356.1	
Motor vehicles and parts	3.2	-1.0	-6.0	441.8	
Of which:					
Net purchases of used autos and used light trucks	3.0	1.2	-3.4	106.1	Revised Census Bureau Annual Retail Trade Survey (ARTS) sales and gross margin rates data for 2002; new ARTS data for 2003; new trade source data on unit sales and prices for 2004.
Goods other than motor vehicles and parts	4.2	-10.7	-8.8	2,914.4	
Of which:					
Food	-3.9	-16.0	-15.6	1,134.7	Revised Census Bureau ARTS sales data for 2002; new ARTS data for 2003; revised Census Bureau monthly sales data for 2004.
Services	-32.6	-39.3	-0.8	4,858.2	
Of which:					
Housing	-21.7	-30.4	-17.9	1,221.1	
Of which:					
Tenant-occupied nonfarm dwellings—rent	-10.9	-17.0	-18.0	248.2	Revised Census Bureau American Housing Survey (AHS) data for 2001; new AHS data for 2003; new Census Bureau Current Population Survey/Housing Vacancy Survey (CPS/HVS) data for 2004.
Owner-occupied nonfarm dwellings—space rent	-11.7	-16.7	-5.8	897.0	Revised AHS data for 2001; new AHS data for 2003; new CPS/HVS data for 2004.
Household operation services	-1.3	-2.5	-5.8	446.2	
Of which:					
Electricity and gas	-0.1	-0.7	-2.0	175.9	Revised Energy Information Administration (EIA) data on residential natural gas and electricity consumption for 2003; new EIA data for 2004.
Water and other sanitary services	-0.1	-0.4	-1.4	60.6	New Census Bureau <i>Government Finances</i> revenue data on state and local government water and sanitary services for FY 2003; new Census Bureau Service Annual Survey (SAS) revenue data for refuse collection for 2004.
Cellular telephone	-0.7	-1.7	-1.8	52.6	Revised SAS data for 2002 and 2003; new SAS data for 2004.
Transportation services	0.4	2.8	5.2	306.9	
Of which:					
Net motor vehicle insurance premiums	0.0	0.5	2.9	53.4	New trade source data on personal auto insurance premiums and losses for 2003; new trade source data on projected growth rate of net personal auto insurance premiums for 2004.
Other transportation services	0.9	1.3	2.1	8.8	Revised SAS data for 2002 and 2003; new SAS data for 2004.
Medical care services	-4.1	-1.7	9.4	1,401.1	
Of which:					
Net medical and hospital insurance	0.4	1.4	7.3	100.6	New Department of Health and Human Services (DHHS) Medical Expenditures Panel Survey (MEPS) data for 2002 and 2003; new BLS employer costs for employee compensation for 2004.
Physicians	-1.1	2.9	3.0	323.3	Revised SAS data for 2002 and 2003; new SAS data for 2004.
Hospitals	-2.1	-4.3	-3.8	551.1	
Of which:					
Nonprofit hospitals	-0.8	-2.7	-2.2	354.0	Revised FY 2002 trade source data on hospital expenses for 2002; revised SAS data for 2003; new SAS data for 2004.
Proprietary hospitals	0.5	-0.1	-3.0	68.8	Revised SAS data for 2002 and 2003; new SAS data for 2004.
Other services	-5.5	-8.3	4.6	1,144.1	
Of which:					
Personal care services	1.7	4.4	9.2	106.7	
Of which:					
Miscellaneous personal services	1.0	3.1	5.7	41.8	Revised SAS data for 2002 and 2003; new SAS data for 2004.
Personal business services	-5.1	-9.2	0.3	612.2	
Of which:					
Services furnished without payment by financial intermediaries ...	-7.2	-13.2	-6.4	197.2	
Of which:					
Imputed interest, commercial banks	-7.4	-8.2	-9.3	89.3	Revised FRB <i>Call Report</i> data on commercial banks for 2002–2004; revised FRB flow-of-funds accounts sector asset data for 2002 and 2003; new FRB data for 2004.
Imputed interest, other financial institutions	0.2	-5.0	2.9	107.9	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; revised FRB flow-of-funds accounts sector data for 2002 and 2003; new FRB data for 2004; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2004.
Religious and welfare activities	-2.8	-4.5	-6.7	219.0	
Of which:					
Religion	-1.6	-3.2	-3.3	54.2	Revised trade source data on church memberships and collections for 2002; new trade source data on church membership and collections for 2003.
Net foreign travel by U.S. residents	1.2	2.2	5.9	-5.0	Revised BEA international transactions accounts estimates for 2002–2004.
Gross private domestic investment	2.9	4.6	0.8	1,928.1	
Fixed investment	2.2	-12.1	-11.4	1,872.6	
Nonresidential	2.4	-12.3	-21.7	1,198.8	
Structures	7.6	15.3	20.2	298.4	
Of which:					
Commercial and health care	0.1	0.8	5.3	121.9	Revised Census Bureau value of construction put in place data for 2002–2004.
Mining exploration, shafts, and wells	6.3	9.9	12.7	56.2	
Of which:					
Petroleum and natural gas	5.6	10.2	13.2	54.5	Trade source data on drilling costs for 2003; revised trade source data on footage drilled for 2002 and 2003.

See the footnotes and abbreviations at the end of the table.

Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continues

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2004 level	
	2002	2003	2004		
Equipment and software	-5.3	-27.5	-42.0	900.4	
<i>Of which:</i>					
Information processing equipment and software	-1.1	-25.5	-37.2	447.0	
<i>Of which:</i>					
Computers and peripheral equipment	-4.2	-17.7	-19.4	91.6	Revised Census Bureau Annual Survey of Manufactures (ASM) shipments data for 2002; new shipments data for 2003.
Software.....	5.9	4.2	-3.9	178.5	Revised Census Bureau Service Annual Survey (SAS) data for 2002 and 2003; new SAS data for 2004; new BLS employment data for 2004.
Communication equipment	-4.1	-7.9	-9.1	91.6	Revised ASM shipments data for 2002; new shipments data for 2003.
Industrial equipment	-2.9	-2.7	-5.4	145.3	Revised Census Bureau ASM shipments data for 2002; new shipments data for 2003.
Residential	-0.2	0.2	10.4	673.8	
<i>Of which:</i>					
Structures	-0.3	0.4	10.6	665.4	
<i>Of which:</i>					
Single-family structures	0.0	0.0	9.5	377.6	Revised Census Bureau value of construction put in place data for 2004.
Change in private inventories.....	0.7	16.6	12.0	55.4	
Farm.....	-1.0	-0.1	4.3	3.2	Revised USDA data for 2002 and 2003; new USDA data for 2004.
Nonfarm	1.7	16.7	7.8	52.2	
Change in book value	2.3	16.8	8.4	105.8	
<i>Of which:</i>					
Mining, utilities, and construction	0.3	5.3	3.8	10.7	Revised IRS tabulations of inventory book value data from corporate tax returns for 2002; new IRS tabulations of inventory book value data from sole proprietorship, partnership, and corporate tax returns for 2003; revised Energy Information Administration data on utilities for 2004.
Manufacturing	1.9	7.5	0.9	31.3	New Census Bureau ASM inventory book value data for 2002 and 2003.
Retail trade	-1.5	3.5	1.5	21.9	Revised Census Bureau Annual Retail Trade Survey (ARTS) inventory book value data for 2002; new ARTS data for 2003; revised BEA estimates based on motor vehicle inventory data from trade sources for 2004; revised Census Bureau monthly inventory data for 2004.
<i>Of which:</i>					
Motor vehicle dealers.....	-0.3	6.4	2.4	4.6	Revised ARTS inventory book value data for 2002; new ARTS data for 2003; revised BEA estimates based on inventory data from trade sources for 2004.
Inventory valuation adjustment	-0.7	-0.1	-0.7	-53.7	Revised Census Bureau Annual Wholesale Trade Survey (AWTS) and ARTS information on accounting methods used for inventory reporting for 2002; new AWTS and ARTS information for 2003; new ASM data for 2002 and 2003; revised BEA unit labor cost indexes for 2002–2004.
Net exports of goods and services	0.5	-2.8	-17.8	-624.0	Revised BEA international transactions accounts estimates for 2002–2004.
Exports.....	0.9	-0.6	-1.7	1,173.8	
Goods	0.6	-2.1	-2.2	818.1	
Services	0.4	1.5	0.6	355.7	
Imports.....	0.4	2.2	16.2	1,797.8	
Goods	-0.3	1.9	5.1	1,495.9	
Services	0.8	0.3	11.1	301.9	
Government consumption expenditures and gross investment	4.5	16.4	32.0	2,215.9	
Federal government	-1.1	2.6	17.7	827.6	
<i>Of which:</i>					
Nondefense.....	-0.9	2.5	12.9	274.9	Revised allocations of FY 2003 Federal Government budget data for 2002 and 2003; revised FY 2004 Federal budget data for 2003 and 2004; preliminary FY 2005 Federal budget data for 2004.
State and local government	5.7	13.8	14.4	1,388.3	
<i>Of which:</i>					
Consumption expenditures	8.8	16.3	18.0	1,117.7	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 2002; new <i>GF</i> tabulations for FY 2003; new DHHS Medical Expenditure Panel Survey data for 2003; revised BLS employment data for 2004.
Gross domestic product.....	-17.4	-32.8	-0.7	11,734.3	
<i>Less:</i> Statistical discrepancy ²	-5.7	21.5	44.9	76.8	
<i>Equals:</i> Gross domestic income.....	-11.7	-54.3	-45.5	11,657.5	
<i>Of which:</i>					
Compensation of employees, paid	21.7	32.2	36.7	6,693.4	See entries under "National income."
Net operating surplus	-21.5	-67.3	-118.9	2,719.4	See entries under "National income."
Consumption of fixed capital	-11.9	-22.6	28.0	1,435.3	
<i>Of which:</i>					
Private.....	-12.5	-23.1	27.9	1,206.2	
Domestic business.....	-19.0	-31.1	6.0	973.3	Revised BEA fixed investment and price estimates for 2002–2004.
Capital consumption allowances.....	-17.0	-98.0	-123.1	1,228.6	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; new IRS tabulations of sole proprietorship and partnership tax return data for 2003; revised BEA fixed investment estimates for 2002–2004. CCAdj is calculated as consumption of fixed capital less capital consumption allowances.
<i>Less:</i> Capital consumption adjustment (CCAdj)	2.1	-66.8	-129.1	255.3	
Households and institutions.....	6.6	8.0	21.8	232.8	Revised BEA fixed investment and price estimates for 2002–2004.
<i>Plus:</i> Income receipts from the rest of the world	3.9	14.7	9.6	415.4	Revised BEA international transactions accounts estimates for 2002–2004.
<i>Less:</i> Income payments to the rest of the world	0.3	1.7	-0.2	361.7	Revised BEA international transactions accounts estimates for 2002–2004.

