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# Integrated Macroeconomic Accounts for the United States Draft SNA-USA

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## 11.1 Introduction

This chapter reports on an ongoing effort at the Federal Reserve Board (FRB) and the Bureau of Economic Analysis (BEA), henceforth the agencies, to integrate the nation's macroeconomic accounts. The BEA publishes the National Income and Product Accounts (NIPAs) and international transaction accounts (ITAs). The NIPAs convey production and income flows in the United States—the current accounts. The NIPAs also include data on the accumulation and value of reproducible, tangible assets. The presentation in the NIPAs is heaviest on national aggregates, with a mixture of sector and transaction detail. The ITAs record the nation's transactions and balances with the rest of the world. They provide detail on the U.S. external position and changes in that position, in many cases by region and country.

The FRB publishes the flow-of-funds accounts (FFAs). The focus of the presentation is on sector activity. For each sector, the FFAs combine a cap-

The analysis and conclusions set forth are those of the authors and do not indicate concurrence by other members of their respective research staffs, the Board of Governors of the Federal Reserve System, the Bureau of Economic Analysis, the Department of Commerce, or the Investment Company Institute. Data in this publication are estimates based on incomplete source material and are not official figures of the U.S. Government or the Federal Reserve System.

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ital account (showing saving and capital expenditures) and a financial account (showing net acquisition of financial assets and net incurrence of liabilities). The FFAs include detail on flows of financial instruments and stocks of financial assets and liabilities. For certain private sectors, the FFAs have balance sheets, which combine information on tangible assets with stocks of financial assets and liabilities. The FFAs offer considerable detail for specific financial instruments, such as mortgages, corporate bonds, and deposits.

The three published accounts—NIPAs, ITAs, and FFAs—are major elements of a full set of integrated national accounts outlined in standards developed by a consortium of international agencies and published as the *System of National Accounts 1993* (United Nations et al. 1993; hereafter SNA93). The U.S. accounts provide a long history of macroeconomic activity, using a consistent methodology, and with a level of detail and quality rarely matched in accounts of other countries. The publications are available quarterly and are produced in a timely fashion.

Over the past decade, many changes to the U.S. accounts have moved them closer to SNA93 standards. For example, in the NIPA comprehensive revision that was released in December 2003, the tables and definition of transactions were changed to make them much more consistent with SNA93 (Moulton and Seskin 2003; Mayerhauser, Smith, and Sullivan 2003). Nonetheless, the agencies and the user public have recognized that the accounts could be more fully integrated.<sup>1</sup> Closer coordination between the agencies would ensure that certain critical elements—such as sector boundaries, alternative data sources, and treatment of transactions—are handled in a way that minimizes distortions to important analytical concepts. Integration likely would align U.S. statistics more closely with those of other nations, and allow policymakers and researchers to analyze more fully and accurately the interrelationships of the nation's financial and nonfinancial activities. Integration of the accounts also would provide a common terminology and a uniform presentation that highlighted connections between the activities described in separate accounts.

The U.S. effort toward a better or more fully integrated set of economic accounts has a history, with a particularly noteworthy undertaking by Richard Ruggles and Nancy Ruggles (1982) about a quarter century ago.<sup>2</sup> While retaining much of the existing account structure, they showed a framework for all economic statistics that embraced both stocks and flows using the then-existing NIPAs, ITAs, and FFAs. The commentary on their effort highlighted significant conceptual issues and considerable disagreement on the form of such accounts. Some of those issues and disagreements

1. For example, references to the integration of the NIPAs and FFAs are contained in both general and specific terms in BEA (2002, 8–32).

2. Discussion by other experts is contained in Adler et al. (1982).

remain, but over the years, international consensus, published in SNA93, has eliminated many.

Given the consensus, our work focuses on the actual production of accounts. With regard to the Ruggleses' 1982 paper, James Tobin noted that "their experiment . . . illustrate[d] the well-known problem. It is difficult to reconcile data from the different sources, and disturbingly large, unexplained discrepancies remain. . . . Conceptual integration needs to be matched by a concerted effort to diagnose and remedy these inconsistencies" (Adler et al. 1982, 74).

Diagnosing and remedying inconsistencies has been our goal. Indeed, preparing this chapter, including the tables, is perhaps the most significant joint effort on the accounts since the Tobin comment was made. The agencies have looked closely at sector boundaries and the nature of discrepancies that arise from using different data sources, judgmental adjustments, and estimating techniques. We have uncovered many issues and have solved a number of them; others remain for future work.

We have also considered ways to present the vast amount of data that lie within integrated accounts. As matters stand, the FFA quarterly release is more than a hundred pages, and the number of tables in the NIPAs and ITAs could easily fill an equal number of pages. Even if done parsimoniously and coherently, a combined set of accounts likely will require considerable navigation by the user.

Other countries and economic areas are in various stages of providing a fully integrated set of macroeconomic accounts. Canada, for example, has published integrated accounts for some time. The integration extends to benchmarking to the input-output accounts. Moreover, within Statistics Canada there is coordination so that common estimation methods are used among the accounts; and, where issues arise, implications are considered for the full range of accounts, rather than a single portion.<sup>3</sup>

Eurostat provides a coordinating role within Europe. They have published standards in the European System of Accounts (ESA95), patterned on SNA93. European Union (EU) member countries are legally required to meet the standards for national income and product accounts and financial accounts over a set time schedule. They are requested to transmit regularly annual financial and nonfinancial accounts to Eurostat. The European Central Bank is coordinating development of quarterly financial accounts for the euro area, and, thus far, countries have provided quarterly national data, which are used, together with other euro-area financial statistics, to compile a subset of quarterly Monetary Union financial accounts for nonfinancial sectors, insurance companies, and pension funds. They are working toward expanding the integrated system to seven sectors—

3. A more thorough description of three countries' integrated accounts is provided in K. Wilson (chap. 2 in this volume).

households, nonfinancial corporations, government, monetary financial institutions, insurance corporations and pension funds, other financial intermediaries, and the rest of the world.

International agencies are also providing impetus to the efforts. The International Monetary Fund (IMF) guides and manuals for national statistics are increasingly ensuring that accounting and other elements are consistent with SNA93 standards.<sup>4</sup> Moreover, international agencies have sponsored ongoing committees and conferences during which issues pertaining to SNA93 standards are addressed. Currently, an effort is underway to update SNA93. The Organisation for Economic Co-ordination and Development (OECD) is coordinating dissemination of integrated accounts among member countries.<sup>5</sup>

The next section of this paper offers an overview of the contents of an integrated set of accounts and reviews how those accounts are related to current publications in the U.S. Section 11.3 discusses draft SNA-USA sector tables produced with the recent data in the NIPAs, ITAs, and FFAs. Section 11.4 highlights several issues that affect the quality of the accounts, mainly those dealing with the statistical discrepancies between the capital and financial accounts. Section 11.5 has a few concluding remarks.

## **11.2 What Are Integrated Accounts, and Where Do We Stand with Current Publications?**

The SNA93 structure envisions separate statements for sectors of the economy. Each statement contains accounts for production, income, saving, investment, and financial flows for that sector. Those sector flow accounts are combined with information on changes in value of assets and liabilities due to factors not related directly to production and saving. All together, the integrated accounts offer a means to track the sources of change in sectors' net worth; the SNA93 structure begins with a balance sheet position and fully explains how that position evolves. Along the way, it provides detail on transactions, the distribution of income by factors of production, saving, capital formation, financial intermediation, and other aspects of national and sector economic activity.

The types of accounts are listed in table 11.1, along with comments on how each account relates to what is currently published. The first, the current account, is composed of production and income subaccounts that provide the familiar measures for gross domestic product (GDP), national income, and their components.

Although there are nearly three hundred NIPA tables that provide ex-

4. Examples include Bloem, Dipplesman, and Mæhle (2001) and International Monetary Fund (1995, 2000).

5. The BEA prepares estimates for the OECD on an SNA basis; these estimates and their relationship to the NIPAs are described in Mead, Moses, and Moulton (2004).

**Table 11.1**                      **Structure of integrated macroeconomic accounts**

| Account       | Subaccounts                                      | What it shows   | What is published now   | Significant issues  |
|---------------|--|---|---|---|
| Current       | Production                                       | Gross value added and consumption of fixed capital by sector. For the economy as a whole, sum is gross (net) domestic product   | National aggregates in the NIPAs with some sector detail.   | Gross output and intermediate consumption not available for nongovernment sectors. No production accounts for subsectors        |
|               | Distribution and use of income, including saving | Generation of income within sectors and payment to factors of production supplied by other sectors. Shows taxes and transfers. Use of income provides a derivation of saving as difference between disposable income and consumption. | National aggregates in NIPAs with some sector detail.   | Accounts for some financial subsectors not provided.  |
| Accumulation  | Capital  | Capital outlays for structures, equipment, and software, net lending or net borrowing of funds.   | National aggregates in NIPAs with some sector detail. Additional detail provided by the BEA for FFAs. | Detail for all sectors is not provided  |
|               | Financial  | How net lending/net borrowing was satisfied through increase in financial assets and incurrence of liabilities.   | Sector and instrument detail in the FFAs and ITAs.  | Sector boundaries in the FFAs may not match those in the NIPAs; some differences between rest-of-world sector in FFAs and ITAs. |
|               | Other changes in volume                          | Changes in net worth that arise from factors unrelated to revaluation and net saving, such as bad debts, accounting changes, data discontinuities.  | Some sector and instrument detail in FFAs and ITAs.   | Not provided for all sectors. More limited than the revaluation account.  |
|               | Revaluation                                      | Nominal changes in net worth arising from holding gains/losses. Splits gains/losses into real and relative price changes.   | Some sector and instrument detail in FFAs and ITAs.   | Not provided for all sectors. In the FFAs, limited to equity shares and real estate.  |
| Balance sheet | Opening position                                 | Beginning period value of assets, liabilities, and net worth.   | Published for some sectors in the FFAs.   | Not provided for all sectors.   |
|               | Changes in stock positions                       | Summary of changes in net worth due to (a) capital formation, (b) net lending/borrowing, (c) revaluation of assets and liabilities, and (d) other changes in volume.  | Published for some sectors in the FFAs, but not in the form envisioned in the SNA                     | A change in format might be helpful, using international terminology.   |
|               | Closing position                                 | Ending period value of assets, liabilities, and net worth.  | Published for some sectors in the FFAs.   | Not provided for all sectors.   |

tensive detail on the flows underlying the major aggregates, there are still some gaps relative to what would be needed for a complete set of integrated accounts. In addition to what is currently in the NIPAs, the integrated accounts envision providing such information by major sectors and subsectors. In the production account, SNA93 recommends a presentation of gross output, intermediate consumption, and value added by each sector. The BEA provides this type information *by industry* in its input-output and GDP-by-industry accounts, and provides value-added information *by sector* in tables 1.3.5 and 1.14. However, the NIPA tables do not provide information on gross output or intermediate consumption for nongovernment sectors. The more familiar presentation of GDP in NIPA table 1.1.5, though, presents it as the sum of final expenditures (a calculation that SNA93 presents only in the input-output or “supply-use” tables). The SNA93 distribution and use of income accounts are similar to the NIPA private enterprise income, personal income and outlay, government receipts and expenditures, and foreign transactions accounts, but would show more detail on financial and nonfinancial corporations and noncorporate business. Published integrated accounts may retain the information shown on these or similar tables, but they would also clearly derive the saving for each sector and for the total economy.

The most important shortcoming of the NIPAs relative to the integrated accounts envisioned by SNA93 is an inconsistency in sector definitions between the production account and the distribution and use of income account. While SNA93 calls for using consistently defined sectors throughout, the sectors emphasized in the NIPA production account differ from those presented in the distribution and use of income accounts. The NIPA production account, as shown in table 1.3.5, presents three major domestic sectors—business (including private and government noncorporate business), general government, and households and institutions. In contrast, the distribution and use of income accounts feature a personal sector (which includes income derived from private noncorporate business), a government account (which includes government business enterprises—that is, the full public sector), and, implicitly, a corporate business sector, which is defined by corporate legal form of organization.<sup>6</sup> Some production information is presented for corporate business, but these estimates are based on the income approach and, therefore, differ from the expenditure-approach estimates for the other production account sectors. Consequently, the statistical discrepancy between these two types of estimates prevents the derivation of an estimate of value added for the non-

6. The distribution and use of income accounts are presented in table 2.1 for the NIPA personal sector, in table 3.1 for the government (including government enterprises), and in table 1.14 for the corporate business sector.

corporate business sector as the difference between value added for corporate business and for the full business sector. Developing estimates for a consistent set of sectors is a major objective of this chapter.<sup>7</sup>

A second set of accounts is accumulation accounts. Much of the information for the capital account, the first accumulation account, is provided in the current NIPAs. Data for capital outlays and saving are compiled by major sectors. Although not currently labeled as such, FFA sector statements—such as table F.100 for the household sector and tables F.101 through F.104 for the major nonfinancial business sectors—typically begin with a capital account. However, the terminologies in the NIPAs and FFAs are not similar to each other, among the sectors, or with that in SNA93.

Financial accounts, the mainstay of the FFAs, are available in considerable detail. The FFA tables offer information for more than thirty sectors, many of which are financial intermediaries. Data for about fifty instruments are published in the FFAs, with a separate set of tables describing the issuers and purchasers of each instrument. Again, the terminology in the tables differs from international norms, and the organization of the tables varies slightly among sectors.

SNA93 structure has additional accumulation accounts for revaluations of stocks and changes in volume of stocks due to neither holding gains and losses nor net purchases. The information in the United States for revaluation accounts and other changes in volume accounts is less developed than that for other types of flows. The FFA reconciliation tables (labeled R.100 through R.103) enumerate factors that lead to changes in net worth. They estimate holding gains and losses for equity, real estate, and other instruments and other factors that change the level of assets and liabilities. The ITAs also provide figures in some tables on revaluations due to currency and price changes of assets and liabilities.

The SNA format envisions balance sheet positions for each sector. The FFAs publish balance sheet tables for three sectors—the household and nonprofit organizations sector (table B.100 in the FFA), nonfinancial noncorporate business sector (B.103), and nonfinancial corporate business sector (B.102). For other sectors in the FFAs, balance sheet data are limited to financial assets and liabilities. The necessary information for tangible assets of private subsectors has not been fully developed; and, of course, there are many issues concerning valuation of tangible assets of governments other than reproducible assets.

The listing in table 11.1 implies that most of the elements of integrated accounts are in currently published material, although the missing pieces are critical in many instances. Moreover, data for some elements are incomplete or thin. Sophisticated users of the NIPAs, ITAs, and FFAs likely

7. See also Lal (2003).



are aware that this is the case, but because the information is diffused over different publications, there is a perception by a new or occasional user that the accounts are unrelated. Use of the combined accounts is cumbersome, at best. For anyone analyzing international transactions, for example, the differences between the FFA rest-of-world sector and the BEA's international transactions tables seem enormous. In fact, they are not, as both agencies rely on the same information, but they present it differently. Less well known are the inconsistencies between accounts that remain in the published data and the dangers of drawing analytical conclusions from a combination of the accounts.

### 11.3 Draft SNA-USA Tables

This section presents draft SNA-USA tables, an integration of the agencies' accounts. We were able to construct virtually all the series required from existing data in the NIPAs, ITAs, and FFAs. In those instances where information was incomplete, we made estimates. We are reasonably confident that the figures in the tables are near what would be derived from a more sustained effort, but they remain unofficial estimates from the agencies.

Each sector table is lengthy, and the accounts are quite a bit to absorb in a single sitting, even though we have limited them to the major sectors. Little attempt was made at this stage to whittle down the information to ease the presentation, because a goal is to understand and show the structure of the accounts. We maintained the traditional time series format, with tables that have annual figures for 1985 to 2002.<sup>8</sup> The estimates are based on official data available on June 10, 2004.<sup>9</sup>

In draft SNA-USA, the economy is divided into five sectors—households and nonprofit institutions serving households, nonfinancial business, financial business, government, and the rest of the world (table 11.2). Draft SNA-USA tables show subsectors for nonfinancial corporate business, nonfinancial noncorporate business, the federal government, and state and local governments.

There are several differences between draft SNA-USA sectors and those in SNA93 and current publications.

- The household sector includes nonprofit institutions serving households (NPISHs). Over the past decade, both agencies developed and published separate sets of estimates for NPISHs, but their definitions

8. The draft SNA-USA tables 11.3–11.11 show the year 1995 through 2002. A set of these tables that also includes data for 1985–94 is available at <http://www.bea.gov> in XLS format.

9. June 10, 2004, marked the release of the FFAs for 2004:Q1 and revisions to prior periods. Preliminary estimates of the NIPAs for 2004:Q1 were published on May 27, 2004. International transaction accounts for 2003 were made available on March 12, 2004; revisions to the official estimates made after June 10, 2004, are not reflected in draft SNA-USA.

**Table 11.2**                      **Sectors in draft SNA-USA**

| Sector  | Subsectors   | Comments   |
|---|--|--|
| 1. Households and nonprofit institutions serving households | None   | Current efforts seek to coordinate the NIPA and FFA information for consistency in sector boundary and data sources.   |
| 2. Nonfinancial business                                    | Nonfinancial corporate business<br>Nonfinancial noncorporate business (partnerships and sole proprietorships)                          | In SNA93, the unincorporated business sector is divided into units that are not separate from households that own them (for example, most sole proprietorships) which is included in the household sector, and units that are distinct and maintain separate accounts (for example, partnerships), which are included in the non-financial corporate business sector. At present, available source data do not permit this treatment for the U.S., nor is it clear that the SNA93 treatment is most useful for analysis, although agencies may consider this treatment, if additional source data are developed. |
| 3. Financial business                                       | None   | Financial businesses in the U.S. represent a diverse set of institutions that carry out intermediation of funds. Additional subsectors and detail on their types of transactions are provided in the FFAs. Data for revaluations, other changes in volume (such as for loan write-offs), and value of tangible assets need to be developed.  |
| 4. General government                                       | Federal government, including federal government enterprises<br>State and local governments, including regional government enterprises | Developing information for the market value of tangible assets remains problematic, particularly land or the combination of land and structures. Monuments, parks, and other public facilities present difficult valuation issues.   |
| 5. Rest of world  | None   | SNA measures an increase in purchases of national securities by foreigners as an increase in rest of world assets. In the balance of payments, such flows are a positive capital inflow to the nation. Draft SNA-USA provides an integration of foreign activity with other sectors.   |

of the sector boundary differ enough at this time that combining separately estimated financial and nonfinancial flows was not possible. In addition, assets of bank personal trusts are part of assets of the household sector in draft SNA-USA; in the FFAs, such trusts are a separate financial sector, with the level and change in the total value of the sector assets a separate instrument held by households.

- The division of the nonfinancial business sector in draft SNA-USA into corporate and noncorporate sectors closely matches current publications.<sup>10</sup> The noncorporate sector includes both partnerships and sole proprietors, the latter of which would be within the household sector boundary in SNA93, while the former would be merged with corporations.<sup>11</sup>
- Draft SNA-USA treatment of housing, specifically owner-occupied and tenant-occupied housing, differs in some respects from SNA93 guidance, but is the same as in the NIPAs and FFAs. Owner-occupied housing production and finances are in the household sector, and the transactions associated with such activity are treated as business-type transactions within the sector. Rental housing transactions are also of a business type, but they are part of the nonfinancial noncorporate business sector in draft SNA-USA. As suggested above, SNA93 would include activities of individuals that provide rental homes in the household sector.
- Draft SNA-USA, SNA93, and the NIPAs differ in their placement of government enterprises, such as the Postal Service and Tennessee Valley Authority. In draft SNA-USA and the FFAs, their activity is within the government sector. In the NIPAs, there is a mixed treatment of government business enterprises; their activities are presented as part of the business sector in the production account; but, for calculating net saving, they are consolidated with the government sector in the government receipts and expenditures account.

In addition, as indicated in the comments in table 11.2, portions of the other changes in volume, revaluation, and balance sheet accounts are unavailable or underdeveloped for some sectors. In particular, balance sheet accounts for the government sectors and financial business sector reflect only the reproducible portion of tangible assets. Thus, buildings are included, but the full market value of real estate is not.

The following narrative introduces significant elements of draft SNA-USA. It also highlights differences from currently published series. After some brief comment about the total economy current account, the discus-

10. SNA93, and international statistical terminology generally, defines *corporation* more broadly than in the United States. In the international terminology, a corporation sector refers to institutional business enterprises grouped together because of the type of function they perform, while, in the United States, a corporation sector refers to a legal form of business. Except in instances where the meaning should be clear or where the statistical consequences are judged insignificant, draft SNA-USA has retained the terminology in the NIPAs and FFAs, using *business* to refer to type of sector and *corporation* to refer to a specific legal form of business.

11. SNA93 defines *quasi-corporations* as unincorporated enterprises operated as if they were separate corporations whose de facto relationship to their owner is that of a corporation to its shareholders. It specifically notes one form of quasi-corporation is an unincorporated enterprise, including an unincorporated partnership, owned by households, which is operated as if it were a privately owned corporation. Quasi-corporations are not limited to those owned by households, however; they may include government business enterprises and partnerships.

sion turns to the sectors, with more detailed comments for the household sector to explain the terminology and structure common to all the tables.

### 11.3.1 Total Economy—Current Account (table 11.3)

Draft SNA-USA table 11.3 shows the current account for the economy as a whole, and illustrates that the account reflects an *income-side* approach. We have used SNA93 terminology—GDP/gross value added in line 1, and net domestic product (line 3), while in the NIPAs we refer to these figures as gross (net) domestic income. That is, in the NIPAs there are two methods of calculating GDP. The featured measure, known as GDP, is based on the sum of final expenditures (personal consumption, private investment, net exports, and government consumption and investment). The other measure, known as gross domestic income, is based on the sum of incomes generated from production. Because these measures, which are conceptually identical, are estimated from separate source data, they differ by a statistical discrepancy. For this paper we avoid dealing with the effects of this discrepancy by focusing on the income-side measure, or gross domestic income; the more familiar expenditure-side measure is shown in line 44.<sup>12</sup>

The specific income factors are shown in lines 4 through 8. One term, *operating surplus* (line 8), is a concept that has only recently appeared in U.S. accounts. In SNA93, it is defined as “the surplus accruing from processes of production before deducting any explicit or implicit interest charges, rents, or other property incomes payable on the financial assets, land, or other tangible nonproduced assets required to carry on the production” (para. 7.82). In other words, it is a broad income concept that includes interest, rent, and profits.

Lines 9 and 10 of table 11.3 account for the difference between domestic product and national income. Specifically, they add to gross product income receipts from the rest of the world and remove income payments made to the rest of the world.

The middle section of the current account describes the factors of net national income (line 11). These include the compensation received by employees and operating surplus. Net saving for the total economy (line 41) is derived by subtracting final consumption expenditures (line 40) from disposable income (line 39).<sup>13</sup> Table 11.4 reports how a number of key

12. Total gross value added NIPA table 1.3.5 (“Gross Value Added by Sector”) is similar but not identical to the draft SNA-USA gross value added. The NIPA table subsumes the statistical discrepancy and puts value added of government enterprises in the business sector; draft SNA-USA has not allocated the discrepancy, and government enterprises are in the government sector.

13. Draft SNA-USA table 11.4, “Selected Aggregates for Total Economy and Sectors,” is an example of the supplementary information that can be provided in a full set of accounts. It summarizes the contribution of sectors for several important aggregates. Table 11.4 was produced mainly as a way to check the consistency of our compilations of sectors with published aggregates. However, it appeared to be of interest on its own and is offered, without narrative, in the overall set of draft SNA-USA tables.

**Table 11.3**                      **Total economy: Current account (billions of dollars)**

| Row No.                  | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001    | 2002    |
|--------------------------|--------|--------|--------|--------|--------|--------|---------|---------|
| 1                        | 7296.4 | 7723.1 | 8233.6 | 8761.7 | 9304.2 | 9944.1 | 10213.0 | 10558.0 |
| <i>(income approach)</i> |        |        |        |        |        |        |         |         |
| 2                        | 878.4  | 918.0  | 974.4  | 1030.1 | 1101.2 | 1187.8 | 1266.9  | 1288.6  |
| 3                        | 6418.1 | 6805.0 | 7259.2 | 7731.6 | 8202.9 | 8756.3 | 8946.2  | 9269.3  |
| 4                        | 4197.3 | 4394.7 | 4666.0 | 5023.9 | 5362.3 | 5787.3 | 5945.4  | 6024.4  |
| 5                        | 3439.7 | 3627.3 | 3879.1 | 4187.3 | 4476.6 | 4833.8 | 4947.9  | 4979.8  |
| 6                        | 757.6  | 767.4  | 787.1  | 836.7  | 885.7  | 953.5  | 997.7   | 1044.6  |
| 7                        | 524.2  | 546.8  | 579.1  | 604.5  | 629.9  | 664.5  | 674.6   | 721.8   |
| 8                        | 1696.4 | 1863.5 | 2014.1 | 2103.1 | 2210.7 | 2304.5 | 2326.2  | 2523.2  |
| 9                        | 234.0  | 248.7  | 286.7  | 287.1  | 320.8  | 382.7  | 319.0   | 299.1   |
| 10                       | 198.2  | 213.7  | 253.7  | 265.8  | 287.1  | 343.7  | 283.8   | 277.7   |
| 11                       | 6454.0 | 6840.0 | 7292.2 | 7752.9 | 8236.5 | 8795.1 | 8981.1  | 9290.8  |
| <i>incomes, net</i>      |        |        |        |        |        |        |         |         |
| 12                       | 1696.4 | 1863.5 | 2014.1 | 2103.1 | 2210.7 | 2304.5 | 2326.2  | 2523.2  |
| 13                       | 4193.3 | 4390.5 | 4661.7 | 5019.4 | 5357.1 | 5782.7 | 5940.4  | 6019.1  |
| 14                       | 3435.7 | 3623.2 | 3874.7 | 4182.7 | 4471.4 | 4829.2 | 4942.9  | 4974.6  |
| 15                       | 747.7  | 767.3  | 787.0  | 836.7  | 885.7  | 953.4  | 997.6   | 1044.5  |
| 16                       | 558.3  | 581.1  | 612.0  | 639.9  | 674.1  | 708.9  | 729.8   | 760.1   |
| 17                       | -34.0  | -34.3  | -32.8  | -35.4  | -44.2  | -44.3  | -55.3   | -38.2   |
| 18                       | 2892.8 | 3107.0 | 3379.3 | 3620.3 | 3787.3 | 4302.6 | 4274.8  | 4146.6  |
| 19                       | 1935.0 | 2030.8 | 2208.0 | 2390.2 | 2491.8 | 2877.1 | 2833.0  | 2643.0  |
| 20                       | 882.0  | 997.4  | 1086.5 | 1158.1 | 1202.8 | 1297.9 | 1331.1  | 1370.5  |
| 21                       | 335.5  | 396.8  | 451.7  | 472.2  | 465.8  | 509.9  | 498.5   | 509.1   |

|              |  |        |        |        |        |        |        |         |         |
|--------------|--|--------|--------|--------|--------|--------|--------|---------|---------|
| 22           | Withdrawals from income of quasi-corporations              | 546.5  | 600.6  | 634.8  | 685.9  | 737.0  | 788.0  | 832.6   | 861.4   |
| 23           | Reinvested earnings on foreign direct investment           | 68.8   | 70.3   | 75.5   | 63.6   | 84.1   | 116.2  | 97.3    | 121.0   |
| 24           | Rents  | 7.0    | 8.6    | 9.3    | 8.4    | 8.6    | 11.4   | 13.5    | 12.1    |
| 25           | Less uses of property income (paid)                        | 2852.9 | 3067.8 | 3342.0 | 3594.4 | 3748.4 | 4259.2 | 4234.7  | 4119.9  |
| 26           | Interest   | 1987.8 | 2093.5 | 2281.7 | 2467.3 | 2574.3 | 2979.3 | 2954.2  | 2769.6  |
| 27           | Distributed income of corporations                         | 849.4  | 957.0  | 1035.9 | 1115.7 | 1161.1 | 1268.5 | 1295.9  | 1331.3  |
| 28           | Dividends  | 302.9  | 356.4  | 401.1  | 429.8  | 424.1  | 480.4  | 463.3   | 469.8   |
| 29           | Withdrawals from income of quasi-corporations              | 546.5  | 600.6  | 634.8  | 685.9  | 737.0  | 788.1  | 832.6   | 861.5   |
| 30           | Reinvested earnings on foreign direct investment           | 8.7    | 8.7    | 15.2   | 3.0    | 4.4    | 0      | -28.9   | 6.9     |
| 31           | Rents  | 7.0    | 8.6    | 9.2    | 8.4    | 8.6    | 11.4   | 13.5    | 12.1    |
| 32           | <i>Net national Income/Balance of primary incomes, net</i> | 6454.0 | 6840.0 | 7292.2 | 7752.9 | 8236.5 | 8795.1 | 8981.1  | 9290.8  |
| 33           | Plus current taxes on income, wealth, etc. (received)      | 959.0  | 1060.9 | 1168.5 | 1271.9 | 1362.2 | 1498.0 | 1442.8  | 1246.1  |
| 34           | Less current taxes on income, wealth, etc. (paid)          | 962.7  | 1063.8 | 1172.4 | 1275.3 | 1366.1 | 1500.8 | 1444.8  | 1248.1  |
| 35           | Plus social benefits (received)                            | 1391.2 | 1457.4 | 1519.0 | 1576.8 | 1649.4 | 1744.3 | 1871.2  | 1999.7  |
| 36           | Less social contributions (paid)                           | 1393.1 | 1459.5 | 1521.1 | 1579.2 | 1651.8 | 1746.9 | 1873.8  | 2002.6  |
| 37           | Plus other current transfers (received)                    | 262.2  | 280.1  | 285.9  | 314.3  | 347.6  | 383.5  | 428.1   | 452.6   |
| 38           | Less other current transfers (paid)                        | 292.1  | 314.1  | 321.6  | 357.4  | 388.4  | 434.1  | 470.5   | 507.2   |
| 39           | <i>Equals disposable income, net</i>                       | 6418.5 | 6800.9 | 7250.6 | 7703.9 | 8189.2 | 8739.1 | 8934.1  | 9231.5  |
| 40           | Less final consumption expenditures                        | 6112.4 | 6427.9 | 6764.0 | 7135.5 | 7616.5 | 8156.5 | 8543.2  | 8980.7  |
| 41           | <i>Equals net saving</i>                                   | 306.1  | 373.0  | 486.6  | 568.5  | 572.7  | 582.7  | 390.9   | 250.8   |
| <i>Memo:</i> |  |        |        |        |        |        |        |         |         |
| 42           | GDP (row 1)  | 7296.4 | 7723.1 | 8233.6 | 8761.7 | 9304.2 | 9944.1 | 10213.0 | 10558.0 |
| 43           | Plus statistical discrepancy (NIPA)                        | 101.2  | 93.7   | 70.6   | -14.7  | -35.7  | -127.2 | -112.3  | -77.0   |
| 44           | Equals GDP (NIPA, expenditure approach)                    | 7397.6 | 7816.8 | 8304.3 | 8747.0 | 9268.5 | 9817.0 | 10100.8 | 10480.9 |

