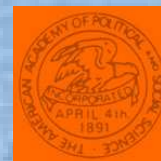


A New Architecture for the U.S. National Accounts

Dale W. Jorgenson
Samuel W. Morris University Professor
Harvard University

The National Academies, Washington, DC ~ May 8, 2009



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A New Architecture for the U.S. National Accounts

Edited by
Dale W. Jorgenson,
J. Steven Landefeld, and
William D. Nordhaus

WHAT DO THE NATIONAL ACCOUNTS DO?

Monitor Economic Developments on a Quarterly and Annual Basis by
Organizing Information from the Population and Business Censuses

Generate Key Economic Indicators Such as the Gross Domestic Product
(GDP) and the Rate of Inflation (GDP deflator or price index)

Produce Detail for Foreign and Domestic Portions of the Economy,
Individual Industries, and Regions of the Country

Provide Historical Perspective on Business Cycles and
Trends in the U.S. Economy

WHO PRODUCES THE NATIONAL ACCOUNTS?

The Core System of National Accounts is Maintained by the
Bureau of Economic Analysis (BEA)

Important Components are Developed by the
Bureau of Labor Statistics (BLS) and the Federal Reserve Board (FRB)

The Underlying Data are Collected by the Bureau of the Census through
Its Censuses and Surveys of Businesses and Individuals

Many Other Information Sources are Incorporated, such as the
Statistics of Income, Tabulated from Personal and Business Tax Returns

WHY A NEW ARCHITECTURE?

U.S. Economic Policy is Coping with the Most Severe
Contraction since the Second World War

The U.S. Economy Is Confronted with New Challenges from
Globalization and Rapid Changes in Technology

The Objective is to Integrate the U.S. National Income and Product
Accounts with Industry, Productivity, and Flow of Funds Accounts

This Will Require Collaboration among BEA, BLS, and FRB and
Close Coordination with the Bureau of the Census

New Architecture for an Expanded and Integrated Set of National Accounts for the United States

