c2

UNITED NATIONS

ECONOMIC COMMISSION
FOR LATIN AMERICA
AND THE CARIBBEAN

Distr.
LIMITED
LC/WAS/L.56
30 May 2000

ORIGINAL: ENGLISH

ECONOMIC SURVEY OF THE UNITED STATES

1999

ECONOMIC SURVEY OF THE UNITED STATES

CONTENTS

THE EVOLUTION OF THE UNITED STATES ECONOMY IN 1999

The U.S. economy turned in another exceptional performance in 1999. The economic expansion--in its ninth continuous year-- maintained its momentum and entered its 93rd month in December, replacing 1982-90 as the longest peacetime expansion on record. Though transitory factors, in particular falling prices for commodities and for imports have contributed to this favorable outcome, the massive investment in technology over the past decade and increased efficiency appear to be paying off.

Growth over the year was 4.2%. Inflation increased a little to 2.7%, following an increase of 1.6% the previous year, while the rate of unemployment declined from 4.5% in 1998 to 4.2% in 1999, the lowest level since 1969 (appendix table 1-1). For the second consecutive year, the fiscal accounts recorded a budget surplus, the largest relative to the size of the economy in nearly 50 years. A disciplined fiscal policy was accompanied by a tightening of monetary policy that attempted to rebalance aggregate demand and aggregate supply.

What has remained particularly surprising with this expansion is the continuing acceleration in productivity, unprecedented in the last decades, which has allowed businesses to absorb higher labor costs without raising prices. Thus, in marked contrast to the typical experience during previous expansions, inflation has remained subdued.

However, the recent acceleration in productivity so late in an expansion is believed to have brought about imbalances that pose a threat to the continuation of economic prosperity. Rather than being caused by the normal cyclical rebound in output, the acceleration is attributed to the digital technology revolution, and results into higher profit expectations and surging stock prices. The resulting "wealth effect" is potentially inflationary since it increases demand more than even the "productivity-enhanced" supply. In this regard, the Federal Reserve Chairman maintains that the wealth effect from the stock market is the primary cause of an excess consumer demand over supply and has suggested that the U.S. economy is unlikely to slow to an appropriate pace unless asset values increase no faster than household income.

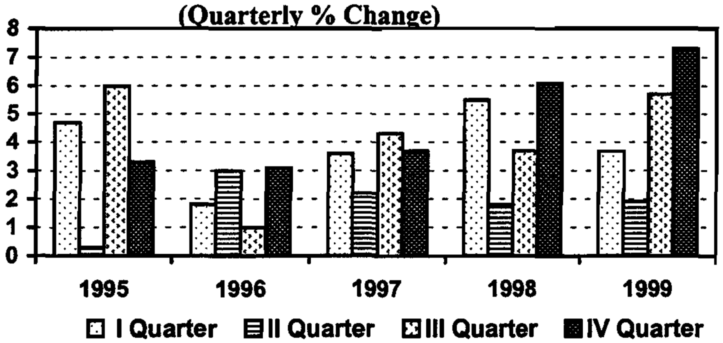
Further, the strength of the U.S. economy keeps surprising in regards to how long the trend could be sustained. At the center of the debate on its performance and future prospects lie the questions: is there indeed a new economy?; has higher business investment in new equipment coupled with technological advances mean there has been an increase in trend productivity growth thus raising prospects for continued robust economic growth in the future?

As the Federal Reserve's Chairman put it, "the American economy, clearly more than most, is in the grip of what the eminent Harvard professor Joseph Schumpeter many years ago called 'creative destruction,' the continuous process by which emerging technologies push out the old...IT -information technologies- has begun to alter, fundamentally, the manner in which we do business and create value, often in ways, that there were not readily foreseeable even a decade ago."

I. THE DOMESTIC ECONOMY

1. Macroeconomic Aggregates

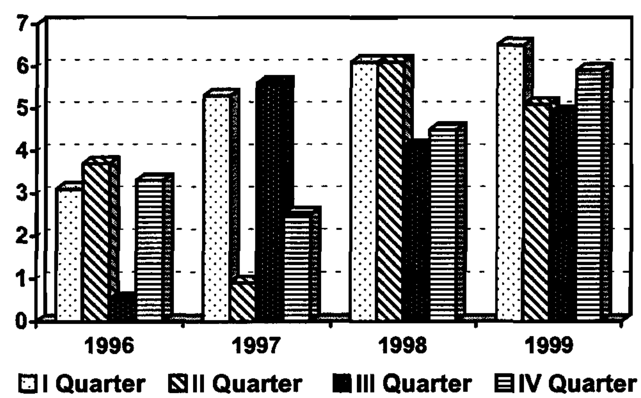
Figure 1 USA: Gross Domestic Product
(Quarterly % Change)



For the third consecutive year, the U.S. economy grew over 4% at a robust rate of 4.2% over the four quarters of 1999. As in the previous year, quarterly output was quite erratic in response to sharp swings in inventory investment (appendix table 1-2).

Growth continued to be driven by private domestic demand –the sum of consumption, private fixed investment and residential construction—only partially offset by the drag exerted by net exports which weighed heavier than in the previous year. Real personal consumption increased 5.3% in 1999, after rising 4.9% in 1998, against a backdrop of extremely favorable fundamentals which included a steadily rising real disposable income. Household wealth jumped to an extraordinary level, almost six times annual personal income. With this, spending grew considerably faster than disposable income. Hence the personal consumption rose for the seventh straight year, and the personal saving rate fell again, recording 2.4% in 1999.

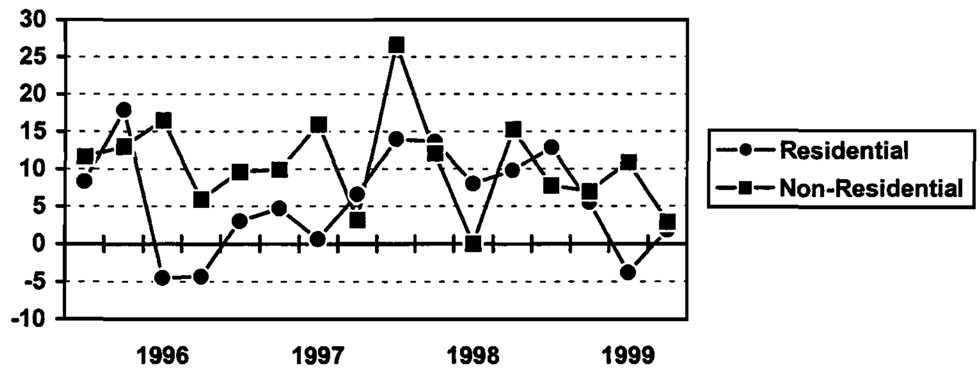
Figure 2 USA: Personal Consumption
(Quarterly % Change)



The wide optimism of consumers in 1999 was once again affirmed by a booming business investment. Real fixed investment expanded by 8.1%. As in previous years, spending rose fastest for information processing equipment and software. The fast pace of computer-related investment resulted from lower prices as well as from the updating and replacement of older systems in preparation for the year 2000 date change. At the government level, combined real outlays for consumption and investment grew by 3.7% 1999, after having expanded by 1.7% in 1998, owing to increased spending by the Federal Government and by State and local governments. The federal fiscal position, which in 1998 had shifted from deficit to surplus -the first budget surplus recorded since 1969- at 1.4% of GDP in 1999 was the largest surplus relative to the size of the economy in nearly 50 years.