**Table 11.4** Selected aggregates for total economy and sectors (billions of dollars)

| Row No. |  | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001    | 2002    |
|---------|--|--------|--------|--------|--------|--------|--------|---------|---------|
| 1       | <i>Gross domestic product (GDP)/gross value added</i>    | 7296.4 | 7723.1 | 8233.6 | 8761.7 | 9304.2 | 9944.1 | 10213.0 | 10558.0 |
| 2       | Households and nonprofit institutions serving households | 817.7  | 854.5  | 898.1  | 952.1  | 1014.8 | 1083.3 | 1155.8  | 1229.3  |
| 3       | Nonfinancial noncorporate business                       | 1052.8 | 1120.5 | 1184.8 | 1284.8 | 1372.4 | 1475.7 | 1569.5  | 1629.3  |
| 4       | Nonfinancial corporate business                          | 3879.5 | 4109.5 | 4401.8 | 4655.0 | 4950.8 | 5272.2 | 5299.3  | 5410.6  |
| 5       | Financial business                                       | 541.0  | 601.9  | 679.2  | 764.3  | 813.8  | 899.8  | 917.7   | 949.0   |
| 6       | Federal government                                       | 338.7  | 343.7  | 349.3  | 352.9  | 361.9  | 378.7  | 386.9   | 408.9   |
| 7       | State and local government                               | 666.7  | 693.0  | 720.4  | 752.6  | 790.5  | 834.4  | 883.8   | 930.9   |
| 8       | <i>Net saving</i>  | 306.1  | 373.0  | 486.6  | 568.5  | 572.7  | 582.7  | 390.9   | 250.8   |
| 9       | Households and nonprofit institutions serving households | 267.2  | 231.9  | 215.5  | 275.9  | 163.6  | 168.3  | 127.1   | 183.1   |
| 10      | Nonfinancial corporate business                          | 186.5  | 226.8  | 248.7  | 191.3  | 210.7  | 155.2  | 118.9   | 197.7   |
| 11      | Financial business                                       | 37.4   | 30.3   | 39.1   | 10.5   | 44.4   | 19.7   | 77.1    | 113.2   |
| 12      | Federal government                                       | -197.0 | -141.8 | -55.8  | 38.8   | 103.6  | 189.5  | 50.5    | -240.0  |
| 13      | State and local government                               | 12.0   | 25.8   | 39.1   | 52.0   | 50.4   | 50.0   | 17.3    | -3.2    |
|         | <i>Net capital transfers</i>                             |        |        |        |        |        |        |         |         |
| 14      | Households and nonprofit institutions serving households | -20.7  | -23.7  | -27.8  | -33.1  | -37.4  | -36.5  | -36.7   | -34.2   |
| 15      | Federal government                                       | -12.8  | -10.7  | -8.5   | -3.6   | -7.4   | -8.1   | -12.9   | -18.7   |
| 16      | State and local government                               | 32.4   | 33.9   | 35.3   | 36.0   | 39.9   | 43.7   | 48.5    | 51.7    |
| 17      | <i>Gross fixed capital formation</i>                     | 1345.6 | 1454.4 | 1570.0 | 1700.7 | 1845.6 | 1983.5 | 1960.3  | 1921.0  |
| 18      | Households and nonprofit institutions serving households | 292.1  | 320.3  | 345.0  | 388.2  | 418.5  | 440.4  | 467.8   | 495.0   |
| 19      | Nonfinancial noncorporate business                       | 135.0  | 141.5  | 122.8  | 151.6  | 199.5  | 225.1  | 205.7   | 195.4   |
| 20      | Nonfinancial corporate business                          | 597.5  | 635.4  | 684.6  | 709.7  | 800.5  | 882.1  | 847.0   | 771.2   |
| 21      | Financial business                                       | 88.2   | 112.2  | 165.5  | 188.9  | 140.2  | 131.4  | 122.9   | 122.2   |
| 22      | Federal government                                       | 78.7   | 81.1   | 73.2   | 75.8   | 80.8   | 79.5   | 81.2    | 88.7    |
| 23      | State and local government                               | 154.0  | 163.8  | 178.9  | 186.5  | 206.1  | 225.1  | 235.8   | 248.4   |

|                                   |  |        |        |        |        |        |        |        |        |
|-----------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 24                                | <i>Consumption of fixed capital</i>                      | 878.4  | 918.0  | 974.4  | 1030.1 | 1101.3 | 1187.9 | 1266.9 | 1288.6 |
| 25                                | Households and nonprofit institutions serving households | 113.2  | 118.2  | 125.1  | 132.9  | 144.5  | 154.8  | 167.4  | 175.2  |
| 26                                | Nonfinancial noncorporate business                       | 111.2  | 114.8  | 119.1  | 126.5  | 134.6  | 142.1  | 148.0  | 150.9  |
| 27                                | Nonfinancial corporate business                          | 415.0  | 436.5  | 467.1  | 493.3  | 523.9  | 567.9  | 610.5  | 618.2  |
| 28                                | Financial business                                       | 74.0   | 79.3   | 89.0   | 98.4   | 111.4  | 126.1  | 135.1  | 133.5  |
| 29                                | Federal government                                       | 81.9   | 82.0   | 82.5   | 82.8   | 84.8   | 87.2   | 88.2   | 89.1   |
| 30                                | State and local government                               | 83.1   | 87.2   | 91.6   | 96.2   | 102.1  | 109.8  | 117.7  | 121.7  |
| 31                                | <i>Change in inventories</i>                             | 31.1   | 30.8   | 72.0   | 70.8   | 66.9   | 56.5   | -36.1  | 5.4    |
| 32                                | Nonfinancial noncorporate business                       | -9.0   | 9.7    | 6.7    | 4.8    | 0.8    | 1.6    | -1.7   | -2.9   |
| 33                                | Nonfinancial corporate business                          | 40.1   | 21.0   | 65.3   | 65.9   | 66.1   | 54.9   | -34.4  | 8.3    |
| 34                                | <i>Net lending/borrowing</i>                             | -193.0 | -194.8 | -181.9 | -173.5 | -243.1 | -270.2 | -267.5 | -388.4 |
| 35                                | Households and nonprofit institutions serving households | 67.7   | 6.2    | -32.3  | -12.3  | -147.7 | -153.6 | -209.9 | -171.0 |
| 36                                | Nonfinancial noncorporate business                       | -14.8  | -36.5  | -10.3  | -29.9  | -65.7  | -84.6  | -56.0  | -41.5  |
| 37                                | Nonfinancial corporate business                          | -36.7  | 8.8    | -36.0  | -89.4  | -124.3 | -205.5 | -75.3  | 45.2   |
| 38                                | Financial business                                       | 23.2   | -2.6   | -37.4  | -80.0  | 15.6   | 14.4   | 89.3   | 124.5  |
| 39                                | Federal government                                       | -199.3 | -147.8 | -47.3  | 47.9   | 101.3  | 189.3  | 45.4   | -258.7 |
| 40                                | State and local government                               | -33.0  | -22.9  | -18.8  | -9.9   | -22.3  | -30.3  | -61.0  | -86.9  |
| <i>Memo:</i>                      |  |        |        |        |        |        |        |        |        |
| 41                                | Statistical discrepancy (NIPA)                           | 101.2  | 93.7   | 70.6   | -14.7  | -35.7  | -127.2 | -112.3 | -77.0  |
| 42                                | Rest of the world  | 92.1   | 101.0  | 111.2  | 188.1  | 278.8  | 397.4  | 379.6  | 465.4  |
| <i>Total other volume changes</i> |  |        |        |        |        |        |        |        |        |
| 43                                | Households and nonprofit institutions serving households | 113.4  | 307.1  | 186.9  | 301.9  | 248.1  | 52.0   | 381.6  | 36.0   |
| 44                                | Nonfinancial noncorporate business                       | 19.7   | -21.1  | -64.9  | -76.6  | -72.5  | -26.9  | -21.5  | -36.0  |
| 45                                | Nonfinancial corporate business                          | 177.3  | 125.5  | 128.0  | 438.5  | 491.4  | 651.4  | 26.4   | 7.3    |
| 46                                | Financial business                                       | 49.8   | -7.3   | 21.7   | -4.3   | -48.7  | -156.5 | -104.3 | -205.3 |
| 47                                | Federal government                                       | 29.8   | -48.2  | -11.6  | -28.7  | 46.0   | 36.2   | -4.5   | -29.2  |
| 48                                | State and local government                               | 29.6   | 15.5   | -44.0  | 45.1   | 22.6   | 22.0   | 33.1   | 25.2   |
| 49                                | Rest of the world  | -60.0  | 86.9   | -56.8  | -202.2 | -264.0 | 238.9  | 50.9   | -39.9  |

(continued)



**Table 11.4** (continued)

| Row No.                     |  | 1995    | 1996    | 1997    | 1998    | 1999    | 2000   | 2001    | 2002    |
|-----------------------------|--|---------|---------|---------|---------|---------|--------|---------|---------|
| <i>Holding gains/losses</i> |  |         |         |         |         |         |        |         |         |
| 50                          | Households and nonprofit institutions serving households | 2501.9  | 2040.3  | 3405.7  | 2961.3  | 4577.7  | -458.7 | -1245.5 | -1839.7 |
| 51                          | Nonfinancial noncorporate business                       | 173.3   | 196.6   | 314.2   | 325.0   | 280.1   | 395.7  | 113.7   | 226.2   |
| 52                          | Nonfinancial corporate business                          | -1547.9 | -1164.0 | -1846.6 | -1674.3 | -3513.9 | 2823.8 | 1614.3  | 2879.4  |
| 53                          | Financial business                                       | -267.3  | -239.9  | -584.6  | -21.4   | 395.1   | -509.6 | 322.0   | 464.1   |
| 54                          | Federal government                                       | 46.0    | 32.7    | 39.1    | 28.3    | 43.2    | 40.3   | 32.4    | 29.4    |
| 55                          | State and local government                               | 101.5   | 86.5    | 116.5   | 100.1   | 141.6   | 176.8  | 79.1    | 76.9    |
| 56                          | Rest of the world  | 74.7    | -111.5  | 80.7    | 105.3   | -295.1  | -54.9  | 119.4   | 47.9    |
| <i>Change in net worth</i>  |  |         |         |         |         |         |        |         |         |
| 57                          | Households and nonprofit institutions serving households | 2861.9  | 2555.8  | 3780.2  | 3506.2  | 4952.0  | -274.7 | -773.4  | -1654.8 |
| 58                          | Nonfinancial noncorporate business                       | 193.0   | 175.5   | 249.4   | 248.4   | 207.6   | 368.7  | 92.2    | 190.2   |
| 59                          | Nonfinancial corporate business                          | -1184.1 | -811.7  | -1469.9 | -1044.5 | -2811.7 | 3630.4 | 1759.6  | 3084.4  |
| 60                          | Financial business                                       | -180.2  | -216.9  | -523.8  | -15.2   | 390.9   | -646.4 | 294.7   | 372.0   |
| 61                          | Federal government                                       | -133.9  | -168.0  | -36.6   | 34.9    | 185.5   | 257.8  | 65.6    | -258.6  |
| 62                          | State and local government                               | 175.5   | 161.7   | 146.9   | 233.2   | 254.6   | 292.5  | 178.0   | 150.5   |

macroeconomic aggregates (such as GDP, net saving, gross fixed capital formation) are distributed among the sectors in draft SNA-USA.

### 11.3.2 Households and Nonprofit Organizations

#### Serving Households Sector (table 11.5)

Production in the household sector (table 11.5, line 1) and net domestic product (line 3) are measured largely by compensation paid (line 4) and net operating surplus in draft SNA-USA (line 8). In the context of the household sector, the operating surplus is that part of GDP associated with owner-occupied housing. It also includes net interest on fixed assets used by NPISHs. In both cases, the operating surplus is net of taxes on production and imports less subsidies (line 7).

While output of the sector is relatively small, it receives the bulk of net national income (line 9) in the form of employee compensation (line 11) and property income (line 14), including “withdrawals from income of quasi-corporations” (line 18), which is the sum of proprietors’ income and rental income of tenant-occupied housing in the NIPAs.

In draft SNA-USA, household-sector disposable income (line 26) is slightly different from “disposable personal income” in the NIPAs. In draft SNA-USA, interest received (line 15) and interest paid (line 19) are part of the derivation of net national income for the sector. In addition, current transfers paid (line 25) are subtracted from net national income. In the NIPAs, disposable personal income includes interest paid and other current transfers paid.

Net saving (line 28) in draft SNA-USA differs from that in the NIPAs by the amount of wage accruals less disbursements, which are included in compensation received by the household sector in draft SNA-USA. In addition, in draft SNA-USA, net saving is calculated as disposable income (line 26) less sector consumption expenditures (line 27), instead of the more comprehensive personal outlays concept in the NIPAs. When calculating the household sector saving rate, the smaller denominator in draft SNA-USA and difference in the level of net saving results in a slightly higher level for the rate (fig. 11.1, panel A).

The capital account for the household sector is straightforward. Net saving is reduced by capital transfers (net; line 31). For this sector, such transfers are negative, on net, reflecting estate and gift taxes paid to the government and net migrants’ transfers received by the rest of the world.

Importantly, net capital formation (line 32) excludes consumer durable goods purchases, which are a component of consumption expenditures (line 27). The accounting treatment of consumer durable goods outlays in the current and capital account is consistent with SNA93 (and NIPA).<sup>14</sup> However, because in draft SNA-USA we chose to show the value of the

14. See also Fraumeni and Okubo (2001).

**Table 11.5 Households and nonprofit institutions serving households (billions of dollars)**

| Row No. |  | 1995                   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|--|------------------------|--------|--------|--------|--------|--------|--------|--------|
|         |  | <i>Current account</i> |        |        |        |        |        |        |        |
| 1       | <i>Gross domestic product (GDP)/Gross value added</i>      | 817.7                  | 854.5  | 898.1  | 952.1  | 1014.8 | 1083.3 | 1155.8 | 1229.3 |
| 2       | <i>Less consumption of fixed capital</i>                   | 113.2                  | 118.2  | 125.1  | 132.9  | 144.5  | 154.8  | 167.4  | 175.2  |
| 3       | <i>Equals net domestic product/Net value added</i>         | 704.5                  | 736.3  | 773.0  | 819.2  | 870.3  | 928.5  | 988.4  | 1054.1 |
| 4       | Compensation paid by households and NPISHs                 | 320.3                  | 333.7  | 349.8  | 374.3  | 394.2  | 421.4  | 443.4  | 474.6  |
| 5       | Wages and salaries   | 276.3                  | 289.9  | 306.1  | 327.2  | 344.0  | 367.4  | 387.0  | 412.9  |
| 6       | Employers' social contributions                            | 44.0                   | 43.8   | 43.8   | 47.2   | 50.2   | 54.0   | 56.5   | 61.7   |
| 7       | Taxes on production and imports less subsidies             | 83.7                   | 87.8   | 92.4   | 95.8   | 100.6  | 105.6  | 112.0  | 121.2  |
| 8       | Operating surplus, net                                     | 300.5                  | 314.8  | 330.8  | 349.0  | 375.5  | 401.6  | 433.0  | 458.3  |
| 9       | <i>Net national income/Balance of primary incomes, net</i> | 5692.6                 | 6003.3 | 6388.7 | 6894.7 | 7267.2 | 7844.1 | 8037.2 | 8173.8 |
| 10      | Operating surplus, net                                     | 300.5                  | 314.8  | 330.8  | 349.0  | 375.5  | 401.6  | 433.0  | 458.3  |
| 11      | Compensation of employees (received)                       | 4193.3                 | 4390.5 | 4661.7 | 5019.4 | 5357.1 | 5782.7 | 5940.4 | 6019.1 |
| 12      | Wages and salaries   | 3435.7                 | 3623.2 | 3874.7 | 4182.7 | 4471.4 | 4829.2 | 4942.9 | 4974.6 |
| 13      | Employers' social contributions                            | 757.7                  | 767.3  | 787.0  | 836.7  | 885.7  | 953.4  | 997.6  | 1044.5 |
| 14      | Property income (received)                                 | 1563.9                 | 1690.8 | 1817.6 | 1970.1 | 2002.3 | 2176.2 | 2208.7 | 2241.3 |
| 15      | Interest   | 764.2                  | 794.0  | 849.8  | 934.3  | 929.7  | 1012.1 | 1004.9 | 983.7  |
| 16      | Distributed income of corporations                         | 799.7                  | 896.8  | 967.8  | 1035.8 | 1072.6 | 1164.1 | 1203.8 | 1257.6 |
| 17      | Dividends  | 253.2                  | 296.2  | 333.0  | 349.9  | 335.6  | 376.1  | 371.2  | 396.2  |
| 18      | Withdrawals from income of quasi-corporations              | 546.5                  | 600.6  | 634.8  | 685.9  | 737.0  | 788.0  | 832.6  | 861.4  |
| 19      | Less uses of property income (interest paid)               | 365.1                  | 392.8  | 421.4  | 443.8  | 467.7  | 516.4  | 544.9  | 544.9  |
| 20      | <i>Net national income/Balance of primary incomes, net</i> | 5692.6                 | 6003.3 | 6388.7 | 6894.7 | 7267.2 | 7844.1 | 8037.2 | 8173.8 |
| 21      | Less current taxes on income, wealth, etc. (paid)          | 744.1                  | 832.1  | 926.3  | 1027.0 | 1107.5 | 1235.7 | 1243.7 | 1053.1 |
| 22      | Plus social benefits (received)                            | 858.4                  | 902.1  | 931.8  | 952.6  | 988.0  | 1041.6 | 1142.6 | 1249.5 |
| 23      | Less social contributions (paid)                           | 532.8                  | 555.2  | 587.2  | 624.2  | 661.4  | 702.7  | 728.5  | 750.3  |
| 24      | Plus other current transfers (received)                    | 19.0                   | 22.9   | 19.4   | 26.0   | 34.1   | 42.4   | 49.9   | 42.6   |
| 25      | Less other current transfers (paid)                        | 50.1                   | 52.3   | 63.5   | 66.7   | 74.3   | 82.0   | 85.0   | 94.1   |

|                          |   |        |        |        |        |        |        |        |        |
|--------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 26                       | <i>Equals disposable income, net</i>                          | 5243.0 | 5488.7 | 5762.9 | 6155.4 | 6446.1 | 6907.7 | 7172.5 | 7568.4 |
| 27                       | Less final consumption expenditures                           | 4975.8 | 5256.8 | 5547.4 | 5879.5 | 6282.5 | 6739.4 | 7045.4 | 7385.3 |
| 28                       | <i>Equals net saving</i>                                      | 267.2  | 231.9  | 215.5  | 275.9  | 163.6  | 168.3  | 127.1  | 183.1  |
| <i>Capital account</i>   |   |        |        |        |        |        |        |        |        |
| 29                       | <i>Net saving and capital transfers</i>                       | 246.6  | 208.3  | 187.6  | 243.0  | 126.3  | 132.0  | 90.5   | 148.9  |
| 30                       | Net saving  | 267.2  | 231.9  | 215.5  | 275.9  | 163.6  | 168.3  | 127.1  | 183.1  |
| 31                       | Capital transfers received (net)                              | -20.7  | -23.7  | -27.8  | -33.1  | -37.4  | -36.5  | -36.7  | -34.2  |
| 32                       | <i>Capital formation, net</i>                                 | 178.9  | 202.1  | 219.9  | 255.3  | 274.0  | 285.6  | 300.4  | 319.8  |
| 33                       | Gross fixed capital formation, excluding consumer durables    | 292.1  | 320.3  | 345.0  | 388.2  | 418.5  | 440.4  | 467.8  | 495.0  |
| 34                       | Residential   | 254.8  | 280.8  | 293.2  | 329.9  | 359.8  | 377.3  | 401.6  | 429.8  |
| 35                       | Nonresidential (nonprofit organizations)                      | 37.3   | 39.5   | 51.8   | 58.3   | 58.7   | 63.1   | 66.2   | 65.3   |
| 36                       | Less consumption of fixed capital                             | 113.2  | 118.2  | 125.1  | 132.9  | 144.5  | 154.8  | 167.4  | 175.2  |
| 37                       | <i>Net lending or borrowing, capital account (rows 29-32)</i> | 67.7   | 6.2    | -32.3  | -12.3  | -147.7 | -153.6 | -209.9 | -171.0 |
| <i>Financial account</i> |   |        |        |        |        |        |        |        |        |
| 38                       | <i>Net lending or borrowing, capital account (row 37)</i>     | 67.7   | 6.2    | -32.3  | -12.3  | -147.7 | -153.6 | -209.9 | -171.0 |
| 39                       | <i>Net acquisition of financial assets</i>                    | 455.9  | 507.6  | 383.9  | 601.2  | 415.5  | 305.7  | 589.4  | 419.3  |
| 40                       | <i>Currency and deposits</i>                                  | 90.4   | 91.2   | 105.7  | 144.6  | 38.9   | 188.3  | 342.9  | 281.1  |
| 41                       | Currency and transferable deposits                            | -40.8  | -72.9  | -33.7  | -16.2  | -75.4  | -120.5 | 93.7   | -18.2  |
| 42                       | Other deposits  | 131.2  | 164.1  | 139.4  | 160.9  | 114.3  | 308.7  | 249.2  | 299.3  |
| 43                       | Foreign deposits  | 4.6    | 12.4   | 6.5    | 0.1    | 5.2    | 20.0   | -5.0   | 10.7   |
| 44                       | Time and savings deposits                                     | 126.6  | 151.7  | 132.9  | 160.7  | 109.1  | 288.8  | 254.2  | 288.7  |
| 45                       | <i>Securities other than shares</i>                           | 30.3   | 127.4  | -43.3  | 95.6   | 138.5  | -98.7  | -138.3 | -71.3  |
| 46                       | Open market paper   | 2.0    | 4.1    | 1.3    | 3.0    | 4.7    | 2.4    | -33.9  | 5.6    |
| 47                       | U.S. savings bonds  | 5.1    | 2.0    | -0.5   | 0.1    | -0.2   | -1.7   | 5.6    | 4.5    |
| 48                       | Treasury securities   | -30.0  | -14.2  | -150.2 | -40.9  | 29.5   | -170.5 | -88.9  | -71.2  |
| 49                       | Agency- and GSE-backed securities                             | 27.3   | 100.8  | 52.7   | 39.8   | 114.0  | 79.1   | -57.6  | -143.9 |
| 50                       | Municipal securities  | -58.9  | -35.3  | 23.5   | 5.0    | 34.4   | 9.2    | 47.7   | 108.0  |
| 51                       | Corporate and foreign bonds                                   | 84.8   | 70.0   | 30.0   | 88.5   | -44.0  | -17.4  | -11.2  | 25.7   |

(continued)