1. PRODUCTION

Gross Domestic Product Equals

Gross Domestic Factor Outlay

2. DOMESTIC RECEIPTS AND EXPENDITURES

Domestic Receipts Equal

Domestic Expenditure

3. FOREIGN TRANSACTION CURRENT ACCOUNT

Receipts from Rest of World Equal

Payments to Rest of World and

Balance on Current Account

4. DOMESTIC CAPITAL ACCOUNT

Gross Domestic Capital Formation Equals

Gross Domestic Savings

5. FOREIGN TRANSACTION CAPITAL ACCOUNT

Balance on Current Account Equals

Payments to Rest of the World and

Net Lending or Borrowing

6. DOMESTIC BALANCE SHEET

Domestic Wealth Equals

Domestic Tangible Assets and

U.S. Net International Position

7. U.S. INTERNATIONAL POSITION

U.S.-Owned Assets Abroad Equal

Foreign-Owned Assets in U.S. and

U.S. Net International Position

AN INTEGRATED PRODUCTION ACCOUNT: Measuring the Economy's Output

GROSS DOMESTIC PRODUCT
The Most Important Economic Indicator

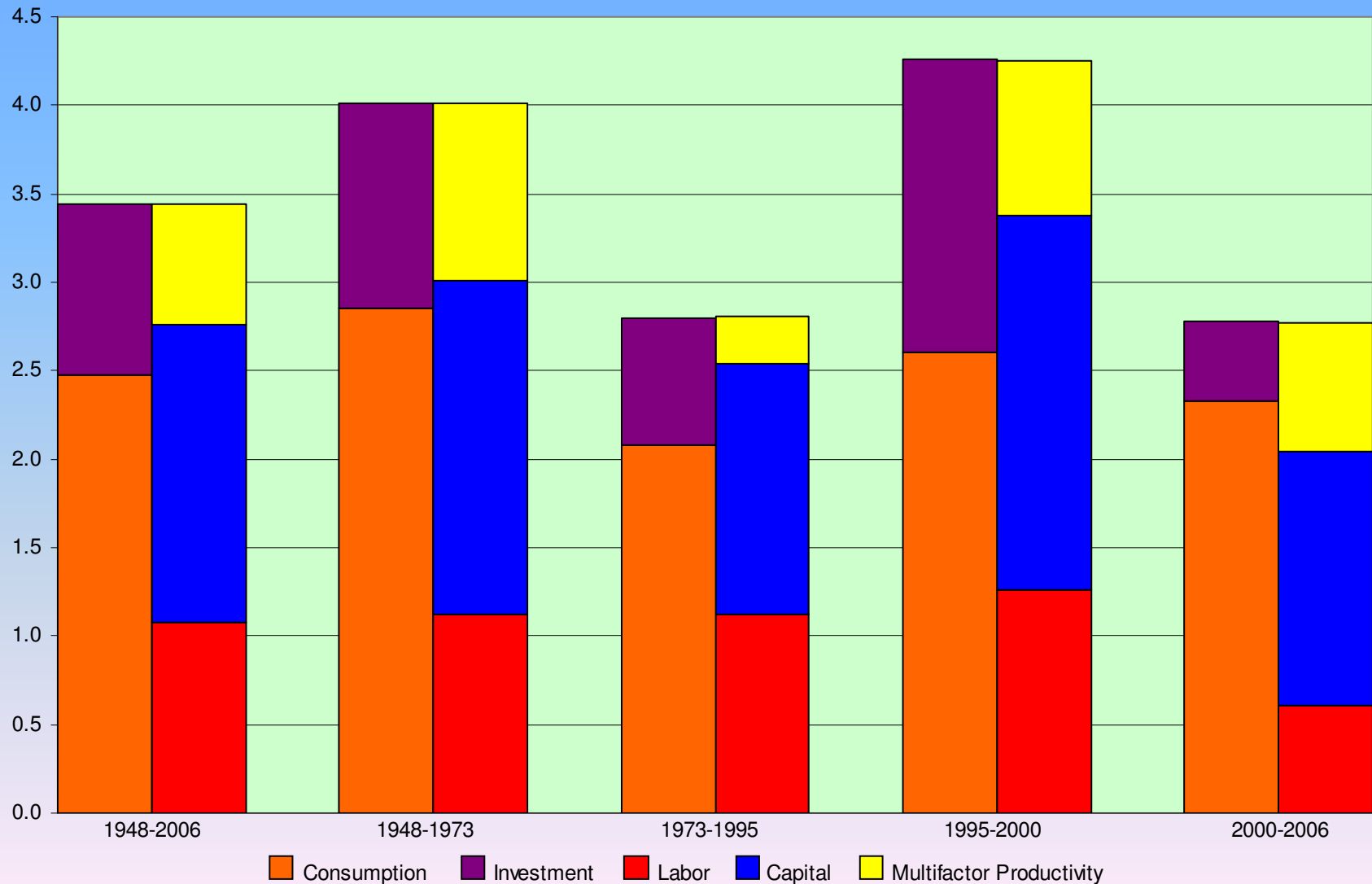
CONTRIBUTIONS TO OUTPUT
Investment versus Consumption

