

Economic growth



The economy's need for workers originates in the demand for the goods and services they provide. So, as a first step in projecting employment, BLS estimates the final demand for goods and services produced in the United States, a measure called gross domestic product (GDP). Then, BLS estimates the size of the five major categories that make up demand. The categories are the following:

- ◆ **Personal consumption expenditures.** These include purchases by individuals of goods (such as automobiles, clothes, and food) and services (such as education, healthcare, and rent).
- ◆ **Gross private domestic investment.** This includes business investment in equipment and software, the construction of factories and office buildings, the construction of residential structures, and changes in business inventories.
- ◆ **Government purchases.** Government purchases include goods and services bought by Federal, State, and local governments.

- ◆ **Exports.** These are goods and services produced in the United States and purchased in foreign countries.
- ◆ **Imports.** Imports are goods and services produced abroad and purchased in the United States. Because GDP measures production in the United States, the value of imports is subtracted from the other four categories of GDP.

Finally, BLS breaks down these major categories into more detailed ones, such as the demand for clothing.

Most charts in this section show changes in the level and composition of demand. These changes affect industry employment levels. For example, an increased level of business investment in microcomputers will increase employment in the computer industry and in all those industries, such as electronic components, that provide inputs to the computer industry. In turn, occupations that those industries employ also will grow.

One chart shows a measure of productivity—the amount an employee produces per hour of work—over time. Here, productivity is calculated by first measuring total nonfarm output. This includes all of the goods and

services purchased—and all of the additional goods and services used to make them. This total output is divided by total labor hours. Productivity as shown here concentrates on the output produced by labor and may differ from other BLS measures.

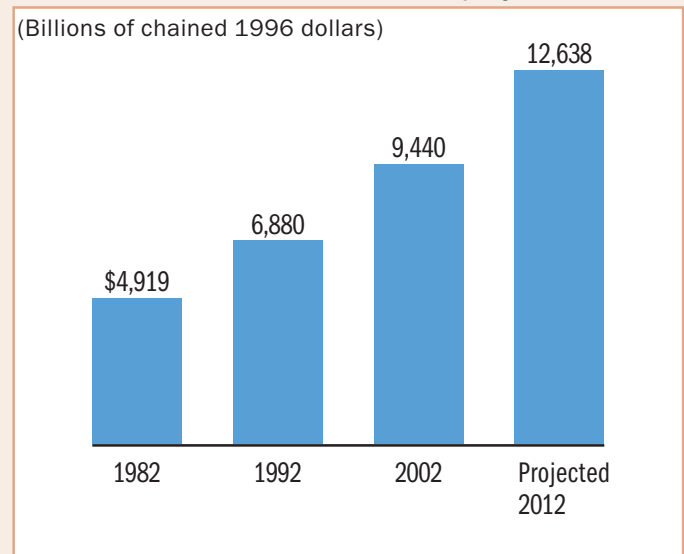
A final chart in this section shows production from an industry standpoint. It shows how much of total output each industry sector generates.

Measuring economic growth

Unlike previous charts, the charts in this section show annual rates of growth instead of change over the entire projections decade. Annual rates are used here, in part, because they are the measure used for other economic indicators, including inflation.