**Table 11.5** (continued)

| Row No. |   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 52      | <i>Loans</i>  | 11.1   | 27.9   | 44.4   | 58.3   | 54.8   | 99.8   | 50.2   | -31.1  |
| 53      | Short-term (security credit)                            | 18.6   | 35.3   | 52.6   | 61.2   | 47.2   | 88.6   | 41.9   | -41.6  |
| 54      | Long-term (mortgages)                                   | -7.5   | -7.4   | -8.2   | -3.0   | 7.6    | 11.3   | 8.3    | 10.5   |
| 55      | <i>Shares and other equity</i>                          | 103.7  | 53.9   | 4.8    | 17.3   | -4.6   | -116.1 | 47.8   | -54.8  |
| 56      | Corporate equities                                      | -101.2 | -187.1 | -240.2 | -321.8 | -110.7 | -476.7 | -264.4 | -112.4 |
| 57      | Mutual fund shares                                      | 87.4   | 195.2  | 228.5  | 278.5  | 65.8   | 217.5  | 186.5  | 154.8  |
| 58      | Money market mutual fund shares                         | 101.4  | 58.3   | 75.9   | 139.5  | 119.6  | 152.7  | 150.6  | -41.6  |
| 59      | Equity in noncorporate business                         | 16.0   | -12.5  | -59.4  | -78.8  | -79.3  | -9.6   | -24.9  | -55.6  |
| 60      | <i>Insurance technical reserves</i>                     | 221.2  | 203.3  | 273.6  | 276.9  | 190.5  | 231.2  | 279.0  | 298.1  |
| 61      | Net equity in life insurance and pension funds          | 204.5  | 192.8  | 261.0  | 264.9  | 178.0  | 224.7  | 260.5  | 269.4  |
| 62      | Net equity in life insurance reserves                   | 45.8   | 44.5   | 59.3   | 48.0   | 50.8   | 50.2   | 77.2   | 60.1   |
| 63      | Net equity in pension fund reserves                     | 158.7  | 148.3  | 201.7  | 216.9  | 127.3  | 174.5  | 183.4  | 209.3  |
| 64      | Prepayments of premiums and reserves against claims     | 16.7   | 10.6   | 12.7   | 12.1   | 12.4   | 6.5    | 18.5   | 28.7   |
| 65      | Net equity in reserves of other insurance companies     | 8.7    | 2.7    | 2.0    | 1.8    | 1.1    | -0.3   | 11.9   | 18.5   |
| 66      | Net equity in other life insurance company reserves     | 8.0    | 7.8    | 10.7   | 10.3   | 11.4   | 6.9    | 6.5    | 10.2   |
| 67      | <i>Other accounts receivable (miscellaneous assets)</i> | -0.9   | 3.9    | -1.4   | 8.4    | -2.5   | 1.2    | 7.7    | -2.6   |
| 68      | <i>Net incurrence of liabilities</i>                    | 337.4  | 357.1  | 350.5  | 465.2  | 571.3  | 574.9  | 599.1  | 700.0  |
| 69      | <i>Securities other than shares (municipal)</i>         | 0.7    | 6.6    | 10.0   | 12.0   | 10.4   | 5.8    | 13.8   | 12.9   |
| 70      | <i>Loans</i>  | 328.1  | 341.7  | 331.3  | 445.9  | 554.7  | 565.2  | 581.7  | 679.2  |
| 71      | Short-term  | 180.0  | 125.8  | 108.6  | 125.8  | 175.0  | 181.2  | 83.0   | 30.2   |
| 72      | Consumer credit   | 147.0  | 103.6  | 62.1   | 96.8   | 112.1  | 165.2  | 137.7  | 81.4   |
| 73      | Bank loans, nec   | 17.4   | 0.5    | 8.0    | 7.7    | -6.9   | 6.8    | -16.5  | -3.1   |
| 74      | Other loans and advances                                | 12.0   | 5.8    | 1.7    | -0.3   | -5.4   | 2.0    | 0.6    | 0.1    |
| 75      | Security credit   | 3.5    | 15.8   | 36.8   | 21.6   | 75.2   | 7.2    | -38.8  | -48.2  |
| 76      | Long-term (mortgages)                                   | 148.1  | 215.8  | 222.7  | 320.1  | 379.7  | 383.9  | 498.7  | 649.0  |

|  |   |         |         |         |         |         |         |         |         |
|--|---|---------|---------|---------|---------|---------|---------|---------|---------|
| 77   | Insurance technical reserves (unpaid premiums)              | 0.7     | 0.8     | 0.3     | -1.4    | 2.1     | 0.1     | -0.4    | 0.9     |
| 78   | Other accounts payable (trade debt)                         | 7.9     | 8.0     | 8.9     | 8.7     | 4.1     | 3.8     | 4.0     | 7.0     |
| <i>Memo:</i>                                 |   |         |         |         |         |         |         |         |         |
| 79   | Net lending or borrowing, financial account (rows 39–68)    | 118.5   | 150.5   | 33.4    | 136.0   | -155.8  | -269.2  | -9.7    | -280.6  |
| <i>Other changes in volume account</i>       |   |         |         |         |         |         |         |         |         |
| 80   | Total other volume changes                                  | 113.4   | 307.1   | 186.9   | 301.9   | 248.1   | 52.0    | 381.6   | 36.0    |
| 81   | Net investment in consumer durable goods                    | 96.0    | 111.2   | 129.3   | 161.0   | 197.0   | 205.9   | 193.5   | 200.3   |
| 82   | Other volume changes  | -33.4   | 51.5    | -8.1    | -7.3    | 59.1    | -38.3   | -12.1   | -54.6   |
| 83   | Less statistical discrepancy (rows 37–[39–68]) <sup>a</sup> | -50.9   | -144.4  | -65.6   | -148.2  | 8.1     | 115.6   | -200.2  | 109.7   |
| <i>Revaluation account</i>                   |   |         |         |         |         |         |         |         |         |
| 84   | Nonfinancial assets   | 329.7   | 159.2   | 313.1   | 586.7   | 600.5   | 814.6   | 734.4   | 903.0   |
| 85   | Real estate   | 325.8   | 174.4   | 350.1   | 627.6   | 645.6   | 841.2   | 799.2   | 978.6   |
| 86   | Consumer durable goods                                      | 4.3     | -14.5   | -35.5   | -39.2   | -44.5   | -26.1   | -64.1   | -74.6   |
| 87   | Equipment and software                                      | -0.4    | -0.8    | -1.5    | -1.7    | -0.6    | -0.5    | -0.8    | -0.9    |
| 88   | Financial assets  | 217.2   | 1881.2  | 3092.6  | 2374.6  | 3977.2  | -1273.4 | -1979.9 | -2742.7 |
| 89   | Shares and other equity                                     | 1695.0  | 1507.1  | 2547.8  | 1876.5  | 3319.6  | -1045.4 | -1503.6 | -2081.8 |
| 90   | Corporate equities  | 1356.4  | 1080.2  | 1960.6  | 1327.9  | 2438.3  | -1148.1 | -1255.8 | -1843.8 |
| 91   | Mutual fund shares  | 136.9   | 176.5   | 236.6   | 217.8   | 569.2   | -295.3  | -380.8  | -483.9  |
| 92   | Equity in noncorporate business                             | 201.7   | 250.5   | 348.9   | 330.8   | 312.0   | 398.0   | 132.9   | 246.0   |
| 93   | Insurance technical reserves                                | 477.2   | 374.0   | 544.8   | 498.1   | 657.6   | -228.0  | -476.3  | -660.9  |
| 94   | Changes in net worth due to nominal holding gains/losses    | 2501.9  | 2040.3  | 3405.7  | 2961.3  | 4577.7  | -458.7  | -1245.5 | -1839.7 |
| <i>Changes in balance sheet account</i>      |   |         |         |         |         |         |         |         |         |
| 95   | Change in net worth (rows 32 + 37 + 80 + 94)                | 2861.9  | 2555.8  | 3780.2  | 3506.2  | 4952.0  | -274.7  | -773.4  | -1654.8 |
| <i>Balance Sheet Account (end of period)</i> |   |         |         |         |         |         |         |         |         |
| 96   | Total assets  | 32618.1 | 35531.0 | 39661.9 | 43633.3 | 49157.1 | 49468.3 | 49293.9 | 48339.1 |
| 97   | Nonfinancial assets   | 11048.3 | 11512.8 | 12171.1 | 13173.6 | 14243.8 | 15559.3 | 16789.0 | 18201.6 |
| 98   | Real estate   | 8687.8  | 9053.5  | 9613.5  | 10488.6 | 11399.9 | 12529.0 | 13624.4 | 14907.8 |
| 99   | Consumer durable goods                                      | 2296.0  | 2392.8  | 2486.6  | 2608.3  | 2760.9  | 2940.7  | 3070.1  | 3195.7  |
| 100  | Equipment and software                                      | 64.6    | 66.6    | 71.0    | 76.7    | 83.0    | 89.5    | 94.5    | 98.0    |

(continued)

**Table 11.5** (continued)

| Row No. |  | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---------|--|---------|---------|---------|---------|---------|---------|---------|---------|
| 101     | <i>Financial assets</i>                        | 21569.8 | 24018.1 | 27490.9 | 30459.7 | 34913.3 | 33909.0 | 32505.0 | 30137.5 |
| 102     | <i>Currency and deposits</i>                   | 2859.0  | 2949.9  | 3050.8  | 3196.5  | 3235.3  | 3423.6  | 3766.5  | 4047.6  |
| 103     | Currency and transferable deposits             | 544.3   | 471.4   | 437.7   | 421.5   | 346.0   | 225.5   | 319.2   | 301.0   |
| 104     | Other deposits                                 | 2314.7  | 2478.5  | 2613.1  | 2775.0  | 2889.3  | 3198.1  | 3447.3  | 3746.6  |
| 105     | Foreign deposits                               | 23.4    | 35.5    | 37.2    | 38.3    | 43.5    | 63.5    | 58.5    | 69.2    |
| 106     | Time and savings deposits                      | 2291.3  | 2443.1  | 2575.9  | 2736.7  | 2845.8  | 3134.6  | 3388.8  | 3677.4  |
| 107     | <i>Securities other than shares</i>            | 2051.4  | 2238.7  | 2196.5  | 2384.1  | 2483.5  | 2348.2  | 2196.3  | 2080.9  |
| 108     | Open market paper                              | 71.7    | 75.8    | 77.1    | 80.2    | 84.9    | 87.3    | 53.4    | 59.0    |
| 109     | U.S. savings bonds                             | 185.0   | 187.0   | 186.5   | 186.6   | 186.4   | 184.8   | 190.3   | 194.9   |
| 110     | Treasury securities                            | 626.0   | 673.7   | 570.0   | 528.5   | 629.6   | 426.1   | 327.6   | 221.2   |
| 111     | Agency- and GSE-backed securities              | 116.7   | 215.3   | 260.4   | 292.8   | 397.5   | 468.9   | 407.5   | 254.6   |
| 112     | Municipal securities                           | 539.7   | 504.5   | 511.1   | 516.1   | 550.5   | 559.8   | 607.5   | 715.5   |
| 113     | Corporate and foreign bonds                    | 512.3   | 582.3   | 591.4   | 679.9   | 634.6   | 621.3   | 610.0   | 635.7   |
| 114     | <i>Loans</i>                                   | 247.2   | 275.1   | 319.5   | 377.8   | 432.6   | 532.4   | 582.6   | 551.5   |
| 115     | Short-term (security credit)                   | 127.6   | 162.9   | 215.5   | 276.7   | 323.9   | 412.4   | 454.3   | 412.7   |
| 116     | Long-term (mortgages)                          | 119.6   | 112.3   | 104.1   | 101.1   | 108.7   | 120.0   | 128.3   | 138.8   |
| 117     | <i>Shares and other equity</i>                 | 10120.7 | 11681.7 | 14234.3 | 16128.1 | 19443.1 | 18281.7 | 16825.8 | 14689.2 |
| 118     | Corporate equities                             | 4640.3  | 5533.3  | 7253.8  | 8259.8  | 10587.5 | 8962.7  | 7442.6  | 5486.2  |
| 119     | Mutual fund shares                             | 1406.6  | 1778.3  | 2243.4  | 2739.7  | 3374.7  | 3296.9  | 3102.7  | 2773.6  |
| 120     | Money market mutual fund shares                | 483.8   | 542.1   | 619.6   | 759.1   | 878.7   | 1031.4  | 1181.9  | 1140.3  |
| 121     | Equity in noncorporate business                | 3590.0  | 3828.0  | 4117.5  | 4369.4  | 4602.2  | 4990.6  | 5098.7  | 5289.0  |
| 122     | <i>Insurance technical reserves</i>            | 6279.4  | 6856.7  | 7675.2  | 8450.2  | 9298.3  | 9301.5  | 9104.2  | 8741.5  |
| 123     | Net equity in life insurance and pension funds | 5963.1  | 6529.9  | 7335.7  | 8098.7  | 8933.9  | 8930.6  | 8714.9  | 8323.5  |
| 124     | Net equity in life insurance reserves          | 566.2   | 610.6   | 665.0   | 718.3   | 783.9   | 819.1   | 880.0   | 920.9   |

|     |   |         |         |         |         |         |         |         |         |
|-----|---|---------|---------|---------|---------|---------|---------|---------|---------|
| 125 | Net equity in pension fund reserves                 | 5396.9  | 5919.3  | 6670.7  | 7380.4  | 8150.1  | 8111.5  | 7834.9  | 7402.5  |
| 126 | Prepayments of premiums and reserves against claims | 316.3   | 326.8   | 339.5   | 351.5   | 364.3   | 370.9   | 389.4   | 418.1   |
| 127 | Net equity in reserves of other insurance companies | 194.7   | 197.5   | 199.5   | 201.3   | 202.3   | 202.0   | 214.0   | 232.4   |
| 128 | Net equity in other life insurance company reserves | 121.5   | 129.3   | 140.0   | 150.3   | 162.0   | 168.9   | 175.4   | 185.6   |
| 129 | Other accounts receivable (miscellaneous assets)    | 12.1    | 16.0    | 14.6    | 23.0    | 20.5    | 21.7    | 29.4    | 26.8    |
| 130 | Total liabilities and net worth                     | 32618.1 | 35531.0 | 39661.9 | 43633.3 | 49157.1 | 49468.3 | 49293.9 | 48339.1 |
| 131 | Liabilities   | 5072.8  | 5429.9  | 5780.6  | 6245.8  | 6817.5  | 7403.5  | 8002.6  | 8702.6  |
| 132 | Securities other than shares (municipals)           | 98.3    | 104.9   | 114.9   | 126.9   | 137.3   | 143.0   | 156.9   | 169.8   |
| 133 | Loans   | 4855.9  | 5197.6  | 5529.1  | 5975.0  | 6529.9  | 7106.2  | 7687.9  | 8367.1  |
| 134 | Short-term  | 1419.7  | 1545.5  | 1654.6  | 1780.4  | 1955.7  | 2148.1  | 2231.1  | 2261.3  |
| 135 | Consumer credit                                     | 1168.0  | 1271.7  | 1333.8  | 1430.6  | 1542.7  | 1719.0  | 1856.7  | 1938.1  |
| 136 | Bank loans, nec                                     | 57.4    | 58.0    | 66.5    | 74.2    | 67.3    | 74.1    | 57.6    | 54.6    |
| 137 | Other loans and advances                            | 115.7   | 121.5   | 123.2   | 122.9   | 117.8   | 199.8   | 120.4   | 120.5   |
| 138 | Security credit                                     | 78.6    | 94.4    | 131.2   | 152.8   | 227.9   | 235.1   | 196.4   | 148.2   |
| 139 | Long-term (mortgages)                               | 3436.2  | 3652.0  | 3874.5  | 4194.5  | 4574.2  | 4958.1  | 5456.8  | 6105.8  |
| 140 | Insurance technical reserves (unpaid premiums)      | 17.5    | 18.3    | 18.6    | 17.2    | 19.4    | 19.6    | 19.1    | 20.0    |
| 141 | Other accounts payable (trade debt)                 | 101.1   | 109.1   | 118.0   | 126.8   | 130.9   | 134.7   | 138.7   | 145.7   |
| 142 | Net worth   | 27545.3 | 30101.1 | 33881.3 | 37387.5 | 42339.5 | 42064.8 | 41291.3 | 39636.5 |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.



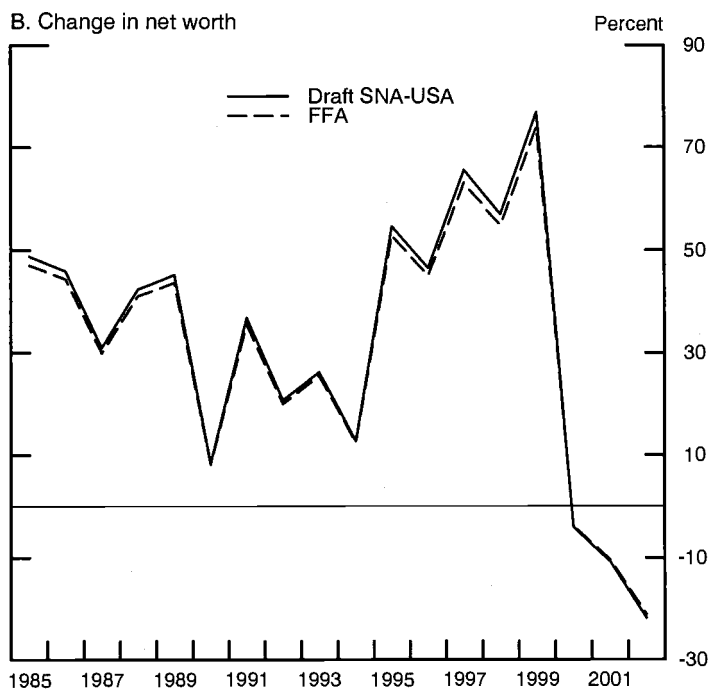
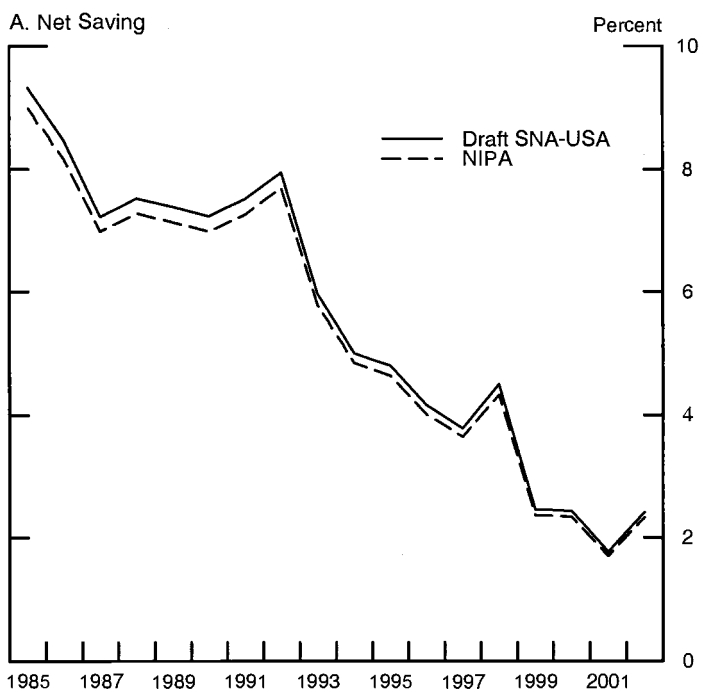


Fig. 11.1 Measures of household-sector saving and net worth as a percentage of disposable income

stock of consumer durable goods as household sector assets (as is done in the FFAs), this treatment has implications for our revaluation and balance sheet accounts (discussed below).

The difference between saving and capital formation is net lending or borrowing (line 37), the amount the sector supplies to financial markets for other sectors or requires from the financial markets to meet its own needs. The figures in table 11.5 indicate the household sector has been a net borrower since 1997.

The details of how the sector meets its borrowing requirement is revealed in the financial account, which is analogous to table F.100 in the FFAs. In the financial account, accounting identities require net lending/net borrowing to equal the net acquisition of financial assets (line 39) less the net incurrence of liabilities (line 68). The “net” in the financial account refers to purchases less sales of assets, and the extensions less repayment of liabilities.

Although conceptually the same, the value of household-sector net lending/net borrowing derived in the financial account (line 79) differs substantially from that in the capital account. Indeed, it is less clear from the figures in line 79 whether the sector has consistently borrowed over the past six years.

The difference between the net lending/net borrowing derived in the capital account and that derived in the financial account is defined in draft SNA-USA as the sector’s statistical discrepancy (line 83). The treatment of the statistical discrepancy is problematic and has implications for the estimates of household-sector net worth.

Some nations do not show a discrepancy between the two measures of net lending/net borrowing. Rather, they force equality in some way, such as splitting the difference between the financial account and the current and capital accounts. (There is no recognition of such discrepancies in SNA93.) Our practice is to report the discrepancy as a component of the “other changes in volume” account. An indication, albeit a crude indication, of the success of our efforts to bring the accounts into better alignment in the future will be the reduction of the statistical discrepancies between the financial account and the current and capital accounts for sectors.<sup>15</sup> We examine the alternative values of net lending/net borrowing derived in each sector in the next section.

The remaining accumulation accounts provide additional information on how estimates of net worth of the sector are affected in the period. The account for “other changes in volume” allows for recording factors that are not defined as financial transactions or holding gains and losses in the

15. In the household sector, the sum of net lending/net borrowing in the financial account and net capital formation is an alternative, but conceptually equivalent, measure of saving from the FFAs.

period, such as the statistical discrepancy noted above. The revaluation account (analogous to table R.100 in the FFAs) lists changes in value of assets due to holding gains and losses.

We used the other changes in volume account to insert net investment in consumer durable goods (line 81). Our view, not reflected in SNA93, is that the value of such goods is an important household-sector asset that belongs with other tangible assets on the balance sheet account. The BEA estimates the value of the stock consistent with the expenditures in the current account, including depreciation and revaluations. The FRB uses the data to complete estimates of tangible assets in the FFA sector balance sheet statement (table B.100 in the FFAs). Draft SNA-USA retains that balance sheet treatment.

The revaluation account (lines 84 to 94) records nominal holding gains and losses for nonfinancial assets and financial assets. We have carried over the practice of estimating the gains for real estate (combined land and structures), because the agencies have found no acceptable way, on a macro-sector basis, to separate changes in the value of land from changes in the value of structures on the land.<sup>16</sup>

The change in net worth for the household sector is shown in line 95 at the beginning of the balance sheet account. It is the sum of net capital formation, net lending/net borrowing, other changes in volume, and nominal holding gains/losses. The change in net worth is the same as that published in the FFAs, but the components differ. The net lending/net borrowing figure used for calculation of net worth is that from the capital account, rather than the financial account. The statistical discrepancy between the financial and capital account enters into the “other changes in volume” account. The change in net worth as a percent of disposable income differs slightly from that currently published only because the denominator (disposable income) in draft SNA-USA is different (fig. 11.1, panel B).

End-of-period stocks in the household balance sheet are similar to those published in the FFAs, although the terminology for asset and liability items is consistent with international terminology, which should allow for easier comparison across countries. Instruments have been grouped as recommended in SNA93. This was also done in the financial account in draft SNA-USA.

### 11.3.3 Nonfinancial Noncorporate Business Sector (table 11.6)

As noted above, the nonfinancial noncorporate business sector includes partnerships and sole proprietorships (including tenant-occupied housing). Draft SNA-USA has a full set of accounts for this sector.

16. No attempt was made to separate nominal holding gains into neutral gains (those due to changes in the general price level) and real gains (those due to changes in the relative prices of assets), as SNA93 would dictate.

**Table 11.6 Nonfinancial noncorporate business (billions of dollars)**

| Row No. |  | 1995                   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|--|------------------------|--------|--------|--------|--------|--------|--------|--------|
|         |  | <i>Current account</i> |        |        |        |        |        |        |        |
| 1       | <i>Gross domestic product (GDP)/Gross value added</i>      | 1052.8                 | 1120.5 | 1184.8 | 1284.8 | 1372.4 | 1475.7 | 1569.5 | 1629.3 |
| 2       | <i>Less consumption of fixed capital</i>                   | 111.2                  | 114.8  | 119.1  | 126.5  | 134.6  | 142.1  | 148.0  | 150.9  |
| 3       | <i>Equals net domestic product/Net value added</i>         | 941.6                  | 1005.7 | 1065.7 | 1158.3 | 1237.8 | 1333.6 | 1421.5 | 1478.4 |
| 4       | Compensation of employees (paid)                           | 255.3                  | 269.7  | 286.2  | 311.4  | 341.2  | 367.6  | 390.7  | 405.9  |
| 5       | Wages and salaries   | 222.3                  | 235.9  | 351.6  | 273.7  | 299.8  | 322.6  | 343.8  | 355.8  |
| 6       | Employers' social contributions                            | 33.0                   | 33.8   | 34.6   | 37.7   | 41.4   | 45.0   | 46.9   | 50.1   |
| 7       | Taxes on production and imports less subsidies             | 52.6                   | 56.7   | 65.0   | 72.5   | 72.5   | 74.1   | 80.6   | 91.5   |
| 8       | Operating surplus, net                                     | 633.6                  | 679.2  | 714.5  | 774.4  | 824.1  | 891.8  | 950.2  | 980.9  |
| 9       | <i>Net national income/Balance of primary incomes, net</i> | 6.2                    | 7.8    | 8.5    | 7.4    | 8.8    | 9.0    | 7.8    | 12.4   |
| 10      | Operating surplus, net                                     | 633.6                  | 679.2  | 714.5  | 774.4  | 824.1  | 891.8  | 950.2  | 980.9  |
| 11      | Property income (interest received)                        | 9.1                    | 10.4   | 11.8   | 12.6   | 13.3   | 13.3   | 15.8   | 17.4   |
| 12      | Less uses of property income (paid)                        | 636.6                  | 681.8  | 717.8  | 779.6  | 828.5  | 896.1  | 958.2  | 986.0  |
| 13      | Interest   | 126.1                  | 128.8  | 136.1  | 148.7  | 159.7  | 182.7  | 192.7  | 194.4  |
| 14      | Withdrawals from income of quasi-corporations              | 510.4                  | 553.0  | 581.6  | 630.9  | 668.8  | 713.4  | 765.6  | 791.6  |
| 15      | Reinvested earnings on foreign direct investment           | 0.1                    | 0      | 0.1    | 0      | 0      | 0      | -0.1   | 0      |
| 16      | Rents  | 0                      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 17      | <i>Net national income/Balance of primary incomes, net</i> | 6.2                    | 7.8    | 8.5    | 7.4    | 8.8    | 9.0    | 7.8    | 12.4   |
| 18      | Less other current transfers (paid)                        | 6.2                    | 7.8    | 8.5    | 7.4    | 8.8    | 9.0    | 7.8    | 12.4   |
| 19      | <i>Equals disposable income, net</i>                       | 0                      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 20      | <i>Equals net saving</i>                                   | 0                      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |

(continued)

**Table 11.6** (continued)

| Row No. |   | 1995                     | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  |
|---------|---|--------------------------|-------|-------|-------|-------|-------|-------|-------|
|         |   | <i>Capital account</i>   |       |       |       |       |       |       |       |
| 21      | <i>Net saving</i>   | 0                        | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 22      | <i>Capital formation, net</i>                                 | 14.8                     | 36.5  | 10.3  | 29.9  | 65.7  | 84.6  | 56.0  | 41.5  |
| 23      | Gross fixed capital formation                                 | 135.0                    | 141.5 | 122.8 | 151.6 | 199.5 | 225.1 | 205.7 | 195.4 |
| 24      | Nonresidential  | 92.4                     | 95.2  | 81.0  | 109.9 | 139.4 | 159.0 | 142.3 | 127.4 |
| 25      | Residential   | 42.6                     | 46.3  | 41.8  | 41.7  | 60.1  | 66.1  | 63.4  | 68.0  |
| 26      | Less consumption of fixed capital                             | 111.2                    | 114.8 | 119.1 | 126.5 | 134.6 | 142.1 | 148.0 | 150.9 |
| 27      | Change in inventories   | -0.0                     | 9.7   | 6.7   | 4.8   | 0.8   | 1.6   | -1.7  | -2.9  |
| 28      | <i>Net lending or borrowing, capital account (rows 21-22)</i> | -14.8                    | -36.5 | -10.3 | -29.9 | -65.7 | -84.6 | -56.0 | -41.5 |
|         |   | <i>Financial account</i> |       |       |       |       |       |       |       |
| 29      | <i>Net lending or borrowing (row 28)</i>                      | -14.8                    | -36.5 | -10.3 | -29.9 | -65.7 | -84.6 | -56.0 | -41.5 |
| 30      | <i>Net acquisition of financial assets</i>                    | 75.6                     | 92.8  | 127.7 | 211.4 | 176.8 | 237.4 | 148.2 | 143.5 |
| 31      | <i>Currency and deposits</i>                                  | 18.0                     | 22.8  | 33.2  | 47.2  | 58.4  | 76.7  | 8.3   | 15.4  |
| 32      | Currency and transferable deposits                            | 13.7                     | 19.3  | 22.5  | 34.4  | 39.3  | 56.6  | 1.1   | 13.2  |
| 33      | Time and savings deposits                                     | 4.3                      | 3.5   | 10.7  | 12.7  | 19.1  | 20.1  | 7.1   | 2.2   |
| 34      | <i>Securities other than shares</i>                           | 5.9                      | 5.3   | 4.2   | 5.4   | -0.9  | 2.7   | 3.7   | 2.5   |
| 35      | Treasury securities   | 5.3                      | 4.9   | 3.7   | 5.7   | -0.8  | 3.0   | 2.7   | 2.3   |
| 36      | Municipal securities  | 0.6                      | 0.4   | 0.5   | -0.4  | -0.1  | -0.3  | 1.1   | 0.2   |
| 37      | <i>Loans</i>  | -2.1                     | -1.4  | -1.6  | 7.9   | -2.0  | -1.4  | 3.3   | 1.2   |
| 38      | Short-term (consumer credit)                                  | 0                        | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 39      | Long-term (mortgages)   | -2.1                     | -1.4  | -1.6  | 7.9   | -2.0  | -1.4  | 3.3   | 1.2   |
| 40      | <i>Shares and other equity</i>                                | 1.9                      | 2.2   | 3.7   | 9.7   | 8.1   | 8.7   | 9.6   | 2.4   |
| 41      | Money market mutual fund shares                               | 1.9                      | 2.2   | 3.7   | 9.7   | 8.1   | 8.7   | 9.6   | 2.3   |
| 42      | Equity in government-sponsored enterprises                    | -0.1                     | 0.0   | 0     | 0.1   | -0.0  | -0.0  | 0.0   | 0.1   |