CONTRIBUTIONS TO GROWTH
Capital, Labor, and Productivity

**GENERATED THROUGH COLLABORATION:
BEA and BLS**

AN INTEGRATED PRODUCTION ACCOUNT: Measuring the Economy's Output

Contributions to Output and Economic Growth



AN INTEGRATED EXPENDITURE ACCOUNT

Measuring Economic Welfare

NET DOMESTIC EXPENDITURE
An Indicator of Current and Future Welfare

CONTRIBUTIONS TO INCOME
Property and Labor Incomes

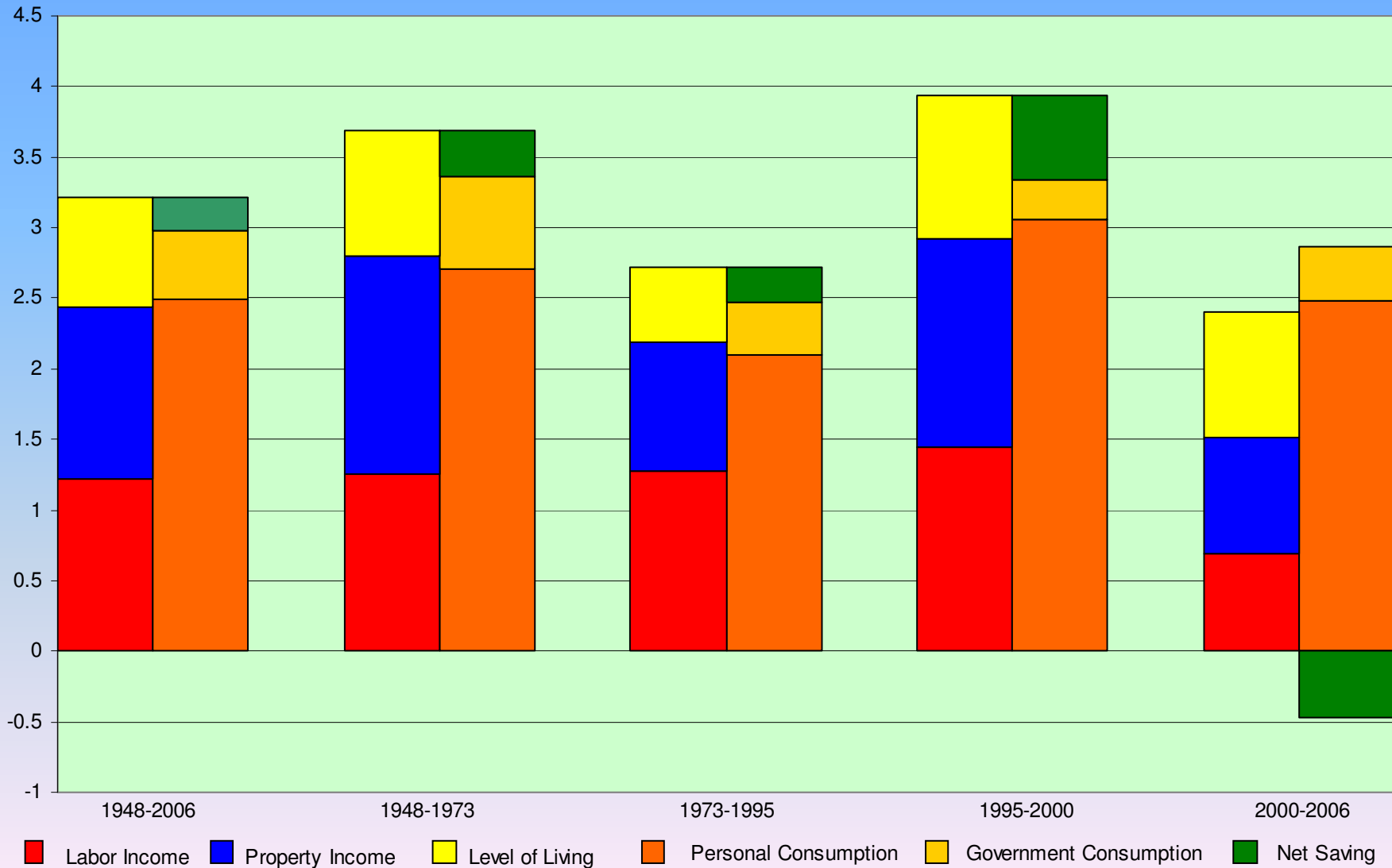
CONTRIBUTIONS TO WELFARE
Personal Consumption, Government Consumption and Saving

GENERATED THROUGH COLLABORATION:
BEA and FRB.