See the footnotes and abbreviations at the end of the table.

Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continues

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2004 level	
	2002	2003	2004		
Equals: Gross national income	-8.2	-41.3	-35.8	11,711.2	
Less: Consumption of fixed capital.....	-11.9	-22.6	28.0	1,435.3	
Equals: National income	3.9	-18.7	-63.7	10,275.9	
Compensation of employees	21.7	32.1	36.6	6,687.6	
Wage and salary accruals.....	4.6	7.5	16.0	5,389.4	Revised BLS data for 2002 and 2003; new BLS data for 2004.
Supplements to wages and salaries.....	17.1	24.5	20.6	1,298.1	
Employer contributions for employee pension and insurance funds.....	15.5	21.1	18.9	895.5	Revised corporate financial data for 2002 and 2003; new corporate financial data for 2004; new DHHS Medical Expenditure Panel Survey data for 2003.
Employer contributions for government social insurance.....	1.6	3.4	1.8	402.7	
Proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj)	-1.2	-23.9	-13.2	889.6	
Farm.....	0.9	5.9	17.6	35.8	
Of which:					
Proprietors' income with IVA.....	0.4	5.2	17.7	41.7	Revised USDA data for 2002 and 2003; new USDA data for 2004; revised BEA depreciation estimates for 2002–2004.
Nonfarm.....	-2.1	-29.9	-30.8	853.8	
Of which:					
Proprietors' income.....	-1.2	-15.4	-0.8	723.9	New IRS tabulations of sole proprietorship and partnership tax return data for 2003.
CCAdj.....	-0.8	-14.6	-30.4	134.6	Capital consumption allowances: New IRS tabulations of sole proprietorship and partnership tax return data for 2003. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 2002–2004.
Rental income of persons with CCAdj	-18.0	-22.1	-30.9	134.2	
Of which:					
Rental income of persons.....	-17.9	-22.2	-29.6	149.5	Revised FRB flow-of-funds accounts residential mortgage liabilities data for 2002–2004; new trade source data on property insurance for 2003; new Census Bureau AHS data on units for 2003 and revised data for 2001; new Census Bureau Current Population Survey/Housing Vacancy Survey (CPS/HVS) data on owner- and tenant-occupied units for 2004; revised IRS tabulations of individual tax return data for 2002; new IRS data for 2003; new Federal National Mortgage Corporation mortgage originations data for 2003 and revised data for 2002; new Department of Housing and Urban Development data on average closing costs for 2004 and revised data for 2002 and 2003; new Census Bureau data on expenditures for residential improvements and repairs for 2004; revised Census Bureau <i>Government Finances (GF)</i> data for FY 2002 on state and local property taxes; new <i>GF</i> data for FY 2003.
Corporate profits with IVA and CCAdj	11.7	10.7	-20.1	1,161.5	
Profits before tax.....	10.4	62.7	74.0	1,059.3	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; regulatory agency and public financial reports profits data for 2004.
Domestic industries.....	12.4	63.5	81.1	874.4	
Financial.....	0.2	13.2	6.6	300.6	
Utilities.....	-0.7	-7.4	-11.2	12.5	
Construction.....	6.5	6.8	11.7	56.0	
Manufacturing.....	-1.1	12.8	11.5	140.2	
Wholesale trade.....	-2.2	7.9	8.0	73.1	
Retail trade.....	1.4	10.3	16.8	95.5	
Information.....	2.6	-1.1	7.5	16.4	
Professional, scientific, and technical services.....	3.2	8.6	14.9	34.1	
Other nonfinancial.....	2.6	12.6	15.4	146.2	
Rest of the world.....	-2.0	-0.9	-7.1	184.9	Revised BEA international transactions accounts estimates for 2002–2004.
IVA.....	-1.0	0.8	3.3	-39.6	
CCAdj.....	2.3	-52.9	-97.3	141.8	Capital consumption allowances: Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 2002–2004.
Net interest and miscellaneous payments	-12.0	-14.5	-44.0	505.5	
Of which:					
Net interest ³	-12.3	-14.6	-43.6	491.2	
Monetary interest paid.....	-16.5	-101.8	.....	2,305.0	
Of which:					
Domestic business.....	-23.1	-111.9	.....	1,281.0	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; new IRS tabulations of sole proprietorship and partnership tax return data for 2003; revised FRB data and nonfinancial corporate liabilities data for 2002 and 2003; new FRB data for 2004; revised USDA data on interest paid by farmers for 2002 and 2003; new USDA data for 2004; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2004.
Of which:					
Financial corporations.....	-5.8	-91.6	.....	587.2	
Nonfinancial corporations.....	-17.3	-22.3	.....	443.0	
Sole proprietorships and partnerships.....	0.4	1.5	.....	188.6	
Less: Monetary interest received.....	-16.5	-101.8	.....	2,305.0	
Of which:					
Domestic business.....	-12.1	-90.0	.....	1,478.7	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; new IRS tabulations for sole proprietorship and partnership tax return data for 2003; revised FRB data for 2002 and 2003; new FRB data for 2004; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2004.

See the footnotes and abbreviations at the end of the table.

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

NIPA component	Billions of dollars				Major source data incorporated ¹
	Revision in level			Revised 2004 level	
	2002	2003	2004		
<i>Of which:</i> Financial corporations.....	-9.1	-68.1		1,194.6	Revised FRB <i>Call Report</i> data on commercial banks for 2002–2004; new trade source data on property insurance companies for 2003; new trade source data for other financial intermediaries for 2004.
Nonfinancial corporations	-3.0	-17.1		225.4	
Persons	-1.9	-2.4		529.9	
Imputed interest paid	-27.3	-28.4		338.3	
<i>Of which:</i> Depositor and insurance services (paid by domestic financial corporate business)	-15.0	-15.7		448.7	New trade source data on investment income of life insurance carriers for 2003; revised FRB flow-of-funds accounts assets data on life insurance companies for 2002 and 2003; new FRB data for 2004.
<i>Of which:</i> Life insurance carriers.....	0.1	5.2		184.1	
<i>Less:</i> Imputed interest received	-27.3	-28.4		338.3	
<i>Of which:</i> Depositor and insurance services.....	-15.2	-16.1		455.7	
<i>Of which:</i> Persons (from life insurance carriers)	0.1	5.2		184.1	Revised FRB assets data for 2002 and 2003; new FRB data for 2004.
Taxes on production and imports.....	0.2	3.3	11.7	852.8	
<i>Of which:</i> State and local	0.2	3.0	7.8	758.8	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 2002; new <i>GF</i> tabulations for FY 2003.
Less: Subsidies.....	0.2	0.0	3.1	43.5	
Business current transfer payments (net).....	3.4	3.9	9.0	91.1	
<i>Of which:</i> Payments to the rest of the world (net)	-0.1	0.1	6.4	6.6	Revised BEA international transactions accounts estimates for 2002–2004.
Current surplus of government enterprises.....	-1.9	-8.2	-9.9	-3.0	
<i>Of which:</i> State and local	-0.8	-4.3	-5.1	-2.5	Revised <i>GF</i> tabulations for FY 2002; new <i>GF</i> tabulations for FY 2003.
Addenda:					
Gross national product.....	-13.9	-19.9	9.1	11,788.0	
Gross saving.....	4.8	-13.6	-67.0	1,572.0	
Personal income.....	3.0	7.3	23.7	9,713.3	See entries under “National income” and additional sources below.
Compensation of employees, received	21.7	32.1	36.6	6,687.6	
Proprietors’ income with IVA and CCAAdj.....	-1.2	-23.9	-13.2	889.6	
Rental income of persons with CCAAdj.....	-18.0	-22.1	-30.9	134.2	
Personal income receipts on assets.....	-1.4	16.0	9.2	1,396.5	
Personal interest income.....	-10.6	-12.3	-40.3	905.9	See entries under “Net interest.”
Personal dividend income	9.3	28.3	49.5	490.6	Revised IRS tabulations of corporate tax return data for 2002; new IRS tabulations for 2003; regulatory agency and public financial statements data on dividends for 2004.
Personal current transfer receipts	3.5	8.6	21.6	1,427.5	
Government social benefits.....	0.0	7.1	21.3	1,394.5	Revised allocations of FY 2003 Federal budget data for 2002 and 2003; revised FY 2004 Federal budget data for 2003 and 2004; preliminary FY 2005 Federal budget data for 2004; new Centers for Medicare and Medicaid Services tabulations of Medicare and Medicaid payments for 2002; new Treasury Department data for 2004; new Department of Labor data on unemployment benefits for 2004.
Other current transfer receipts, from business (net).....	3.6	1.6	0.3	33.0	
<i>Less:</i> Contributions for government social insurance.....	1.7	3.4	-0.4	822.2	
<i>Less:</i> Personal current taxes	0.6	-2.0	6.5	1,049.1	
<i>Of which:</i> Federal	-0.7	-1.5	7.2	801.8	Revised Social Security Administration (SSA) data on taxable wages for 2002 and 2003; new SSA data for 2004; Treasury Department personal income tax collections data for 2002–2004.
<i>Equals:</i> Disposable personal income	2.4	9.3	17.3	8,664.2	
<i>Less:</i> Personal outlays	-23.2	-53.0	-19.4	8,512.5	
<i>Of which:</i> Personal consumption expenditures	-25.4	-51.0	-15.6	8,214.3	See entries under “Personal consumption expenditures.”
<i>Equals:</i> Personal saving	25.5	62.2	36.8	151.8	