43 *Insurance technical reserves (net equity in reserves of other insurance companies)*

44 *Other accounts receivable*

45 *Trade receivables*

46 *Other (miscellaneous assets)*

47 *Net incurrence of liabilities*

48 *Loans*

49 *Short-term*

50 *Bank loans, nec*

51 *Other loans and advances*

52 *Long-term (mortgages)*

53 *Shares and other equity*

54 *Equity in noncorporate business*

55 *Foreign direct investment in U.S.*

56 *Other accounts payable*

57 *Trade payables*

58 *Taxes payable*

59 *Other (miscellaneous liabilities)*

*Memo:*

60 *Net lending or borrowing, financial account (rows 30-47)*

*Other changes in volume account*

61 *Total other volume changes*

*Revaluation account*

62 *Nonfinancial assets*

63 *Real estate*

64 *Residential*

65 *Nonresidential*

*(continued)*

|  |       |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 3.9   | 1.2   | 0.9   | 0.8   | 0.5   | -0.2  | 3.9   | 8.2   |
|  | 50.0  | 64.8  | 91.0  | 150.1 | 120.8 | 159.6 | 129.0 | 116.2 |
|  | 15.3  | 29.5  | 35.1  | 28.2  | 39.4  | 69.6  | 1.8   | 22.8  |
|  | 34.7  | 35.2  | 55.9  | 121.9 | 81.4  | 90.0  | 127.3 | 93.4  |
|  | 90.4  | 129.3 | 138.0 | 241.4 | 242.5 | 321.9 | 204.2 | 185.1 |
|  | 48.9  | 72.2  | 100.9 | 190.0 | 194.8 | 203.7 | 166.7 | 156.9 |
|  | 19.7  | 31.3  | 50.1  | 39.3  | 54.0  | 59.7  | 38.0  | 16.0  |
|  | 11.8  | 29.5  | 47.3  | 26.0  | 45.6  | 47.0  | 37.8  | 12.5  |
|  | 7.9   | 1.8   | 2.8   | 13.3  | 8.4   | 12.8  | 0.3   | 3.5   |
|  | 29.2  | 40.9  | 50.8  | 150.7 | 140.8 | 144.0 | 128.7 | 140.9 |
|  | 14.0  | -6.5  | -55.6 | -76.4 | -70.1 | -26.9 | -14.2 | -22.2 |
|  | 14.1  | -6.8  | -56.1 | -76.6 | -70.3 | -27.0 | -14.3 | -22.4 |
|  | -0.1  | 0.3   | 0.5   | 0.2   | 0.2   | 0.1   | 0.1   | 0.2   |
|  | 27.6  | 63.6  | 92.7  | 127.8 | 117.7 | 145.1 | 51.7  | 50.4  |
|  | 13.4  | 31.8  | 32.4  | 31.5  | 35.1  | 47.5  | -7.5  | 21.9  |
|  | 0.6   | 2.3   | 4.3   | 4.1   | 8.9   | 11.7  | 4.0   | 8.1   |
|  | 13.6  | 29.4  | 56.0  | 92.1  | 73.7  | 85.9  | 55.2  | 20.3  |
|  | -14.8 | -36.5 | -10.3 | -29.9 | -65.7 | -84.6 | -56.0 | -41.5 |
|  | 19.7  | -21.1 | -64.9 | -76.6 | -72.5 | -26.9 | -21.5 | -36.0 |
|  | 173.3 | 196.6 | 314.2 | 325.0 | 280.1 | 395.7 | 113.7 | 226.2 |
|  | 142.0 | 165.7 | 285.1 | 281.6 | 241.1 | 344.8 | 68.9  | 202.6 |
|  | 119.7 | 144.6 | 190.6 | 178.7 | 218.6 | 268.2 | 119.9 | 171.0 |
|  | 22.2  | 21.2  | 94.5  | 102.9 | 22.6  | 76.6  | -51.1 | 31.6  |

**Table 11.6** (continued)

| Row No. |   | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 66      | Equipment and software  | 30.1   | 30.9   | 30.5   | 45.0   | 37.8   | 49.5   | 46.7   | 22.3   |
| 67      | Residential   | 0.2    | 0.9    | 0.2    | 0.5    | 0.3    | 1.1    | 0.8    | 0.3    |
| 68      | Nonresidential  | 30.0   | 30.0   | 30.3   | 44.4   | 37.5   | 48.4   | 45.8   | 22.0   |
| 69      | Inventories   | 1.2    | -0.0   | -1.4   | -1.6   | 1.1    | 1.4    | -1.8   | 1.3    |
| 70      | <i>Changes in net worth due to nominal holding gains/losses</i> | 173.3  | 196.6  | 314.2  | 325.0  | 280.1  | 395.7  | 113.7  | 226.2  |
|         | <i>Changes in balance sheet account</i>                         |        |        |        |        |        |        |        |        |
| 71      | <i>Change in net worth (rows 22 + 28 + 61 + 70)</i>             | 193.0  | 175.5  | 249.4  | 248.4  | 207.6  | 368.7  | 92.2   | 190.2  |
|         | <i>Balance sheet account (end of period)</i>                    |        |        |        |        |        |        |        |        |
| 72      | <i>Total assets</i>   | 4207.2 | 4514.8 | 4950.1 | 5504.9 | 6019.9 | 6725.9 | 7028.5 | 7416.7 |
| 73      | <i>Nonfinancial assets</i>                                      | 3659.1 | 3871.7 | 4176.2 | 4512.2 | 4843.1 | 5303.1 | 5450.1 | 5696.9 |
| 74      | Real estate   | 3215.0 | 3397.9 | 3674.5 | 3949.9 | 4230.5 | 4639.1 | 4751.5 | 4983.8 |
| 75      | Residential   | 2361.5 | 2522.5 | 2723.5 | 2912.6 | 3157.2 | 3456.3 | 3604.1 | 3811.0 |
| 76      | Nonresidential  | 853.6  | 875.5  | 951.0  | 1037.3 | 1073.3 | 1182.8 | 1147.4 | 1172.9 |
| 77      | Equipment and software  | 387.8  | 416.3  | 442.3  | 501.0  | 546.7  | 593.8  | 632.0  | 644.8  |
| 78      | Residential   | 37.1   | 39.0   | 39.9   | 41.3   | 42.8   | 45.2   | 47.0   | 48.1   |
| 79      | Nonresidential  | 350.7  | 377.3  | 402.3  | 459.7  | 503.9  | 548.7  | 585.0  | 596.7  |
| 80      | Inventories   | 56.3   | 57.4   | 59.5   | 61.3   | 65.9   | 70.2   | 66.6   | 68.3   |
| 81      | <i>Financial assets</i>   | 548.1  | 643.2  | 773.8  | 992.7  | 1176.8 | 1422.7 | 1578.4 | 1719.8 |
| 82      | <i>Currency and deposits</i>                                    | 176.2  | 199.0  | 232.0  | 277.4  | 335.1  | 411.6  | 419.3  | 434.2  |
| 83      | Currency and transferable deposits                              | 104.7  | 124.0  | 146.2  | 178.9  | 217.6  | 274.1  | 274.5  | 287.3  |
| 84      | Time and savings deposits                                       | 71.5   | 75.0   | 85.7   | 98.5   | 117.5  | 137.6  | 144.7  | 146.9  |
| 85      | <i>Securities other than shares</i>                             | 25.8   | 31.2   | 35.4   | 40.8   | 39.9   | 42.6   | 46.3   | 48.9   |
| 86      | Treasury securities   | 23.6   | 28.6   | 32.2   | 38.0   | 37.2   | 40.2   | 42.8   | 45.2   |
| 87      | Municipal securities  | 2.2    | 2.6    | 3.2    | 2.8    | 2.7    | 2.4    | 3.5    | 3.7    |

|     |   |        |        |        |        |        |        |        |        |
|-----|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 88  | <i>Loans</i>  | 21.7   | 20.4   | 18.7   | 26.7   | 24.7   | 23.3   | 26.6   | 27.8   |
| 89  | Short-term (consumer credit)  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 90  | Long-term (mortgages)   | 21.7   | 20.4   | 18.7   | 26.7   | 24.7   | 23.3   | 26.6   | 27.8   |
| 91  | <i>Shares and other equity</i>  | 18.0   | 20.9   | 24.6   | 34.2   | 42.3   | 51.0   | 60.5   | 62.9   |
| 92  | Money market mutual fund shares   | 17.0   | 19.2   | 22.9   | 32.6   | 40.7   | 49.4   | 59.0   | 61.3   |
| 93  | Equity in government-sponsored enterprises  | 1.0    | 1.7    | 1.7    | 1.6    | 1.6    | 1.6    | 1.5    | 1.5    |
| 94  | <i>Insurance technical reserves (net equity in reserves of other insurance companies)</i> | 44.2   | 44.8   | 45.2   | 45.6   | 45.9   | 45.8   | 48.3   | 52.5   |
| 95  | <i>Other accounts receivable</i>  | 262.2  | 326.9  | 417.9  | 568.0  | 688.8  | 848.4  | 977.4  | 1093.6 |
| 96  | Trade receivables   | 140.3  | 169.8  | 204.9  | 233.1  | 272.6  | 342.1  | 343.9  | 366.7  |
| 97  | Other (miscellaneous assets)  | 121.9  | 157.1  | 213.0  | 334.9  | 416.3  | 506.2  | 633.5  | 726.9  |
| 98  | <i>Total liabilities and net worth</i>  | 4207.2 | 4514.8 | 4950.1 | 5504.9 | 6019.9 | 6725.9 | 7028.5 | 7416.7 |
| 99  | <i>Liabilities</i>  | 1396.4 | 1528.6 | 1714.5 | 2020.9 | 2328.3 | 2665.5 | 2876.0 | 3073.9 |
| 100 | <i>Loans</i>  | 1062.0 | 1130.7 | 1225.4 | 1405.3 | 1595.5 | 1788.4 | 1944.7 | 2093.0 |
| 101 | Short-term  | 257.0  | 287.4  | 334.5  | 370.2  | 425.3  | 480.7  | 515.9  | 531.7  |
| 102 | Bank loans, nec   | 164.7  | 193.6  | 237.3  | 262.1  | 308.6  | 352.9  | 390.7  | 404.1  |
| 103 | Other loans and advances  | 92.3   | 93.9   | 97.2   | 108.1  | 116.7  | 127.8  | 125.3  | 127.6  |
| 104 | Long-term (mortgages)   | 805.0  | 843.2  | 890.9  | 1035.1 | 1170.1 | 1307.6 | 1428.8 | 1561.3 |
| 105 | <i>Shares and other equity (direct investment in U.S.)</i>                                | 2.8    | 4.0    | 3.9    | 3.4    | 3.3    | 3.4    | 3.2    | 3.4    |
| 106 | <i>Other accounts payable</i>   | 331.6  | 393.9  | 485.2  | 612.2  | 729.5  | 873.8  | 928.0  | 977.5  |
| 107 | Trade payables  | 86.2   | 116.8  | 147.8  | 178.6  | 213.3  | 259.9  | 255.0  | 276.0  |
| 108 | Taxes payable   | 33.4   | 35.7   | 39.9   | 44.1   | 53.0   | 64.6   | 68.7   | 76.8   |
| 109 | Other (miscellaneous liabilities)   | 212.0  | 241.5  | 389.6  | 463.2  | 549.2  | 604.3  | 624.7  |        |
| 110 | <i>Net worth</i>  | 2810.8 | 2986.2 | 3235.6 | 3484.0 | 3691.6 | 4060.3 | 4152.5 | 4342.8 |



Income generated in the sector is paid out to the household sector as withdrawals from income of quasi-corporations (table 11.6, line 14).<sup>17</sup> As a result, the sector has no net saving. Nonetheless, there is capital formation and financial transactions in the noncorporate business sector. The financial account in draft SNA-USA—lines 29 through 60 in table 11.6—is analogous to table F.103 in the FFAs. The additions to net worth (line 71) result mainly from capital gains on real estate shown in the revaluation account (line 63).<sup>18</sup>

#### 11.3.4 Nonfinancial Corporate Business Sector (table 11.7)

We have been able to provide a full set of accounts for the nonfinancial corporate business sector. The sector's value added (table 11.7, line 1) is more than half of total output of the economy. Consumption of fixed capital (line 2) in this sector, as with other sectors, is on an economic basis, reflecting the capital consumption adjustment to book (tax) depreciation. Similarly, in the capital account, inventory investment (line 32) reflects the NIPA valuation adjustment so that inventories are at current prices and on a consistent accounting basis.

The draft SNA-USA current account arguably offers a more comprehensive and intuitive view of flows through the sector, although the terminology is probably unfamiliar to users of NIPA tables. Measures of profits and cash flow, which are fairly prominent in the NIPAs and FFAs, are noticeably missing from SNA93 and, thus, our presentation of draft SNA-USA. Providing them likely would be a useful addition to some analysts of the U.S. economy.

The sector has no final consumption expenditures, and the SNA format shows disposable income (line 23) as net saving (line 24); net saving in this sector and the financial business sector is the same as undistributed corporate profits in the NIPAs. Again, the presentation lacks a measure of total internal funds that is used to derive the financing gap shown in the FFAs (in table F.102 of the FFAs)—a sometimes-cited measure of the impetus for corporate borrowing. Net lending/net borrowing (line 33) is nearly the same concept, but it includes undistributed profits of foreign subsidiaries, which are not in the FFA calculation of U.S. internal funds.

The statistical discrepancy resulting from the difference in net lending/net borrowing in the capital account and in the financial account was handled the same way as for the household sector. Net saving in the capital account was used to derive changes in net worth (line 93), and the discrepancy is reported in the other changes in volume account (line 80).

The calculation and interpretation of net worth in the nonfinancial

17. Households withdraw income from both financial and nonfinancial quasi-corporations.

18. We considered a number of ways to treat household equity in nonfinancial noncorporate business, and, although the method chosen is consistent within the sequence of accounts in draft SNA-USA, it is not necessarily consistent with SNA93.

**Table 11.7 Nonfinancial corporate business (billions of dollars)**

| Row No. |  | 1995                   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|--|------------------------|--------|--------|--------|--------|--------|--------|--------|
|         |  | <i>Current account</i> |        |        |        |        |        |        |        |
| 1       | <i>Gross domestic product (GDP)/Gross value added</i>      | 3879.5                 | 4109.5 | 4401.8 | 4655.0 | 4950.8 | 5272.2 | 5299.3 | 5410.6 |
| 2       | <i>Less consumption of fixed capital</i>                   | 415.0                  | 436.5  | 467.1  | 493.3  | 523.8  | 567.8  | 610.5  | 618.2  |
| 3       | <i>Equals net domestic product/Net value added</i>         | 3464.5                 | 3673.0 | 3934.7 | 4161.7 | 4427.0 | 4704.3 | 4688.9 | 4792.4 |
| 4       | Compensation of employees (paid)                           | 2509.8                 | 2630.8 | 2812.9 | 3045.6 | 3267.7 | 3544.4 | 3597.0 | 3570.1 |
| 5       | Wages and salaries   | 2076.7                 | 2197.0 | 2367.9 | 2567.2 | 2758.0 | 2989.8 | 3016.7 | 2971.8 |
| 6       | Employers' social contributions                            | 433.1                  | 433.8  | 445.1  | 478.4  | 509.7  | 554.5  | 580.4  | 598.3  |
| 7       | Taxes on production and imports less subsidies             | 356.9                  | 369.1  | 385.5  | 398.7  | 416.6  | 443.4  | 440.3  | 464.5  |
| 8       | Operating surplus, net                                     | 597.8                  | 673.1  | 736.3  | 717.4  | 742.7  | 716.5  | 651.5  | 757.7  |
| 9       | <i>Net national income/Balance of primary incomes, net</i> | 357.7                  | 417.9  | 449.6  | 385.1  | 426.9  | 373.8  | 303.2  | 388.7  |
| 10      | Operating surplus, net                                     | 597.8                  | 673.1  | 736.3  | 717.4  | 742.7  | 716.5  | 651.5  | 757.7  |
| 11      | Property income (received)                                 | 295.8                  | 331.0  | 367.8  | 349.3  | 384.0  | 453.6  | 413.5  | 398.0  |
| 12      | Interest   | 189.9                  | 216.7  | 239.5  | 235.9  | 251.3  | 291.3  | 273.0  | 242.9  |
| 13      | Distributed income of corporations (dividends)             | 45.4                   | 52.8   | 62.4   | 58.2   | 59.7   | 62.0   | 57.1   | 54.8   |
| 14      | Reinvested earnings on foreign direct investment           | 60.5                   | 61.5   | 65.9   | 55.2   | 73.0   | 100.3  | 83.4   | 100.3  |
| 15      | Less uses of property income (paid)                        | 535.9                  | 586.2  | 654.5  | 681.6  | 699.8  | 796.3  | 761.8  | 767.0  |
| 16      | Interest   | 298.0                  | 319.9  | 354.2  | 371.3  | 402.9  | 471.5  | 465.3  | 437.7  |
| 17      | Distributed income of corporations (dividends)             | 223.4                  | 250.2  | 278.3  | 299.2  | 284.4  | 313.4  | 305.3  | 312.0  |
| 18      | Reinvested earnings on foreign direct investment           | 7.5                    | 7.5    | 12.8   | 2.7    | 3.9    | 0      | -22.3  | 5.2    |
| 19      | Rent   | 7.0                    | 8.6    | 9.2    | 8.4    | 8.6    | 11.4   | 13.5   | 12.1   |
| 20      | <i>Net national income/Balance of primary incomes, net</i> | 357.7                  | 417.9  | 449.6  | 385.1  | 426.9  | 373.8  | 303.2  | 388.7  |
| 21      | Less current taxes on income, wealth, etc. (paid)          | 141.0                  | 153.1  | 161.9  | 158.6  | 171.2  | 170.2  | 134.3  | 131.9  |
| 22      | Less other current transfers (paid)                        | 30.2                   | 38.0   | 39.0   | 35.2   | 45.0   | 48.4   | 50.0   | 59.1   |
| 23      | <i>Equals disposable income, net</i>                       | 186.5                  | 226.8  | 248.7  | 191.3  | 210.7  | 155.2  | 118.9  | 197.7  |
| 24      | <i>Equals net saving</i>                                   | 186.5                  | 226.8  | 248.7  | 191.3  | 210.7  | 155.2  | 118.9  | 197.7  |

(continued)

Table 11.7 (continued)

| Row No. |  | 1995                     | 1996  | 1997  | 1998  | 1999   | 2000   | 2001  | 2002  |
|---------|--|--------------------------|-------|-------|-------|--------|--------|-------|-------|
|         |  | <i>Capital account</i>   |       |       |       |        |        |       |       |
| 25      | <i>Net saving and capital transfers</i>                              | 186.5                    | 226.6 | 248.7 | 191.1 | 210.8  | 155.2  | 118.8 | 197.7 |
| 26      | Net saving   | 186.5                    | 226.8 | 248.7 | 191.3 | 210.7  | 155.2  | 118.9 | 197.7 |
| 27      | Capital transfers received (net)                                     | 0                        | 0     | 0     | 0     | 0      | 0      | 0     | 0     |
| 28      | <i>Capital formation, net</i>  | 223.2                    | 217.8 | 284.7 | 280.5 | 335.1  | 360.7  | 194.1 | 152.5 |
| 29      | Gross fixed capital formation (acq. of produced nonfinancial assets) | 597.5                    | 635.4 | 684.6 | 709.7 | 800.5  | 882.1  | 847.0 | 771.2 |
| 30      | Less consumption of fixed capital                                    | 415.0                    | 436.5 | 467.1 | 493.3 | 523.9  | 567.9  | 610.5 | 618.2 |
| 31      | Acq. of nonproduced nonfinancial assets                              | 0.6                      | -2.2  | 1.8   | -1.9  | -7.7   | -8.5   | -8.0  | -8.8  |
| 32      | Inventory change including inventory valuation adjustment            | 40.1                     | 21.0  | 65.3  | 65.9  | 66.1   | 54.9   | -34.4 | 8.3   |
| 33      | <i>Net lending or borrowing, capital account (rows 25-28)</i>        | -36.7                    | 8.8   | -36.0 | -89.4 | -124.3 | -205.5 | -75.3 | 45.2  |
|         |  | <i>Financial account</i> |       |       |       |        |        |       |       |
| 34      | <i>Net lending or borrowing, capital account (row 33)</i>            | -36.7                    | 8.8   | -36.0 | -89.4 | -124.3 | -205.5 | -75.3 | 45.2  |
| 35      | <i>Net acquisition of financial assets</i>                           | 426.4                    | 454.0 | 272.4 | 569.9 | 969.9  | 1209.2 | 177.6 | 121.3 |
| 36      | <i>Currency and deposits</i>   | 9.5                      | 50.1  | 22.2  | 23.6  | 81.2   | 43.5   | -64.2 | 10.4  |
| 37      | Currency and transferable deposits                                   | 4.5                      | 39.3  | 7.6   | 23.0  | 56.0   | 50.5   | -49.5 | 9.5   |
| 38      | Time and savings deposits  | 3.3                      | -0.0  | 19.7  | -6.8  | 24.3   | 0.5    | -6.2  | -3.6  |
| 39      | Foreign deposits   | 1.7                      | 10.8  | -5.1  | 7.4   | 0.9    | -7.4   | -8.5  | 4.4   |
| 40      | <i>Securities other than shares</i>                                  | -8.8                     | 0.7   | -39.8 | 1.1   | 5.0    | 18.8   | -0.1  | 21.4  |
| 41      | Open market paper  | 1.3                      | 11.4  | 4.6   | 3.3   | 8.2    | 10.2   | 2.4   | 4.5   |
| 42      | Treasury securities  | 6.3                      | -10.0 | -20.2 | -3.2  | -4.2   | -1.3   | -1.6  | 14.8  |
| 43      | Agency- and GSE-backed securities                                    | 3.5                      | 5.1   | -20.5 | 2.6   | 1.8    | 3.0    | 1.7   | -1.2  |
| 44      | Municipal securities   | -19.9                    | -5.8  | -3.6  | -1.6  | -0.7   | 6.9    | -2.6  | 3.3   |
| 45      | <i>Loans</i>   | 0.3                      | -0.4  | 27.7  | -16.1 | -22.0  | 4.7    | 2.5   | 4.1   |
| 46      | Short-term (security RPs and consumer credit)                        | -1.3                     | -5.9  | 1.8   | -3.1  | 4.1    | 2.4    | -0.6  | 2.1   |
| 47      | Long-term (mortgages)  | 1.6                      | -3.6  | 25.9  | -13.0 | -26.0  | 2.3    | 3.1   | 2.0   |

|    |   |       |       |        |        |        |        |        |       |
|----|---|-------|-------|--------|--------|--------|--------|--------|-------|
| 48 | <i>Shares and other equity</i>  | 122.5 | 95.0  | 94.3   | 168.1  | 257.0  | 184.3  | 207.9  | 148.9 |
| 49 | Mutual fund shares  | 4.6   | 8.7   | -6.4   | 6.7    | 7.4    | 12.0   | 2.0    | 10.5  |
| 50 | Money market mutual fund shares   | 22.9  | 7.7   | 20.2   | 38.6   | 28.4   | 36.5   | 110.5  | 26.9  |
| 51 | U.S. direct investment abroad   | 90.3  | 76.8  | 84.3   | 129.2  | 194.4  | 128.4  | 97.0   | 117.0 |
| 52 | Equity in government-sponsored enterprises  | 0     | 0     | 0      | 0      | 0      | 0      | 0      | 0     |
| 53 | Investment in finance company subsidiaries  | 4.6   | 1.8   | -3.7   | -6.4   | 26.8   | 7.4    | -1.7   | -5.5  |
| 54 | <i>Insurance technical reserves (net equity in reserves of other insurance companies)</i> | 8.2   | 2.6   | 1.9    | 1.7    | 1.0    | -0.3   | 10.3   | 17.4  |
| 55 | <i>Other accounts receivable</i>  | 294.7 | 315.2 | 166.0  | 391.5  | 647.6  | 958.2  | 21.3   | -80.8 |
| 56 | Trade receivables   | 78.0  | 88.1  | 93.5   | 85.0   | 203.4  | 283.0  | -129.4 | -34.4 |
| 57 | Other (miscellaneous assets)  | 216.7 | 227.1 | 72.5   | 306.5  | 444.1  | 675.2  | 150.7  | -46.4 |
| 58 | <i>Net incurrence of liabilities</i>  | 390.8 | 398.5 | 283.5  | 616.0  | 987.6  | 1237.4 | 95.2   | 107.0 |
| 59 | <i>Securities other than shares</i>   | 112.3 | 118.4 | 168.4  | 265.3  | 264.1  | 212.0  | 263.7  | 71.2  |
| 60 | Open market paper   | 18.1  | -0.9  | 13.7   | 24.4   | 37.4   | 48.1   | -88.3  | -64.2 |
| 61 | Municipal securities  | 3.1   | 3.1   | 4.2    | 5.8    | 5.1    | 1.4    | 3.5    | 3.1   |
| 62 | Corporate bonds   | 91.1  | 116.3 | 150.5  | 235.2  | 221.7  | 162.6  | 348.5  | 132.3 |
| 63 | <i>Loans</i>  | 114.8 | 64.4  | 123.4  | 127.1  | 108.4  | 145.2  | -36.4  | -30.2 |
| 64 | Short-term  | 106.8 | 54.6  | 90.9   | 130.5  | 67.6   | 114.0  | -95.5  | -80.5 |
| 65 | Bank loans, nec   | 74.5  | 40.4  | 51.1   | 76.2   | 44.1   | 48.0   | -103.3 | -96.5 |
| 66 | Other loans and advances  | 32.3  | 14.2  | 39.8   | 54.3   | 23.4   | 65.9   | 7.8    | 16.0  |
| 67 | Long-term (mortgages)   | 8.0   | 9.8   | 32.5   | -3.3   | 40.8   | 31.2   | 59.0   | 50.2  |
| 68 | <i>Shares and other equity</i>  | -4.8  | 24.3  | 22.8   | -71.1  | 136.7  | 62.9   | 24.0   | -18.9 |
| 69 | Corporate equities  | -58.3 | -47.3 | -77.4  | -215.5 | -110.4 | -118.2 | -47.4  | -41.6 |
| 70 | Direct investment in U.S.   | 53.6  | 71.7  | 100.2  | 144.4  | 247.0  | 181.1  | 71.4   | 22.7  |
| 71 | <i>Insurance technical reserves (contributions payable)</i>                               | 4.1   | 4.1   | 7.1    | 21.4   | -7.6   | 1.2    | 1.3    | 1.3   |
| 72 | <i>Other accounts payable</i>   | 164.4 | 187.3 | -38.3  | 273.3  | 486.1  | 816.0  | -157.3 | 83.7  |
| 73 | Trade payables  | 81.0  | 49.5  | 65.1   | 57.6   | 178.5  | 313.3  | -103.7 | -15.8 |
| 74 | Other   | 83.5  | 137.8 | -103.3 | 215.7  | 307.6  | 502.8  | -53.6  | 99.5  |

(continued)