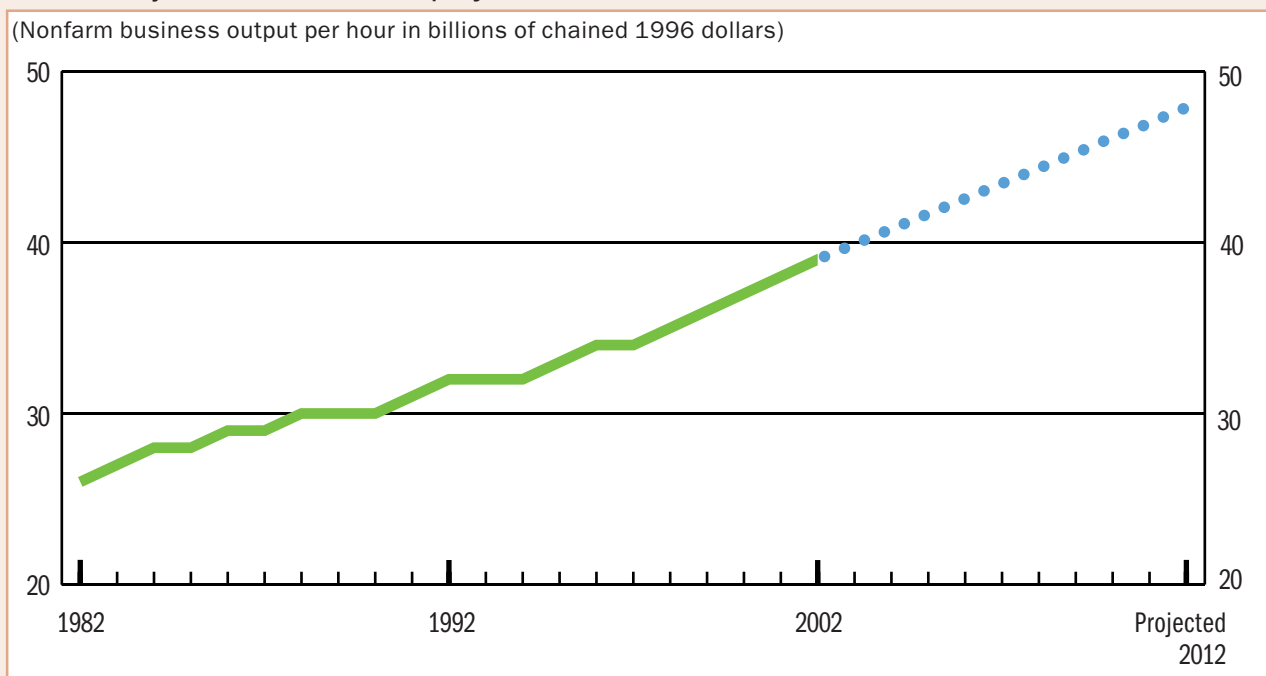
To show changes in demand more accurately, dollar amounts in this section are given in 1996 chain-weighted dollars rather than in current dollars. This means that amounts have been adjusted for changing prices over time. The last chart in this section is the only one based on current dollars.

GDP in 1982, 1992, 2002, and projected 2012



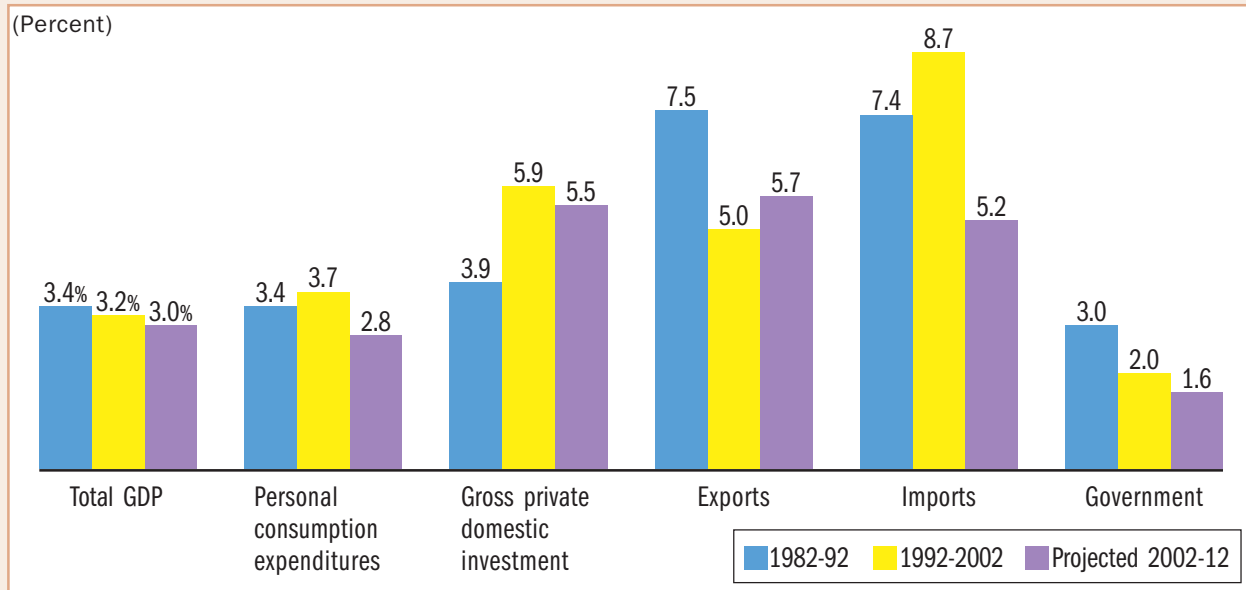
The steady growth in the amount of goods and services demanded (gross domestic product, or GDP) is due, in large part...