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
 DHHS Department of Health and Human Services
 FRB Federal Reserve Board
 FY Fiscal year
 IRS Internal Revenue Service
 IVA Inventory valuation adjustment
 USDA U.S. Department of Agriculture

The statistical discrepancy is the difference between GDP and GDI.⁴ For 2002, the statistical discrepancy was revised down from $-\$15.3$ billion to $-\$21.0$ billion (from -0.1 percent to -0.2 percent of GDP). For 2003, the statistical discrepancy was revised up from $\$25.6$ billion to $\$47.1$ billion (from 0.2 percent to 0.4 percent of GDP). For 2004, the statistical discrepancy was revised up from $\$31.9$ billion to $\$76.8$ billion (from 0.3 percent to 0.7 percent of GDP). The revision to the discrepancy for 2002 reflects a larger downward revision to GDP than to GDI. For 2003 and 2004, the revisions to the discrepancy reflect smaller downward revisions to GDP than to GDI.

Product-side components

Personal consumption expenditures (PCE) for goods. PCE for goods was revised up $\$7.3$ billion for 2002, was revised down $\$11.7$ billion for 2003, and was revised down $\$14.9$ billion for 2004. For each year, most of the revision was accounted for by “goods other than motor vehicles and parts,” but motor vehicles and parts also contributed.

“Goods other than motor vehicles and parts” was revised up $\$4.2$ billion for 2002, was revised down $\$10.7$ billion for 2003, and was revised down $\$8.8$ billion for 2004. These revisions resulted from the incorporation of revised annual data on retail sales and food services sales for 2002, of newly available annual data for 2003, and of revised monthly sales data for 2004.

For 2003 and 2004, the revisions were more than accounted for by downward revisions to food (specifically, both “food purchased for off-premise consumption” and “purchased meals and beverages”).

Motor vehicles and parts was revised up $\$3.2$ billion for 2002, was revised down $\$1.0$ billion for 2003, and was revised down $\$6.0$ billion for 2004. For 2004, the revision was primarily accounted by a downward revision to “net purchases of used autos and used light trucks,” reflecting the incorporation of new trade source data on unit sales and on average prices for new cars.

PCE for services. PCE for services was revised down for all 3 years: $\$32.6$ billion for 2002, $\$39.3$ billion for 2003, and $\$0.8$ billion for 2004. For 2002, the revision primarily reflects downward revisions to housing services and to “other services.” The revision to housing services was more than accounted for by downward revisions to owner- and tenant-occupied space rent, reflecting the incorporation of revised 2001 data and new 2003 data on owner- and tenant-occupied housing units and on average rents for tenant-occupied

units from the biennial American Housing Survey (AHS). The revision to “other services” was more than accounted for by a downward revision to “services furnished without payment by financial intermediaries except life insurance carriers”—specifically, to commercial bank services—reflecting a downward revision to services furnished to depositors that was partly offset by an upward revision to services furnished to borrowers. These revisions reflect a downward revision to the reference rate of interest that was used to allocate imputed bank output between depositor and borrower services, and as a result, services to borrowers increased, and services to depositors decreased (see “Changes in Methodology”). Because consumers account for a lower percentage of borrower services than of depositor services, PCE for implicit banking services was revised down.

For 2003, the downward revision to PCE for services was also accounted for by downward revisions to housing services and to “other services.” The revision to housing services was more than accounted for by downward revisions to owner- and tenant-occupied rent, reflecting the incorporation of the new AHS data on owner- and tenant-occupied units and on average rents for tenant-occupied units. The revision to “other services” reflects a downward revision to “services furnished without payment by financial intermediaries except life insurance carriers,” specifically, to commercial bank services and to services of “other” financial institutions. The downward revision to commercial banks again reflects the downward revision to the reference rate. The downward revision to services of “other” financial institutions was more than accounted for by a downward revision to regulated investment companies, reflecting the incorporation of newly available Internal Revenue Service (IRS) tabulations of corporate expense data.

For 2004, the small downward revision reflects downward revisions to housing services and to household operation services that were mostly offset by upward revisions to medical care services, to transportation services, and to “other services.” The downward revision to housing services was more than accounted for by downward revisions to owner- and tenant-occupied rent, reflecting the incorporation of newly available Census Bureau current population survey data on owner- and tenant-occupied housing units. The revision to household operation services was mostly accounted for by downward revisions to electricity and gas and to cellular telephone services. The revision to electricity and gas reflects the incorporation of newly available data on residential consumption from the Energy Information Administration, and the revision to cellular telephone services reflects the

4. 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.

incorporation of newly available Census Bureau Service Annual Survey (SAS) data.

The upward revision to medical care services was mostly accounted for by an upward revision to medical care and hospitalization insurance, reflecting the incorporation of newly available Bureau of Labor Statistics (BLS) data on employer costs for employee compensation. The upward revision to transportation services was mostly accounted for by an upward revision to net motor vehicle insurance premiums, reflecting the incorporation of newly available trade source data on the projected growth rate of personal auto insurance premiums. The upward revision to "other services" reflects upward revisions to personal care services and to net foreign travel and a slight upward revision to personal business services that were partly offset by a downward revision to religious and welfare activities. The revision to personal care services reflects the incorporation of newly available SAS data. The revision to net foreign travel reflects revised travel and passenger fare imports and exports from the BEA international transactions accounts.

In personal business services, upward revisions to brokerage charges and investment counseling and to "other personal business" were mostly offset by a downward revision to "services furnished without payment by financial intermediaries except life insurance carriers." The revision to brokerage charges reflects the incorporation of revised Securities and Exchange Commission (SEC) data on securities commissions and newly available Federal Reserve Board flow-of-funds data on equity and debt holdings by households. The revision to investment counseling reflects the incorporation of newly available SAS data and revised SEC data. The revision to "other personal business" was accounted for by upward revisions to professional association expenses, employment agency fees, and tax return preparation services, reflecting the incorporation of newly available SAS data, and by an upward revision to labor union expenses, reflecting the incorporation of BLS tabulations from the quarterly census of employment and wages. The revision to "services furnished without payment by financial intermediaries except life insurance carriers" was more than accounted for by a downward revision to commercial bank services, reflecting the downward revision to the reference rate. The revision to religious and welfare activities was accounted for by a downward revision to religious organizations, reflecting an extrapolation of revised 2003 estimates, which incorporated new trade source data on church membership and contributions.

Nonresidential structures. Nonresidential structures was revised up for all 3 years: \$7.6 billion for

2002, \$15.3 billion for 2003, and \$20.2 billion for 2004.

For all 3 years, the revisions primarily reflect upward revisions to petroleum and natural gas structures that resulted from the incorporation of newly available trade source data on drilling costs. For 2004, the revision to nonresidential structures was also attributable to an upward revision to commercial and health care structures, primarily reflecting the incorporation of revised Census Bureau data on the value of construction put in place.⁵

Equipment and software. Equipment and software was revised down for all 3 years: \$5.3 billion for 2002, \$27.5 billion for 2003, and \$42.0 billion for 2004. For 2002 and for 2003, downward revisions to computers and peripheral equipment, to communication equipment, and to industrial equipment were partly offset by upward revisions to software. For 2004, all of these categories were revised down.

The revisions to computers and peripheral equipment, to communication equipment, and to industrial equipment primarily resulted from the incorporation of revised shipments data from the Census Bureau's Annual Survey of Manufactures (ASM) for 2002 and newly available ASM data for 2003. The revisions to software primarily resulted from the incorporation of revised detailed product receipts data from the Census Bureau's 2002 and 2003 SAS and newly available data from the 2004 SAS.

Residential fixed investment. Residential fixed investment was revised down \$0.2 billion for 2002, was revised up \$0.2 billion for 2003, and was revised up \$10.4 billion for 2004. For 2004, an upward revision to single-family structures accounted for most of the revision and resulted from the incorporation of revised Census Bureau data on the value of construction put in place.

Change in private inventories. The change in private inventories was revised up for all 3 years: \$0.7 billion for 2002, \$16.6 billion for 2003, and \$12.0 billion for 2004.⁶

The change in farm inventories was revised down

5. 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 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.

6. 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 (IVA), 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.

\$1.0 billion for 2002, was revised down slightly for 2003, and was revised up \$4.3 billion for 2004.⁷

The change in private nonfarm inventories was revised up for all 3 years: \$1.7 billion for 2002, \$16.7 billion for 2003, and \$7.8 billion for 2004. For 2003, the revision primarily reflects upward revisions to inventories for manufacturing and for mining, utilities, and construction industries. The revisions to inventories reflect the incorporation of newly available annual book value data from the Census Bureau's annual survey of manufacturers and from IRS tabulations of tax return data for corporations and for sole proprietorships and partnerships. For 2004, the revision primarily reflects upward revisions to inventories for mining, utilities, and construction industries and for retail trade. The largest contributors to the revisions were utilities, reflecting the incorporation of revised Energy Information Administration data, and retail motor vehicle dealers, reflecting the incorporation of revised inventory data from trade sources.