**Table 11.7** (continued)

| Row No.                                 |   | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|
| 75                                      | Taxes payable   | -0.0    | 9.6     | 9.3     | 4.8     | 7.0     | 7.0     | 3.1     | 11.9    |
| 76                                      | Miscellaneous liabilities                                       | 83.5    | 128.3   | -112.7  | 210.8   | 300.6   | 495.8   | -56.6   | 87.6    |
| <i>Memo:</i>                            |   |         |         |         |         |         |         |         |         |
| 77                                      | Net lending or borrowing, financial account (rows 35-58)        | 35.5    | 55.5    | -11.1   | -46.1   | -17.7   | -28.2   | 82.4    | 14.4    |
| <i>Other changes in volume account</i>  |   |         |         |         |         |         |         |         |         |
| 78                                      | <i>Total other volume changes</i>                               | 177.3   | 125.5   | 128.0   | 438.5   | 491.4   | 651.4   | 26.4    | 7.3     |
| 79                                      | Other volume changes  | 86.8    | 81.8    | 117.2   | 415.4   | 385.8   | 460.0   | -122.2  | 35.9    |
| 80                                      | Less statistical discrepancy (rows 33-[35-38]) <sup>a</sup>     | -72.3   | -46.7   | -24.9   | -43.3   | -106.6  | -177.3  | -157.8  | 30.0    |
| 81                                      | Less inventory valuation adjustment                             | -18.3   | 3.1     | 14.1    | 20.2    | 0.9     | -14.1   | 9.1     | -2.2    |
| <i>Revaluation account</i>              |   |         |         |         |         |         |         |         |         |
| 82                                      | <i>Nonfinancial assets</i>                                      | 110.2   | 74.4    | 308.6   | 355.9   | 106.4   | 315.9   | -227.1  | 136.6   |
| 83                                      | Real estate   | 82.4    | 77.9    | 348.9   | 393.2   | 93.3    | 306.2   | -186.7  | 134.4   |
| 84                                      | Equipment and software  | 23.4    | -6.5    | -28.0   | -27.2   | -8.7    | -2.8    | -14.9   | -19.8   |
| 85                                      | Inventories   | 4.4     | 2.9     | -12.3   | -10.2   | 21.8    | 12.5    | -25.5   | 22.0    |
| 86                                      | <i>Financial assets</i>   | 12.7    | 19.6    | 0.7     | -5.0    | 13.9    | -50.8   | -62.7   | -15.0   |
| 87                                      | Mutual fund shares  | 10.0    | 8.6     | 18.4    | 16.3    | 21.6    | -15.0   | -15.0   | -24.5   |
| 88                                      | Direct investment abroad  | 2.8     | 11.0    | -17.6   | -21.3   | -7.8    | -35.7   | -47.8   | 9.5     |
| 89                                      | <i>Liabilities</i>  | 1670.9  | 1258.0  | 2155.9  | 2025.2  | 3634.1  | -2558.7 | -1904.1 | -2757.9 |
| 90                                      | Corporate equity  | 1675.6  | 1272.4  | 2203.9  | 2027.7  | 3688.2  | -2358.6 | -1835.2 | -2847.7 |
| 91                                      | Direct investment in U.S.                                       | -4.7    | -14.5   | -48.0   | -2.4    | -54.1   | -200.1  | -68.9   | 89.8    |
| 92                                      | <i>Changes in net worth due to nominal holding gains/losses</i> | -1547.9 | -1164.0 | -1846.6 | -1674.3 | -3513.9 | 2823.8  | 1614.3  | 2879.4  |
| <i>Changes in balance sheet account</i> |   |         |         |         |         |         |         |         |         |
| 93                                      | <i>Change in net worth (rows 28 + 33 + 78 + 92)</i>             | -1184.1 | -811.7  | -1469.9 | -1044.5 | -2811.7 | 3630.4  | 1759.6  | 3084.4  |

*Balance sheet account (end of period)*

|     |  |         |         |         |         |         |         |         |         |
|-----|--|---------|---------|---------|---------|---------|---------|---------|---------|
| 94  | Total assets                               | 11580.7 | 12363.1 | 13269.9 | 14866.4 | 16582.1 | 18939.8 | 19014.9 | 19345.5 |
| 95  | Nonfinancial assets                        | 6622.2  | 6905.4  | 7461.2  | 8050.2  | 8488.3  | 9167.3  | 9116.0  | 9412.4  |
| 96  | Real estate                                | 3125.1  | 3265.2  | 3665.8  | 4108.9  | 4283.8  | 4671.2  | 4573.0  | 4770.5  |
| 97  | Equipment and software                     | 2376.0  | 2496.0  | 2614.1  | 2722.7  | 2891.2  | 3092.8  | 3200.7  | 3258.3  |
| 98  | Inventories                                | 1069.8  | 1090.7  | 1129.6  | 1165.2  | 1252.1  | 1333.6  | 1264.5  | 1297.0  |
| 99  | Nonproduced nonfinancial assets            | 51.3    | 53.5    | 51.6    | 53.5    | 61.2    | 69.7    | 77.7    | 86.5    |
| 100 | Financial assets                           | 4958.5  | 5457.7  | 5808.7  | 6816.1  | 8093.8  | 9772.5  | 9898.9  | 9933.1  |
| 101 | Currency and deposits                      | 322.2   | 372.2   | 394.4   | 418.1   | 499.3   | 542.8   | 478.6   | 488.9   |
| 102 | Currency and transferable deposits         | 205.1   | 244.3   | 251.9   | 275.0   | 331.0   | 381.4   | 331.9   | 341.4   |
| 103 | Time and savings deposits                  | 99.7    | 99.7    | 119.4   | 112.6   | 136.9   | 137.3   | 131.1   | 127.5   |
| 104 | Foreign deposits                           | 17.4    | 28.2    | 23.1    | 30.5    | 31.5    | 24.0    | 15.5    | 20.0    |
| 105 | Securities other than shares               | 137.4   | 138.1   | 98.3    | 99.4    | 104.4   | 123.2   | 123.2   | 144.5   |
| 106 | Open market paper                          | 20.1    | 31.5    | 36.1    | 39.4    | 47.6    | 57.8    | 60.2    | 64.7    |
| 107 | Treasury securities                        | 57.1    | 47.1    | 26.8    | 23.6    | 19.4    | 18.1    | 16.5    | 31.3    |
| 108 | Agency- and GSE-based securities           | 23.4    | 28.5    | 8.0     | 10.6    | 12.4    | 15.4    | 17.2    | 15.9    |
| 109 | Municipal securities                       | 36.8    | 31.0    | 27.4    | 25.7    | 25.0    | 31.9    | 29.3    | 32.6    |
| 110 | Loans                                      | 145.4   | 136.0   | 163.7   | 147.7   | 125.7   | 130.4   | 132.9   | 137.0   |
| 111 | Short-term                                 | 87.5    | 81.7    | 83.5    | 80.4    | 84.5    | 86.9    | 86.3    | 88.4    |
| 112 | Security RPs                               | 2.4     | 3.9     | 4.6     | 4.2     | 5.8     | 4.2     | 4.0     | 6.2     |
| 113 | Consumer credit                            | 85.1    | 77.7    | 78.9    | 76.2    | 78.7    | 82.7    | 82.3    | 82.2    |
| 114 | Long-term (mortgages)                      | 57.9    | 54.4    | 80.2    | 67.3    | 41.2    | 43.5    | 46.6    | 48.7    |
| 115 | Shares and other equity                    | 909.8   | 1024.4  | 1119.5  | 1282.6  | 1553.5  | 1687.0  | 1832.1  | 1966.0  |
| 116 | Mutual fund shares                         | 45.7    | 63.0    | 75.0    | 98.0    | 127.0   | 124.0   | 111.0   | 97.0    |
| 117 | Money market mutual fund shares            | 60.0    | 67.6    | 87.8    | 126.4   | 154.9   | 191.4   | 301.9   | 328.8   |
| 118 | U.S. direct investment abroad              | 778.7   | 866.5   | 933.1   | 1041.0  | 1227.7  | 1320.4  | 1369.6  | 1496.1  |
| 119 | Equity in government-sponsored enterprises | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| 120 | Investment in finance company subsidiaries | 25.5    | 27.3    | 23.5    | 17.1    | 43.9    | 51.3    | 49.6    | 44.1    |

(continued)

**Table 11.7** (continued)

| Row No. | 1995  | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---------|---|---------|---------|---------|---------|---------|---------|---------|
| 121     | <i>Insurance technical reserves (net equity in reserves of other insurance companies)</i> |         |         |         |         |         |         |         |
| 122     | 183.6   | 186.2   | 188.1   | 189.8   | 190.8   | 190.4   | 200.8   | 218.2   |
| 123     | 3260.0  | 3600.8  | 3844.6  | 4678.6  | 5620.1  | 7098.6  | 7131.4  | 6978.4  |
| 124     | 1184.9  | 1273.1  | 1366.6  | 1451.6  | 1655.0  | 1938.1  | 1808.7  | 1774.3  |
| 125     | 2075.1  | 2327.7  | 2478.0  | 3227.0  | 3965.1  | 5160.5  | 5322.7  | 5204.1  |
| 126     | 11580.7   | 12363.1 | 13269.9 | 14866.4 | 16582.1 | 18939.8 | 19014.9 | 19345.5 |
| 127     | 12423.6   | 14017.7 | 16394.4 | 19035.5 | 23562.9 | 22290.2 | 20605.6 | 17851.8 |
| 128     | 1636.2  | 1754.6  | 1921.5  | 2186.8  | 2450.9  | 2662.9  | 2926.6  | 2997.8  |
| 129     | 157.4   | 156.4   | 168.6   | 193.0   | 230.3   | 278.4   | 190.1   | 126.0   |
| 130     | 134.8   | 137.9   | 142.0   | 147.8   | 152.8   | 154.2   | 157.7   | 160.8   |
| 131     | 1344.1  | 1460.4  | 1610.9  | 1846.0  | 2067.7  | 2230.3  | 2578.8  | 2711.0  |
| 132     | 1273.4  | 1337.7  | 1460.9  | 1588.0  | 1730.7  | 1875.9  | 1840.1  | 1809.8  |
| 133     | 1055.4  | 1110.0  | 1200.4  | 1330.8  | 1398.4  | 1512.3  | 1417.5  | 1337.0  |
| 134     | 601.8   | 642.1   | 692.7   | 768.8   | 813.0   | 861.0   | 758.3   | 661.9   |
| 135     | 453.7   | 467.9   | 507.7   | 562.0   | 585.4   | 651.3   | 659.1   | 675.1   |
| 136     | 217.9   | 227.7   | 260.5   | 257.2   | 332.3   | 363.5   | 422.6   | 472.8   |
| 137     | 7055.2  | 8337.5  | 10516.3 | 12470.4 | 16241.2 | 13745.4 | 11865.2 | 9088.4  |
| 138     | 6414.1  | 7639.2  | 9765.7  | 11577.8 | 15155.6 | 12678.8 | 10796.2 | 7906.9  |
| 139     | 641.1   | 698.2   | 750.6   | 892.6   | 1085.5  | 1066.6  | 1069.1  | 1181.5  |
| 140     | 84.4  | 86.4    | 93.5    | 114.9   | 107.3   | 108.5   | 109.8   | 111.1   |
| 141     | 2376.4  | 2501.4  | 2402.3  | 2675.3  | 3032.8  | 3897.4  | 3864.0  | 3844.7  |
| 142     | 877.5   | 927.0   | 992.1   | 1049.7  | 1228.2  | 1541.4  | 1437.7  | 1421.9  |
| 143     | 40.3  | 49.9    | 59.2    | 64.1    | 71.0    | 78.0    | 81.0    | 93.0    |
| 144     | 1458.6  | 1524.5  | 1351.0  | 1561.6  | 1733.6  | 2278.0  | 2345.2  | 2329.9  |
| 145     | -842.9  | -1654.6 | -3124.5 | -4169.0 | -6980.8 | -3350.3 | -1590.8 | 1493.6  |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.

corporate business sector (line 144) is substantially different from that currently published. In table B.102 of the FFAs, net worth is the market (or replacement) value of assets less liabilities, *excluding equity capital*. That measure of net worth is sometimes compared with the market value of shares for nonfinancial corporate businesses or to net worth derived with tangible assets at historical cost. Draft SNA-USA follows the format in SNA93, which calculates net worth as the market (or replacement) value of assets less liabilities, *including the market value of shares and other equity* (line 136).

The currently published measure of net worth has been a large positive figure that has risen from just over \$4 trillion in 1985 to about \$9.5 trillion in 2002 (fig. 11.2, panel A). In contrast, nonfinancial corporate business-sector net worth in draft SNA-USA has both positive and negative values (fig. 11.2, panel B). Indeed, as would be expected from the elevated equity valuations in the late 1990s, the draft SNA-USA measure of net worth moved down sharply over the 1990s to −\$7 trillion, before turning up in 2000 and becoming positive in 2002.

The draft SNA-USA measure of net worth may be interpreted as a variant of Tobin's  $q$ . As defined by Tobin,  $q$  is the ratio of the market value of the firm (equity plus debt) to the replacement cost of its tangible assets. For the nonfinancial corporate business sector, debt and equity are the bulk of liabilities in the SNA format, and they correspond to the numerator of  $q$ . Tangible assets (the denominator in  $q$ ) are about half of total assets on the sector balance sheet.<sup>19</sup> Therefore, a negative net worth in draft SNA-USA corresponds to a  $q$  greater than one, while a positive net worth corresponds to a  $q$  of less than one.

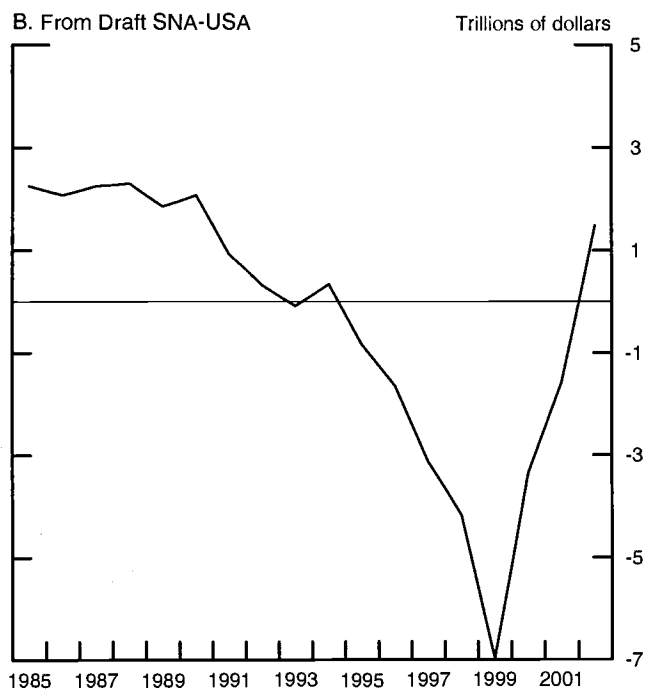
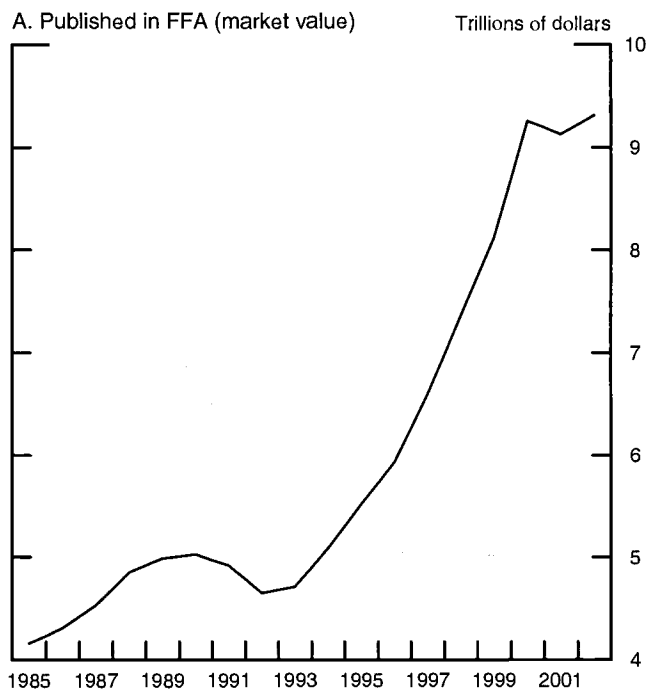
### 11.3.5 Financial Business Sector (table 11.8)

The financial business sector includes the monetary authority, depository institutions, insurance and pension funds, and all other financial intermediaries, such as finance companies, mutual funds, and brokers and dealers. Except for a complete accounting for the value of real estate holdings, we have been able to compile nearly a full set of accounts for the combined sector.

The current account and capital account are structured the same as the nonfinancial corporate business sector, with the exception of withdrawals from quasi-corporations, and the financial account is a summation of lending and borrowing flows of all the financial intermediaries in the flow of funds accounts. For this sector, we did not net intrasector assets and liabilities. For example, issuance of a mortgage-backed security by a government-sponsored enterprise and purchased by a bank is reflected as a net incurrence

19. The popular press often uses a variant of  $q$  equal to the ratio of the market value of equity of the sector to the published net worth of the sector. The popular version differs from true  $q$  by including financial assets and nondebt liabilities in the denominator.





**Fig. 11.2** Alternative concepts of net worth for the nonfinancial corporate business sector (trillions of dollars)

**Table 11.8 Financial business (includes other financial institutions, depository institutions, insurance companies and pension funds, and monetary authority; billions of dollars)**

| Row No. |  | 1995                   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|--|------------------------|--------|--------|--------|--------|--------|--------|--------|
|         |  | <i>Current account</i> |        |        |        |        |        |        |        |
| 1       | <i>Gross domestic product (GDP)/Gross value added</i>      | 541.0                  | 601.9  | 679.2  | 764.3  | 813.8  | 899.8  | 917.7  | 949.0  |
| 2       | <i>Less consumption of fixed capital</i>                   | 74.0                   | 79.3   | 89.0   | 98.4   | 111.4  | 126.1  | 135.1  | 133.5  |
| 3       | <i>Equals net domestic product/Net value added</i>         | 467.0                  | 522.6  | 590.2  | 665.9  | 702.4  | 773.7  | 782.6  | 815.5  |
| 4       | Compensation of employees (paid)                           | 282.9                  | 305.7  | 334.1  | 376.4  | 403.9  | 443.1  | 450.7  | 447.6  |
| 5       | Wages and salaries   | 238.9                  | 260.1  | 285.4  | 322.0  | 345.5  | 379.3  | 384.7  | 379.4  |
| 6       | Employers' social contributions                            | 44.0                   | 45.6   | 48.7   | 54.4   | 58.4   | 63.8   | 66.0   | 68.2   |
| 7       | Taxes on production and imports less subsidies             | 31.0                   | 33.2   | 36.2   | 37.5   | 40.2   | 41.4   | 41.7   | 44.6   |
| 8       | Operating surplus, net                                     | 153.1                  | 183.7  | 219.9  | 252.0  | 258.3  | 289.2  | 290.2  | 323.5  |
| 9       | <i>Net national income/Balance of primary incomes, net</i> | 124.3                  | 116.7  | 1221.4 | 120.9  | 144.1  | 143.7  | 181.3  | 194.5  |
| 10      | Operating surplus, net                                     | 153.1                  | 183.7  | 219.9  | 252.0  | 258.3  | 289.2  | 290.2  | 323.5  |
| 11      | Property income (received)                                 | 931.9                  | 974.6  | 1078.4 | 1185.9 | 1280.9 | 1542.1 | 1516.8 | 1373.8 |
| 12      | Interest   | 887.7                  | 919.4  | 1014.0 | 1115.1 | 1201.1 | 1456.3 | 1434.7 | 1297.1 |
| 13      | Distributed income of corporations (dividends)             | 35.9                   | 46.4   | 54.8   | 62.4   | 68.7   | 69.9   | 68.2   | 56.0   |
| 14      | Reinvested earnings on foreign direct investment           | 8.3                    | 8.8    | 9.6    | 8.4    | 11.1   | 15.9   | 13.9   | 20.7   |
| 15      | Less uses of property income (paid)                        | 960.7                  | 1041.6 | 1176.9 | 1317.0 | 1395.1 | 1687.6 | 1625.7 | 1502.8 |
| 16      | Interest   | 844.0                  | 886.6  | 998.6  | 1131.1 | 1186.7 | 1445.9 | 1407.2 | 1273.4 |
| 17      | Distributed income of corporations                         | 115.6                  | 153.8  | 176.0  | 185.6  | 207.9  | 241.7  | 225.0  | 227.7  |
| 18      | Dividends  | 79.5                   | 106.2  | 122.8  | 130.6  | 139.7  | 167.0  | 158.0  | 157.8  |
| 19      | Withdrawals from income of quasi-corporations              | 36.1                   | 47.6   | 53.2   | 55.0   | 68.2   | 74.7   | 67.0   | 69.9   |
| 20      | Reinvested earnings on foreign direct investment           | 1.1                    | 1.2    | 2.3    | 0.3    | 0.5    | 0      | -6.5   | 1.7    |
| 21      | Rents  | 0                      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |

(continued)

**Table 11.8** (continued)

| Row No. | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|---------|--|--------|--------|--------|--------|--------|--------|--------|
| 22      | <i>Net national income/Balance of primary incomes, net</i> |        |        |        |        |        |        |        |
| 23      | 124.3  | 116.7  | 121.4  | 120.9  | 144.1  | 143.7  | 181.3  | 194.5  |
| 24      | 77.6   | 78.6   | 84.2   | 89.7   | 87.4   | 94.9   | 66.8   | 63.1   |
| 25      | 9.3  | 7.8    | -1.9   | 20.7   | 12.3   | 29.1   | 37.4   | 18.2   |
| 26      | 37.4   | 30.3   | 39.1   | 10.5   | 44.4   | 19.7   | 77.1   | 113.2  |
| 27      | 37.4   | 30.3   | 39.1   | 10.5   | 44.4   | 19.7   | 77.1   | 113.2  |
| 28      | <i>Capital account</i>                                     |        |        |        |        |        |        |        |
| 29      | 14.2   | 32.9   | 76.5   | 90.5   | 28.8   | 5.3    | -12.2  | -11.3  |
| 30      | 88.2   | 112.2  | 165.5  | 188.9  | 140.2  | 131.4  | 122.9  | 122.2  |
| 31      | 74.0   | 79.3   | 89.0   | 98.4   | 111.4  | 126.1  | 135.1  | 133.5  |
| 32      | 23.2   | -2.6   | -37.4  | -80.0  | 15.6   | 14.4   | 89.3   | 124.5  |
| 33      | <i>Financial account</i>                                   |        |        |        |        |        |        |        |
| 34      | 23.2   | -2.6   | -37.4  | -80.0  | 15.6   | 14.4   | 89.3   | 124.5  |
| 35      | 1511.3   | 1512.4 | 1984.0 | 2568.5 | 2467.9 | 2359.4 | 2771.5 | 1987.6 |
| 36      | 2.1  | -0.5   | -0.5   | -0.0   | -3.0   | -4.0   | -0.0   | -0.0   |
| 37      | 55.8   | 43.7   | 57.1   | 89.4   | 43.8   | 25.0   | 204.7  | 24.4   |
| 38      | 543.2  | 399.7  | 717.5  | 876.7  | 927.3  | 632.1  | 1003.4 | 933.4  |
| 39      | 583.8  | 554.6  | 639.6  | 950.8  | 1093.6 | 947.6  | 768.9  | 837.6  |
| 40      | 375.1  | 264.5  | 333.9  | 453.8  | 511.0  | 398.1  | 99.5   | 10.7   |
| 41      | 208.8  | 290.1  | 305.7  | 497.0  | 582.5  | 549.6  | 669.4  | 826.8  |
| 42      | 222.1  | 392.3  | 362.7  | 441.4  | 334.8  | 535.0  | 502.5  | 214.1  |
| 43      | 74.0   | 176.3  | 110.0  | 157.1  | -3.6   | 289.6  | 219.1  | 99.6   |
| 44      | 49.4   | 27.6   | 50.4   | 6.7    | 113.8  | 9.0    | 7.6    | 15.1   |

|              |  |        |        |        |        |        |        |        |        |
|--------------|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 43           | Money market mutual fund shares                          | 15.0   | 77.2   | 56.1   | 99.5   | 93.0   | 35.4   | 157.9  | -4.4   |
| 44           | Equity in government-sponsored enterprises               | 2.0    | 1.4    | 1.8    | 4.0    | 6.1    | 2.2    | 2.8    | 1.9    |
| 45           | U.S. direct investment abroad                            | 8.4    | 15.1   | 20.5   | 13.5   | 30.5   | 30.8   | 22.9   | 20.8   |
| 46           | Stock in Federal Reserve Banks                           | 0.3    | 0.6    | 0.8    | 0.5    | 0.5    | 0.6    | 0.4    | 1.0    |
| 47           | Investment in subsidiaries                               | 72.9   | 94.1   | 123.0  | 160.1  | 94.6   | 167.4  | 91.9   | 80.0   |
| 48           | <i>Insurance technical reserves</i>                      | 22.5   | 19.3   | 6.4    | 5.1    | -15.4  | -10.4  | 3.3    | 15.2   |
| 49           | <i>Other accounts receivable</i>                         | 81.8   | 103.2  | 201.3  | 205.1  | 86.8   | 234.1  | 288.6  | -37.1  |
| 50           | <i>Net incurrence of liabilities</i>                     | 1442.6 | 1494.0 | 2002.0 | 2632.3 | 2415.7 | 2496.2 | 2790.5 | 1997.7 |
| 51           | <i>Currency and deposits</i>                             | 162.7  | 174.1  | 239.2  | 268.5  | 334.4  | 248.7  | 520.9  | 384.2  |
| 52           | <i>Securities other than shares</i>                      | 435.4  | 484.2  | 527.8  | 919.6  | 954.9  | 754.5  | 846.4  | 823.6  |
| 53           | <i>Loans</i>   | 144.9  | 126.4  | 260.9  | 314.4  | 297.1  | 300.4  | 113.4  | 89.8   |
| 54           | Short-term   | 139.5  | 118.6  | 246.0  | 289.6  | 292.0  | 294.1  | 112.1  | 83.9   |
| 55           | Long-term (mortgages)                                    | 5.3    | 7.9    | 14.9   | 24.8   | 5.1    | 6.2    | 1.3    | 5.9    |
| 56           | <i>Shares and other equity</i>                           | 381.4  | 484.5  | 535.1  | 770.2  | 618.2  | 846.1  | 851.6  | 326.8  |
| 57           | Corporate equity issues                                  | -5.6   | -20.8  | -26.6  | 0.9    | -2.4   | 16.8   | 37.3   | 71.0   |
| 58           | Mutual fund shares                                       | 147.4  | 237.6  | 265.1  | 279.5  | 191.2  | 239.4  | 201.2  | 182.4  |
| 59           | Money market mutual fund shares                          | 141.2  | 145.4  | 155.9  | 287.2  | 249.1  | 233.3  | 428.6  | -16.8  |
| 60           | Equity in government-sponsored enterprises               | 2.0    | 1.5    | 1.8    | 4.1    | 6.1    | 2.2    | 2.8    | 2.0    |
| 61           | Foreign direct investment in U.S.                        | 4.3    | 14.5   | 4.9    | 34.4   | 42.2   | 140.1  | 80.0   | 16.7   |
| 62           | Equity in noncorporate business                          | 14.4   | 9.9    | 13.9   | 9.9    | 10.2   | 39.0   | 11.2   | -4.1   |
| 63           | Investment by parent                                     | 77.5   | 95.9   | 119.3  | 153.7  | 121.4  | 174.8  | 90.2   | 74.5   |
| 64           | Stock in Federal Reserve Banks                           | 0.3    | 0.6    | 0.8    | 0.5    | 0.5    | 0.6    | 0.4    | 1.0    |
| 65           | <i>Insurance technical reserves</i>                      | 250.0  | 220.9  | 273.6  | 263.3  | 180.6  | 217.6  | 294.2  | 335.2  |
| 66           | <i>Other accounts payable</i>                            | 68.3   | 3.8    | 165.3  | 96.2   | 30.5   | 128.9  | 164.0  | 38.1   |
| <i>Memo:</i> |  |        |        |        |        |        |        |        |        |
| 67           | Net lending or borrowing, financial account (rows 33-50) | 68.7   | 18.3   | -18.0  | -63.7  | 52.2   | -136.7 | -19.1  | -10.1  |