Net exports became more negative in 1999 as import growth was fueled by the continued vigorous expansion of the economy and low relative prices for imported goods. Imports and exports of goods and services grew 11.7% and 3.8%, respectively.

Figure 3 USA: Residential & Non-Residential Investment (Quarterly % Change)



Last, the personal saving rate moved from 3.7% in 1998 to 2.4% in 1999 (appendix, table 1-3). The low savings rate reflected spending of a portion of stock-market gains. However, the improvement in the federal government's saving position in past years more than accounted for a rise in the total gross saving of households, businesses, and governments to about 18.7% in 1999.

2. Sector Developments

Industrial production expanded by 3.6% in 1999[1]. Growth in 1999 reflected for the most part a higher level of activity in the manufacturing sector after a relatively weak performance in 1998 (appendix, table 1-4).

In the agricultural sector, in the second part of the years drought worsened crop and livestock conditions in the East and parts of the Midwest.

[1] The Federal Reserve revised measures of industrial production, capacity, and capacity utilization for the since January 1992. The updated measures reflect both new sources of data as well as introduction of new methods for compiling some series.

Industrial Outlook

1999	Total Industrial Production		Capacity utilization rate (percent)
	Index 1992=100	Percent change from last month	Total Industry
January	134.1	0.2	80.4
February	134.5	0.3	80.4
March	135.1	0.5	80.5
April	135.5	0.2	80.4
May	136.2	0.5	80.5
June	136.6	0.3	80.5
July	137.4	0.5	80.7
August	137.7	0.3	80.7
September	138.1	0.2	80.6
October	139.1	0.7	81.0
November	139.5	0.3	81.0
December	140.1	0.4	81.1

Housing, on the other hand, remained one of the strongest sectors of the U.S. economy in response to strong job creation, solid income gains and favorable mortgage rates. Much of the strength was concentrated in the first half of the year as mortgage interest rates increased. Several indicators of housing activity reached record levels in 1999. For instance, sales of new single-family homes posted a record of 904,000 in 1999 and construction of new housing units rose to 1.66 million in 1999, the highest annual total since 1986.

3. Employment

The labor market enjoyed another very good year in 1999 with both increased hiring and continued healthy growth in labor productivity. The number of jobs on non-agricultural payrolls increased by about 2.7 million, slightly more than 2% from the end of 1998 to the end of 1999. Manufacturers, reduced employment again in 1999 (the number of manufacturing jobs fell by 248,000), but in other parts of the economy demand for labor continued to rise fast. In particular, employment in the service sector grew rapidly in 1999 and employment in the government sector posted its strongest growth gain in 9 years.

The rising demand for labor in 1999 continued to strain supply. The civilian labor force rose 1.2% in 1999 and, with employment rising somewhat faster than the labor force, the unemployment rate fell still further. The rate of unemployment fell from 4.5% in 1998 to 4.2% in 1999 –the lowest annual rate since 1969 (appendix, table 1-5).

Strong demand for labor has continued to reduce the pool of available workers. In this regard, it is believed that inflation could accelerate if the size of the pool of potential workers (those officially unemployed and those who aren't in the labor force but say they 'want a job now') gets too small. As the Chairman of the Federal Reserve put it, "short of the repeal of the law of supply and demand, wage increases must rise above even impressive gains in productivity. This would intensify inflationary pressures or squeeze profit margins, with either outcome capable of bringing our growing prosperity to an end."

Labor productivity however continued to grow in 1999. Over the year, the non-farm business sector's productivity increased by 3%, the best performance since 1992. By contrast, the average rate of increase during the 1980s and first years of the 1990s was just over 1% per year.

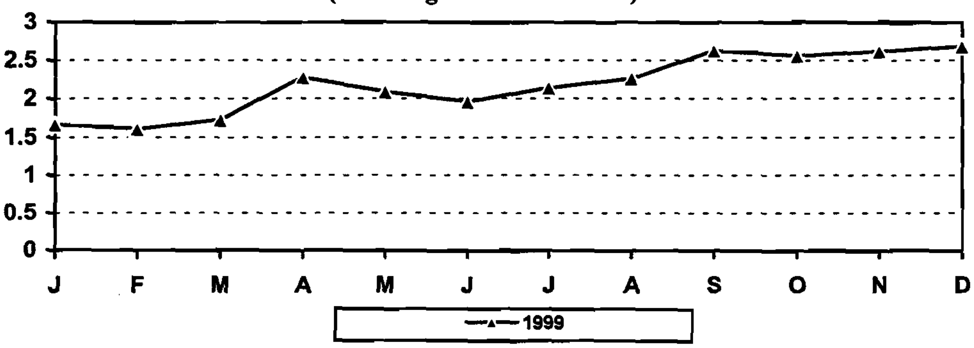
The markedly increase in productivity's contribution to growth in 1999, so late in the business cycle, is particularly surprising and would thus lend support to the view that massive investment in technology over the past decade is beginning to pay off. It appears that a portion of the higher productivity growth has come through capital deepening and has been associated with very rapid growth in the capital stock-especially high tech equipment.

4. Prices and Incomes

Inflation and costs remained in check in 1999, though rates of increase in the broader measures of aggregate prices where somewhat larger than those in 1998. The acceleration in prices was driven in part by a reversal in import prices as the big swing in oil prices --up sharply in 1999— accounted for a large part of this turnaround. Energy prices, started to rise in March and continued to do so throughout the year, reversing a two-year drop.

The rate of inflation --as measured by the consumer price index (CPI)— increased to 2.7% on a December-December basis, up from 1.6% in 1998. Core inflation, –excluding the volatile food and energy components— in contrast, remained subdued. Core inflation was 1.9% in 1999, compared to 2.4% in 1998, but this deceleration was a reflection of a change in CPI methodology; on a methodologically consistent basis, the rise in the core CPI was about the same in both years (appendix, table 1-6). Core inflation was kept in check during the year in response to little change in the prices for nonpetroleum goods, the existence of spare capacity in the manufacturing sector, and that gains in labor productivity have partly offset increases in compensation.