Productivity, 1982-2002 and projected 2002-12



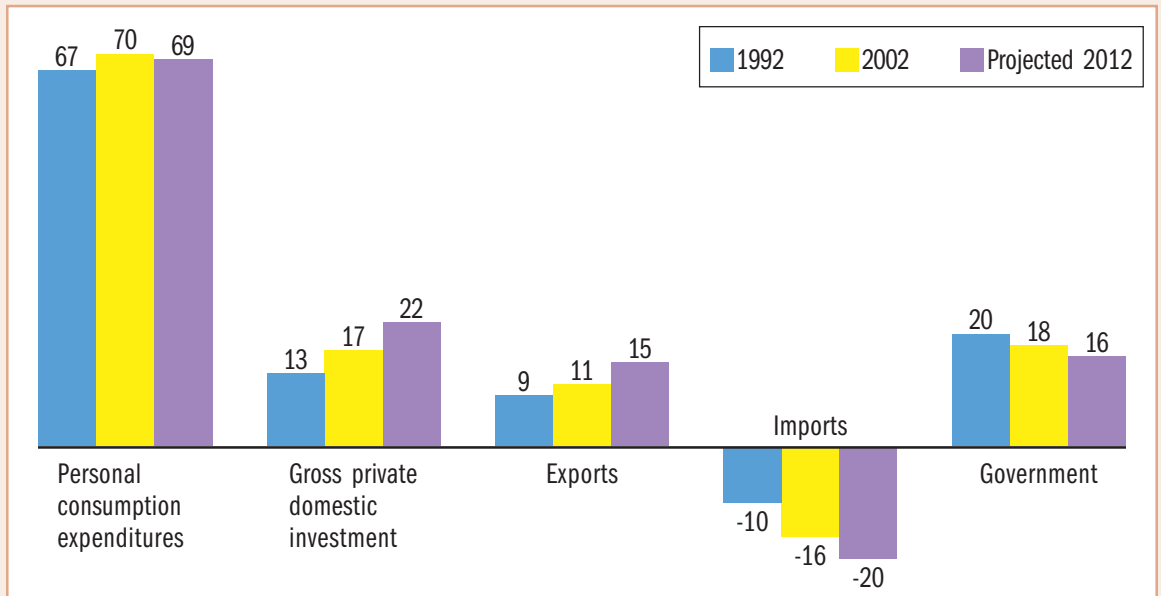
...to continually accelerating productivity.

Annual growth rate by major GDP demand category, 1982-92, 1992-2002, and projected 2002-12



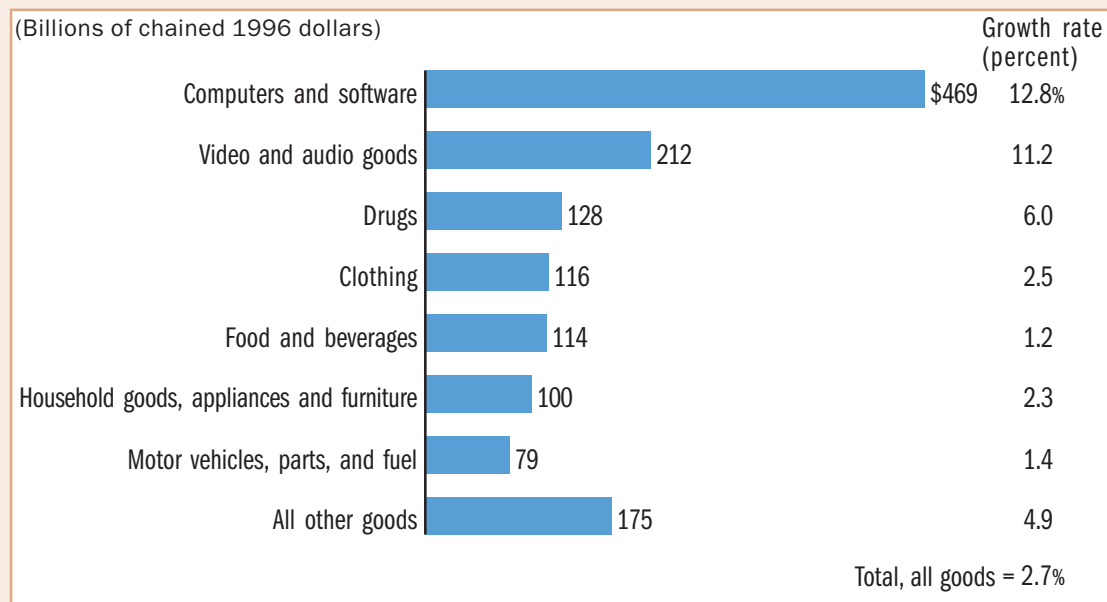
Imports are projected to increase by an average of 5.2 percent annually between 2002 and 2012, significantly slower than their rate of increase during the previous decade.