(continued)

**Table 11.8** (continued)

| Row No. |   | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---------|---|---------|---------|---------|---------|---------|---------|---------|---------|
|         | <i>Other changes in volume account</i>                      |         |         |         |         |         |         |         |         |
| 68      | Total other volume changes                                  | 49.8    | -7.3    | 21.7    | -4.3    | -48.7   | -156.5  | -104.3  | -205.3  |
| 69      | Other volume changes  | 4.2     | -28.2   | 2.3     | -20.5   | -85.2   | -5.4    | 4.1     | -70.7   |
| 70      | Less statistical discrepancy (rows 31-[33-50]) <sup>a</sup> | -45.5   | -20.9   | -19.4   | -16.2   | -36.5   | 151.1   | 108.4   | 134.6   |
|         | <i>Revaluation account</i>                                  |         |         |         |         |         |         |         |         |
| 71      | Nonfinancial assets   | 90.0    | 84.4    | 81.3    | 91.0    | 182.5   | 187.8   | 137.8   | 203.2   |
| 72      | Structures  | 79.5    | 80.3    | 83.8    | 94.7    | 177.2   | 177.4   | 131.2   | 213.2   |
| 73      | Equipment and software                                      | 10.5    | 4.1     | -2.5    | -3.7    | 5.3     | 10.4    | 6.6     | -10.0   |
| 74      | Financial assets  | 738.5   | 657.1   | 989.7   | 887.4   | 1421.7  | -615.0  | -1043.9 | -1423.1 |
| 75      | Corporate equities  | 660.0   | 588.7   | 873.4   | 770.7   | 1277.3  | -574.8  | -934.8  | -1258.5 |
| 76      | Mutual fund shares  | 81.1    | 67.0    | 126.9   | 110.1   | 143.3   | -32.2   | -105.3  | -171.1  |
| 77      | U.S. direct investment abroad                               | -2.6    | 1.4     | -8.9    | 6.6     | 1.2     | -8.1    | -3.8    | 6.5     |
| 78      | Liabilities   | 1095.9  | 981.3   | 1655.5  | 999.8   | 1209.2  | 82.3    | -1228.1 | -1684.0 |
| 79      | Corporate equity issues                                     | 395.6   | 371.2   | 711.6   | 174.3   | -128.6  | 715.1   | -230.8  | -354.0  |
| 80      | Mutual fund shares  | 228.0   | 252.0   | 381.9   | 344.2   | 734.1   | -342.5  | -501.0  | -679.6  |
| 81      | Foreign direct investment in U.S.                           | 10.9    | -7.4    | 21.6    | 0.6     | -19.7   | -21.1   | -15.3   | 8.4     |
| 82      | Equity in noncorporate business                             | -15.9   | -8.5    | -9.3    | -12.1   | -19.0   | -56.1   | -21.0   | -17.2   |
| 83      | Pension fund reserves                                       | 477.2   | 374.0   | 549.8   | 492.8   | 642.4   | -213.1  | -460.0  | -641.7  |
| 84      | Changes in net worth due to nominal holding gains/losses    | -267.3  | -239.9  | -584.6  | -21.4   | 395.1   | -509.6  | 322.0   | 464.1   |
|         | <i>Changes in balance sheet account</i>                     |         |         |         |         |         |         |         |         |
| 85      | Change in net worth (rows 28 + 31 + 68 + 84) <sup>b</sup>   | -180.2  | -216.9  | -523.8  | -15.2   | 390.9   | -646.4  | 294.7   | 372.0   |
|         | <i>Balance sheet account (end of period)</i>                |         |         |         |         |         |         |         |         |
| 86      | Total assets  | 23097.8 | 25366.6 | 28490.4 | 32128.5 | 36225.4 | 38162.8 | 40012.1 | 40706.1 |

|     |  |         |         |         |         |         |         |         |         |
|-----|--|---------|---------|---------|---------|---------|---------|---------|---------|
| 87  | <i>Nonfinancial assets</i>                 | 1883.5  | 1983.3  | 2111.0  | 2262.6  | 2450.4  | 2624.0  | 2730.9  | 2836.5  |
| 88  | Structures                                 | 1402.9  | 1467.7  | 1562.9  | 1663.5  | 1781.1  | 1899.2  | 1985.4  | 2081.0  |
| 89  | Equipment and software                     | 480.5   | 515.5   | 548.2   | 599.1   | 669.4   | 724.8   | 745.6   | 755.6   |
| 90  | <i>Financial assets</i>                    | 21214.3 | 23383.4 | 26379.4 | 29865.9 | 33775.0 | 35538.9 | 37281.1 | 37869.6 |
| 91  | <i>Monetary gold and SDRs</i>              | 21.2    | 20.8    | 20.2    | 20.2    | 17.2    | 13.2    | 13.2    | 13.2    |
| 92  | <i>Currency and deposits</i>               | 498.9   | 544.5   | 600.8   | 692.2   | 734.0   | 757.6   | 960.8   | 985.7   |
| 93  | <i>Securities other than shares</i>        | 7279.8  | 7653.2  | 8354.2  | 9230.9  | 10160.6 | 10792.8 | 11794.4 | 12727.9 |
| 94  | Open market paper                          | 525.7   | 578.1   | 714.4   | 835.6   | 1058.7  | 1225.6  | 1129.5  | 1014.4  |
| 95  | Treasury securities                        | 1606.8  | 1514.5  | 1557.7  | 1492.7  | 1432.8  | 1424.8  | 1447.9  | 1593.0  |
| 96  | Agency- and GSE-backed securities          | 1967.3  | 2099.7  | 2254.5  | 2610.3  | 3012.1  | 3243.2  | 3800.6  | 4391.4  |
| 97  | Municipal securities                       | 684.5   | 719.0   | 773.1   | 855.7   | 878.0   | 885.1   | 961.5   | 1010.8  |
| 98  | Corporate and foreign bonds                | 1989.2  | 2180.6  | 2452.9  | 2793.7  | 3094.9  | 3309.2  | 3689.2  | 3928.0  |
| 99  | Nonmarketable government securities        | 506.3   | 561.4   | 601.7   | 642.9   | 684.0   | 704.9   | 765.8   | 790.3   |
| 100 | <i>Loans</i>                               | 7301.7  | 7856.3  | 8495.9  | 9446.7  | 10542.0 | 11500.7 | 12269.3 | 13106.9 |
| 101 | Short-term                                 | 3104.9  | 3369.4  | 3703.3  | 4157.1  | 4668.4  | 5077.6  | 5176.8  | 5187.5  |
| 102 | Long-term (mortgages)                      | 4196.8  | 4486.9  | 4792.6  | 5289.6  | 5873.6  | 6423.1  | 7092.5  | 7919.4  |
| 103 | <i>Shares and other equity</i>             | 4505.2  | 5554.6  | 6906.9  | 8235.7  | 9992.3  | 9912.2  | 9370.8  | 8161.8  |
| 104 | Corporate equities                         | 3258.8  | 4023.8  | 5007.2  | 5935.0  | 7208.8  | 6923.6  | 6207.9  | 5049.1  |
| 105 | Mutual fund shares                         | 365.5   | 460.0   | 637.4   | 754.2   | 1011.2  | 988.0   | 890.3   | 734.3   |
| 106 | Money market mutual fund shares            | 180.5   | 257.7   | 312.2   | 411.6   | 504.6   | 540.0   | 697.9   | 693.5   |
| 107 | Equity in government-sponsored enterprises | 15.1    | 16.5    | 18.3    | 22.3    | 30.5    | 33.3    | 35.2    |         |
| 108 | U.S. direct investment abroad              | 106.8   | 123.3   | 134.9   | 155.0   | 186.6   | 209.4   | 228.5   | 255.8   |
| 109 | Stock in Federal Reserve Banks             | 4.0     | 4.6     | 5.4     | 6.0     | 6.4     | 7.0     | 7.4     | 8.4     |
| 110 | Investments and subsidiaries               | 574.4   | 668.5   | 791.5   | 951.7   | 1046.3  | 1213.7  | 1305.6  | 1385.6  |
| 111 | <i>Insurance technical reserves</i>        | 432.1   | 465.8   | 494.1   | 516.7   | 523.1   | 509.4   | 501.1   | 497.6   |
| 112 | <i>Other accounts receivable</i>           | 1175.4  | 1288.2  | 1507.2  | 1723.4  | 1805.8  | 2052.9  | 2371.4  | 2376.5  |
| 113 | <i>Total liabilities and net worth</i>     | 23097.8 | 25366.6 | 28490.4 | 32128.5 | 36225.4 | 38162.8 | 40012.1 | 40706.1 |

(continued)

**Table 11.8** (continued)

| Row No. |  | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|---------|--|---------|---------|---------|---------|---------|---------|---------|---------|
| 114     | <i>Liabilities</i>                         | 21864.6 | 24350.3 | 27997.9 | 31651.1 | 35357.2 | 37941.0 | 39495.5 | 39817.6 |
| 115     | <i>Currency and deposits</i>               | 4295.6  | 4471.5  | 4709.0  | 4979.4  | 5311.7  | 5564.2  | 6069.0  | 6450.3  |
| 116     | <i>Securities other than shares</i>        | 4122.2  | 4606.4  | 5125.1  | 6044.7  | 6999.6  | 7758.1  | 8601.9  | 9425.5  |
| 117     | Agency- and GSE-backed securities          | 2376.8  | 2608.2  | 2821.1  | 3292.0  | 3884.0  | 4317.4  | 4944.1  | 5498.1  |
| 118     | Corporate bonds                            | 1258.5  | 1419.1  | 1558.3  | 1846.0  | 2032.7  | 2226.0  | 2488.4  | 2821.5  |
| 119     | Commercial paper                           | 486.9   | 579.1   | 745.7   | 906.7   | 1082.9  | 1214.7  | 1169.4  | 1105.9  |
| 120     | <i>Loans</i>                               | 1097.7  | 1224.1  | 1485.0  | 1799.4  | 2096.5  | 2396.8  | 2522.9  | 2612.7  |
| 121     | Short-term                                 | 1073.6  | 1192.2  | 1438.2  | 1727.8  | 2019.8  | 2313.9  | 2438.7  | 2522.6  |
| 122     | Long-term (mortgages)                      | 24.1    | 31.9    | 46.8    | 71.6    | 76.7    | 82.9    | 84.2    | 90.1    |
| 123     | <i>Shares and other equity</i>             | 4537.7  | 5629.5  | 7270.3  | 8547.6  | 9732.5  | 10874.0 | 10957.6 | 10242.0 |
| 124     | Corporate equity issues                    | 1284.0  | 1634.3  | 2319.3  | 2494.5  | 2363.4  | 3095.3  | 2901.8  | 2618.8  |
| 125     | Mutual fund shares                         | 1852.8  | 2342.4  | 2989.4  | 3613.1  | 4538.5  | 4435.3  | 4135.5  | 3638.4  |
| 126     | Money market mutual fund shares            | 741.3   | 886.7   | 1042.5  | 1329.7  | 1578.8  | 1812.1  | 2240.7  | 2223.9  |
| 127     | Equity in government-sponsored enterprises | 18.3    | 19.7    | 21.5    | 25.5    | 31.6    | 33.8    | 36.5    | 38.5    |
| 128     | Foreign direct investment in U.S.          | 36.1    | 43.2    | 69.7    | 104.7   | 127.2   | 246.2   | 310.9   | 336.1   |
| 129     | Equity in noncorporate business            | 1.4     | 2.8     | 7.4     | 5.2     | -3.6    | -20.7   | -30.5   | -51.7   |
| 130     | Investment by parent                       | 599.9   | 695.8   | 815.1   | 968.8   | 1090.2  | 1265.0  | 1355.2  | 1429.8  |
| 131     | Stock in Federal Reserve Banks             | 4.0     | 4.6     | 5.4     | 6.0     | 6.4     | 7.0     | 7.4     | 8.4     |
| 132     | <i>Insurance technical reserves</i>        | 6851.7  | 7461.1  | 8301.5  | 9080.4  | 9940.2  | 9926.6  | 9733.0  | 9388.6  |
| 133     | <i>Other accounts payable</i>              | 959.7   | 957.7   | 1107.0  | 1199.7  | 1276.6  | 1421.2  | 1611.2  | 1698.4  |
| 134     | <i>Net worth</i>                           | 1233.2  | 1016.3  | 492.5   | 477.4   | 868.2   | 221.8   | 516.6   | 888.5   |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.

<sup>b</sup>Partial—does not include revaluation of tangible assets.

of a liability (included in line 50 of table 11.8) and as an acquisition of a financial asset (included in line 33).

A consequence of showing gross flows of the sector is that there are sizable revaluations of financial assets (line 74) and liabilities (line 78). As with other sector accounts, shares and other equity instruments were revalued for capital gains and losses. Other types of liabilities, such as bonds and mortgages, were not revalued. Past efforts by staff at the FRB found little impact on net worth of sector balance sheets when liabilities other than equities were revalued. However, that work predated the recent down-shift in interest rates, and it was not applied to the financial business sector as defined in draft SNA-USA.

While draft SNA-USA shows an account for other changes in volume for financial corporations, the data are not well developed. In particular, debt write-offs are not included. Rather, they are reflected in changes in the flows in the financial account. A better articulation of such information would likely make analysis of business and household financing in the economy clearer, and the draft SNA-USA format provides a focused means for eventually recording the figures as they are developed.

The change in net worth for the financial business sector (and for the government sectors that follow) is calculated using the same factors as for the household and nonfinancial business sectors, with an important exception. Data are available only for reproducible assets, which include structures; data are not available for the market value of real estate, which combines the value of structures and land. As a result, the change in net worth (line 85) and the level of net worth (line 134) are limited. The change excludes revaluations of real estate, and the level excludes the market value of real estate but includes the current cost value of structures.

### 11.3.6 Government Sectors (tables 11.9 and 11.10)

In the government sectors, current surpluses (deficits) are measured by net saving (line 24 of both tables 11.9 and 11.10). Net lending or borrowing (line 32) in the capital account provides a broader measure of the surplus/deficit, by taking into account investment in fixed assets; it is the measure most akin to the budget surplus/deficit reported by U.S. Office of Management and Budget (OMB).

The capital account also shows the net acquisition of *nonproduced* nonfinancial assets (line 31 in both tables). The federal government has been a seller of such assets, which include the sale of electromagnetic spectrum rights and leasing of offshore drilling rights. For state and local governments, acquisition of nonproduced assets reflects net purchases of land and access rights for roads. The counterparty for the government sales, leases, and purchases is the nonfinancial corporate business sector.

The revaluation and balance sheet account for the government sectors is limited by the lack of information for real estate values, the same as is the



**Table 11.9 Federal government (billions of dollars)**

| Row No.                |  | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Current account</i> |  |        |        |        |        |        |        |        |        |
| 1                      | <i>Gross domestic product (GDP)/Gross value added</i>      | 338.7  | 343.7  | 349.3  | 352.9  | 361.9  | 378.7  | 386.9  | 408.9  |
| 2                      | <i>Less consumption of fixed capital</i>                   | 81.9   | 82.0   | 82.5   | 82.8   | 84.8   | 87.2   | 88.2   | 89.1   |
| 3                      | <i>Equals net domestic product/Net value added</i>         | 256.9  | 261.6  | 266.8  | 270.1  | 277.0  | 291.6  | 298.7  | 319.8  |
| 4                      | Compensation of employees (paid)                           | 257.5  | 262.9  | 266.5  | 270.0  | 277.4  | 293.9  | 302.8  | 323.0  |
| 5                      | Wages and salaries   | 174.7  | 175.7  | 177.3  | 179.7  | 184.3  | 195.8  | 200.5  | 213.3  |
| 6                      | Employers' social contributions                            | 82.8   | 87.2   | 89.2   | 90.3   | 93.1   | 98.1   | 102.3  | 109.7  |
| 7                      | Operating surplus, net                                     | -0.6   | -1.2   | 0.3    | 0.1    | -0.3   | -2.3   | -4.1   | -3.1   |
| 8                      | <i>Net national income/Balance of primary incomes, net</i> | -225.1 | -232.3 | -228.0 | -231.1 | -221.4 | -216.3 | -199.0 | -161.5 |
| 9                      | Operating surplus, net                                     | -0.6   | -1.2   | 0.3    | 0.1    | -0.3   | -2.3   | -4.1   | -3.1   |
| 10                     | Taxes on production and imports, receivable                | 75.9   | 73.2   | 78.2   | 81.1   | 83.9   | 87.8   | 86.0   | 87.6   |
| 11                     | Subsidies (paid)   | -33.7  | -34.0  | -32.4  | -35.0  | -43.8  | -43.8  | -47.6  | -37.2  |
| 12                     | Property income (received)                                 | 23.7   | 26.9   | 25.9   | 21.5   | 21.5   | 25.2   | 24.4   | 20.6   |
| 13                     | Interest   | 21.2   | 23.0   | 21.4   | 17.7   | 18.0   | 20.1   | 17.9   | 15.9   |
| 14                     | Rents  | 2.5    | 4.0    | 4.5    | 3.8    | 3.5    | 5.1    | 6.5    | 4.7    |
| 15                     | Less uses of property income (interest paid)               | 290.4  | 297.3  | 300.0  | 298.8  | 282.7  | 283.3  | 257.5  | 229.3  |
| 16                     | <i>Net national income/Balance of primary incomes, net</i> | -225.1 | -232.3 | -228.0 | -231.1 | -221.4 | -216.3 | -199.0 | -161.5 |
| 17                     | Plus current taxes on income, wealth, etc. (received)      | 769.2  | 859.2  | 952.4  | 1035.8 | 1111.9 | 1225.8 | 1168.9 | 993.1  |
| 18                     | Plus social benefits (received)                            | 519.2  | 542.8  | 576.4  | 613.8  | 651.6  | 691.7  | 715.4  | 736.7  |
| 19                     | Less social contributions (paid)                           | 642.7  | 680.0  | 706.3  | 719.2  | 738.0  | 772.5  | 840.2  | 920.0  |
| 20                     | Plus other current transfers (received)                    | 19.1   | 23.1   | 19.9   | 21.5   | 22.7   | 25.7   | 27.4   | 25.8   |
| 21                     | Less other current transfers (paid)                        | 196.3  | 208.2  | 212.5  | 227.4  | 248.0  | 265.6  | 290.3  | 323.4  |
| 22                     | <i>Equals disposable income, net</i>                       | 243.5  | 304.5  | 401.9  | 493.4  | 578.7  | 688.8  | 582.2  | 350.8  |
| 23                     | Less final consumption expenditures                        | 440.5  | 446.3  | 457.7  | 454.6  | 475.1  | 499.3  | 531.7  | 590.8  |
| 24                     | <i>Equals net saving</i>                                   | -197.0 | -141.8 | -55.8  | 38.8   | 103.6  | 189.5  | 50.5   | -240.0 |

|                          |  |        |        |       |       |       |       |       |        |  |
|--------------------------|--|--------|--------|-------|-------|-------|-------|-------|--------|--|
| <i>Capital account</i>   |  |        |        |       |       |       |       |       |        |  |
| 25                       | Net saving and capital transfers                                     | -209.8 | -152.5 | -64.2 | 35.3  | 96.3  | 181.4 | 37.7  | -258.8 |  |
| 26                       | Net saving   | -197.0 | -141.8 | -55.8 | 38.8  | 103.6 | 189.5 | 50.5  | -240.0 |  |
| 27                       | Capital transfers received (net)                                     | -12.8  | -10.7  | -8.5  | -3.6  | -7.4  | -8.1  | -12.9 | -18.7  |  |
| 28                       | Capital formation, net   | -10.5  | -4.7   | -17.0 | -12.6 | -5.0  | -8.0  | -7.8  | -0.2   |  |
| 29                       | Gross fixed capital formation (acq. of produced nonfinancial assets) | 78.7   | 81.1   | 73.2  | 75.8  | 80.8  | 79.5  | 81.2  | 88.7   |  |
| 30                       | Less consumption of fixed capital                                    | 81.9   | 82.0   | 82.5  | 82.8  | 84.8  | 87.2  | 88.2  | 89.1   |  |
| 31                       | Acq. of nonproduced nonfinancial assets                              | -7.4   | -3.8   | -7.6  | -5.7  | -1.0  | -0.3  | -0.7  | 0.2    |  |
| 32                       | Net lending or borrowing, capital account (rows 25-28)               | -199.3 | -147.8 | -47.3 | 47.9  | 101.3 | 189.3 | 45.4  | -258.7 |  |
| <i>Financial account</i> |  |        |        |       |       |       |       |       |        |  |
| 33                       | Net lending or borrowing (row 32)                                    | -199.3 | -147.8 | -47.3 | 47.9  | 101.3 | 189.3 | 45.4  | -258.7 |  |
| 34                       | Net acquisition of financial assets                                  | -11.5  | 2.5    | -12.6 | -8.6  | 71.4  | -70.7 | 51.2  | 16.6   |  |
| 35                       | Monetary gold and SDRs   | 0.8    | -0.4   | 0.4   | 0.1   | -0.0  | 0.7   | 0.6   | 0.8    |  |
| 36                       | Currency and deposits  | 6.1    | 9.8    | 2.5   | -9.6  | 60.4  | -65.5 | 49.2  | 6.4    |  |
| 37                       | Official foreign exchange  | 3.2    | -3.8   | -1.5  | 0.8   | -1.6  | 0.9   | 0.3   | 1.9    |  |
| 38                       | Net IMF position   | 2.5    | 1.3    | 3.6   | 5.1   | -5.5  | -2.3  | 3.6   | 6.1    |  |
| 39                       | Currency and transferable deposits                                   | -0.0   | 11.0   | -0.5  | -16.7 | 66.2  | -65.1 | 41.1  | -18.7  |  |
| 40                       | Time and savings deposits  | 0.3    | 1.4    | 1.0   | 1.3   | 0.7   | 1.0   | 4.2   | 17.1   |  |
| 41                       | Nonofficial foreign currencies                                       | 0.3    | -0.1   | -0.0  | -0.1  | 0.6   | 0.0   | -0.1  | 0.1    |  |
| 42                       | Loans  | -7.0   | -1.3   | 3.1   | 11.6  | 6.4   | 11.6  | 6.0   | 9.8    |  |
| 43                       | Short-term   | 6.6    | 5.9    | 7.6   | 12.5  | 6.4   | 12.5  | 7.1   | 9.2    |  |
| 44                       | Consumer credit  | 3.2    | 7.7    | 10.8  | 9.0   | 13.6  | 16.1  | 13.1  | 12.7   |  |
| 45                       | Other loans and advances   | 3.4    | -1.8   | -3.1  | 3.4   | -7.1  | -3.6  | -5.9  | -3.4   |  |
| 46                       | Long-term (mortgages)  | -13.5  | -7.2   | -4.5  | -0.8  | -0.1  | -0.9  | -1.1  | 0.5    |  |
| 47                       | Shares and other equity  | 1.5    | 1.8    | 1.6   | 1.6   | 1.5   | 1.5   | 1.7   | 1.7    |  |
| 48                       | Equity in international organizations                                | 1.5    | 1.8    | 1.6   | 1.6   | 1.5   | 1.5   | 1.7   | 1.7    |  |

(continued)

**Table 11.9** (continued)

| Row No.      |  | 1995   | 1996   | 1997  | 1998  | 1999  | 2000   | 2001  | 2002   |
|--------------|--|--------|--------|-------|-------|-------|--------|-------|--------|
| 49           | Equity in government-sponsored enterprises               | 0      | 0      | 0     | 0     | 0     | 0      | 0     | 0      |
| 50           | <i>Other accounts receivable</i>                         | -13.0  | -7.4   | -20.1 | -12.4 | 3.2   | -19.1  | -6.3  | -2.0   |
| 51           | Trade receivables  | -1.6   | 0.9    | -3.2  | 1.5   | 4.6   | 5.3    | 7.3   | -3.3   |
| 52           | Taxes receivable   | -7.5   | 0.0    | -10.0 | -8.9  | 1.6   | -21.5  | -13.4 | 2.8    |
| 53           | Other (miscellaneous assets)                             | -3.8   | -8.4   | -7.0  | -5.0  | -3.0  | -2.9   | -0.3  | -1.5   |
| 54           | <i>Net incurrence of liabilities</i>                     | 169.0  | 198.1  | 56.5  | -24.6 | -34.0 | -268.7 | 53.5  | 285.9  |
| 55           | <i>Monetary gold and SDRs (SDR certificates)</i>         | 2.2    | -0.5   | -0.5  | 0     | -3.0  | -4.0   | 0     | 0      |
| 56           | <i>Currency and deposits (treasury currency)</i>         | 0.7    | 0.5    | 0.5   | 0.6   | 1.0   | 2.4    | 1.3   | 1.0    |
| 57           | <i>Securities other than shares</i>                      | 144.4  | 144.9  | 23.1  | -52.6 | -71.2 | -295.9 | -5.6  | 257.5  |
| 58           | Treasury securities including savings bonds              | 142.9  | 146.6  | 23.2  | -54.6 | -71.0 | -294.9 | -5.0  | 257.0  |
| 59           | Federal agency securities                                | 1.5    | -1.6   | -0.1  | 2.0   | -0.2  | -1.0   | -0.5  | 0.5    |
| 60           | <i>Insurance technical reserves</i>                      | 21.8   | 55.7   | 42.0  | 42.5  | 42.5  | 22.3   | 62.2  | 26.1   |
| 61           | Insurance reserves                                       | 1.0    | 0.6    | 1.7   | 1.3   | 1.4   | 1.4    | 1.4   | 1.6    |
| 62           | Nonmarketable securities held by pension plans           | 20.8   | 55.1   | 40.3  | 41.2  | 41.1  | 20.9   | 60.8  | 24.5   |
| 63           | <i>Other accounts payable</i>                            | -0.1   | -2.6   | -8.6  | -15.1 | -3.4  | 6.4    | -4.5  | 1.3    |
| 64           | Trade payables   | -4.6   | 0.7    | -8.8  | -8.0  | -0.4  | 4.4    | 3.4   | 1.8    |
| 65           | Other (miscellaneous liabilities)                        | 4.5    | -3.3   | 0.3   | -7.1  | -2.9  | 2.0    | -7.8  | -0.4   |
| <i>Memo:</i> |  |        |        |       |       |       |        |       |        |
| 66           | Net lending or borrowing, financial account (rows 34-54) | -180.4 | -195.6 | -69.1 | 16.0  | 105.4 | 198.0  | -2.3  | -269.3 |