Figure 4 USA: Evolution of Domestic Prices
(% change over 12 months)



The growth rate of unit labor costs -the difference between the growth rates of compensation per hour and of output per hour—was below what was recorded in 1998, which has been crucial to keep inflation low. Hourly compensation costs in the nonfarm business sector increased by 4.4% in 1999, down from 5.3% the previous year. The large gain in productivity offset most of the rise in the cost of compensating labor. Consequently, labor costs per unit of output rose by only 1.1% during 1999 compared to about 2% the previous year (appendix, table 1-7).

5. Fiscal Policy

In fiscal year 1999, the Federal Government surplus on a unified budget basis was $124 billion, compared with $69 billion in fiscal 1998 when the first budget surplus since 1969 was recorded. With the surplus in 1998, the objective put forward in the 1997-Balanced Budget and Taxpayer Relief Acts of eliminating the budget deficit by 2002, was accomplished four years ahead of schedule. Moreover, in 1999, at 1.4% of GDP the surplus was the largest relative to the size of the economy in nearly 50 years. Net interest payments, however, remain large.

Much of the progress on the deficit can be traced to tax and spending legislation and adherence to the budgetary restraints of the Budget Enforcement Act of 1990 and the Omnibus Budgetary Reconciliation Act of 1993. In 1999, the improvement that took place reflected a boost in revenues on account of income tax collections.

During fiscal year 1999, federal revenues rose by 6.1%, less than the 9% recorded the previous year. A decline in net corporate tax payments of 2.1% was mainly responsible for the slowdown. Growth in individual tax receipts moderated as well. Federal outlays, on the other hand, grew by 3.0%, somewhat less than in the previous year (appendix, table 1-8).

At the State and local government level, financial conditions are quite sound as the strong economy has increased State tax revenues. The State and local government current surplus increased to about $51 billion in 1999. In this way, at the end of fiscal 1999, over two-thirds of the States had surpluses equal to 5% or more of general fund expenditures.

Last, the decline in the federal budget deficit has slowed the increase in the national debt sufficiently, such that the ratio of the national debt to GDP has remained roughly constant for the past fiscal years. The gross federal debt amounted to $5.6 trillion in 1999.

6. Monetary Policy

Beginning in mid-1999, the move to tighter monetary policy attempted to rebalance aggregate demand and aggregate supply. The rationale for tightening by the Federal Reserve was based on the threat of an overheating economy from continued above-trend growth since, even allowing for upward revisions to aggregate supply growth as a result of an acceleration in productivity, aggregate demand has been growing faster than aggregate supply. On the other hand, the economy is already at least at full employment.

The Federal Open Market Committee (FOMC) raised the target Federal funds rate (the interest rate that banks charge one another for overnight borrowing) by 75 basis points in three steps during the year. In the last tightening, in November, the Federal funds rate was raised to 5.5%, following two previous quarter-point increases in June and August. With this, the FOMC fully reversed the rate cuts it had instituted in the second half of 1998 during the global financial crisis (appendix, table 1-9). As economic growth retained momentum, long-term interest rates increased.

Growth of the monetary aggregates moderated considerably during 1999 following a very strong growth the previous year, however, both M2 and M3, rose close to 6% and 8%, respectively, finishing the year above their annual price-stability ranges. Growth of M2 was brought down as a result of an easing of demands for liquid assets in the fourth quarter of 1998 and a rise in its opportunity cost. The rise in opportunity cost also helped to stop the decline in M2 velocity that had started in mid-1997. (For the most part, the decline reflected an increased demand for safe assets that followed the heightened volatility in financial markets).

M3 moderated in 1999 after posting in 1998 the fastest growth since 1981 due, in large part, to a boost in institutional money funds, whereby investments in these funds provided businesses with greater liquidity than direct holdings of money market instruments. Early in 1999, M3 growth retreated as depository institutions curbed issuance of managed liabilities but in the last quarter of the year, M3 increased in response to an acceleration of loan growth which banks funded with large time deposits and other managed liabilities in M3 (appendix, table 1-10).

Growth of the debt of non-financial sectors is estimated at 6.5% in 1999 about a percentage point faster than nominal GDP. As in 1998, non-federal debt growth was in large part due to strong spending on durable goods, housing and business investment and also in response to debt-financed mergers and acquisitions (appendix, table 1-11). This rise in private sector debt was accompanied by a reduction in federal debt as the large increase in the federal budget surplus allowed the U.S. Treasury Department to reduce its outstanding debt by about 2%.

Stock Market

	Dow Jones Industrial Average	S&P 500
1995	4,493.76	541.72
1996	5,742.89	670.50
1997	7,441.15	873.43
1998	8,625.52	1,085.50
1999	10,464.88	1,327.33
January	9,345.86	1,248.77
February	9,322.94	1,246.58
March	9,753.63	1,281.66
April	10,443.50	1,334.76
May	10,853.87	1,332.07
June	10,704.02	1,322.55
July	11,052.22	1,380.99
August	10,935.47	1,327.49
September	10,714.03	1,318.17
October	10,396.88	1,300.01
November	10,809.80	1,391.00
December	11,246.36	1,428.68

Finally, 1999 was a relatively tranquil year for financial markets by comparison with a tumultuous 1998 characterized by a "flight to quality". The stock market recorded another year of robust gains, with the S&P 500 index of stock prices rising 20%, the Dow Jones Industrial average 25%, and the Nasdaq composite index an impressive 86% in 1999. However, disparity in performance of stocks predominated. For instance, less than half of the stocks in the S&P 500 index rose in value in 1999.

II. INTERNATIONAL TRANSACTIONS

Due to the disparity between the rapid growth of the U.S. economy and that of many of its trading partners during the previous year, U.S. external balances deteriorated further in 1999. The U.S. current account deficit amounted to $338.9 billion (preliminary figures) in 1999, or 3.7% of GDP, up from $220.6 billion the previous year. The widening deficit mainly reflected a substantial increase in the deficit on goods and services, though it was also accompanied by a higher deficit on investment income and net unilateral transfers. Until 1997, trade deficits had been offset by net investment income. However, as the U.S. net external debt has risen, net investment income has become increasingly negative.

In the capital account, net capital transactions were outflows of $0.2 billion in 1999, in contrast to inflows of $0.6 billion in 1998.