Net exports of goods and services. Net exports of goods and services was revised down \$0.5 billion for 2002, was revised down \$2.8 billion for 2003, and was revised down \$17.8 billion for 2004. For 2004, the revision primarily reflects an upward revision to imports of goods and services.

The revisions reflect the annual revision to BEA's international transactions accounts (ITAs), which incorporated new and updated source data, including data from BEA's new quarterly surveys of transactions with unaffiliated residents abroad.⁸

For most components, the revisions to the ITAs for 2002–2004 were incorporated into the NIPAs at their “best level.” As a result, there are small discontinuities between the NIPA estimates for 2001 and those for 2002 (table 7). For current-dollar net exports of goods and services (and for current-dollar GDP), the change from 2001 to 2002 was understated by less than \$0.1 billion. (The revisions to the ITAs for years before 2002 will be incorporated in the next comprehensive NIPA revision.)

Government consumption expenditures and gross investment. Government spending was revised up for all 3 years: \$4.5 billion for 2002, \$16.4 billion for 2003, and \$32.0 billion for 2004.

Federal Government spending was revised down \$1.1 billion for 2002, was revised up \$2.6 billion for 2003, and was revised up \$17.7 billion for 2004. For 2004, the revision was primarily accounted for by an upward revision to nondefense spending, primarily

reflecting the incorporation of revised Federal budget data for fiscal year 2004, preliminary budget data for fiscal year 2005, and revised tabulations from the BLS quarterly census of employment and wages.

State and local government spending was revised up for all 3 years: \$5.7 billion for 2002, \$13.8 billion for 2003, and \$14.4 billion for 2004. Consumption expenditures was revised up for all 3 years: \$8.8 billion for 2002, \$16.3 billion for 2003, and \$18.0 billion for 2004. The revisions were primarily accounted for by upward revisions to employee compensation and to “sales to other sectors,” which is subtracted in the derivation of consumption expenditures, that were partly offset by downward revisions to intermediate goods and services.⁹ The revisions to compensation resulted from the incorporation of revised data for fiscal year 2002 and newly available data for fiscal year 2003 on employer contributions to employee retirement plans from the Census Bureau *Government Finances*, of Medical Expenditures Panel Survey data on employer contributions to employee health insurance for 2002–2004 from the Department of Health and Human Services, and of revised tabulations from the BLS quarterly census of employment and wages. The

9. The value of services produced by general government is measured by the cost of inputs, including compensation of employees, consumption of fixed capital, and intermediate goods and services purchased.

Table 7. Discontinuities in NIPA Foreign Transactions, 2001–2002
[Billions of dollars]

	2001			2002	Change from 2001 to 2002	
	Published	Discontinuity ¹	Adjusted	Revised	Published	Adjusted
Net exports of goods and services...	-367.0	0.0	-367.0	-424.4	-57.4	-57.4
Exports	1,032.8	0.5	1,033.3	1,005.9	-26.9	-27.4
Goods	731.2	0.0	731.2	697.6	-33.7	-33.7
Services	301.6	0.5	302.1	308.4	6.8	6.3
Imports	1,399.8	0.5	1,400.3	1,430.3	30.5	30.0
Goods	1,167.9	0.0	1,167.9	1,189.3	21.4	21.4
Services	231.9	0.5	232.4	241.0	9.1	8.5
Net receipts of income	43.6	1.6	45.3	30.6	-13.0	-14.6
Income receipts	322.4	1.6	324.0	305.7	-16.8	-18.4
Wage and salary receipts	2.9	0.0	2.9	2.9	0.0	0.0
Income receipts on assets	319.5	1.6	321.1	302.7	-16.8	-18.4
Interest	136.9	1.8	138.7	98.3	-38.6	-40.4
Dividends	87.4	-0.2	87.2	92.8	5.4	5.6
Reinvested earnings of U.S. direct investment abroad	95.2	0.0	95.2	111.6	16.4	16.4
Income payments	278.8	0.0	278.8	275.0	-3.8	-3.8
Wage and salary payments	8.1	0.0	8.1	8.4	0.3	0.3
Income payments on assets	270.7	0.0	270.7	266.7	-4.0	-4.0
Interest	257.8	0.0	257.8	218.0	-39.8	-39.8
Dividends	46.5	0.0	46.5	45.0	-1.5	-1.5
Reinvested earnings of foreign direct investment in the United States	-33.7	0.0	-33.7	3.6	37.3	37.3
Current taxes and transfer payments to the rest of the world (net)	47.0	0.0	47.0	64.5	17.5	17.5
Addenda:						
Gross domestic product	10,128.0	0.0	10,128.0	10,469.6	341.6	341.6
Gross national product	10,171.6	1.6	10,173.2	10,500.2	328.6	327.0

7. The IVA is not needed for farm inventories, because they are measured on the basis of current market price.

8. See Christopher L. Bach, “Annual Revision of the U.S. International Accounts, 1991–2004,” *SURVEY* 85 (July 2005): 54–67.

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

revisions to “sales to other sectors” and to intermediate goods and services reflect the incorporation of revised data for fiscal year 2002 and newly available data for fiscal year 2003 from the Census Bureau *Government Finances*.

Income-side components

Compensation of employees, paid. “Compensation of employees, paid” was revised up for all 3 years: \$21.7 billion for 2002, \$32.2 billion for 2003, and \$36.7 billion for 2004. For 2002 and 2003, the revisions were mostly accounted for by upward revisions to supplements to wages and salaries (specifically, to employer contributions for employee pension and insurance funds), but upward revisions to wage and salary accruals also contributed. For 2004, the revision reflects similar upward revisions to employer contributions for employee pension and insurance funds and to wage and salary accruals.

For 2002 and 2003, the revisions to employer contributions were more than accounted for by upward revisions to employer contributions to private pension and profit-sharing plans. For 2004, the revision to employer contributions reflects upward revisions to employer contributions to private pension and profit-sharing plans and to group health insurance. The revisions to employer contributions to private pension and profit-sharing plans primarily reflect the incorporation of revised corporate financial data for 2002 and 2003 and newly available corporate financial data for 2004. For 2004, the revision to employer contributions to group health insurance reflects extrapolations of newly available tabulations of these contributions from the Department of Health and Human Services Medical Expenditures Panel Survey for 2003. The revisions to wage and salary accruals reflect the incorporation of revised data for 2002 and 2003 and newly available data for 2004 from the quarterly census of employment and wages.

Net operating surplus. Net operating surplus consists of net operating surplus of private enterprises (proprietors’ income, rental income of persons, corporate profits, net interest, and business current transfer payments) and the current surplus of government enterprises. This component was revised down for all 3 years: \$21.5 billion for 2002, \$67.3 billion for 2003, and \$118.9 billion for 2004.

Consumption of fixed capital (CFC). CFC, which is the charge for the using up of private and government fixed capital, was revised down \$11.9 billion for 2002, was revised down \$22.6 billion for 2003, and was revised up \$28.0 billion for 2004. The revisions for 2002 and 2003 were more than accounted for by downward revisions to the private component of CFC that

resulted from the incorporation of improvements to the fixed assets series.¹⁰ The revision for 2004 was mostly accounted for by an upward revision to the private component of CFC, reflecting the replacement of estimates derived from quarterly extrapolations with estimates derived from detailed annual source data, including revised BEA estimates of fixed investment and revised prices for 2002–2004. (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) 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. CCA was revised down for all 3 years: \$17.0 billion for 2002, \$98.0 billion for 2003, and \$123.1 billion for 2004. These revisions primarily resulted from the incorporation of revised and newly available IRS tax return data that affect both the corporate and noncorporate components. For corporations, the revisions for 2002 and 2003 resulted from the incorporation of revised and newly available IRS tax return data. For sole proprietorships and partnerships, the revision for 2003 resulted from the incorporation of newly available IRS tax return data. For 2004, the revision resulted from 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.

Private capital consumption adjustment (CCAdj) converts depreciation that is on a historical-cost (book value) basis—CCA—to depreciation that is on a current-cost (replacement) basis—CFC—and it is derived as the difference between private CCA and private CFC. Private CCAdj was revised up \$2.1 billion for 2002, was revised down \$66.8 billion for 2003, and was revised down \$129.1 billion for 2004.

Proprietors’ income with IVA and CCAdj. Proprietors’ income with IVA and CCAdj was revised down for all 3 years: \$1.2 billion for 2002, \$23.9 billion for 2003, and \$13.2 billion for 2004. For all 3 years, the revisions reflect downward revisions to nonfarm proprietors’ income that were partly offset by upward revisions to farm proprietors’ income.

Farm proprietors’ income was revised up for all 3 years: \$0.9 billion for 2002, \$5.9 billion for 2003, and \$17.6 billion for 2004. For 2002 and 2003, the upward revisions resulted from the incorporation of revised information from the U.S. Department of Agriculture

10. This series was posted on BEA’s Web site in March 2005 at <www.bea.gov/bea/dn/FA2004/index.asp>.

(USDA) and revised BEA estimates of depreciation. For 2004, the revision resulted from the incorporation of newly available data from the USDA and revised BEA estimates of depreciation.

Nonfarm proprietors' income with IVA and CCAdj was revised down for all 3 years: \$2.1 billion for 2002, \$29.9 billion for 2003, and \$30.8 billion for 2004. For 2003, the revision reflects downward revisions to the CCAdj and 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 2003. For 2004, the revision mostly reflects a downward revision to the CCAdj. (For more information about the CCAdj, see "Consumption of fixed capital.")

