



## Comprehensive Revision of the National Income and Product Accounts Highlights

The initial results of the 12th comprehensive NIPA revision will be released on December 10, 2003 (results of the 11th comprehensive revision were released in October 1999). Improvements introduced in the 2003 revision include the following:

- The measurement of property-casualty insurance has been improved by taking account of the services that are funded by investment income and by adopting a treatment of insured losses that is more consistent with the economic behavior of insurers; in the process, the large swings in measured services caused by catastrophes have been eliminated. *The level of GDP is increased slightly.*
- The measurement of services provided by banks without explicit charge has been improved by allocating these services to borrowers as well as to depositors. *The level of GDP is reduced (services received by business borrowers do not count as final product).*
- Measures of real investment in nonresidential structures and in photocopy equipment have been improved by the use of new price indexes that take account of quality change.
- More reliable and comprehensive source data have been incorporated, including BEA's benchmark 1997 input-output tables, the 1997 economic census, IRS tabulations of business tax returns for 2000 and 2001, Census Bureau annual surveys of businesses and governments for several years, and BLS tabulations of wages and salaries for 2001 and 2002.

The revised NIPA estimates show the following:

- For 1992-2002, the average growth rate of real GDP is 3.2 percent, the same as in the previously published estimates. Consumer spending and residential investment increased a little more than in the previously published estimates, but exports and government spending increased a little less. For the 1994-2000 sub-period as well, the rate of growth is the same as in the previously published estimates (3.8 percent).
- Similarly, for 1992-2002 the average rate of change in prices paid by U.S. residents, 1.8 percent, is the same as in the previously published estimates.
- C From the fourth quarter of 2000 to the third quarter of 2001, real GDP decreased 0.5 percent; in the previously published estimates, it decreased 0.6 percent. In the revised estimates, real GDP decreased slightly in the third quarter of 2000; in the previously published estimates, it had increased throughout the year.
- C The pace of the current expansion has been revised down slightly; from the third quarter of 2001 to the second quarter of 2003, the growth rate of real GDP is revised from 2.7 percent to 2.6 percent.
- C Corporate profits are revised up substantially for 2002; profits of domestic industries as a percentage of gross domestic income is revised up from 6.3 percent to 7.1 percent.