1. Exchange rates

In 1999, the exchange rate of the U.S. dollar against a broad index of currencies of main trading partners was quite steady. This steady performance was in marked contrast to 1998 and to the long period of dollar appreciation that began in mid-1995 and continued through mid-1998. In August 1998 the value of the dollar jumped due to global financial uncertainty and then dropped back sharply.

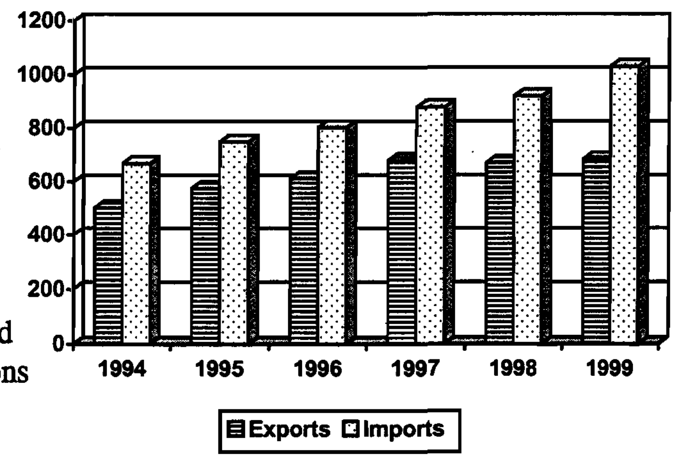
The value of the dollar was unchanged from yearend 1998 to yearend 1999 on a nominal, trade weighted basis against the group of main currencies. However, performance against individual currencies varied widely. For instance, the dollar appreciated by more than 15% against the euro during the year, while it appreciated 7% against the yen in the first half of the year but fell 16% against it in the second half. Large differences in relative growth rates as well as perceptions about future changes in growth rates were key determinants of exchange rate developments during the year (appendix table 2-1).

2. Current Account

The deficit on goods and services increased to $267.5 billion in 1999 from $164.3 billion the previous year. A record annual increase in the deficit on goods was accompanied by the second annual decrease in the services surplus since 1985.

U.S. exports of goods increased by 2% to $683 billion in 1999 after decreasing $9.5 billion or 1% in 1998 as U.S. export growth was affected by GDP growth in many industrial countries that was up only slightly from reduced growth in 1998. The export increase in 1999 was almost entirely in capital goods, as a result of a pickup in world demand for computers and telecommunications equipment (Appendix, table 2-2, and 2-3).

Figure 5 USA: Merchandise Exports and Imports

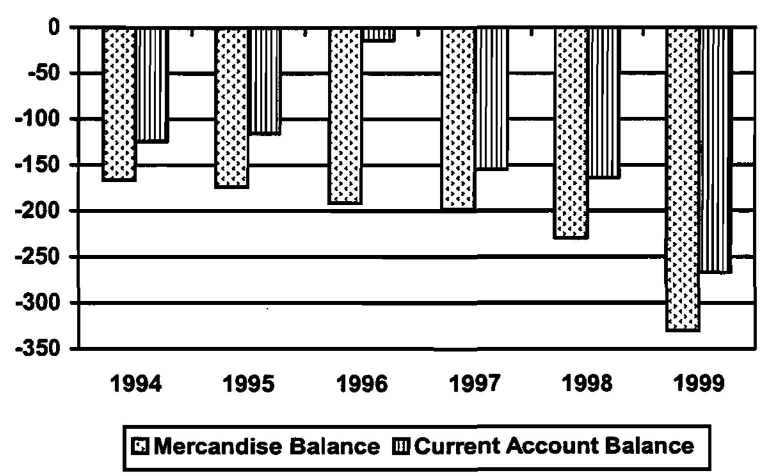


Nonagricultural exports increased by 3% to $633.6 billion in 1999, after having decreased by 1% the previous year. In value, capital goods accounted for more than half of the increase. Semiconductors, which increased by 24%, accounted for over 80% of the increase in capital goods. This is the largest annual increase on record.

U.S. imports expanded by 12% in 1999, to $1030.2 billion, compared to an increase of 5% the previous year, as the U.S. economy continued to grow strongly. Of the major import categories, increases were sharpest for automotive products and capital goods. Also, petroleum imports increased $16.9 billion after 2 years of decline.

Finally, by area, the merchandise trade deficit with Canada increased to $32.1 billion from $16.7 billion in 1998 and with Mexico to $22.8 billion from $15.9 billion. The surplus with the rest of Latin America, dropped from $13.1 billion, to a deficit of $3.2 billion. The deficit with Japan increased to $73.9 billion and that of the Pacific Rim (excluding Japan and China) to $44.1 billion. (appendix, table 2-4).

Figure 6: Current Account



Regarding services, the services surplus decreased $3.1 billion in 1999 to $79.6 billion while the deficit on income was $24.8 billion in 1999, up from $12.2 billion in 1998 as the inflow of capital into the

U.S. boosted payments of earnings and interest to foreigners (appendix, table 2-5).

Direct investment receipts were $116.7 billion in 1999, up from $102.8 billion the previous year due to some recovery in Asia and a pickup in growth in Western Europe leading to a rise in earnings, but to levels that did not exceed those in 1997. Payments of income on foreign direct investment in the U.S. were $58.3 billion in 1999 due to a turnaround in banking and strong increases in earnings in manufacturing. In addition, net income from portfolio investment became increasingly negative, as the net portfolio liability position of the U.S. grew larger.

Net unilateral transfers amounted to $46.6 billion in 1999, up from $44.1 billion in the previous year. The rise was accounted largely by an increase in private remittances and other transfers at the institutional level. U.S. government grants were below the total in 1998, because not all the funds for assistance extended to Israel under the Sinai Peace accords were disbursed.

3. Capital Movements

Overall U.S. capital flows in 1999 reflected the strong cyclical position of the U.S. and the global wave of corporate mergers. For the year, net recorded financial flows --the difference between changes in U.S. owned assets abroad and changes in foreign-owned assets in the U.S. were $378.2 billion, relative to $209.8 billion in 1998. Financial inflows accelerated considerably more than outflows.

During 1999, net financial inflows to the U.S. increased by a sizable amount, led by inflows into U.S. securities other than U.S. Treasury securities, on account of continued exceptional inflows into U.S. corporate bonds and stocks. For example, transactions in U.S. Treasury securities shifted to net sales of $21.8 billion in 1999, the first year of net sales since 1990. On the other hand, net foreign purchases of U.S. securities other than U.S. Treasury securities were a record $325.9 billion in 1999; net foreign purchases of U.S. stocks were a record $94.9 billion and also net foreign purchases of U.S. corporate and U.S. Government agency bonds were a record $231 billion despite steeply falling bond prices. In this regard, the continued shift away from Treasuries is in part a reflection of the U.S. budget surplus and the decline in the supply of Treasures relative to other securities, and also to a greater tolerance of foreign investors for risk.