Percent distribution of GDP by major demand category, 1992, 2002, and projected 2012



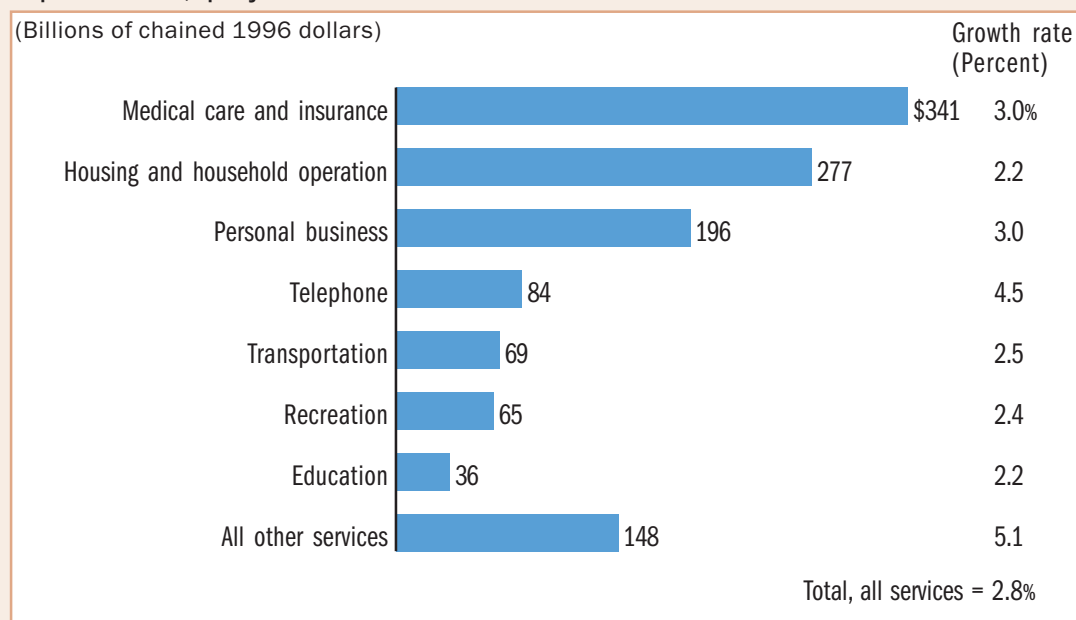
Gross private domestic investment, which includes business investment and residential construction, is expected to increase its share of the GDP significantly, to about 22 percent in 2012. Personal consumption expenditures are projected to decrease their share slightly but are projected to still make up about 69 percent of GDP in 2012. Imports are shown as negative—and subtracted from the other components—because they are not produced in the United States.