Rental income of persons with CCAdj. Rental income of persons with CCAdj was revised down for all 3 years: \$18.0 billion for 2002, \$22.1 billion for 2003, and \$30.9 billion for 2004. For all 3 years, the revisions were primarily accounted for by downward revisions to rental income of persons without CCAdj for nonfarm residential dwellings, reflecting downward revisions to nonfarm permanent-site space rent and to space rent for manufactured homes.¹¹ For 2004, the revision also reflects an upward revision to nonfarm permanent-site expenses, specifically, revisions to closing costs and to maintenance and repairs that resulted from the incorporation of data from regular sources and an improved procedure for estimating maintenance and repairs (see "Changes in Methodology").

Corporate profits with IVA and CCAdj. Corporate profits with IVA and CCAdj was revised up \$11.7 billion for 2002, was revised up \$10.7 billion for 2003, and was revised down \$20.1 billion for 2004. For 2002, the revision reflects upward revisions to profits before tax and to the CCAdj. For 2003, the revision reflects an upward revision to profits before tax that was partly offset by a downward revision to the CCAdj. For 2004, the revision reflects a downward revision to the CCAdj that was partly offset by an upward revision to profits before tax. (For more information about the CCAdj, see "Consumption of fixed capital.") The revisions to profits before tax resulted from the incorporation of revised 2002 and newly available 2003 IRS tabulations of corporate tax return data and profits data for 2004 from regulatory agencies and public financial reports.

For all 3 years, domestic profits were revised up, and rest-of-the-world profits were revised down. The revisions to domestic profits primarily resulted from the incorporation of revised 2002 and newly available 2003

IRS tabulations of corporate tax return data and of other data from regular sources. The revisions to rest-of-the-world profits resulted from the incorporation of the annual revision of the international transactions accounts (ITAs).

Net interest and miscellaneous payments. Net interest and miscellaneous payments was revised down for all 3 years: \$12.0 billion for 2002, \$14.5 billion for 2003, and \$44.0 billion for 2004. The revisions were accounted for by revisions to net interest.¹²

For 2002, the revision reflects downward revisions to both monetary and imputed interest paid by domestic corporate business that were partly offset by downward revisions to both monetary and imputed interest received by domestic corporate business and by an upward revision to monetary interest paid by the rest of the world.

For 2003, downward revisions to monetary interest paid by domestic business, to imputed interest paid by domestic business, and to imputed interest paid by the rest of the world were partly offset by downward revisions to monetary interest received by domestic business, to imputed interest received by domestic corporate business, and to imputed interest received by the rest of the world.

The revisions to domestic monetary interest resulted from the incorporation of revised and newly available IRS tabulations of tax return data for corporations and for sole proprietorships and partnerships. The revisions to rest-of-the-world monetary interest resulted from the incorporation of the results of the annual revision of the ITAs. The revisions to imputed interest paid resulted from the incorporation of the methodological change for estimating imputed commercial bank services (see "Changes in Methodology") and the incorporation of revised Federal Reserve Board (FRB) tabulations of commercial bank *Call Report* data, of newly available trade source data, and of the results of the annual revision of the ITAs. The revisions to imputed interest received resulted from the revisions to imputed interest paid, from the incorporation of revised data from the FRB flow-of-funds accounts on business deposits at commercial banks, and from the annual revision of the ITAs.

For 2004, the upward revision to net interest was attributable to the revisions to the 2003 levels and to newly incorporated regular source data from regulatory agencies, particularly data from the FRB

11. The revisions to space rent were discussed in the section "PCE for services."

12. Net interest is calculated as the sum of monetary interest paid by domestic business, by owner-occupied housing, by nonprofit institutions serving households, by the rest of the world and imputed interest paid by these sectors, less monetary interest received by domestic business, by owner occupied-housing, by the rest of the world and imputed interest received by these sectors.

flow-of-funds accounts.¹³

Taxes on production and imports. Taxes on production and imports was revised up for all 3 years: \$0.2 billion for 2002, \$3.3 billion for 2003, and \$11.7 billion for 2004. The revision for 2004 was mostly accounted for by revisions to state and local government sales taxes and property taxes, reflecting extrapolations of newly available tabulations of Census Bureau *Government Finances* data for 2003.

Subsidies. Subsidies was revised up \$0.2 billion for 2002, was unrevised for 2003, and was revised up \$3.1 billion for 2004.

Business current transfer payments (net). This component consists of “transfer payments to persons (net),” “business transfer payments to government (net),” and “business transfer payments to the rest of the world (net).”

“Business current transfer payments (net)” was revised up for all 3 years: \$3.4 billion for 2002, \$3.9 billion for 2003, and \$9.0 billion for 2004. For 2004, the upward revision primarily reflects an upward revision to payments to the rest of the world (net), reflecting the incorporation of the annual revision of the ITAs.

Current surplus of government enterprises. The current surplus of government enterprises was revised down for all 3 years: \$1.9 billion for 2002, \$8.2 billion for 2003, and \$9.9 billion for 2004. The current surplus of state and local government enterprises was revised down \$4.3 billion for 2003 and was revised down \$5.1 billion for 2004; the revisions resulted from the incorporation of newly available tabulations from the Census Bureau *Government Finances* on revenue and expenditures for local electric utilities and for housing and urban development programs. The current surplus of Federal Government enterprises was revised down \$3.9 billion for 2003 and was revised down \$4.9 billion for 2004, primarily reflecting the incorporation of new and improved tabulations of financial data from the Tennessee Valley Authority.

Net receipts of income. Net receipts of income from the rest of the world, which is excluded from GDP but is included in gross national product (GNP), was revised up for all 3 years: \$3.6 billion for 2002, \$13.0 billion for 2003, and \$9.8 billion for 2004. For all 3 years, the upward revisions primarily reflect upward revisions to income receipts from the rest of the world.

The revisions for all 3 years primarily resulted from the incorporation of the results of the annual revision of the ITAs. Specifically, the revised estimates of income receipts primarily resulted from the incorporation of revised estimates of direct investment income

receipts, which resulted from the incorporation of updated source data. The revised estimates of income payments primarily resulted from the incorporation of updated source data.

As a result of the incorporation of the ITA revisions into the NIPAs at “best level,” the NIPA estimates for 2001 and for 2002 are discontinuous (table 7). For net receipts of income, the change from 2001 to 2002 was understated by \$1.6 billion. The discontinuity was primarily accounted for by interest received from the rest of the world and resulted from the incorporation of revised data from the U.S. Treasury Department’s benchmark survey of U.S. portfolio investment abroad as part of the annual revision of the ITAs. For GNP, which includes both net exports of goods and services and net receipts of income, the change was understated by \$1.6 billion.

Gross national product. GNP was revised down \$13.9 billion, or 0.1 percent, for 2002, was revised down \$19.9 billion, or 0.2 percent, for 2003, and was revised up \$9.1 billion, or 0.1 percent, for 2004. The revisions to GNP differ from those to GDP because of the revisions to net receipts of income.

Personal income and its disposition

Personal income. Personal income was revised up for all 3 years: \$3.0 billion for 2002, \$7.3 billion for 2003, and \$23.7 billion for 2004. These revisions partly reflect the previously described revisions to the components of national income that are included in personal income—wage and salary disbursements, supplements to wages and salaries, proprietors’ income, and rental income of persons—and they reflect the revision to the component of personal income—personal income receipts on assets—that is derived from related components of national income. The revisions also reflect revisions to personal current transfer receipts and to contributions for government social insurance.

Compensation of employees, received. These revisions primarily reflect the revisions to “compensation of employees, paid.”

Personal income receipts on assets. This aggregate consists of personal interest income and personal dividend income. Personal interest income consists of monetary and imputed interest received by persons from all sources; it is calculated as net interest plus interest paid by persons and interest paid by government less interest received by government. Personal interest income was revised down for all 3 years: \$10.6 billion for 2002, \$12.3 billion for 2003, and \$40.3 billion for 2004. These revisions primarily reflect the revisions to net interest.

Personal dividend income consists of dividend income received by persons from all sources and is equal

13. For 2004, the revision cannot be attributed to the same level of component detail as that for 2003, because for 2004, the previously published estimates were prepared at a less detailed level.

to net corporate dividends less dividends received by government. Personal dividend income was revised up for all 3 years: \$9.3 billion for 2002, \$28.3 billion for 2003, and \$49.5 billion for 2004. These revisions resulted from the incorporation of revised and newly available IRS tabulations of corporate tax return data, of the results from the annual revision of the ITAs, and of data from public financial statements.

Personal current transfer receipts. Personal current transfer receipts consists of government social benefits and business current transfer payments to persons. Personal current transfer receipts was revised up for all 3 years: \$3.5 billion for 2002, \$8.6 billion for 2003, and \$21.6 billion for 2004.

Government social benefits to persons was unrevised for 2002, was revised up \$7.1 billion for 2003, and was revised up \$21.3 billion for 2004. Federal Government social benefits to persons was revised up \$6.1 billion for 2003 and was revised up \$15.7 billion for 2004, primarily as a result of upward revisions to medical care payments, reflecting extrapolations of newly available tabulations of Medicare payments for 2002 from the Centers for Medicare and Medicaid Services (CMS) using Medicare outlays from the Treasury Department. For 2004, state and local government social benefits to persons was revised up \$5.8 billion; the revision resulted from the incorporation of newly available tabulations of Medicaid payments for 2004 from the CMS.

The revisions to business current transfer payments to persons were small.

Contributions for government social insurance. These contributions are deducted in the calculation of personal income, and they consist of both personal and employer contributions. Contributions for government social insurance was revised up \$1.7 billion for 2002, was revised up \$3.4 billion for 2003, and was revised down \$0.4 billion for 2004.