On the other hand, net U.S. purchases of foreign stocks and bonds in 1999 were just under net purchases in the previous year --$97.9 billion in 1999 down from $102.8 billion in 1988, as U.S. investors cut back sharply in their purchases of foreign bonds and increased their purchases of foreign stocks. That is, net purchases of foreign bonds fell to only $0.1 billion, the lowest level since 1982, while net purchases of foreign stocks increased to a record $97.8 billion.

Net inflows for foreign direct investment in the U.S. also increased by a considerable amount due to a substantial high number of large-scale acquisitions of U.S. companies by foreign companies. (In the past two years, many of the largest mergers have been financed by a swap of equity in the foreign acquiring firm for equity in the U.S. firm being acquired). U.S. direct investment abroad also reflected the global wave of merger activity in 1999.

The year recorded a return to substantial capital inflows from foreign official sources after a modest outflow the previous year. The increase in foreign official reserves in the U.S. in 1999 was concentrated in a small number of countries with currencies under pressure relative to the U.S. dollar.

Appendix

Table 1-1
United States: Main Economic Indicators

	1995	1996	1997	1998	1999
Gross Domestic Product					
(billions of chained 1996 dollars)	7543.8	7813.2	8144.8	8495.7	8848.2
Per Capita GDP	28134.1	29432.4	30972.2	32376.8	33888.9
Population (millions)	263.0	265.5	268.0	270.6	273.1
			Growth Rates		
GDP	2.7	3.6	4.2	4.3	4.2
Per Capita GDP	1.2	4.6	5.2	4.5	4.7
Implicit GDP Deflator	2.1	1.8	1.7	1.2	1.5
Consumer Prices (Dec. to Dec.)	2.5	3.3	1.7	1.6	2.7
Per Capita Disposable Income	2.3	1.6	2.3	3.1	3.0
Real Wages	-0.6	0.3	2.2	2.7	1.1
Money (M1)	-1.9	-4.2	-0.6	1.7	2.9
			Percentages		
Unemployment Rate	5.6	5.4	4.9	4.5	4.2
Fiscal Deficit (% of GDP)	-2.2	-1.4	-0.3	0.8	1.4
			Billions of Dollars		
Balance on Goods and Services	-	-111.0	-110.2	-164.3	-267.5
Balance on Income	-	2.8	-5.3	-12.2	-24.8
Balance on Current Account	-	-148.2	-155.2	-220.6	-338.9

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 1-2
United States: Real Gross Domestic Product

	Billions of Chained (1996) Dollars					Growth Rates			
	1995	1996	1997	1998	1999	1996	1997	1998	1999
Gross Domestic Product	7543.8	7813.2	8144.8	8495.7	8848.2	3.6	4.2	4.3	4.2
Personal Consumption Expenditures	5075.6	5237.5	5417.3	5681.3	5983.6	3.2	3.4	4.9	5.3
Gross Private Domestic Investment	1140.6	1242.7	1385.8	1547.4	1637.7	9.0	11.5	11.7	5.8
Fixed Investment	1109.2	1212.7	1316.0	1471.8	1590.5	9.3	8.5	11.8	8.1
Nonresidential	817.5	899.4	995.7	1122.5	1215.8	10.0	10.7	12.7	8.3
Residential	291.7	313.3	320.6	350.2	376.1	7.4	2.3	9.2	7.4
Change in Private Inventories	30.4	30.0	69.1	74.3	42.2	-1.3	130.3	7.5	-43.2
Net Exports of Goods and Services	-78.4	-88.9	-112.1	-217.6	-323.1	-13.4	-26.1	-94.1	-48.5
Exports	808.2	874.2	983.1	1004.6	1042.3	8.2	12.5	2.2	3.8
Imports	886.6	963.1	1095.2	1222.2	1365.4	8.6	13.7	11.6	11.7
Government Consumption Expenditures and Gross Investment	1406.4	1421.9	1453.7	1478.8	1534.1	1.1	2.2	1.7	3.7
Federal	536.5	531.6	530.7	525.9	540.8	-0.9	-0.2	-0.9	2.8
State and Local	869.9	890.4	923.0	952.7	993.1	2.4	3.7	3.2	4.2

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.

Table 1-3
United States: Evolution of Gross Saving

	Billions of Dollars				Growth Rates			
	1996	1997	1998	1999	1996	1997	1998	1999
Gross Savings	1349.3	1521.3	1646.0	1727.1	7.3	12.7	8.2	4.9
Private	1290.4	1362.0	1371.2	1364.7	1.9	5.5	0.7	-0.5
Personal	272.1	271.1	229.7	156.3	-10.0	-0.4	-15.3	-32.0
Business	1018.3	1090.9	1141.5	1208.4	5.7	7.1	4.6	5.9
Government	58.9	159.3	274.8	362.5	792.9	170.5	72.5	31.9
Federal	-51.5	37.7	134.3	206.3	52.3	173.2	256.2	53.6
State and Local	110.4	121.5	140.5	156.2	11.1	10.1	15.6	11.2
	Coefficients (percentages)							
Gross Savings/GNP	17.2	18.3	18.8	18.7				
Personal Savings/ Personal Disposable Income	4.8	4.5	3.7	2.4				

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of Economic Analysis.

Table 1-4
United States: Industrial Production

	Index 1992=100				
	1995	1996	1997	1998	1999
Total Index	114.4	119.4	127.1	132.4	137.1
Manufacturing	115.8	121.3	130.1	136.4	142.2
Durables	123.9	134.0	148.0	160.7	172.8
Non-durables	107.1	107.8	111.2	111.6	111.8
Mining	102.1	103.7	105.9	103.8	98.0
Utilities	109.0	112.6	112.7	114.4	116.1
Capacity Utilization Rate %					
Total Industry	83.3	82.5	83.3	81.8	80.6
Manufacturing	82.6	81.5	82.4	80.9	79.8

Source: ECLAC, on the basis of data from the Council of Economic Advisers.