Numeric growth in goods components of personal consumption expenditures, projected 2002-12



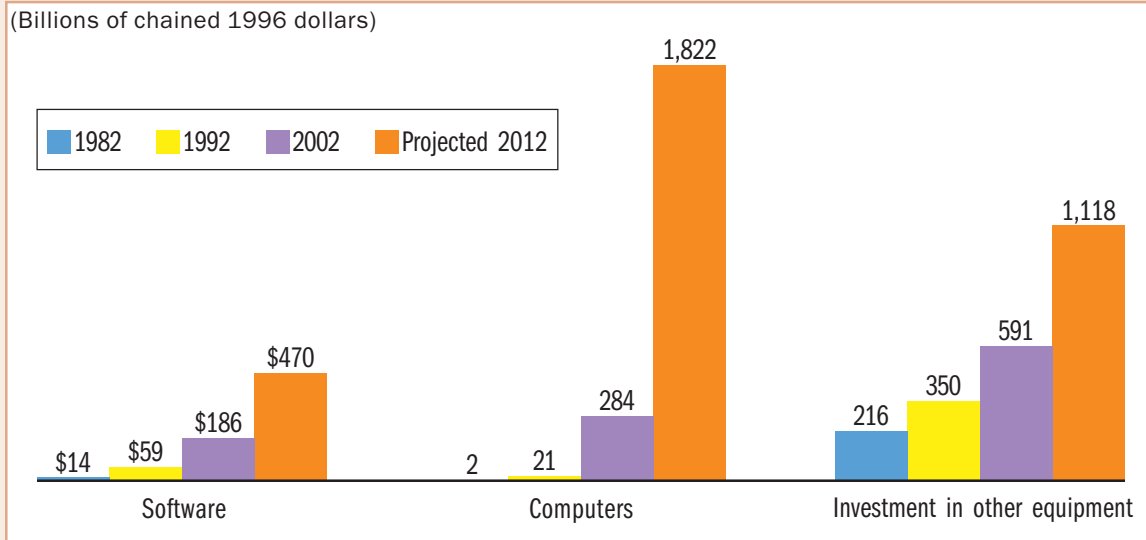
Of all goods components, consumer spending on computers and software is expected to have the largest and the fastest growth, much faster than the annual 2.7-percent overall growth rate for goods.

Numeric growth in services components of personal consumption expenditures, projected 2002-12



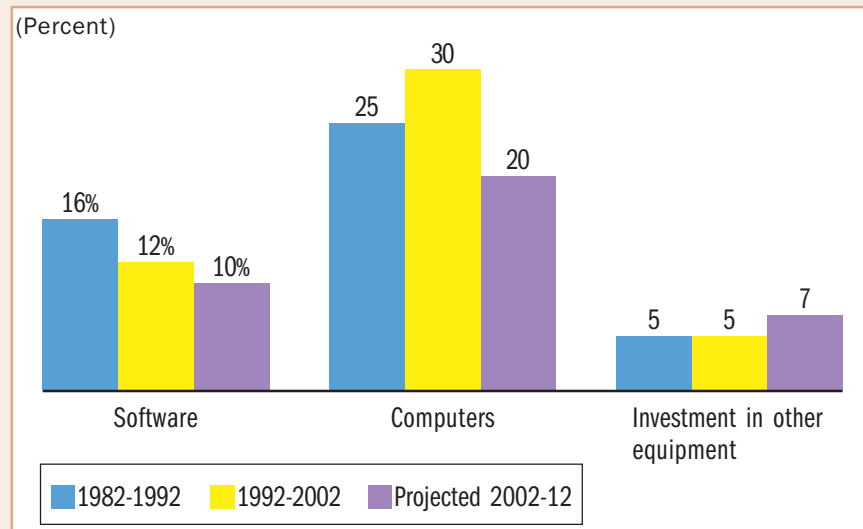
High growth is expected for medical care and insurance as the population ages. All other services, which includes legal services and religious and welfare activities, is projected to grow by 5.1 percent annually over the projections decade.