Personal current taxes. This component was revised up \$0.6 billion for 2002, was revised down \$2.0 billion for 2003, and was revised up \$6.5 billion for 2004. For 2004, the upward revision was more than accounted for by an upward revision to Federal income taxes that resulted from the incorporation of newly available data on personal income tax receipts from the Treasury Department.

Disposable personal income (DPI). Reflecting the revisions to personal income and to personal current taxes, DPI was revised up for all 3 years: \$2.4 billion for 2002, \$9.3 billion for 2003, and \$17.3 billion for 2004.

Personal outlays. This category consists of PCE, personal interest payments, and personal current transfer payments. This aggregate was revised down for all 3 years: \$23.2 billion for 2002, \$53.0 billion for

2003, and \$19.4 billion for 2004. Revisions to PCE more than accounted for the revision for 2002 and accounted for most of the revisions for 2003 and 2004.

Personal saving. Personal saving—the difference between DPI and personal outlays—was revised up for all 3 years: \$25.5 billion for 2002, \$62.2 billion for 2003, and \$36.8 billion for 2004. For 2002, the revision mostly reflects the downward revision to personal outlays. For 2003 and 2004, the upward revisions reflect both the upward revisions to DPI and the downward revisions to personal outlays. Mainly reflecting the revisions to personal saving, the personal saving rate—personal saving as a percentage of DPI—was revised up for all 3 years: From 2.0 percent to 2.4 percent for 2002, from 1.4 percent to 2.1 percent for 2003, and from 1.3 percent to 1.8 percent for 2004.

Saving and investment

Gross saving consists of net saving and consumption of fixed capital (CFC). Net saving consists of net private saving and net government saving. Gross saving was revised up \$4.8 billion for 2002, was revised down \$13.6 billion for 2003, and was revised down \$66.9 billion for 2004. Gross saving as a percentage of gross national income was revised up 0.1 percentage point to 14.2 percent for 2002, was revised down 0.1 percentage point to 13.4 percent for 2003, and was revised down 0.6 percentage point to 13.4 percent for 2004.

For 2002, an upward revision to net saving was partly offset by a downward revision to CFC. The revision to net saving reflects an upward revision to net private saving that was partly offset by a downward revision to net government saving. In net private saving, an upward revision to personal saving was partly offset by a downward revision to undistributed corporate profits with IVA and CCAdj. In net government saving, a downward revision to state and local government net saving was partly offset by an upward revision to Federal Government net saving.

For 2003, a downward revision to CFC was partly offset by an upward revision to net saving. The revision to net saving reflects an upward revision to net private saving that was partly offset by a downward revision to net government saving. In net private saving, an upward revision to personal saving was partly offset by a downward revision to undistributed corporate profits with IVA and CCAdj. The revision to net government saving reflects downward revisions to state and local government net saving and to Federal Government net saving.

For 2004, a downward revision to net saving was partly offset by an upward revision to CFC. The revision to net saving reflects downward revisions to net private saving and to net government saving. The

revision to net private saving reflects a downward revision to undistributed corporate profits with IVA and CCAdj that was partly offset by an upward revision to personal saving. The revision to net government saving reflects downward revisions to Federal Government net saving and to state and local government net saving.

“Net lending or net borrowing, NIPAs”—the difference between the sum of gross saving and the statistical discrepancy and the sum of gross domestic investment and capital account transactions (net)—was revised down \$0.8 billion for 2002, was revised up \$6.3 billion for 2003, and was revised down \$16.1 billion for 2004. For 2002, the revision reflects a downward revision to the statistical discrepancy that was largely offset by an upward revision to gross saving. For 2003, the revision primarily reflects an upward revision to the statistical discrepancy that was partly offset by a downward revision to gross saving and an upward revision to gross domestic investment. For 2004, the revision reflects a downward revision to gross saving that was partly offset by an upward revision to the statistical discrepancy and a downward revision to gross domestic investment.

Annual price estimates

Revisions to the chain-type price indexes result from the incorporation of newly available and revised source data and from the regularly scheduled incorpo-

ration of annual weights for the most recent year (2004). In this annual revision, the source data for price indexes that are used for deflation and the source data that affect implicit prices were revised.¹⁴ A change in methodology for computing the implicit services of commercial banks also affected the chain-type price indexes (see the section “Changes in Methodology”). In addition, the prices used for deflation reflect updated seasonal factors.

The percent change from the preceding year in the price index for gross domestic purchases was revised up 0.1 percentage point to 1.6 percent for 2002, was revised up 0.2 percentage point to 2.2 percent for 2003, and was revised up 0.5 percentage point to 2.9 percent for 2004 (see the addendum to table 8 and chart 1). The annual percent change in the price index for GDP was unrevised at 1.7 percent for 2002, was revised up 0.2 percentage point to 2.0 percent for 2003, and was revised up 0.4 percentage point to 2.6 percent for 2004.

For 2002, the upward revision to the price index for gross domestic purchases primarily reflects an upward revision to the price index for nonresidential structures. The revision to the price index for nonresidential structures primarily reflects an upward revision

14. 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]

	2001	2002			2003			2004		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
Gross domestic product	2.4	1.7	1.7	0.0	1.8	2.0	0.2	2.2	2.6	0.4
Personal consumption expenditures	2.1	1.4	1.4	0.0	1.9	1.9	0.0	2.2	2.6	0.4
Durable goods	-1.9	-2.7	-2.4	0.3	-3.4	-3.5	-0.1	-2.0	-1.9	0.1
Nondurable goods	1.5	0.6	0.5	-0.1	2.0	2.0	0.0	3.3	3.3	0.0
Services	3.3	2.7	2.7	0.0	3.0	3.0	0.0	2.5	3.2	0.7
Gross private domestic fixed investment	1.0	0.2	0.6	0.4	1.2	1.7	0.5	2.5	3.2	0.7
Nonresidential	-0.3	-0.8	-0.2	0.6	-0.4	0.3	0.7	0.8	1.3	0.5
Structures	5.4	2.4	4.4	2.0	2.1	3.5	1.4	4.9	5.5	0.6
Equipment and software	-2.3	-1.9	-1.8	0.1	-1.2	-0.9	0.3	-0.4	-0.1	0.3
Residential	4.6	2.5	2.5	0.0	4.4	4.8	0.4	5.7	6.7	1.0
Change in private inventories										
Net exports of goods and services										
Exports	-0.4	-0.4	-0.4	0.0	2.1	2.1	0.0	3.5	3.6	0.1
Goods	-0.7	-0.7	-0.7	0.0	2.0	2.0	0.0	3.8	3.7	-0.1
Services	0.4	0.4	0.4	0.0	2.4	2.5	0.1	2.8	3.1	0.3
Imports	-2.5	-1.2	-1.2	0.0	3.4	3.4	0.0	4.9	5.0	0.1
Goods	-3.0	-1.8	-1.8	0.0	2.9	2.9	0.0	4.9	5.0	0.1
Services	0.1	1.7	1.7	0.0	5.9	5.8	-0.1	4.9	4.9	0.0
Government consumption expenditures and gross investment	2.5	2.7	2.9	0.2	3.2	3.7	0.5	3.2	3.7	0.5
Federal	1.9	3.3	3.7	0.4	3.6	3.9	0.3	2.9	4.2	1.3
National defense	2.0	3.4	3.7	0.3	4.2	4.4	0.2	2.8	4.0	1.2
Nondefense	1.7	3.1	3.5	0.4	2.6	3.0	0.4	3.0	4.6	1.6
State and local	2.9	2.4	2.5	0.1	3.0	3.7	0.7	3.4	3.4	0.0
Addendum:										
Gross domestic purchases	2.0	1.5	1.6	0.1	2.0	2.2	0.2	2.4	2.9	0.5

to the implicit price for “mining exploration, shafts, and wells,” which reflects the revisions to the current-dollar estimates.

For 2003, the revision to the price index for gross domestic purchases primarily reflects upward revisions to the price indexes for state and local government spending and for nonresidential structures. The revision to the price index for state and local government spending reflects an upward revision to compensation. The revision to the price index for nonresidential structures reflects an upward revision to the implicit price for “mining exploration, shafts, and wells.”

For 2004, the revision to the price index for gross domestic purchases primarily reflects upward revisions to the price indexes for PCE for services, for Federal defense and nondefense spending, and for residential fixed investment. The revision to the price index for PCE for services was attributable to an upward revision to the price index for the implicit services of other financial institutions, reflecting the incorporation of newly available source data, and an upward revision to the price index for medical care services, reflecting revised BLS producer price indexes. The revisions to the price index for Federal defense and nondefense spending reflect upward revisions to compensation. The revision to the price index for residential fixed investment primarily reflects a revision to the price of single-family structures, reflecting a revised Census Bureau price index.

Changes in Methodology

As part of the annual revision to the NIPAs, several changes in methodology were incorporated.¹⁵

Motor vehicles. The procedure used to prepare the quarterly estimates of change in private inventories for new domestic autos and for new domestic light trucks has been improved so that the change in unit inventories is now consistent with unit inventories reported in *Ward's Automotive Reports*.

Change in unit inventories is calculated as vehicle production plus Canadian and Mexican imports less sales and exports.¹⁶ Each of these components is seasonally adjusted. Before being seasonally adjusted, the quarterly estimates of change in unit inventories for both new domestic autos and new domestic light trucks are now adjusted to ensure consistency with monthly inventory data from *Ward's*. Previously, only

the annual estimate of change in unit inventories for new domestic autos was adjusted to the *Ward's* unit inventory data, and no adjustment was made for new domestic light trucks.