Table 1-5
United States: Civilian Employment and Unemployment

	Thousands of Persons					Growth Rates				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Civilian Labor Force	132,304	133,943	136,297	137,673	139,368	1.0	1.2	1.8	1.0	1.2
Participation Rate (%)	66.6	66.8	67.1	67.1	67.1					
Civilian Employment	124,900	126,708	129,558	131,463	133,488	1.5	1.4	2.2	1.5	1.5
Agricultural	3,440	3,443	3,399	3,378	3,281	0.9	0.1	-1.3	-0.6	-2.9
Non-Agricultural	121,460	123,264	126,159	128,025	130,207	1.5	1.5	2.3	1.5	1.7
Non-Agricultural Payroll										
Employment	117,191	119,608	122,690	125,826	128,615	2.7	2.1	2.6	2.6	2.2
Goods-producing Industries	24,265	24,493	24,962	25,347	25,240	1.5	0.9	1.9	1.5	-0.4
Manufacturing	18,524	18,495	18,675	18,716	18,432	1.1	-0.2	1.0	0.2	-1.5
Construction	5,160	5,418	5,691	5,965	6,273	3.5	5.0	5.0	4.8	5.2
Service-producing Industries	92,925	95,115	97,727	100,480	103,375	3.0	2.4	2.7	2.8	2.9
Transportation	6,132	6,253	6,408	6,600	6,792	2.5	2.0	2.5	3.0	2.9
Wholesale Trade	6,378	6,482	6,648	6,831	7,004	3.5	1.6	2.6	2.8	2.5
Finance, Insurance and Real Estate	6,806	6,911	7,109	7,407	7,632	-1.3	1.5	2.9	4.2	3.0
Government	19,305	19,419	19,557	19,819	20,160	0.9	0.6	0.7	1.3	1.7
Services	33,117	34,454	36,040	37,526	39,000	4.9	4.0	4.6	4.1	3.9
Unemployment Rate	5.6	5.4	4.9	4.5	4.2					

Source: ECLAC, on the basis of data from the U.S. Department of Labor, Bureau of Labor Statistics.

Table 1-6
United States: Consumer and Producer Prices

	December to December				
	1995	1996	1997	1998	1999
Consumer Prices[a]	2.5	3.3	1.7	1.6	2.7
Food	2.1	4.3	1.5	2.3	1.9
Energy[b]	-1.3	8.6	-3.4	-8.8	13.4
All Items less Food and Energy	3.0	2.6	2.2	2.4	1.9
Producer Prices					
Finished Goods	2.3	2.8	-1.2	0	3.0
Consumer Goods	2.3	3.7	-1.5	-0.1	5.2
Capital Equipment	2.2	0.4	-0.6	0	0.3
	Year to Year				
Consumer Prices	2.8	3.0	2.3	1.6	2.2
Food	2.8	3.3	2.6	2.2	2.1
Energy	0.6	4.6	1.3	-7.7	3.6
All Items less Food and Energy	3.0	2.6	2.4	2.3	2.1
Producer Prices					
Finished Goods	1.9	2.7	0.4	-0.8	1.8
Consumer Goods	2.0	2.9	0.5	-0.1	3.3
Capital Equipment	1.9	1.2	0	-0.5	0

Source: ECLAC, on the basis of data from the U.S. Department of Labor, Bureau of Labor Statistics.

a. Prices for all urban consumers.

b. Fuel oil, coal and bottled gas; gas (piped) and electricity; and motor fuel. Motor oil, coolant, etc. also included through 1982.

Table 1-7

United States: Income and Wage Indicators

	1995	1996	1997	1998	1999	Growth Rates 1995	1996	1997	1998	1999
Income										
Per Capita Disposable Personal[a]	21.055	21.385	21.887	22.569	23.244	2.3	1.6	2.3	3.1	3.0
Median Family (1998 Dollars)	43.436	43.945	45.262	46.737	-	1.8	1.2	3.0	3.3	-
Persons below Poverty Level (%)	10.8	11.0	10.3	10.0	-	-4.8	1.9	-6.4	-2.9	-
Wages										
Average Gross Weekly Earnings										
Total Private Nonagricultural (1982 Dollars)	255.1	255.7	261.3	268.3	271.3	-0.6	0.3	2.2	2.7	1.1
(Current Dollars)	394.3	406.6	424.9	442.2	456.8	2.2	3.1	4.5	4.1	3.3
Current Dollars										
Manufacturing	514.6	531.2	553.1	562.5	580.1	1.5	3.2	4.1	1.7	3.1
Construction	587.0	603.3	625.6	643.7	668.1	2.4	2.8	3.7	2.9	3.8
Retail Trade	221.5	230.1	240.7	253.2	263.3	2.3	3.9	4.6	5.2	4.0

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Bureau of the Census, and the U.S. Department of Labor Statistics.

a. Yearly income in chained (1996) dollars.

Table 1-8

United States: Federal Receipts, Outlays and Debt

	Billions of Dollars, fiscal year 1994	1995	1996	1997	1998	1999	Growth Rates 1995	1996	1997	1998	1999
Total Receipts[a]	1257.7	1351.8	1453.1	1579.3	1721.8	1827.5	7.5	7.5	8.7	9.0	6.1
Income Taxes	683.5	747.2	828.2	919.8	1017.3	1064.2	9.3	10.8	11.1	10.6	4.6
Individuals	543.1	590.2	656.4	737.5	828.6	879.5	8.7	11.2	12.4	12.4	6.1
Corporations	140.4	157.0	171.8	182.3	188.7	184.7	11.8	9.4	6.1	3.5	-2.1
Social Insurance											
and Retirement Receipts	461.5	484.5	509.4	539.4	571.8	611.8	5.0	5.1	5.9	6.0	7.0
Other Receipts	135.1	120.1	115.4	120.1	132.7	151.5	-11.1	-3.9	4.1	10.5	14.2
Total Outlays	1461.9	1515.8	1560.6	1601.3	1652.6	1703.0	3.7	3.0	2.6	3.2	3.0
National Defense	281.6	272.1	265.8	270.5	268.5	274.9	-3.4	-2.3	1.8	-0.7	2.4
Social Services[b]	785.5	831.6	869.3	910.0	936.6	959.2	5.9	4.5	4.7	2.9	2.4
Net Interest	203.0	232.2	241.1	244.0	241.2	229.7	14.4	3.8	1.2	-1.1	-4.8
Other Outlays	191.8	179.9	184.4	176.8	206.3	239.2	-6.2	2.5	-4.1	16.7	15.9
Total Surplus or Deficit	-203.3	-164.0	-107.5	-22.0	69.2	124.4	19.3	34.5	79.5	414.5	79.8
as % of GDP	-2.9	-2.2	-1.4	-0.3	0.8	1.4					
Gross Federal Debt											
(end of period)	4643.7	4921.0	5181.9	5369.7	5478.7	5606.1	6.0	5.3	3.6	2.0	2.3
as %of GDP	66.8	67.2	67.3	65.6	63.4	61.5					

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, Office of Management and Budget, and the U.S. Department of Commerce, Bureau of Economic Analysis.

a. On and Off-Budget. Refunds of receipts are excluded from receipts and outlays.

b. Includes Health; Medicare; Income Security; and Social Security (on and off-budget).