Business investment in equipment and software, 1982, 1992, 2002, and projected 2012



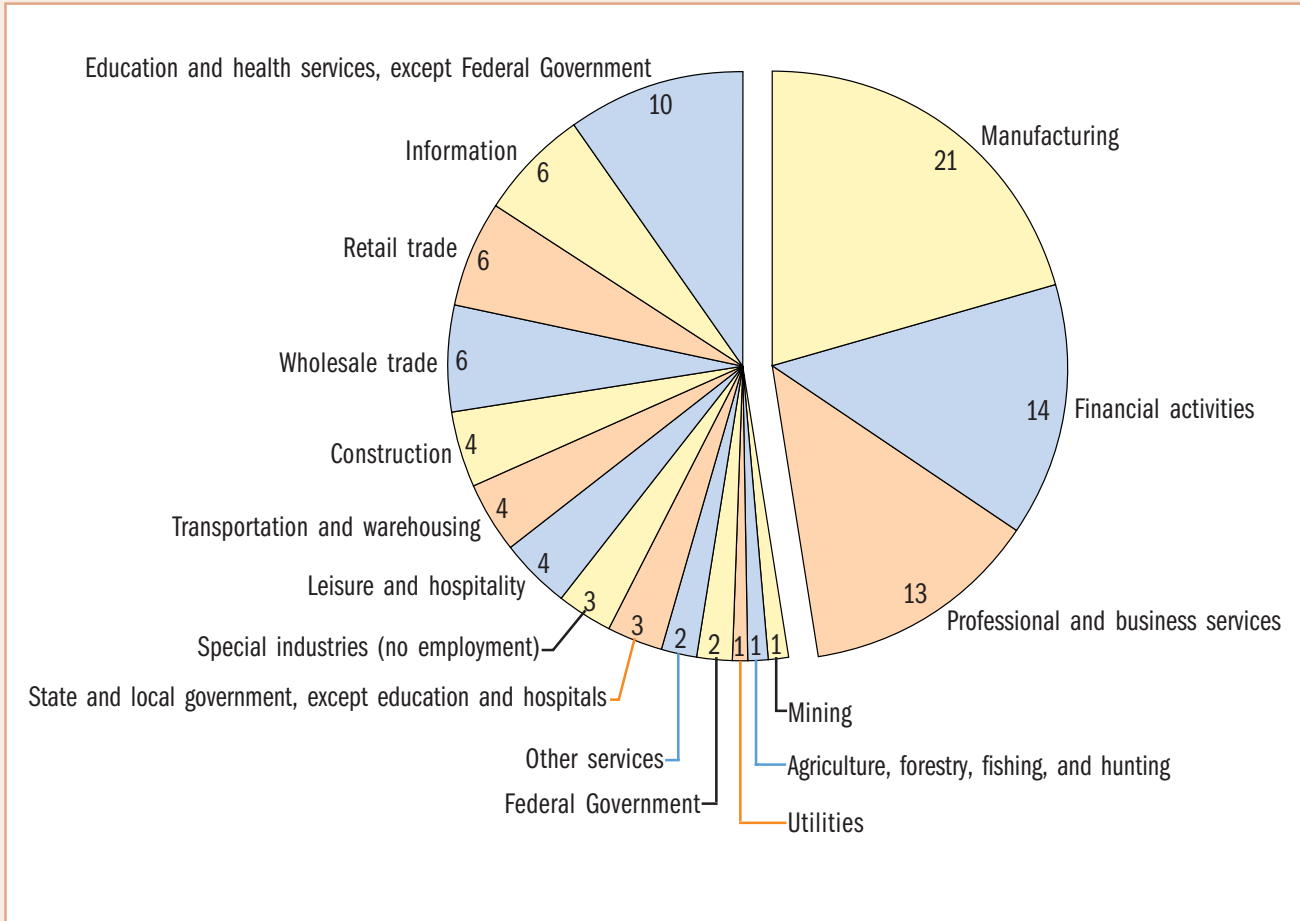
Business investment in computers has risen dramatically since 1982, with investment in software also increasing significantly. Growth in these investments is expected to continue over the projections decade, as businesses continue to invest in information technology.

Annual growth rate, business investment in computers and software 1982-1992, 1992-2002, and projected 2002-12



Although investment in computers and software is projected to continue increasing substantially, the rates of increase are expected to slow. The annual growth rate for computer investment is projected to drop from 30 percent between 1992 and 2002 to 20 percent during the 2002-12 decade. The rate of growth for investment in software is expected to fall from 12 percent to 10 percent annually.

Percent distribution of output by industry sector, projected 2012



As this chart shows, three industry sectors—manufacturing, financial activities, and professional and business services—are projected to account for almost half of all output in 2012. However, their high productivity enables them to reach this level of output with less than one-third of total industry employment.