19982008

# Economic growth

The economy's need for workers stems from the demand for goods and services, which is measured by the GDP. Domestic and foreign consumers, including individuals, businesses, and governments, purchase items produced by the U.S. economy. These purchases fall into five categories:

- ***Personal consumption expenditures.*** This category includes purchases by individuals of goods (such as food, clothing, and housing) and services (such as college education, hospital care, and transportation).
- ***Capital investment***. Capital investments include business purchases of office buildings and factories, machinery, and computers.
- ***Government purchases.*** This category includes goods and services purchased by Federal, State, and local governments.
- ***Exports.*** Exports are goods and services produced in the United States and purchased by individuals, businesses, and governments in foreign countries.
- ***Imports.*** Imports are goods and services produced in foreign countries and purchased by U.S. citizens, businesses, and governments. In GDP accounting, the value of imports is subtracted from the value of all other categories of GDP.

Changes in the demand for specific goods and services within these categories change the quantity of goods and services produced by specific industries. All goods and services are classified into one of hundreds of industries. For example, all output of cars is counted in the motor vehicle manufacturing industry; all output of supermarkets is in the grocery store industry.

Overall, GDP is projected to grow 2.4 percent annually. Personal consumption expenditures will continue to account for 68 percent of GDP. Both exports and imports will increase markedly in importance. In addition, Federal Government purchases will become a smaller component of GDP, investment a larger one.

**GDP distribution by major demand category, 1988, 1998, and projected 2008**
(Percent)