Table 1-9
United States: Bond Yields and Interest Rates

	Nominal Rates; Percent per Annum				
	1995	1996	1997	1998	1999
Short Term Rates					
Discount Rates[a]	5.2	5.0	5.0	4.9	4.6
Prime Rate[b]	8.8	8.3	8.4	8.4	8.0
3-Month Treasury Bonds[c]	5.5	5.0	5.1	4.8	4.7
Long Term Rates					
10-Year Treasury Bonds[d]	6.6	6.4	6.4	5.3	5.7
Moody's AAA-Rated Corporate Bonds[e]	7.6	7.4	7.3	6.5	7.0
New Home Mortgage Yields[f]	7.9	7.8	7.7	7.1	7.0

Source: ECLAC, on the basis of data from the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and Moody's Investors Service.

a. Federal Reserve Bank of New York.

b. Charged by banks.

c. Bank discount basis.

d. Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.

e. Excludes public utilities issues for January 17, 1984 through October 11, 1984, due to the lack of appropriate issues.

f. Effective rate on the primary market on conventional mortgages reflecting fees and charges as well as contract rates and assuming, on the average, repayment at end of 10 years.

Table 1-10
United States: Money Stocks, Liquid Assets, and Debt Measures

	Billions of Dollars					Growth Rates				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Monetary Base	434.0	451.4	478.9	512.3	590.3	3.8	4.0	6.1	7.0	15.2
Concepts of Money										
M1	1128.7	1081.6	1075.2	1093.7	1125.4	-1.9	-4.2	-0.6	1.7	2.9
M2	3651.2	3824.2	4046.7	4401.4	4662.6	4.2	4.7	5.8	8.8	5.9
M3	4595.6	4955.8	5403.4	5995.7	6484.7	6.0	7.8	9.0	11.0	8.2
Debt and Debt Components										
Debt	13699.2	14463.6	15227.9	16250.4	-	5.4	5.6	5.3	6.7	-
Federal	3638.5	3781.3	3800.3	3750.8	-	4.2	3.9	0.5	-1.3	-
Nonfederal	10060.7	10682.3	11427.6	12499.6	-	5.8	6.2	7.0	9.4	-

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

Table 1-11

United States: Net Credit Market Borrowing By Domestic Non-Financial Sectors

	Billions of Dollars					
	1994	1995	1996	1997	1998	1999
Total	578.8	721.0	745.4	787.1	1024.1	-
						-
Federal Government	155.8	144.4	145.0	23.1	-52.6	-
Nonfederal	420.0	576.6	600.3	764.0	1076.7	-
						-
By Borrowing Sector						-
Households	316.3	350.9	354.0	327.3	471.9	-
Nonfinancial Business	150.0	277.2	253.2	380.6	524.5	-
Others[a]	-46.2	-51.5	-6.8	56.1	80.3	-

Source: ECLAC, on the basis of data from the Board of Governors of the Federal Reserve System.

a. State and local governments.

Table 2-1

United States: Indexes of Foreign Currency Price of the U.S. Dollar

	January 1999=100				
	1998	1999			
	IV	I	II	III	IV
Trade-weighted Average against 10 Currencies	101.3	101.7	104.1	103.0	101.0
Selected Currencies					
Canada	101.6	99.5	96.9	97.8	96.9
European Currencies:					
Germany	98.6	103.3	109.7	110.5	111.7
France	98.6	103.3	109.7	110.5	111.7
Italy	98.6	103.3	109.7	110.5	111.7
Euro Area[a]	-	103.3	109.7	110.5	111.7
United Kingdom	98.5	101.1	102.7	103.0	101.2
Switzerland	98.2	102.9	109.3	110.2	111.3
Japan	105.5	102.8	106.7	99.8	92.1

Source: ECLAC, on the basis of Survey of Current Business.

a. The euro area includes Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

Table 2-2

United States: Merchandise Exports

	Billions of Dollars (BOP Basis)					Growth Rates				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Total Exports	575.8	612.1	679.7	670.2	683.0	14.6	6.3	11.0	-1.4	1.9
Foods, Feeds, and Beverages	50.5	55.5	51.5	46.4	45.3	20.5	9.9	-7.2	-9.9	-2.4
Industrial Supplies and Materials	146.2	147.7	158.2	148.3	147.0	1.1	1.0	7.1	-6.3	-0.9
Capital Goods, except automotive	233.0	253.0	294.5	299.6	310.6	8.3	8.6	16.4	1.7	3.7
Automotive Vehicles	61.8	65.0	74.0	73.2	74.7	5.2	5.2	13.8	-1.1	2.0
Consumer Goods	64.4	70.1	77.4	79.3	80.6	7.5	8.9	10.4	2.5	1.6
Others	19.9	20.8	24.1	23.4	24.8	15.2	4.5	15.9	-2.9	6.0

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Survey of Current Business.

Table 2-3
United States: Merchandise Imports

	Billions of Dollars (BOP Basis)					Growth Rates				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Total Imports	749.6	803.3	876.4	917.2	1030.2	13.4	7.2	9.1	4.7	12.3
Foods, Feeds, and Beverages	33.2	35.7	39.7	41.2	43.6	7.4	7.5	11.2	3.8	5.8
Industrial supplies and materials	181.8	204.5	213.8	200.1	221.6	14.1	12.5	4.5	-6.4	10.7
Capital Goods, except automotive	221.4	228.1	253.3	269.6	296.9	20.1	3.0	11.0	6.4	10.1
Automotive Vehicles	123.8	128.9	139.8	149.1	179.5	4.6	4.1	8.5	6.7	20.4
Consumer Goods	159.9	172.0	193.8	216.5	239.6	9.3	7.6	12.7	11.7	10.7
Others	29.5	34.1	36.0	40.7	49.0	9.7	15.6	5.6	13.1	20.4

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, Survey of Current Business.

Table 2-4
United States: Merchandise Imports and Exports by Area
(Billions of Dollars)

	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
	1998			1999		
World	682.1	911.9	-229.8	695.0	1025.0	-330.0
Canada	156.6	173.3	-16.7	166.2	198.3	-32.1
Mexico	78.8	94.6	-15.9	86.9	109.7	-22.8
Western Europe	162.6	192.0	-29.4	165.8	213.2	-47.4
European Union	149.0	176.4	-27.3	151.6	195.4	-43.7
Pacific Rim	167.4	327.7	-160.4	173.7	360.4	-186.7
China	14.2	71.2	-56.9	13.1	81.8	-68.7
Japan	57.8	121.8	-64.0	57.5	131.4	-73.9
South/Central America	63.4	50.3	13.1	55.2	58.4	-3.2
Argentina	5.9	2.2	3.7	4.9	2.6	2.3
Brazil	15.1	10.1	5.0	13.2	11.3	1.9

Source: ECLAC, on the basis of data from the U.S. Department of Commerce, U.S. Census Bureau, FT900.