AN INTEGRATED EXPENDITURE ACCOUNT

Measuring Economic Welfare

Contributions to Net Expenditure and Income



AN INTEGRATED BALANCE SHEET

Measuring the Economy's Wealth

CONTRIBUTIONS TO WEALTH

**Private and Government Tangible Assets and the
U.S. Net International Position**

CONTRIBUTIONS TO CHANGE IN WEALTH

Saving versus Revaluation

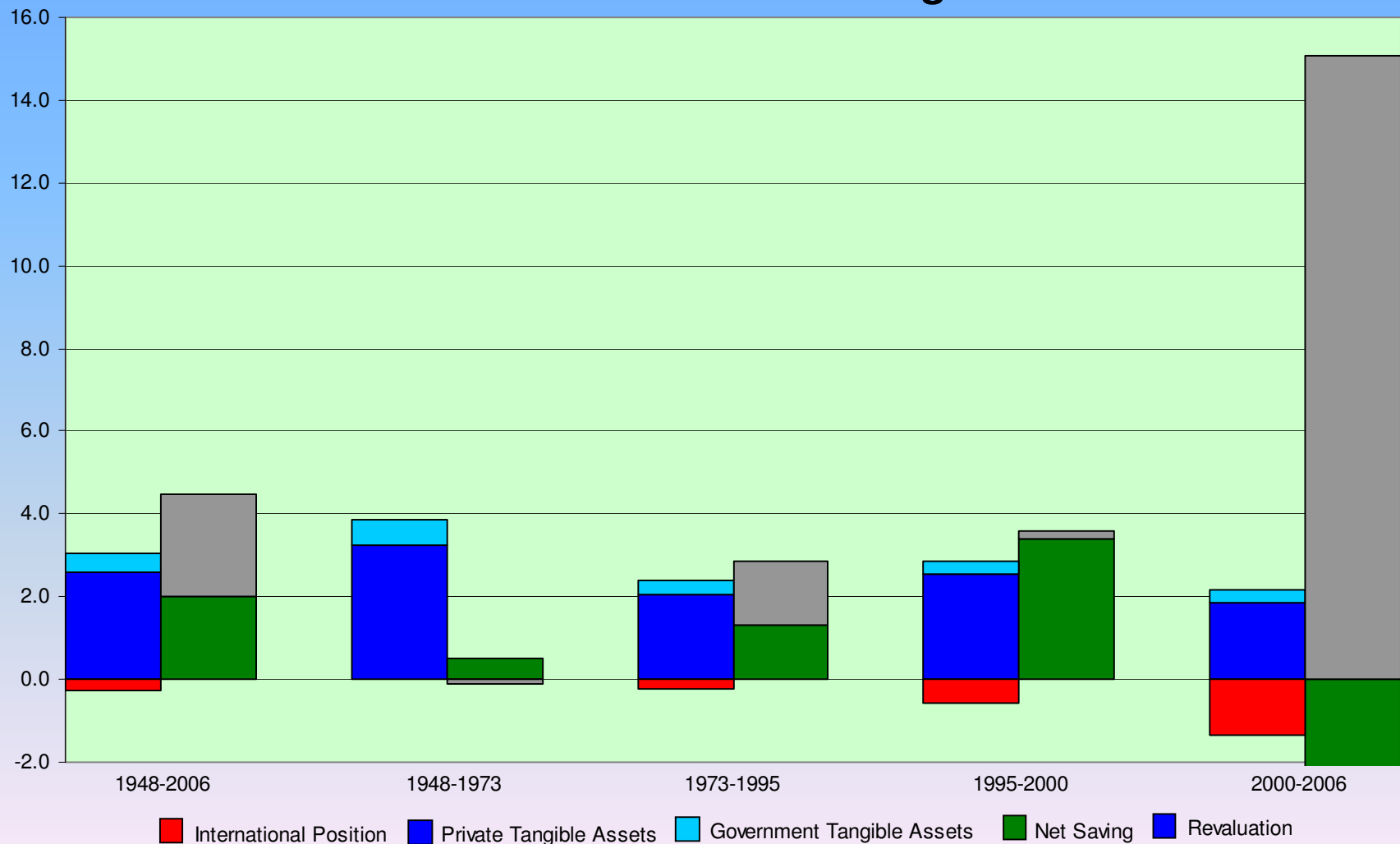
A WORK IN PROGRESS:

BEA and FRB

AN INTEGRATED BALANCE SHEET

Measuring the Economy's Wealth

Contributions to Wealth and Change in Wealth



A NEW ARCHITECTURE FOR U.S. NATIONAL ACCOUNTS

AN INTEGRATED PRODUCTION ACCOUNT

Investment Is the Most Important Source of Growth, Not Productivity

AN INTEGRATED EXPENDITURE ACCOUNT

Current Welfare Is Growing; Future Economic Welfare Is Declining.

AN INTEGRATED BALANCE SHEET

**U.S. International Position Is Deteriorating;
Change in Wealth Is Due to Revaluation Not Saving**

NEW OPPORTUNITIES FOR THE U.S. STATISTICAL SYSTEM

Non-Market Accounts for Education, Health, and Environment