In addition, the estimates of final sales and change in private inventories for new domestic autos reflect new source data on retail and wholesale prices, beginning with the first quarter of 2005. The data on retail prices are monthly dealer transactions prices by model and model year from a trade source and reflect all discounts and customer rebates. The monthly wholesale prices used for the valuation of inventories reflect factory-to-dealer rebates. Previously, the source data for retail prices were not transactions prices; the data were based on annual price lists by model and model year published by the Automobile Invoice Service (AIS) and adjusted with BLS monthly data on transportation charges, markups or discounts, and customer rebates. The AIS data on wholesale prices that were previously used did not include factory-to-dealer rebates.

New quarterly services survey. Beginning with this annual revision, BEA is incorporating data from the Census Bureau's new quarterly services survey into the estimates of investment in prepackaged and custom software and of the several components of PCE for services, including cellular telephone, cable television, local telephone, long-distance telephone, and internet service providers, legal services, and “other transportation services.”¹⁷ The quarterly services survey is the Federal Government's first new economic indicator in nearly 30 years and provides timely information on economic performance in the services industries.

Implicit services of banks. In the 2003 comprehensive revision of the NIPAs, a reference rate of interest that represents the risk-free opportunity cost of borrowing or lending funds was introduced in the calculation of the implicit services of banks.¹⁸ The rate was calculated using U.S. Treasury and Federal agency securities from Federal Reserve Board tabulations of the Federal Financial Institutions Examination Council *Call Report* data on commercial banks. However, the resulting estimates of the depositors' share and borrowers' share of the implicit services of commercial banks exhibited a considerable degree of volatility because of the inclusion of mortgage-backed securities.

Beginning with this annual revision, mortgage-backed securities have been eliminated from the reference-rate calculation in an effort to obtain a more risk-free rate and to reduce the volatility of the resulting estimates of personal interest income, personal

15. These changes update the methodological information in the two tables that were published in “Updated Summary NIPA Methodologies.”

16. Sales and inventories of domestic autos and light trucks consist of units assembled in the United States, Canada, and Mexico. Domestic production consists only of units that are assembled in the United States, so that Canadian and Mexican imports must be added to production and exports must be subtracted to obtain a measure of domestic supply, from which sales are subtracted to obtain a measure of change in unit inventories.

17. The PCE services components that now incorporate data from the quarterly services survey account for between 3 and 4 percent of total PCE.

18. See Brent R. Moulton and Eugene P. Seskin, “Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Classifications,” *SURVEY* 83 (June 2003): 23–27.

interest payments, net interest, and PCE for services.

The quarterly and monthly estimates are now interpolated and extrapolated from the annual estimates by an indicator series that is based on the quarterly *Call Report* data. Beginning with this annual revision, the quarterly indicator used for estimating depositor services excludes three types of deposits that are made mostly by business: Large time deposits, other time deposits, and other interest bearing liabilities.

Improved estimates of maintenance and repairs.

The estimates of rental income of persons with capital consumption adjustment are primarily calculated as space rent less expenses. Maintenance and repairs is a relatively large and often volatile component of expenses; the estimates are based on data from the Census Bureau "Expenditures for Residential Improvements and Repairs" (C-50 report). The revised annual

estimates have been improved to reflect a growth rate based on a 3-year centered moving average of the C-50 report data, and the quarterly estimates are interpolations and extrapolations of the resulting annual estimates.¹⁹ Previously, the annual estimates reflected only the annual growth rate of the C-50 report data, and the quarterly estimates were interpolations and extrapolations of the annual estimates.

19. This change is consistent with the method used for estimating residential improvements included in private fixed investment; see Carol E. Moylan and Brooks B. Robinson, "Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Statistical Changes," *SURVEY* 83 (September 2003): 23.

Appendix A follows.

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

[Billions of dollars]

	2002		2003		2004	
	Revised	Revision	Revised	Revision	Revised	Revision
Account 1. Domestic Income and Product Account						
Compensation of employees, paid	6,096.6	21.7	6,326.7	32.2	6,693.4	36.7
Wage and salary accruals	4,986.3	4.6	5,116.7	7.6	5,395.2	16.0
Disbursements	4,986.3	4.6	5,116.7	7.6	5,395.2	16.0
Wage accruals less disbursements	0.0	0.0	0.0	0.0	0.0	0.0
Supplements to wages and salaries	1,110.3	17.1	1,210.0	24.5	1,298.1	20.6
Taxes on production and imports	762.8	0.2	801.4	3.3	852.8	11.7
Less: Subsidies	38.4	0.2	46.7	0.0	43.5	3.1
Net operating surplus	2,377.6	-21.5	2,511.4	-67.3	2,719.4	-118.9
Private enterprises	2,376.8	-19.5	2,510.1	-59.1	2,722.4	-109.0
Current surplus of government enterprises	0.9	-1.9	1.3	-8.2	-3.0	-9.9
Consumption of fixed capital	1,292.0	-11.9	1,331.3	-22.6	1,435.3	28.0
Gross domestic income	10,490.6	-11.7	10,924.2	-54.3	11,657.5	-45.5
Statistical discrepancy	-21.0	-5.7	47.1	21.5	76.8	44.9
GROSS DOMESTIC PRODUCT	10,469.6	-17.4	10,971.2	-32.8	11,734.3	-0.7
Personal consumption expenditures	7,350.7	-25.4	7,709.9	-51.0	8,214.3	-15.6
Durable goods	923.9	7.7	950.1	-0.6	987.8	-6.1
Nondurable goods	2,079.6	-0.5	2,189.0	-11.1	2,368.3	-8.7
Services	4,347.2	-32.6	4,570.8	-39.3	4,858.2	-0.8
Gross private domestic investment	1,582.1	2.9	1,670.4	4.6	1,928.1	0.8
Fixed investment	1,570.2	2.2	1,654.9	-12.1	1,872.6	-11.4
Nonresidential	1,066.3	2.4	1,082.4	-12.3	1,198.8	-21.7
Structures	279.2	7.6	276.9	15.3	298.4	20.2
Equipment and software	787.1	-5.3	805.6	-27.5	900.4	-42.0
Residential	503.9	-0.2	572.5	0.2	673.8	10.4
Change in private inventories	11.9	0.7	15.4	16.6	55.4	12.0
Net exports of goods and services	-424.4	0.5	-500.9	-2.8	-624.0	-17.8
Exports	1,005.9	0.9	1,045.6	-0.6	1,173.8	-1.7
Imports	1,430.3	0.4	1,546.5	2.2	1,797.8	16.2
Government consumption expenditures and gross investment	1,961.1	4.5	2,091.9	16.4	2,215.9	32.0
Federal	679.7	-1.1	754.8	2.6	827.6	17.7
National defense	437.1	-0.3	496.7	0.3	552.7	4.8
Nondefense	242.5	-0.9	258.2	2.5	274.9	12.9
State and local	1,281.5	5.7	1,337.1	13.8	1,388.3	14.4
GROSS DOMESTIC PRODUCT	10,469.6	-17.4	10,971.2	-32.8	11,734.3	-0.7
Account 2. Private Enterprise Income Account						
Income payments on assets	2,104.2	-46.4	2,004.6	-130.0	2,182.4	.....
Interest and miscellaneous payments	2,055.6	-46.8	1,924.9	-135.9	2,057.8	.....
Dividend payments to the rest of the world	45.0	2.2	67.7	6.1	68.4	7.5
Reinvested earnings on foreign direct investment in the United States	3.6	-1.8	12.0	-0.2	56.2	-6.3
Business current transfer payments (net)	84.3	3.4	81.6	3.9	91.1	9.0
To persons (net)	37.3	3.6	30.5	1.6	33.0	0.3
To government (net)	46.6	-0.1	48.9	2.3	51.5	2.3
To the rest of the world (net)	0.3	-0.1	2.3	0.1	6.6	6.4
Proprietors' income with inventory valuation and capital consumption adjustments	768.4	-1.2	810.2	-23.9	889.6	-13.2
Rental income of persons with capital consumption adjustment	152.9	-18.0	131.7	-22.1	134.2	-30.9
Corporate profits with inventory valuation and capital consumption adjustments	886.3	11.7	1,031.8	10.7	1,161.5	-20.1
Taxes on corporate income	192.6	8.8	232.1	-2.8	271.1	1.9
To government	182.6	8.0	221.9	-3.9	258.9	0.6
To the rest of the world	10.0	0.7	10.2	1.1	12.3	1.4
Profits after tax with inventory valuation and capital consumption adjustments	693.7	3.0	799.7	13.5	890.3	-22.1
Net dividends	399.2	9.2	423.2	27.9	493.0	49.1
Undistributed corporate profits with inventory valuation and capital consumption adjustments	294.5	-6.2	376.5	-14.4	397.3	-71.2
USES OF PRIVATE ENTERPRISE INCOME	3,996.1	-50.4	4,059.8	-161.6	4,458.9	.....
Net operating surplus	2,376.8	-19.5	2,510.1	-59.1	2,722.4	-109.0
Income receipts on assets	1,619.4	-30.8	1,549.7	-102.5	1,736.4	.....
Interest	1,414.9	-29.3	1,293.9	-107.6	1,426.9	.....
Dividend receipts from the rest of the world	92.8	7.4	97.5	15.4	104.3	3.3
Reinvested earnings on U.S. direct investment abroad	111.6	-9.0	158.2	-10.4	205.2	-9.2
SOURCES OF PRIVATE ENTERPRISE INCOME	3,996.1	-50.4	4,059.8	-161.6	4,458.9	.....
Account 3. Personal Income and Outlay Account						
Personal current taxes	1,051.8	0.6	999.9	-2.0	1,049.1	6.5
Personal outlays	7,645.3	-23.2	7,996.3	-53.0	8,512.5	-19.4
Personal consumption expenditures	7,350.7	-25.4	7,709.9	-51.0	8,214.3	-15.6
Personal interest payments	196.4	-0.8	183.2	-2.1	186.7	-1.8
Personal current transfer payments	98.2	2.9	103.3	0.2	111.5	-2.0
To government	58.2	-1.3	62.1	-2.8	68.6	-2.4
To the rest of the world (net)	40.0	4.3	41.2	3.0	42.9	0.4
Personal saving	184.7	25.5	172.8	62.2	151.8	36.8
PERSONAL TAXES, OUTLAYS, AND SAVING	8,881.9	3.0	9,169.1	7.3	9,713.3	23.7
Compensation of employees, received	6,091.2	21.7	6,321.1	32.1	6,687.6	36.6
Wage and salary disbursements	4,980.9	4.6	5,111.1	7.5	5,389.4	15.9
Domestic	4,978.0	4.7	5,108.2	7.7	5,386.4	16.0
Rest of the world	2.9	0.0	3.0	0.0	3.0	-0.1
Supplements to wages and salaries	1,110.3	17.1	1,210.0	24.5	1,298.1	20.6
Employer contributions for employee pension and insurance funds	745.1	15.5	830.0	21.1	895.5	18.9
Employer contributions for government social insurance	365.2	1.6	380.0	3.4	402.7	1.8
Proprietors' income with inventory valuation and capital consumption adjustments	768.4	-1.2	810.2	-23.9	889.6	-13.2
Rental income of persons with capital consumption adjustment	152.9	-18.0	131.7	-22.1	134.2	-30.9
Personal income receipts on assets	1,333.2	-1.4	1,338.7	16.0	1,396.5	9.2
Personal interest income	936.1	-10.6	917.6	-12.3	905.9	-40.3
Personal dividend income	397.2	9.3	421.1	28.3	490.6	49.5
Personal current transfer receipts	1,286.2	3.5	1,344.0	8.6	1,427.5	21.6
Government social benefits	1,248.9	0.0	1,313.5	7.1	1,394.5	21.3
From business (net)	37.3	3.6	30.5	1.6	33.0	0.3
Less: Contributions for government social insurance	750.0	1.7	776.6	3.4	822.2	-0.4
PERSONAL INCOME	8,881.9	3.0	9,169.1	7.3	9,713.3	23.7

