A NEW ARCHITECTURE FOR THE U.S. NATIONAL ACCOUNTS

by

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A New Architecture for the U.S. National Accounts

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WHY A NEW ARCHITECTURE?

U.S. Economic Policy Is Shifting from Stabilization to Enhancing the Economy’s Growth Potential

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

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

This Will Require Collaboration Among the Bureau of Economic Analysis, The Bureau of Labor Statistics, and the Federal Reserve Board
New Architecture for an Expanded and Integrated Set of National Accounts for the United States

1. PRODUCTION
Gross Domestic Product Equals
Gross Domestic Factor Outlay

2. DOMESTIC RECEIPTS AND EXPENDITURES
Domestic Receipts Equal
Domestic Expenditure

3. FOREIGN TRANSACTION CURRENT ACCOUNT
Receipts from Rest of World Equal
Payments to Rest of World and
Balance on Current Account

4. DOMESTIC CAPITAL ACCOUNT
Gross Domestic Capital Formation Equals
Gross Domestic Savings

5. FOREIGN TRANSACTION CAPITAL ACCOUNT
Balance on Current Account Equals
Payments to Rest of the World and
Net Lending or Borrowing

6. DOMESTIC BALANCE SHEET
Domestic Wealth Equals
Domestic Tangible Assets and
U.S. Net International Position

7. U.S. INTERNATIONAL POSITION
U.S.-Owned Assets Abroad Equal
Foreign-Owned Assets in U.S. and
U.S. Net International Position
1. THE PRODUCTION ACCOUNT
Output, Input, and Productivity

OUTPUT SHARES
Investment and Consumption Outputs

CONTRIBUTIONS TO OUTPUT
Investment versus Consumption

INPUT SHARES
Capital and Labor Inputs

CONTRIBUTIONS TO GROWTH
Capital, Labor, and Productivity
1. THE PRODUCTION ACCOUNT
Output, Input, and Productivity

Output and Input Shares

- **Investment**
- **Consumption**
- **Labor**
- **Capital**
1. THE PRODUCTION ACCOUNT
Output, Input, and Productivity

Contributions to Output and Economic Growth
2. DOMESTIC RECEIPTS AND EXPENDITURES
Income, Consumption, and Saving

INCOME SHARES
Property and Labor Incomes

CONTRIBUTIONS TO INCOME
Property versus Labor

EXPENDITURE SHARES
Personal Consumption, Government Consumption, and Saving

CONTRIBUTIONS TO EXPENDITURES
Consumption versus Saving
2. DOMESTIC RECEIPTS AND EXPENDITURES

Income, Consumption, and Saving

Income and Expenditure Shares

- Labor
- Net Property
- Personal Consumption
- Government Consumption
- Net Saving

Yearly data from 1948 to 2006.
2. DOMESTIC RECEIPTS AND EXPENDITURES
Income, Consumption, and Saving
Contributions to Net Expenditure and Income
4. CAPITAL FORMATION ACCOUNT
Investment and Saving

CAPITAL FORMATION SHARES
Private, Government, and Rest of the World Investment

CONTRIBUTIONS TO CAPITAL FORMATION
Private versus Government and Rest of the World

SAVING SHARES
Gross Saving and Depreciation

CONTRIBUTIONS TO SAVING
Saving versus Depreciation
4. CAPITAL FORMATION ACCOUNT
Investment and Saving

Investment and Saving Shares

Private, Government, Rest of the World Investment, Net Saving, Depreciation
4. CAPITAL FORMATION ACCOUNT
Investment and Saving

Contributions to Investment and Saving

<table>
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<tr>
<th>Year Period</th>
<th>ROW Investment</th>
<th>Private Investment</th>
<th>Government Investment</th>
<th>Net Saving</th>
<th>Depreciation</th>
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- 1948-2006: Total Contribution to Investment and Saving
- 1995-2000: Significant increase in Net Saving and Depreciation
6. DOMESTIC BALANCE SHEET
Change in Wealth, Tangible Assets, and the U.S.
International Investment Position

SHARE OF CHANGE IN WEALTH
Net Saving and Revaluation

CONTRIBUTIONS TO CHANGE IN WEALTH
Saving versus Revaluation

WEALTH SHARES
Private and Government Tangible Assets and U.S. Net
International Position

CONTRIBUTIONS TO WEALTH
Tangible Assets versus International Position
6. DOMESTIC BALANCE SHEET
Change in Wealth, Tangible Assets, and the U.S. International Position

Wealth and Change in Wealth Shares

- Net Saving
- Revaluation
- Private Tangible Assets
- Government Tangible Assets
- U.S. Net International Position
6. DOMESTIC BALANCE SHEET
Wealth, Tangible Assets, and the U.S. International Investment Position

Contributions to Wealth and Change in Wealth

- International Position
- Private Tangible Assets
- Government Tangible Assets
- Net Saving
- Revaluation
A NEW ARCHITECTURE FOR THE U.S. NATIONAL ACCOUNTS

THE PRODUCTION ACCOUNT
Investment, not Productivity, Is the Most Important Source of Growth

THE SAVINGS AND EXPENDITURES ACCOUNT
Economic Welfare Is Measured by Expenditures and Net Saving in Constant Prices

CAPITAL FORMATION AND WEALTH ACCOUNTS
Net Saving Is Declining; Change in Wealth Is Due to Revaluation

NEW OPPORTUNITIES FOR DEVELOPMENT OF THE U.S. STATISTICAL SYSTEM
Non-Market Accounts for Education, Health, and Time Use
Productivity

Information Technology and the American Growth Resurgence

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