Table 2-5
United States: Balance of Payments

	Millions of Dollars			
	1996	1997	1998	1999
Current Account				
Exports of Goods and Services and Income Receipts	**1,055,233**	**1,179,380**	**1,192,231**	**1,233,944**
Exports of Goods and Services	-	-	933,907	960,088
Goods, Balance of Payments Basis	612,069	679,325	670,246	683,021
Services	236,764	258,268	263,661	277,067
Transfers under U.S. Military Agency Sales Contracts	14,647	18,269	17,155	16,688
Travel	69,908	73,268	71,250	74,448
Passenger Fares	20,557	20,895	19,996	21,123
Other Transportation	27,216	26,911	25,518	27,313
Royalties and License Fees	29,974	33,676	36,808	37,213
Other Private Services	73,569	84,465	92,116	99,357
U.S. Government Miscellaneous Services	893	784	818	925
Income Receipts	-	-	258,324	273,856
Income Receipts on U.S.-owned Assets Abroad	206,400	241,787	256,467	271,972
Direct Investment Receipts	98,890	109,407	102,846	116,683
Other Private Receipts	102,866	128,845	150,001	152,104
U.S. Government Receipts	4,644	3,535	3,620	3,185
Compensation of Employees	-	-	1,857	1,884
Imports of Goods and Services and Income Payments	**-1,163,450**	**-1,294,904**	**-1,368,718**	**-1,526,281**
Imports of Goods and Services	-	-	-1,098,189	-1,227,636
Goods, balance of payments basis	-803,239	-877,279	-917,178	-1,030,152
Services	-156,634	-170,520	-181,011	-197,484
Direct Defense Expenditures	-10,861	-11,488	-12,841	-14,604
Travel	-48,739	-51,220	-56,105	-60,092
Passenger Fares	-15,776	-18,235	-19,797	-21,305
Other Transportation	-28,453	-28,949	-30,457	-34,500
Royalties and License Fees	-7,322	-9,411	-11,292	-12,437
Other Private Services	-42,796	-48,421	-47,670	-51,591
U.S. Government Miscellaneous Services	-2,687	-2,796	-2,849	-2,955
Income Payments	-	-	-270,529	-298,645
Income Payments on Foreign-owned Assets in the United States	-203,577	-247,105	-263,423	-291,158
Direct Investment Payments	-32,132	-45,674	-43,441	-58,250
Other Private Payments	-100,103	-113,959	-128,863	-137,777
U.S. Government Payments	-71,342	-87,472	-91,119	-95,131
Compensation of Employees	-	-	-7,106	-7,487
Unilateral Current Transfers, net	**-39,968**	**-39,691**	**-44,075**	**-46,581**
U.S. Government Grants	-14,933	-12,090	-13,057	-12,825
U.S. Government Pensions and Other Transfers	-4,331	-4,193	-4,350	-4,396
Private Remittances and Other Transfers	-20,704	-23,408	-26,668	-29,360
Capital and Financial Account				
Capital Account				
Capital Account Transactions, net	-	-	**617**	**-172**
Financial Account				
U.S.-owned Assets Abroad, net (increase/financial outflow (-))	**-352,444**	**-478,502**	**-292,818**	**-372,567**
U.S. Official Reserve Assets, net	6,668	-1,010	-6,784	8,749
Gold	-	-	-	-
Special Drawing Rights	370	-350	-149	12
Reserve Position in the International Monetary Fund	-1,280	-3,575	-5,118	5,485
Foreign Currencies	7,578	2,915	-1,517	3,252
U.S. Government Assets, other than official reserve assets, net	-690	174	-429	-365
U.S. Credits and Other Long-term Assets	-4,930	-5,302	-4,676	-6,123
Repayments on U.S. Credits and Other Long-term Assets	4,134	5,504	4,102	6,223
U.S. Foreign Currency Holdings and U.S. Short-term Assets, net	106	-28	145	-465
U.S. Private Assets, net	-358,422	-477,666	-285,605	-380,951
Direct Investment	-87,813	-121,843	-132,829	-152,152
Foreign Securities	-108,189	-87,981	-102,817	-97,882
U.S. Claims on Unaffiliated Foreigners Reported by U.S.Nonbanking Concerns	-64,234	-120,403	-25,041	-69,493
U.S. Claims Reported by U.S. Banks, not included elsewhere	-98,186	-147,439	-24,918	-61,424
Foreign-owned Assets in the United States, net (increase/ financial inflow (+))	**547,555**	**733,441**	**502,637**	**750,765**
Foreign Official Assets in the United States, net	122,354	15,817	-21,684	44,570
U.S. Government Securities	115,634	-2,936	-3,625	32,423
U.S. Treasury Securities	111,253	-7,270	-9,957	12,073
Other	4,381	4,334	6,332	20,350
Other U.S. Government Liabilities	720	-2,521	-3,113	-3,698
U.S. Liabilities Reported by U.S. Banks, not included elsewhere	4,722	21,928	-11,469	14,937
Other Foreign Official Assets	1,278	-654	-3,477	908
Other Foreign Assets in the United States, net	425,201	717,624	524,321	706,195
Direct Investment	76,955	93,449	193,375	282,507
U.S. Treasury Securities	-	146,710	46,155	-21,756
U.S. Securities Other Than U.S. Treasury Securities	133,798	196,845	218,026	325,913
U.S. Currency	-	24,782	16,622	22,407
U.S. Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbonding Concerns	31,786	107,779	9,412	29,411
U.S. Liabilities Reported by U.S. banks, not included elsewhere	9,784	148,059	40,731	67,713
Statistical Discrepancy (sum of above items with sign reversed)	**-46,927**	**-99,724**	**10,126**	**-39,108**
Of Which Seasonal Adjustment Discrepancy	-	-	-	-
Memoranda:				
Balance on Goods	-191,170	-197,954	-246,932	-347,131
Balance on Services	80,130	87,748	82,650	79,583
Balance on Goods and Services	-111,040	-110,206	-164,282	-267,548
Balance on Income	2,824	-5,318	-12,205	-24,789
Unilateral Current Transfers, net	-39,968	-39,691	-44,075	-46,581
Balance on Current Account	-148,184	-155,215	-220,562	-338,918

Source: ECLAC, on the basis of data from the U.S. Department of Commerce.