*Other changes in volume account*

|    |   |       |       |       |       |      |      |      |       |
|----|---|-------|-------|-------|-------|------|------|------|-------|
| 67 | <i>Total other volume changes</i>                           | 29.8  | -48.2 | -11.6 | -28.7 | 46.0 | 36.2 | -4.5 | -29.2 |
| 68 | Other volume changes  | 11.0  | -0.4  | 10.3  | 3.2   | 41.9 | 27.5 | 43.2 | -18.5 |
| 69 | Less statistical discrepancy (rows 32-[34-54]) <sup>a</sup> | -18.8 | 47.9  | 21.8  | 31.9  | -4.1 | -8.7 | 47.7 | 10.6  |

|  | <i>Revaluation account</i> |        |        |        |        |        |        |        |  |  |
|--|----------------------------|--------|--------|--------|--------|--------|--------|--------|--|--|
| 70 <i>Nonfinancial assets</i>                                      |                            |        |        |        |        |        |        |        |  |  |
| 71 Structures  | 45.7                       | 33.6   | 40.7   | 27.0   | 44.1   | 41.6   | 33.4   | 30.8   |  |  |
| 72 Equipment and software  | 38.0                       | 33.7   | 40.9   | 30.3   | 38.4   | 43.0   | 32.6   | 30.0   |  |  |
|  | 7.6                        | -0.2   | -0.2   | -3.3   | 5.7    | -1.4   | 0.8    | 0.8    |  |  |
| 73 <i>Financial assets</i>   |                            |        |        |        |        |        |        |        |  |  |
| 74 Currency and checkable deposits                                 | 0.3                        | -0.8   | -1.6   | 1.3    | -0.9   | -1.3   | -1.0   | -1.4   |  |  |
| 75 Monetary gold, SDRs, and official foreign exchange              | -5.6                       | 5.2    | 3.8    | -1.7   | -1.4   | 1.4    | 1.5    | -0.6   |  |  |
|  | 6.0                        | -6.0   | -5.4   | 3.1    | 0.5    | -2.7   | -2.5   | -0.8   |  |  |
| 76 <i>Changes in net worth due to nominal holding gains/losses</i> | 46.0                       | 32.7   | 39.1   | 28.3   | 43.2   | 40.3   | 32.4   | 29.4   |  |  |
| <i>Changes in balance sheet account</i>                            |                            |        |        |        |        |        |        |        |  |  |
| 77 <i>Change in net worth (rows 28 + 32 + 67 + 76)<sup>b</sup></i> | -133.9                     | -168.0 | -36.6  | 34.9   | 185.5  | 257.8  | 65.6   | -258.6 |  |  |
| <i>Balance sheet account (end of period)</i>                       |                            |        |        |        |        |        |        |        |  |  |
| 78 <i>Total assets</i>   | 1756.3                     | 1790.3 | 1809.3 | 1826.8 | 1981.0 | 1967.9 | 2094.6 | 2122.2 |  |  |
| 79 <i>Nonfinancial assets</i>                                      | 1314.4                     | 1343.2 | 1367.0 | 1381.4 | 1420.5 | 1454.1 | 1479.8 | 1510.4 |  |  |
| 80 Structures  | 787.7                      | 819.0  | 848.5  | 869.4  | 901.9  | 936.5  | 959.2  | 987.0  |  |  |
| 81 Equipment and software  | 526.7                      | 524.3  | 518.4  | 511.9  | 518.6  | 517.6  | 520.6  | 523.4  |  |  |
| 82 <i>Financial assets</i>   | 441.9                      | 447.1  | 442.3  | 445.4  | 560.5  | 513.8  | 614.9  | 611.8  |  |  |
| 83 <i>Monetary gold and SDRs</i>                                   | 11.0                       | 10.3   | 10.0   | 10.6   | 10.3   | 10.5   | 10.8   | 12.2   |  |  |
| 84 <i>Currency and deposits</i>                                    | 68.1                       | 77.4   | 79.0   | 70.3   | 130.0  | 63.7   | 112.3  | 116.8  |  |  |
| 85 Official foreign exchange                                       | 28.0                       | 19.0   | 13.8   | 16.2   | 16.0   | 15.6   | 14.4   | 16.9   |  |  |
| 86 Net IMF position  | 14.7                       | 15.5   | 18.2   | 24.2   | 18.0   | 14.9   | 17.9   | 22.1   |  |  |
| 87 Currency and transferable deposits                              | 22.2                       | 38.3   | 41.6   | 23.2   | 87.9   | 24.3   | 66.9   | 47.5   |  |  |
| 88 Time and savings deposits                                       | 0.9                        | 2.4    | 3.4    | 4.7    | 5.4    | 6.3    | 10.5   | 27.6   |  |  |
| 89 Nonofficial foreign currencies                                  | 2.3                        | 2.2    | 2.1    | 2.0    | 2.6    | 2.6    | 2.6    | 2.7    |  |  |
| 90 <i>Loans</i>  | 207.8                      | 206.5  | 209.8  | 221.6  | 261.1  | 272.7  | 278.7  | 288.5  |  |  |
| 91 Short-term  | 150.3                      | 156.3  | 164.1  | 176.7  | 183.3  | 195.8  | 203.0  | 212.2  |  |  |
| 92 Consumer credit   | 9.9                        | 17.6   | 28.3   | 37.4   | 50.9   | 67.0   | 80.1   | 92.8   |  |  |
| 93 Other loans and advances  | 140.5                      | 138.7  | 135.7  | 139.3  | 132.4  | 128.8  | 122.9  | 119.4  |  |  |
| 94 Long-term (mortgages)   | 57.5                       | 50.3   | 45.7   | 44.9   | 77.7   | 76.9   | 75.8   | 76.3   |  |  |

(continued)

**Table 11.9** (continued)

| Row No.  | 1995    | 1996    | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| 95 <i>Shares and other equity</i>                    | 27.4    | 29.2    | 30.8    | 32.4    | 33.9    | 35.4    | 37.1    | 38.7    |
| 96 Equity in international organizations             | 27.4    | 29.2    | 30.8    | 32.4    | 33.9    | 35.4    | 37.1    | 38.7    |
| 97 Equity in government-sponsored enterprises        | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| 98 <i>Other accounts receivable</i>                  | 127.5   | 123.6   | 112.6   | 110.5   | 125.3   | 131.5   | 176.0   | 155.7   |
| 99 Trade receivables                                 | 23.1    | 24.0    | 20.8    | 22.3    | 22.9    | 28.1    | 35.5    | 32.2    |
| 100 Taxes receivable                                 | 17.3    | 20.7    | 20.0    | 21.4    | 38.5    | 42.4    | 79.8    | 64.3    |
| 101 Other (miscellaneous assets)                     | 87.2    | 78.8    | 71.9    | 66.9    | 63.9    | 61.0    | 60.7    | 59.2    |
| 102 <i>Total liabilities and net worth</i>           | 1756.3  | 1790.3  | 1809.3  | 1826.8  | 1981.0  | 1967.9  | 2094.6  | 2122.2  |
| 103 <i>Liabilities</i>                               | 4289.2  | 4491.2  | 4546.8  | 4529.4  | 4498.1  | 4227.2  | 4288.3  | 4574.5  |
| 104 <i>Monetary gold and SDRs (SDR certificates)</i> | 10.2    | 9.7     | 9.2     | 9.2     | 6.2     | 2.2     | 2.2     | 2.2     |
| 105 <i>Currency and deposits (treasury currency)</i> | 18.3    | 18.9    | 19.3    | 19.9    | 20.9    | 23.2    | 24.5    | 25.5    |
| 106 <i>Securities other than shares</i>              | 3636.7  | 3781.7  | 3804.8  | 3752.2  | 3681.0  | 3385.1  | 3379.5  | 3637.0  |
| 107 Treasury securities including savings bonds      | 3608.5  | 3755.1  | 3778.3  | 3723.7  | 3652.7  | 3357.8  | 3352.7  | 3609.8  |
| 108 Federal agency securities                        | 28.2    | 26.6    | 26.5    | 28.5    | 28.3    | 27.3    | 26.8    | 27.3    |
| 109 <i>Insurance technical reserves</i>              | 536.2   | 591.9   | 634.0   | 676.5   | 719.0   | 741.3   | 803.6   | 829.7   |
| 110 Insurance reserves                               | 29.9    | 30.5    | 32.3    | 33.6    | 35.0    | 36.4    | 37.8    | 39.4    |
| 111 Nonmarketable securities held by pension plans   | 506.3   | 561.4   | 601.7   | 642.9   | 684.0   | 704.9   | 765.8   | 790.3   |
| 112 <i>Other accounts payable</i>                    | 87.7    | 89.0    | 79.6    | 71.7    | 71.1    | 75.4    | 78.6    | 80.1    |
| 113 Trade payables                                   | 81.1    | 81.8    | 72.9    | 65.0    | 64.5    | 69.0    | 72.3    | 74.1    |
| 114 Other (miscellaneous liabilities)                | 6.7     | 7.3     | 6.6     | 6.7     | 6.6     | 6.4     | 6.2     | 6.0     |
| 115 <i>Net worth</i>                                 | -2532.9 | -2700.9 | -2737.6 | -2702.6 | -2517.2 | -2259.3 | -2193.7 | -2452.3 |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.

<sup>b</sup>Partial—does not include revaluation of tangible assets.

**Table 11.10 State and local governments (excludes employee retirement funds; billions of dollars)**

| Row No.                |  | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002   |
|------------------------|--|-------|-------|-------|-------|-------|-------|-------|--------|
| <i>Current account</i> |  |       |       |       |       |       |       |       |        |
| 1                      | <i>Gross domestic product (GDP)/Gross value added</i>      | 666.7 | 693.0 | 720.4 | 752.6 | 790.5 | 834.4 | 883.8 | 930.9  |
| 2                      | <i>Less consumption of fixed capital</i>                   | 83.1  | 87.2  | 91.6  | 96.2  | 102.1 | 109.8 | 117.7 | 121.7  |
| 3                      | <i>Equals net domestic product/Net value added</i>         | 583.6 | 605.8 | 628.8 | 656.4 | 688.4 | 724.6 | 766.1 | 809.1  |
| 4                      | Compensation of employees (paid)                           | 571.5 | 591.9 | 616.5 | 646.2 | 677.9 | 716.9 | 760.8 | 803.2  |
| 5                      | Wages and salaries   | 450.8 | 468.7 | 490.8 | 517.5 | 545.0 | 578.9 | 615.2 | 646.6  |
| 6                      | Employers' social contributions                            | 120.7 | 123.2 | 125.7 | 128.7 | 132.9 | 138.1 | 145.6 | 156.6  |
| 7                      | Operating surplus, net                                     | 12.0  | 13.9  | 12.3  | 10.2  | 10.4  | 7.7   | 5.4   | 5.9    |
| 8                      | <i>Net national income/Balance of primary incomes, net</i> | 498.3 | 526.6 | 552.0 | 575.9 | 610.9 | 640.8 | 650.6 | 682.9  |
| 9                      | Operating surplus, net                                     | 12.0  | 13.9  | 12.3  | 10.2  | 10.4  | 7.7   | 5.4   | 5.9    |
| 10                     | Taxes on production and imports, receivable                | 482.4 | 507.9 | 533.8 | 558.8 | 590.2 | 621.1 | 643.8 | 672.5  |
| 11                     | Subsidies (paid)   | -0.3  | -0.3  | -0.4  | -0.4  | -0.4  | -0.5  | -7.7  | -1.0   |
| 12                     | Property income (received) 68.4                            | 73.3  | 77.8  | 80.9  | 85.3  | 92.2  | 95.6  | 95.5  |        |
| 13                     | Interest   | 62.9  | 67.3  | 71.5  | 74.6  | 78.4  | 84.0  | 86.7  | 86.0   |
| 14                     | Distributed income of corporations (dividends)             | 1.0   | 1.4   | 1.5   | 1.7   | 1.8   | 1.9   | 2.0   | 2.1    |
| 15                     | Rents  | 4.5   | 4.6   | 4.8   | 4.6   | 5.1   | 6.3   | 7.0   | 7.4    |
| 16                     | Less uses of property income (interest paid)               | 64.2  | 68.1  | 71.4  | 73.6  | 74.6  | 79.5  | 86.6  | 89.9   |
| 17                     | <i>Net national income/Balance of primary incomes, net</i> | 498.3 | 526.6 | 552.0 | 575.9 | 610.9 | 640.8 | 650.6 | 682.9  |
| 18                     | Plus current taxes on income, wealth, etc. (received)      | 189.8 | 201.7 | 216.1 | 236.1 | 250.3 | 272.2 | 273.9 | 253.0  |
| 19                     | Plus social benefits (received)                            | 13.6  | 12.5  | 10.8  | 10.4  | 9.8   | 11.0  | 13.2  | 13.5   |
| 20                     | Less social contributions (paid)                           | 217.6 | 224.3 | 227.6 | 235.8 | 252.4 | 271.7 | 305.1 | 332.3  |
| 21                     | Plus other current transfers (received)                    | 224.1 | 234.1 | 246.6 | 266.8 | 290.8 | 315.4 | 350.8 | 384.2  |
| 22                     | <i>Equals disposable income, net</i>                       | 708.1 | 750.6 | 798.0 | 853.3 | 909.3 | 967.7 | 983.4 | 1001.4 |
| 23                     | Less final consumption expenditures                        | 696.1 | 724.8 | 758.9 | 801.4 | 858.9 | 917.8 | 966.1 | 1004.6 |
| 24                     | <i>Equals net saving</i>                                   | 12.0  | 25.8  | 39.1  | 52.0  | 50.4  | 50.0  | 17.3  | -3.2   |

(continued)

**Table 11.10** (continued)

| Row No.                  |  | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  |
|--------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|
| <i>Capital account</i>   |  |       |       |       |       |       |       |       |       |
| 25                       | <i>Net saving and capital transfers</i>                              | 44.4  | 59.7  | 74.4  | 88.0  | 90.3  | 93.8  | 65.8  | 48.4  |
| 26                       | Net saving   | 12.0  | 25.8  | 39.1  | 52.0  | 50.4  | 50.0  | 17.3  | -3.2  |
| 27                       | Capital transfers received (net)                                     | 32.4  | 33.9  | 35.3  | 36.0  | 39.9  | 43.7  | 48.5  | 51.7  |
| 28                       | <i>Capital formation, net</i>  | 77.4  | 82.6  | 93.2  | 97.9  | 112.6 | 124.0 | 126.8 | 135.3 |
| 29                       | Gross fixed capital formation (acq. of produced nonfinancial assets) | 154.0 | 163.8 | 178.9 | 186.5 | 206.1 | 225.1 | 235.8 | 248.4 |
| 30                       | Less consumption of fixed capital                                    | 83.1  | 87.2  | 91.6  | 96.2  | 102.1 | 109.8 | 117.7 | 121.7 |
| 31                       | Acq. of nonproduced nonfinancial assets                              | 6.6   | 6.1   | 5.9   | 7.6   | 8.6   | 8.8   | 8.6   | 8.6   |
| 32                       | <i>Net lending or borrowing, capital account (rows 25-28)</i>        | -33.0 | -22.9 | -18.8 | -9.9  | -22.3 | -30.3 | -61.0 | -86.9 |
| <i>Financial account</i> |  |       |       |       |       |       |       |       |       |
| 33                       | <i>Net lending or borrowing (row 32)</i>                             | -33.0 | -22.9 | -18.8 | -9.9  | -22.3 | -30.3 | -61.0 | -86.9 |
| 34                       | <i>Net acquisition of financial assets</i>                           | -31.7 | 13.8  | 25.4  | 146.9 | 77.5  | 35.8  | 91.5  | 86.6  |
| 35                       | <i>Currency and deposits</i>   | 10.0  | 5.1   | 10.2  | 8.9   | 14.9  | 10.4  | 12.7  | 25.6  |
| 36                       | Currency and transferable deposits                                   | 3.4   | -5.5  | 4.4   | -3.9  | 3.9   | 1.0   | 5.1   | 8.5   |
| 37                       | Time and savings deposits  | 6.6   | 10.6  | 5.8   | 12.8  | 11.0  | 9.4   | 7.7   | 17.1  |
| 38                       | <i>Securities other than shares</i>                                  | -94.7 | -37.5 | -3.6  | 130.3 | 24.1  | -22.3 | 55.9  | 20.8  |
| 39                       | Open market paper  | 17.1  | 20.3  | 14.3  | 28.0  | 6.9   | 22.6  | -26.5 | -3.8  |
| 40                       | Treasury securities  | -80.2 | -32.8 | -17.7 | 30.0  | -2.5  | -29.1 | 50.2  | 22.1  |
| 41                       | Agency- and GSE-backed securities                                    | -35.1 | -35.3 | -0.8  | 63.6  | 11.0  | -18.0 | 19.9  | 2.1   |
| 42                       | Municipal securities   | -3.5  | -0.5  | -0.7  | -1.4  | -1.5  | 0.6   | 0.3   | -1.4  |
| 43                       | Corporate and foreign bonds  | 7.1   | 10.7  | 1.3   | 10.2  | 10.1  | 1.7   | 11.9  | 1.8   |





**Table 11.10** (continued)

| Row No.  | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|--|--|--------|--------|--------|--------|--------|--------|--------|
|  | <i>Revaluation account</i>                   |        |        |        |        |        |        |        |
| 63 Nonfinancial assets                                       | 98.1   | 80.3   | 101.2  | 86.5   | 132.1  | 175.6  | 90.7   | 97.0   |
| 64 Structures  | 96.2   | 81.3   | 104.1  | 88.6   | 132.5  | 175.5  | 83.8   | 90.0   |
| 65 Equipment and software                                    | 1.9  | -0.9   | -2.9   | -2.1   | -0.4   | 0.0    | 6.9    | 7.0    |
| 66 Shares and other equity                                   | 3.5  | 6.2    | 15.3   | 13.7   | 9.5    | 1.2    | -11.6  | -20.1  |
| 67 Changes in net worth due to nominal holding gains/losses  | 101.5  | 86.5   | 116.5  | 100.1  | 141.6  | 176.8  | 79.1   | 76.9   |
|  | <i>Changes in balance sheet account</i>      |        |        |        |        |        |        |        |
| 68 Change in net worth (rows 28 + 32 + 60 + 67) <sup>b</sup> | 175.5  | 161.7  | 146.9  | 233.2  | 254.6  | 292.5  | 178.0  | 150.5  |
|  | <i>Balance sheet account (end of period)</i> |        |        |        |        |        |        |        |
| 69 Total assets  | 4212.7                                       | 4389.5 | 4609.3 | 4940.6 | 5262.8 | 5598.1 | 5907.1 | 6226.0 |
| 70 Nonfinancial assets                                       | 3218.6                                       | 3381.5 | 3575.9 | 3760.3 | 4005.0 | 4304.6 | 4522.1 | 4754.4 |
| 71 Structures  | 3059.7                                       | 3213.9 | 3400.8 | 3574.6 | 3805.6 | 4091.2 | 4288.7 | 4501.0 |
| 72 Equipment and software                                    | 158.9  | 167.7  | 175.1  | 185.7  | 199.4  | 213.4  | 233.4  | 253.4  |
| 73 Financial assets  | 994.1  | 1007.9 | 1033.3 | 1180.3 | 1257.8 | 1293.5 | 1385.0 | 1471.6 |
| 74 Currency and deposits                                     | 95.3   | 100.3  | 110.5  | 119.4  | 134.3  | 144.7  | 157.4  | 183.0  |
| 75 Currency and transferable deposits                        | 33.3   | 27.8   | 32.2   | 28.3   | 32.2   | 33.2   | 38.2   | 46.7   |
| 76 Time and savings deposits                                 | 62.0   | 72.6   | 78.4   | 91.1   | 102.1  | 111.5  | 119.2  | 136.3  |
| 77 Securities other than shares                              | 524.8  | 487.2  | 483.7  | 614.0  | 638.1  | 615.8  | 671.6  | 692.4  |
| 78 Open market paper   | 39.4   | 59.7   | 74.0   | 102.0  | 108.9  | 131.5  | 105.0  | 101.2  |
| 79 Treasury securities                                       | 289.8  | 257.0  | 239.3  | 269.3  | 266.8  | 237.7  | 287.9  | 310.0  |
| 80 Agency- and GSI-backed securities                         | 151.5  | 116.2  | 115.4  | 179.0  | 190.0  | 172.0  | 191.9  | 194.0  |

|    |  |        |        |        |        |        |        |        |        |
|----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 81 | Municipal securities                             | 5.1    | 4.6    | 3.9    | 2.5    | 1.0    | 1.6    | 1.9    | 0.5    |
| 82 | Corporate and foreign bonds                      | 39.0   | 47.7   | 51.0   | 61.2   | 71.3   | 73.0   | 84.9   | 86.7   |
| 83 | <i>Loans</i>                                     | 229.5  | 265.4  | 272.7  | 284.0  | 293.3  | 317.5  | 308.8  | 311.7  |
| 84 | Short-term (security RPs)                        | 115.7  | 147.8  | 151.4  | 158.5  | 163.5  | 183.3  | 169.9  | 167.7  |
| 85 | Long-term (mortgages)                            | 113.8  | 117.6  | 121.3  | 125.4  | 129.8  | 134.3  | 139.0  | 143.9  |
| 86 | <i>Shares and other equity</i>                   | 61.2   | 87.9   | 112.6  | 123.3  | 140.6  | 141.5  | 157.8  | 146.4  |
| 87 | Corporate equities                               | 26.2   | 46.8   | 79.0   | 102.0  | 115.0  | 115.1  | 126.3  | 112.9  |
| 88 | Mutual fund shares                               | 35.0   | 41.0   | 33.6   | 21.3   | 25.6   | 26.4   | 31.5   | 33.5   |
| 89 | <i>Other accounts receivable</i>                 | 83.4   | 67.1   | 53.9   | 39.6   | 51.6   | 74.1   | 89.3   | 138.2  |
| 90 | Taxes receivable                                 | 27.9   | 26.1   | 26.9   | 28.1   | 33.5   | 45.6   | 50.1   | 59.5   |
| 91 | Other (miscellaneous assets)                     | 55.4   | 41.0   | 27.0   | 11.5   | 18.1   | 28.5   | 39.2   | 78.6   |
| 92 | <i>Total liabilities and net worth</i>           | 4212.7 | 4389.5 | 4609.3 | 4940.6 | 5262.8 | 5598.1 | 5907.1 | 6226.0 |
| 93 | <i>Liabilities</i>                               | 1531.7 | 1546.7 | 1619.7 | 1717.8 | 1785.4 | 1828.3 | 1959.2 | 2127.6 |
| 94 | <i>Securities other than shares (municipals)</i> | 1035.3 | 1019.0 | 1061.8 | 1128.2 | 1167.1 | 1183.6 | 1289.2 | 1432.6 |
| 95 | Short-term                                       | 32.9   | 39.1   | 47.5   | 41.2   | 43.7   | 45.1   | 69.0   | 94.2   |
| 96 | Other  | 1002.4 | 979.9  | 1014.3 | 1087.1 | 1123.4 | 1138.5 | 1220.2 | 1338.4 |
| 97 | <i>Loans (short-term)</i>                        | 9.8    | 10.1   | 8.9    | 10.1   | 9.7    | 8.7    | 8.9    | 9.4    |
| 98 | <i>Other accounts payable (trade payables)</i>   | 486.7  | 517.6  | 549.0  | 579.5  | 608.6  | 635.9  | 661.1  | 685.6  |
| 99 | <i>Net worth</i>                                 | 2681.0 | 2842.7 | 2989.6 | 3222.8 | 3477.3 | 3769.8 | 3947.8 | 4098.4 |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.

<sup>b</sup>Partial—does not include revaluation of tangible assets.

case for the financial businesses sector. Estimates for real estate—actually for structures and land—are available in supplementary information in the federal government budget documents produced each year by OMB (OMB 2004). However, as noted by OMB, the data are somewhat rough and are provided for illustrative purposes in showing how a national balance sheet could be constructed; they have not been fully vetted by the agencies for use in national accounts. Moreover, there are no estimates for state and local governments. As a result, stocks in the balance sheet in draft SNA-USA are for reproducible tangible assets, financial assets, and liabilities.

In the past, the BEA and FRB have collaborated to compile a consolidated government sector. Both the NIPAs and FFAs have a consolidated sector, and doing so in SNA format should be a relatively straightforward exercise for the agencies in the future.

### 11.3.7 Rest-of-World Sector (table 11.11)

The rest-of-world sector is a mirror image of the international transactions accounts published by the BEA. In the current account, net saving, or the current external balance (table 11.11, line 8), is derived as the difference in foreign income received from U.S. residents and foreign outlays to U.S. residents. The capital account adds net capital transfers and subtracts acquisitions of nonproduced nonfinancial assets to derive net lending and borrowing to U.S. residents from the rest of the world. That figure must offset the sum of net lending/net borrowing for domestic sectors.<sup>20</sup>

Data for the draft SNA-USA financial, other changes in volume, and revaluation accounts are taken from the BEA's international transaction accounts and underlying source data. The nature of the presentation is the same as the domestic sectors. It differs from the ITAs, however, because many financial transactions are netted in draft SNA-USA (and the FFAs), while they are shown gross in the ITAs.

The statistical discrepancy in the rest-of-world sector—the difference between net lending calculated in the current and capital account and net lending in the financial account reflects the statistical discrepancy in the recorded balance of payments as well as a combination of other differences in residency definitions in the NIPAs, the ITAs, and the FFAs. The agencies have a project underway to reconcile differences between the accounts.

## 11.4 Issues Concerning the Integration of the Accounts

As noted above, the agencies are working to minimize sector discrepancies that result from using alternative data sources and methods. Those

20. Net lending from the rest of the world does in fact equal the net borrowing from the domestic sectors after accounting for the NIPA statistical discrepancy, wage accruals less disbursements, and rounding differences. The statistical discrepancy is a factor because we used data for capital formation from the NIPA product side and net saving from the NIPA income side. The figures for all the sectors are shown in draft SNA-USA table 11.4.