Appendix A. Revisions to the National Income and Product Accounts

[Billions of dollars]

	2002		2003		2004	
	Revised	Revision	Revised	Revision	Revised	Revision
Account 4. Government Receipts and Expenditures Account						
Consumption expenditures.....	1,616.9	7.7	1,736.7	19.6	1,843.4	39.2
Current transfer payments.....	1,270.4	-0.1	1,340.0	7.1	1,423.4	21.0
Government social benefits.....	1,251.6	0.0	1,316.4	7.1	1,397.5	21.3
To persons.....	1,248.9	0.0	1,313.5	7.1	1,394.5	21.3
To the rest of the world.....	2.7	0.0	2.8	0.0	3.0	0.0
Other current transfer payments to the rest of the world (net).....	18.8	0.0	23.6	-0.1	25.9	-0.3
Interest payments.....	315.1	-1.3	301.4	-1.6	310.3	-1.3
Subsidies.....	38.4	0.2	46.7	0.0	43.5	3.1
Less: Wage accruals less disbursements.....	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving.....	-282.1	-2.6	-406.5	-38.7	-412.3	-60.4
Federal.....	-247.9	6.6	-382.7	-18.2	-406.5	-37.1
State and local.....	-34.2	-9.2	-23.8	-20.6	-5.9	-23.5
GOVERNMENT CURRENT EXPENDITURES AND NET SAVING.....	2,958.7	4.0	3,018.1	-13.9	3,208.2	1.5
Current tax receipts.....	2,004.5	9.0	2,031.8	-2.0	2,169.9	19.0
Personal current taxes.....	1,051.8	0.6	999.9	-2.0	1,049.1	6.5
Taxes on production and imports.....	762.8	0.2	801.4	3.3	852.8	11.7
Taxes on corporate income.....	182.6	8.0	221.9	-3.9	258.9	0.6
Taxes from the rest of the world.....	7.3	0.2	8.5	0.4	9.2	0.3
Contributions for government social insurance.....	750.0	1.7	776.6	3.4	822.2	-0.4
Income receipts on assets.....	98.4	-3.5	97.6	-6.4	99.0	-7.1
Interest and miscellaneous receipts.....	96.4	-3.4	95.4	-6.0	96.6	-6.7
Dividends.....	2.0	-0.1	2.1	-0.4	2.4	-0.4
Current transfer receipts.....	104.9	-1.4	110.9	-0.6	120.1	-0.1
From business (net).....	46.6	-0.1	48.9	2.3	51.5	2.3
From persons.....	58.2	-1.3	62.1	-2.8	68.6	-2.4
Current surplus of government enterprises.....	0.9	-1.9	1.3	-8.2	-3.0	-9.9
GOVERNMENT CURRENT RECEIPTS.....	2,958.7	4.0	3,018.1	-13.9	3,208.2	1.5
Account 5. Foreign Transactions Current Account						
Exports of goods and services.....	1,005.9	0.9	1,045.6	-0.6	1,173.8	-1.7
Income receipts from the rest of the world.....	305.7	3.9	343.7	14.7	415.4	9.6
Wage and salary receipts.....	2.9	0.0	3.0	0.0	3.0	-0.1
Income receipts on assets.....	302.7	3.9	340.7	14.7	412.4	9.7
Interest.....	98.3	5.5	85.0	9.7	102.9	15.6
Dividends.....	92.8	7.4	97.5	15.4	104.3	3.3
Reinvested earnings on U.S. direct investment abroad.....	111.6	-9.0	158.2	-10.4	205.2	-9.2
CURRENT RECEIPTS FROM THE REST OF THE WORLD.....	1,311.6	4.8	1,389.3	14.1	1,589.2	7.9
Imports of goods and services.....	1,430.3	0.4	1,546.5	2.2	1,797.8	16.2
Income payments to the rest of the world.....	275.0	0.3	275.6	1.7	361.7	-0.2
Wage and salary payments.....	8.4	0.0	8.5	0.0	8.8	-0.1
Income payments on assets.....	266.7	0.4	267.1	1.7	352.8	-0.2
Interest.....	218.0	-0.1	187.4	-4.1	228.2	-1.4
Dividends.....	45.0	2.2	67.7	6.1	68.4	7.5
Reinvested earnings on foreign direct investment in the United States.....	3.6	-1.8	12.0	-0.2	56.2	-6.3
Current taxes and transfer payments to the rest of the world (net).....	64.5	4.7	71.7	3.8	81.5	7.7
From persons (net).....	40.0	4.3	41.2	3.0	42.9	0.4
From government (net).....	14.3	-0.1	18.0	-0.4	19.7	-0.6
From business (net).....	10.3	0.6	12.4	1.1	18.9	7.8
Balance on current account, national income and product accounts.....	-458.3	-0.6	-504.5	6.4	-651.7	-15.6
CURRENT PAYMENTS TO THE REST OF THE WORLD AND BALANCE ON CURRENT ACCOUNT.....	1,311.6	4.8	1,389.3	14.1	1,589.2	7.9
Account 6. Domestic Capital Account						
Gross domestic investment.....	1,926.4	-0.2	2,025.6	1.4	2,300.6	-6.4
Private fixed investment.....	1,570.2	2.2	1,654.9	-12.1	1,872.6	-11.4
Government fixed investment.....	344.3	-3.1	355.3	-3.2	372.5	-7.2
Change in private inventories.....	11.9	0.7	15.4	16.6	55.4	12.0
Capital account transactions (net).....	1.4	0.1	3.2	0.1	1.6	0.3
Net lending or net borrowing (-), national income and product accounts.....	-459.7	-0.8	-507.7	6.3	-653.4	-16.1
GROSS DOMESTIC INVESTMENT, CAPITAL ACCOUNT TRANSACTIONS, AND NET LENDING.....	1,468.1	-0.8	1,521.1	7.8	1,648.9	-22.1
Net saving.....	197.1	16.8	142.7	8.9	136.8	-94.9
Personal saving.....	184.7	25.5	172.8	62.2	151.8	36.8
Undistributed corporate profits with inventory valuation and capital consumption adjustments.....	294.5	-6.2	376.5	-14.4	397.3	-71.2
Wage accruals less disbursements (private).....	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving.....	-282.1	-2.6	-406.5	-38.7	-412.3	-60.4
Plus: Consumption of fixed capital.....	1,292.0	-11.9	1,331.3	-22.6	1,435.3	28.0
Private.....	1,080.3	-12.5	1,112.8	-23.1	1,206.2	27.9
Government.....	211.6	0.4	218.5	0.4	229.1	0.1
General government.....	178.3	0.3	183.5	-0.1	192.0	-0.4
Government enterprises.....	33.4	0.2	35.1	0.6	37.2	0.5
Equals: Gross saving.....	1,489.1	4.8	1,474.1	-13.6	1,572.0	-67.0
Statistical discrepancy.....	-21.0	-5.7	47.1	21.5	76.8	44.9
GROSS SAVING AND STATISTICAL DISCREPANCY.....	1,468.1	-0.8	1,521.1	7.8	1,648.9	-22.1
Account 7. Foreign Transactions Capital Account						
BALANCE ON CURRENT ACCOUNT, NATIONAL INCOME AND PRODUCT ACCOUNTS.....	-458.3	-0.6	-504.5	6.4	-651.7	-15.6
Capital account transactions (net).....	1.4	0.1	3.2	0.1	1.6	0.3
Net lending or net borrowing (-), national income and product accounts.....	-459.7	-0.8	-507.7	6.3	-653.4	-16.1
CAPITAL ACCOUNT TRANSACTIONS (NET) AND NET LENDING, NATIONAL INCOME AND PRODUCT ACCOUNTS.....	-458.3	-0.6	-504.5	6.4	-651.7	-15.6