**Table 11.11 Rest of the world (billions of dollars)**

| Row No.  | 1995                     | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|--|--------------------------|--------|--------|--------|--------|--------|--------|--------|
|  | <i>Current account</i>   |        |        |        |        |        |        |        |
| 1 <i>Foreign income from U.S.</i>                                      | 1137.2                   | 1217.7 | 1352.2 | 1430.4 | 1586.0 | 1875.6 | 1732.5 | 1770.1 |
| 2 U.S. imports of goods and services                                   | 903.6                    | 964.8  | 1056.9 | 1115.9 | 1251.8 | 1475.8 | 1401.7 | 1433.1 |
| 3 U.S. income payments to rest of world                                | 198.2                    | 213.7  | 253.7  | 265.8  | 287.1  | 343.7  | 283.8  | 277.7  |
| 4 Current taxes and trans. payments to rest of world                   | 35.4                     | 39.1   | 41.6   | 48.8   | 47.2   | 56.1   | 47.1   | 59.3   |
| 5 <i>Foreign outlays to U.S.</i>                                       | 1046.2                   | 1117.3 | 1242.1 | 1243.1 | 1312.1 | 1479.0 | 1354.1 | 1306.0 |
| 6 U.S. exports of goods and services                                   | 812.2                    | 868.6  | 955.4  | 955.9  | 991.3  | 1096.3 | 1035.1 | 1006.8 |
| 7 U.S. income receipts from rest of world                              | 234.0                    | 248.7  | 286.7  | 287.1  | 320.8  | 382.7  | 319.0  | 299.1  |
| 8 <i>Equals net saving (current external balance)</i>                  | 91.0                     | 100.4  | 110.2  | 187.4  | 273.9  | 396.6  | 378.5  | 464.1  |
|  | <i>Capital account</i>   |        |        |        |        |        |        |        |
| 9 <i>Net saving</i>  | 91.0                     | 100.4  | 110.2  | 187.4  | 273.9  | 396.6  | 378.5  | 464.1  |
| 10 <i>Net capital transfers</i>  | 1.1                      | 0.6    | 1.0    | 0.7    | 4.9    | 0.3    | 1.1    | 1.3    |
| 12 <i>Net lending or borrowing, capital account (rows 9 + 10 - 11)</i> | 92.1                     | 101.0  | 111.2  | 188.1  | 278.8  | 397.4  | 379.6  | 465.4  |
|  | <i>Financial account</i> |        |        |        |        |        |        |        |
| 13 <i>Net lending or borrowing (row 12)</i>                            | 92.1                     | 101.0  | 111.2  | 188.1  | 278.8  | 397.4  | 379.6  | 465.4  |
| 14 <i>Net acquisition of U.S. financial assets</i>                     | 419.2                    | 521.8  | 597.3  | 393.4  | 708.5  | 942.2  | 640.3  | 680.0  |
| 15 <i>Monetary gold and SDRs</i>                                       | -0.8                     | 0.4    | -0.4   | -0.1   | 0.0    | -0.7   | -0.6   | -0.8   |
| 16 <i>Currency and deposits</i>  | 17.9                     | -21.1  | 38.6   | 0.7    | 49.2   | 18.5   | -41.6  | 39.4   |
| 17 <i>Currency</i>   | 12.3                     | 17.4   | 24.8   | 16.6   | 26.6   | 5.3    | 23.8   | 21.5   |
| 18 <i>Transferable deposits</i>  | 1.1                      | 2.6    | 5.1    | -1.8   | 13.3   | -9.5   | 0.4    | 1.7    |
| 19 <i>Time deposits</i>  | -6.6                     | 10.9   | 13.1   | 13.0   | 15.0   | 1.9    | -20.1  | 12.0   |
| 20 <i>Net interbank items due from U.S. banks</i>                      | 11.1                     | -52.0  | -4.3   | -27.1  | -5.7   | 20.8   | -45.6  | 4.2    |

(continued)

**Table 11.11** (continued)

| Row No.                                 | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| 21 <i>Securities other than shares</i>  | 246.8 | 375.7 | 242.3 | 173.4 | 162.5 | 228.1 | 321.4 | 428.9 |
| 22 Open market paper                    | 18.6  | 14.4  | 19.9  | 37.6  | -13.0 | 9.5   | 6.2   | 17.3  |
| 23 Treasury securities                  | 160.5 | 262.7 | 123.7 | 18.7  | -32.3 | -87.2 | 3.3   | 139.4 |
| 24 Agency- and GSE-backed securities    | 17.6  | 26.8  | 30.3  | 11.1  | 63.4  | 137.3 | 106.1 | 106.7 |
| 25 Corporate bonds                      | 50.1  | 71.8  | 68.4  | 106.2 | 144.4 | 168.4 | 205.8 | 165.6 |
| 26 <i>Loans (short-term)</i>            | 21.0  | 7.1   | 37.2  | -19.8 | -14.8 | 9.2   | 57.8  | 49.5  |
| 27 Security RPs                         | 21.0  | 3.2   | 20.0  | -18.8 | 8.0   | 11.4  | 59.4  | 39.4  |
| 28 Loans to U.S. corporate business     | 0.0   | 3.9   | 17.3  | -1.0  | -22.7 | -2.2  | -1.6  | 10.1  |
| 29 <i>Shares and other equity</i>       | 74.3  | 97.6  | 172.6 | 221.0 | 401.7 | 514.9 | 273.0 | 92.8  |
| 30 Corporate equities                   | 16.5  | 11.1  | 67.0  | 42.0  | 112.3 | 193.6 | 121.4 | 53.2  |
| 31 Foreign direct investment in U.S.    | 57.8  | 86.5  | 105.6 | 179.0 | 289.4 | 321.3 | 151.6 | 39.6  |
| 32 <i>Other accounts receivable</i>     | 60.0  | 62.2  | 106.9 | 18.2  | 109.9 | 172.3 | 30.3  | 70.2  |
| 33 Trade receivables                    | 0.7   | 5.5   | 0.9   | -6.5  | -5.1  | -0.4  | -3.1  | 3.1   |
| 34 Other (miscellaneous assets)         | 59.2  | 56.7  | 106.0 | 24.7  | 115.0 | 172.6 | 33.4  | 67.1  |
| 35 <i>Net incurrence of liabilities</i> | 332.6 | 383.9 | 377.8 | 318.4 | 476.8 | 486.7 | 225.8 | 153.3 |
| 36 <i>Currency and deposits</i>         | 44.4  | 79.5  | 108.3 | 12.9  | 53.0  | 133.8 | 34.9  | 33.9  |
| 37 Official foreign exchange            | 6.3   | -7.6  | -2.9  | 1.5   | -3.3  | 1.9   | 0.7   | 3.8   |
| 38 Net IMF position                     | 2.5   | 1.3   | 3.6   | 5.1   | -5.5  | -2.3  | 3.6   | 6.1   |
| 39 U.S. private deposits                | 35.3  | 85.9  | 107.7 | 6.5   | 61.1  | 134.2 | 30.7  | 23.9  |
| 40 U.S. government deposits             | 0.3   | -0.1  | -0.0  | -0.1  | 0.6   | 0.0   | -0.1  | 0.1   |
| 41 <i>Securities other than shares</i>  | 70.6  | 78.3  | 65.1  | 30.6  | 18.2  | 46.9  | -38.7 | 2.6   |
| 42 Commercial paper                     | 13.5  | 11.3  | 3.7   | 7.8   | 16.3  | 31.7  | -14.2 | 36.1  |
| 43 Bonds                                | 57.1  | 67.0  | 61.4  | 22.8  | 1.9   | 15.2  | -24.5 | -33.5 |
| 44 <i>Loans (short-term)</i>            | 7.9   | 10.1  | 6.7   | 0.6   | -5.3  | 10.1  | -11.0 | 3.2   |
| 45 Acceptance liabilities to banks      | 0.3   | 1.8   | -0.2  | -5.0  | -0.9  | -0.7  | -2.6  | -0.4  |
| 46 U.S. government loans                | -0.8  | -0.7  | -1.6  | -1.0  | -4.8  | -0.6  | -1.1  | -1.8  |
| 47 Bank loans, nec                      | 8.5   | 9.1   | 8.5   | 6.6   | 0.5   | 11.4  | -7.3  | 5.3   |

|  |   |       |       |        |        |        |        |        |        |
|--|---|-------|-------|--------|--------|--------|--------|--------|--------|
| 48                                     | <i>Shares and other equity</i>                              | 165.7 | 176.6 | 164.0  | 245.6  | 340.7  | 267.4  | 230.8  | 157.2  |
| 49                                     | Corporate equities  | 65.4  | 82.8  | 57.6   | 101.4  | 114.3  | 106.7  | 109.1  | 17.7   |
| 50                                     | U.S. government equity in BRD, etc.                         | 1.5   | 1.8   | 1.6    | 1.6    | 1.5    | 1.5    | 1.7    | 1.7    |
| 51                                     | U.S. direct investment abroad                               | 98.8  | 91.9  | 104.8  | 142.6  | 224.9  | 159.2  | 120.0  | 137.8  |
| 52                                     | <i>Other accounts payable</i>                               | 44.1  | 39.4  | 33.7   | 28.7   | 70.1   | 28.5   | 9.8    | -43.6  |
| 53                                     | Trade payables  | 5.8   | -1.7  | 5.2    | -3.9   | 4.2    | 0.8    | -2.2   | -10.1  |
| 54                                     | Other (miscellaneous liabilities)                           | 38.3  | 41.1  | 28.5   | 32.6   | 65.9   | 27.6   | 12.0   | -33.5  |
| <i>Memo:</i>                           |   |       |       |        |        |        |        |        |        |
| 55                                     | Net lending, financial account (rows 14-35)                 | 86.6  | 137.9 | 219.6  | 75.0   | 231.7  | 455.5  | 414.5  | 526.7  |
| <i>Other changes in volume account</i> |   |       |       |        |        |        |        |        |        |
| 56                                     | <i>Total other volume changes</i>                           | -60.0 | 86.9  | -56.8  | -202.2 | -264.0 | 238.9  | 50.9   | -39.9  |
| 57                                     | Other volume changes  | -54.5 | 50.0  | -165.2 | -89.1  | -217.0 | 180.8  | 15.9   | -101.3 |
| 58                                     | Less statistical discrepancy (rows 12-[14-35]) <sup>a</sup> | 5.6   | -36.9 | -108.4 | 113.1  | 47.1   | -58.1  | -35.0  | -61.3  |
| <i>Revaluation account</i>             |   |       |       |        |        |        |        |        |        |
| 59                                     | <i>Financial assets</i>                                     | 170.2 | 57.4  | 185.0  | 261.0  | 111.5  | -360.0 | -285.0 | -222.2 |
| 60                                     | <i>Securities other than shares</i>                         | 30.6  | -33.5 | -1.4   | 8.0    | -63.3  | 40.6   | 12.7   | 44.1   |
| 61                                     | Treasury securities   | 27.1  | -35.6 | -5.3   | 0.6    | -72.2  | 32.9   | 10.3   | 35.2   |
| 62                                     | Agency- and GSE-backed securities                           | 3.5   | 2.1   | 3.9    | 7.4    | 8.9    | 7.7    | 2.5    | 8.9    |
| 63                                     | <i>Shares and other equity</i>                              | 139.6 | 90.9  | 186.4  | 253.0  | 174.8  | -400.6 | -297.7 | -266.3 |
| 64                                     | Corporate equities  | 135.3 | 111.8 | 213.5  | 255.5  | 248.9  | -179.5 | -213.1 | -364.4 |
| 65                                     | Foreign direct investment in U.S.                           | 4.3   | -20.9 | -27.1  | -2.5   | -74.1  | -221.1 | -84.6  | 98.2   |
| 66                                     | <i>Liabilities</i>  | 95.4  | 168.9 | 104.3  | 155.7  | 406.6  | -305.1 | -404.4 | -270.1 |
| 67                                     | <i>Currency and deposits</i>                                | 11.3  | 13.2  | -16.4  | 4.6    | -1.2   | -3.6   | -3.5   | -0.9   |
| 68                                     | Official foreign exchange                                   | 1.5   | -3.2  | -4.6   | 3.7    | -0.6   | -2.8   | -2.9   | 1.0    |
| 69                                     | Net IMF position  | 0.2   | -0.5  | -0.9   | 0.9    | -0.7   | -0.8   | -0.6   | -1.9   |

(continued)

**Table 11.11** (continued)

| Row No.  | 1995   | 1996   | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 70 <i>Shares and other equity</i>                                  |        |        |        |        |        |        |        |        |
| 71 Corporate equities  | 84.1   | 155.7  | 120.7  | 151.2  | 407.8  | -301.4 | -400.9 | -269.2 |
| 72 U.S. direct investment abroad                                   | 83.9   | 143.3  | 147.3  | 165.8  | 414.4  | -257.6 | -349.3 | -285.2 |
|  | 0.2    | 12.4   | -26.6  | -14.7  | -6.6   | -43.8  | -51.6  | 15.9   |
| 73 <i>Changes in net worth due to nominal holding gains/losses</i> | 74.7   | -111.5 | 80.7   | 105.3  | -295.1 | -54.9  | 119.4  | 47.9   |
| <i>Changes in balance sheet account</i>                            |        |        |        |        |        |        |        |        |
| 74 <i>Change in net worth (rows 12 + 56 + 73)</i>                  | 106.8  | 76.4   | 135.1  | 91.2   | -280.4 | 581.4  | 549.9  | 473.3  |
| <i>Financial balance sheet account (end of period)</i>             |        |        |        |        |        |        |        |        |
| 75 <i>Total financial assets</i>                                   | 3434.5 | 4042.1 | 4627.3 | 5199.3 | 5819.9 | 6590.6 | 6979.2 | 7375.3 |
| 76 <i>Currency and deposits</i>                                    | 472.7  | 451.6  | 490.2  | 490.9  | 540.1  | 558.7  | 517.1  | 556.5  |
| 77 Currency  | 169.2  | 186.6  | 211.4  | 228.0  | 254.6  | 259.9  | 283.7  | 305.2  |
| 78 Transferable deposits   | 24.5   | 27.1   | 32.2   | 30.4   | 43.7   | 34.2   | 34.6   | 36.3   |
| 79 Time deposits   | 49.6   | 60.6   | 73.6   | 86.6   | 101.6  | 103.5  | 83.3   | 95.3   |
| 80 Net interbank items due from U.S. banks                         | 229.3  | 177.3  | 173.0  | 145.9  | 140.3  | 161.1  | 115.5  | 119.7  |
| 81 <i>Securities other than shares</i>                             | 1371.3 | 1713.5 | 1954.4 | 2135.9 | 2235.1 | 2503.8 | 2837.9 | 3310.9 |
| 82 Open market paper   | 43.4   | 57.9   | 77.8   | 115.3  | 102.3  | 111.9  | 118.1  | 135.4  |
| 83 Treasury securities   | 820.2  | 1047.3 | 1165.7 | 1185.0 | 1080.4 | 1026.1 | 1039.7 | 1214.2 |
| 84 Agency- and GSE-backed securities                               | 146.2  | 175.1  | 209.4  | 227.8  | 300.2  | 445.2  | 553.8  | 669.4  |
| 85 Corporate bonds   | 361.5  | 433.2  | 501.6  | 607.8  | 752.1  | 920.6  | 1126.3 | 1291.9 |
| 86 <i>Loans (short-term)</i>                                       | 189.7  | 196.9  | 234.1  | 214.3  | 199.5  | 208.7  | 266.4  | 316.0  |
| 87 Security RPs  | 67.6   | 70.9   | 90.8   | 72.0   | 79.9   | 91.3   | 150.7  | 190.1  |
| 88 Loans to U.S. corporate business                                | 122.1  | 126.0  | 143.3  | 142.3  | 119.5  | 117.3  | 115.7  | 125.8  |
| 89 <i>Shares and other equity</i>                                  | 1229.6 | 1418.0 | 1777.0 | 2251.0 | 2827.5 | 2941.8 | 2917.1 | 2743.7 |
| 90 Corporate equities  | 549.5  | 672.4  | 952.9  | 1250.3 | 1611.5 | 1625.6 | 1533.9 | 1222.7 |
| 91 Foreign direct investment in U.S.                               | 680.1  | 745.6  | 824.1  | 1000.7 | 1216.0 | 1316.2 | 1383.2 | 1521.0 |

|     |  |        |        |        |        |        |        |        |        |
|-----|--|--------|--------|--------|--------|--------|--------|--------|--------|
| 92  | <i>Other accounts receivable</i>       | 171.2  | 262.2  | 171.6  | 107.7  | 17.6   | 377.6  | 440.5  | 448.2  |
| 93  | Trade receivables                      | 52.6   | 58.1   | 59.0   | 52.5   | 47.4   | 47.0   | 43.9   | 47.0   |
| 94  | Other (miscellaneous assets)           | 118.6  | 204.1  | 112.6  | 55.2   | -29.7  | 330.6  | 396.7  | 401.2  |
| 95  | <i>Total liabilities and net worth</i> | 3434.5 | 4042.1 | 4627.3 | 5199.8 | 5819.9 | 6590.6 | 6979.2 | 7375.3 |
| 96  | <i>Total liabilities</i>               | 2788.5 | 3319.7 | 3769.8 | 4251.1 | 5151.6 | 5340.9 | 5179.5 | 5102.3 |
| 97  | <i>Currency and deposits</i>           | 484.8  | 577.6  | 669.5  | 687.0  | 738.8  | 869.0  | 900.4  | 933.4  |
| 98  | Official foreign exchange              | 49.1   | 38.3   | 30.8   | 36.0   | 32.2   | 31.2   | 29.0   | 33.8   |
| 99  | Net IMF position                       | 14.6   | 15.4   | 18.1   | 24.1   | 18.0   | 14.8   | 17.9   | 22.0   |
| 100 | U.S. private deposits                  | 418.8  | 521.7  | 618.5  | 624.9  | 686.1  | 820.1  | 851.0  | 874.9  |
| 101 | U.S. government deposits               | 2.3    | 2.2    | 2.1    | 2.0    | 2.6    | 2.6    | 2.6    | 2.7    |
| 102 | <i>Securities other than shares</i>    | 355.5  | 433.8  | 492.8  | 523.5  | 541.7  | 588.6  | 549.9  | 552.6  |
| 103 | Commercial paper                       | 56.2   | 67.5   | 65.1   | 72.9   | 89.2   | 120.9  | 106.7  | 142.8  |
| 104 | Bonds                                  | 299.4  | 366.3  | 427.7  | 450.6  | 452.5  | 467.7  | 443.2  | 409.8  |
| 105 | <i>Loans (short-term)</i>              | 98.1   | 108.3  | 115.1  | 115.8  | 110.8  | 120.9  | 109.8  | 113.0  |
| 106 | Acceptance liabilities to banks        | 8.2    | 9.9    | 9.7    | 4.7    | 3.9    | 3.1    | 0.5    | 0.2    |
| 107 | U.S. government loans                  | 55.4   | 54.7   | 53.2   | 52.4   | 47.8   | 47.2   | 46.0   | 44.3   |
| 108 | Bank loans, nec                        | 34.6   | 43.7   | 52.1   | 58.7   | 59.2   | 70.5   | 63.2   | 68.6   |
| 109 | <i>Shares and other equity</i>         | 1689.7 | 2022.0 | 2306.7 | 2703.4 | 3451.9 | 3417.9 | 3247.8 | 3135.8 |
| 110 | U.S. government equity in BRD, etc.    | 27.4   | 29.2   | 30.8   | 32.4   | 33.9   | 35.4   | 37.1   | 38.7   |
| 111 | U.S. direct investment abroad          | 885.5  | 989.8  | 1068.1 | 1196.0 | 1414.4 | 1529.7 | 1598.1 | 1751.9 |
| 112 | Corporate equities                     | 776.8  | 1002.9 | 1207.8 | 1475.0 | 2003.7 | 1852.9 | 1612.7 | 1345.2 |
| 113 | <i>Other accounts payable</i>          | 160.3  | 178.0  | 185.7  | 221.4  | 308.4  | 344.5  | 371.6  | 367.6  |
| 114 | Trade payables                         | 45.3   | 43.6   | 48.8   | 44.9   | 49.1   | 49.9   | 47.8   | 37.6   |
| 115 | Other (miscellaneous liabilities)      | 115.0  | 134.4  | 136.9  | 176.5  | 259.3  | 294.6  | 323.8  | 330.0  |
| 116 | <i>Net worth (external account)</i>    | 646.0  | 722.4  | 857.5  | 948.7  | 668.3  | 1249.7 | 1799.6 | 2273.0 |

<sup>a</sup>The discrepancy is the difference between net lending or borrowing derived in the capital account and the same concept derived in the financial account. The discrepancy reflects differences in source data, timing of recorded flows, and other statistical differences between the capital and financial accounts.



discrepancies are summarized by the net lending/net borrowing measures compared in the panels of figure 11.3. The figure indicates that the pattern of net lending/net borrowing is similar in each sector whether measured by the capital account or the financial account. Even so, there are significant differences for some sectors and in some years.

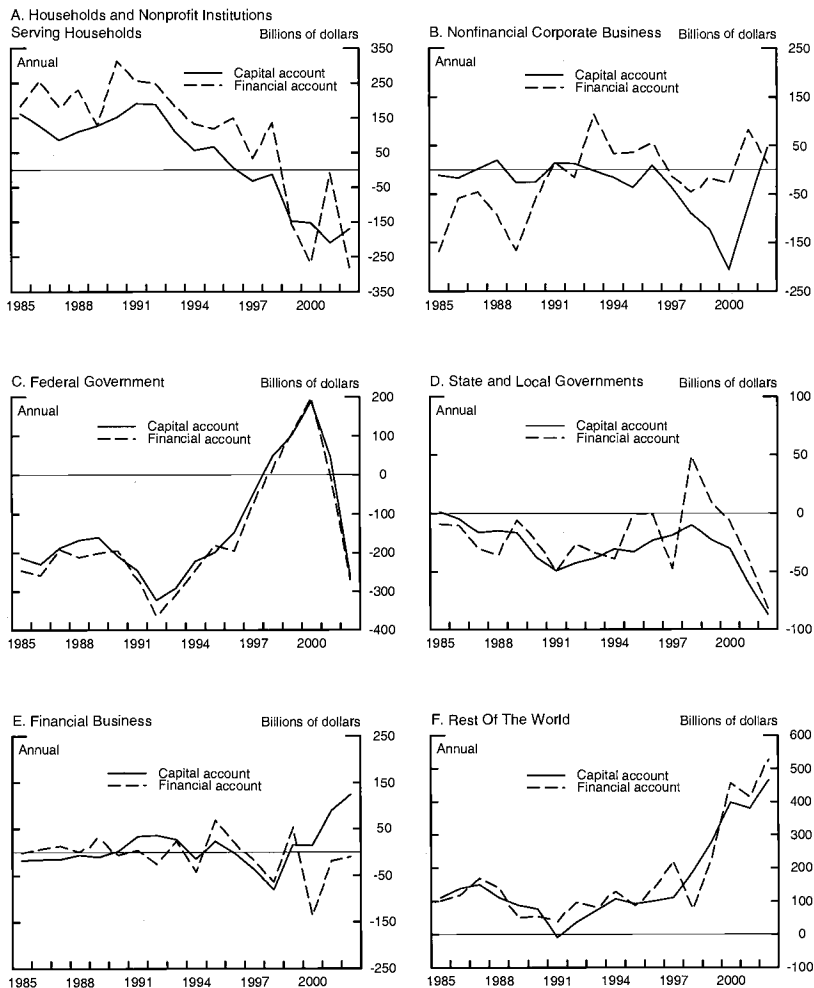
For the household sector (fig. 11.3, panel A), the differences in net lending/net borrowing between draft SNA-USA capital account and financial account are significant, but relatively stable in sign for the earlier period shown. Until about 1998, net lending derived in the financial account averaged about 2 percentage points (of disposable income) more than in the current account. In recent years, the differences have narrowed on average. Put another way, the financial account implies that households accumulated more assets than suggested by flows from the capital account, and household-sector net worth is about 6 percent higher than would be the case without the discrepancy that is included in the “other changes in volume” account. (The 6 percent represents the value of the discrepancy accumulated over time.)

The household-sector discrepancy in the FFAs has been the subject of several studies over the years.<sup>21</sup> The residual calculation of some categories in the current account and the residual calculation of most asset categories and some liability categories in the financial and balance sheet accounts leave considerable room for speculation on the sources of the difference. A benefit of integrating the national accounts as we have done for this chapter is that the nature of the problem is more clearly defined in terms of stocks and flows of the sector.

An additional concern to the agencies has been the difference in net lending/net borrowing for the nonfinancial corporate business sector (panel B of fig. 11.3). Creating draft SNA-USA pointed to several likely sources for the discrepancy. A particularly vexing one lies in the agencies’ separation of nonfinancial and financial businesses, a boundary that is important for analysis of disintermediation and evaluation of flows, such as interest paid and interest received. The boundary also has implications for measuring stocks and net worth in the sectors.

The business boundary problem reflects in part differences in source data for the NIPAs and the FFAs. The NIPAs rely heavily on tax return data, and the FFAs supplement tax data with surveys and regulatory information to compile accounts for financial corporations. In the NIPAs, corporations that file consolidated returns, which combine data for nonfinancial and financial subsidiaries, are in either the financial or nonfinancial business sectors, depending on the predominant business. In the financial accounts, adjustments are made with the supplementary information to split consolidated corporations into financial and nonfinancial enterprises. The

21. See, for example, Wilson et al. (1989).

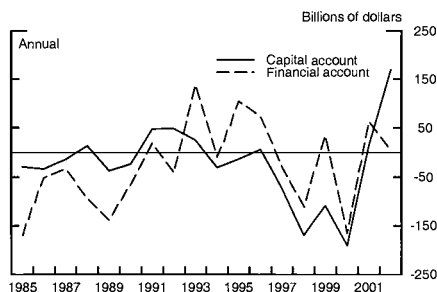


**Fig. 11.3 Net lending/net borrowing in Draft SNA-USA (billions of dollars)**

issue is particularly acute in cases for firms with captive finance companies, such as General Motor's GMAC and General Electric's GE Capital.

Some encouragement that solving the boundary problem will reduce the discrepancy is evident in figure 11.4. The net lending/net borrowing estimates of the two sectors combined align somewhat better than for the sectors separately.

In addition to the boundary problem, part of the difference between net lending/net borrowing measures in the nonfinancial corporate business sector likely reflects the booking of miscellaneous financial assets. In the fi-



**Fig. 11.4** Net lending/net borrowing for combined financial and nonfinancial corporate business (billions of dollars)

financial accounts, changes to goodwill and other intangible assets are included in flows of miscellaneous financial assets. Such flows are large and positive during periods of heavy merger activity; they are large and negative during periods of economic weakness. The impact of changes in such assets is not reflected in the current and capital accounts. SNA93 standards would relegate a portion of the changes in the value of such assets to the “other changes in volume” account. An effort to reclassify them into revaluations and/or other changes in volume is likely to have a sizable impact on the statistical discrepancy. No changes were made for draft SNA-USA for the business sectors’ boundary or other accounting issues.

Finally, net lending/net borrowing estimates for the federal government sector (panel C of figure 11.3) are close, reflecting a generally high quality of information available and recent efforts by the agencies to ensure consistent use of that data. In contrast, net lending/net borrowing estimates for the state and local government sector (panel D)—where the data tend to be of lower quality—diverge by significant amounts. It would appear that coordination of estimation methods for missing data would more tightly integrate the accounts of the state and local government sector.

### 11.5 Where Do We Go from Here?

Aside from reformulating the structure of the accounts to international standards, it has been our intention to use the integration of the accounts to improve the quality and usefulness of the estimates published. Specific items that require joint work by the agencies have been identified, including further work on ensuring that sector boundaries are consistent across accounts, developing additional source material for sectors where information is not available, and sharing data sources and methods for estimating missing data.

We have shown that SNA-USA tables can be produced for the period

1985–2002. Considerable work is still required if the agencies chose to rework the published figures into the draft SNA-USA structure for the period before 1985. The exercise indicated, moreover, that considerable investment is needed to produce the integrated accounts on a continuing basis, and even greater investment to carry out the improvements identified.

The BEA's strategic plan outlines a number of research and development activities related to the development of integrated accounts. Work is already underway to examine sector definitions, with particular consideration given to the development of improved source data on government business enterprises. Other research is being conducted on improving the consistency of source data between the NIPAs and FFAs—for example, to improve consistency of NIPA interest flow estimates with FFA estimates of interest-bearing assets and liabilities. Efforts are also underway to improve the estimates of fixed assets and to provide more reliable information on valuation and legal form of ownership of these assets, along with the efforts to improve integration with other BEA accounts, such as the input-output accounts, and with the Bureau of Labor Statistics productivity statistics, which are described in many of the other chapters in this volume.

Among other prospective projects that should improve integration of the U.S. macroeconomic accounts, FRB staff are initiating new research into the accounting of miscellaneous assets and liabilities by nonfinancial businesses. These categories include a wide range of financial activities and, indeed, are the largest items on the balance sheets of nonfinancial corporations in the United States. Once more detailed information about these financial activities has been analyzed, FRB staff intend to reconsider how changes in miscellaneous assets and liabilities should be apportioned into flows, revaluations, and other changes in volume. Although the work involved is expected to be considerable, it offers the potential to improve the integration of the FFAs of the U.S. with the NIPAs and to bring them into closer alignment with the SNA93 guidelines.

In addition, efforts at the Federal Reserve are directed toward improving integration in the capital accounts, particularly adapting the draft SNA-USA framework to show estimates for as many detailed financial sectors as are included in the FFAs of the United States. In conjunction with that work will be a consideration of developing detailed information for the “other changes in volume” accounts, particularly estimates of debt write-downs.

The BEA and FRB are jointly advancing other efforts to improve the integration of the accounts. These efforts include estimating the general degree to which captive finance companies are included in consolidated tax return data for nonfinancial corporations, so that more is known about the importance that disparities between the sector boundaries might play in examining the financing of the corporate sector. BEA and FRB staff are

also working together to further examine the possible use of alternative data sources to improve the NIPA estimates for state and local governments that are made before complete data from the Census of Governments become available.

An important and useful result of integrated macroeconomic accounts would be an ability to produce on a regular basis a national balance sheet. Several deficiencies, some already noted, would need to be resolved before such a balance sheet is completed. Three of the most important are

- Further development of the “other changes in volume” and revaluation accounts. Although the “other changes in volume” accounts in draft SNA-USA are more advanced than found in other countries’ publications, they are still limited. The effort to expand the accounts would require a closer review of the accounting techniques used in data sources and whether those techniques align with what is needed for macroeconomic accounts so that differences in flows, revaluations, and other changes in volume can be separated.
- Improved data for real estate values in some sectors, especially for the government sector, and techniques for separating the market value of land and structures.
- Removal or reconciliation of remaining differences between the current and accumulation accounts and the international transactions accounts.

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