

INTERNATIONAL ECONOMIC COMPARISON

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U.S. Economic Performance Relative to Other Group of Seven (G-7) Members

Economic Growth

U.S. real GDP—the output of goods and services produced in the United States measured in 1996 prices—grew at a revised annual rate of 2.0 percent in the first quarter of 2001 following a 1.0-percent growth rate in the fourth quarter, of 2000, according to preliminary estimates by the U.S. Bureau of Economic Analysis (*BEA News Release*, BEA 01-04). For the year 2000 real GDP grew by 5.0 percent.

The annualized rate of real GDP growth in the fourth quarter of 2000 was 1.4 percent in the United Kingdom, 2.6 percent in Canada, 3.9 percent in France, 0.8 percent in Germany, 3.2 percent in Italy and 3.2 percent in Japan. The annualized rate of real GDP growth in the fourth quarter was 2.8 percent for EU members linked by the Euro currency, the Euro area (EU-11).

Industrial Production

The Federal Reserve Board (*Federal Reserve Statistical Release*, G.17 (419)) reported that U.S. industrial production increased by 0.4 percent in March 2001, its first increase since September 2000. Manufacturing output increased 0.3 percent; after a 0.3 percent drop in February. Excluding motor vehicles and parts, manufacturing output decreased 0.1 percent in March. Output at utilities increased 1.1 percent, and production in mining rose 0.8 percent. Total industrial production was 0.8 percent above its March 2000 level. Total capacity utilization was 4.4 percent higher than in March 2000.

¹ The views and conclusions expressed in this article are those of the author. They are not necessarily the views of the U.S. International Trade Commission as a whole or of any individual Commissioner.

Other G-7 member countries reported the following growth rates of industrial production. For the year that ended in February 2001, Japan reported a decrease of 2.1 percent and the United Kingdom reported an increase of 1.0 percent. For the 12 months through January 2001, Germany reported an increase of 7.1 percent, Italy reported an increase of 9.6 percent, France reported an increase of 2.9 percent, and Canada reported an increase of 1.2 percent. The Euro area reported an increase of 6.6 percent for the year that ended in January 2000.

Prices

The seasonally adjusted U.S. Consumer Price Index (CPI) increased 0.1 percent in March 2001, following a 0.6 percent rise in January, according to the U.S. Department of Labor (USD L-01-68). For the 12-month period that ended in February 2001, the CPI-U increased by 2.9 percent.

During the 1-year period that ended in March 2001, prices increased by 2.5 percent in Germany, and 2.8 percent in Italy. During the 1-year that ended in February 2000, prices increased 2.9 percent in Canada, 2.7 percent in the United Kingdom, 1.4 percent in France and in Japan prices fell 0.1 percent. Prices increased by 2.6 percent in the Euro area in the year that ended in February 2001.

Employment

The Bureau of Labor Statistics (*Employment Situation Summary*, USD L 01-57) reported that the unemployment rate held at 4.2 percent in February 2001 and total non-farm employment rose by 135,000. Large job losses continued in manufacturing, where employment declined by 94,000. Employment gains in several other industries, including services, accounted for the net increase in payroll employment.

In other G-7 countries, their latest unemployment rates were 6.9 percent in Canada, 9.3 percent in Germany, 5.2 percent in the United Kingdom, 8.8 percent in France, 9.9 percent in Italy, and 4.7 percent in Japan. The unemployment rate in the Euro area was 8.7 percent.

Forecasts

Seven major U.S. forecasters expect real GDP growth in the United States during the second quarter of 2001 to reach an average of about 1.9 percent at an annualized rate, and to increase to 2.3 percent in the third quarter and 2.9 percent in the fourth quarter. The growth rate for the year 2001 is expected to average about 2.1 percent. Table 1 shows macroeconomic projections for the U.S. economy from January to December 2001, and the simple average of these forecasts. Forecasts of all the economic indicators, except unem-

ployment, are presented as percentage changes from the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter.

The average of the forecasts points to an unemployment rate of 4.5 percent in the second quarter, and a slight increase in the third and fourth quarters. For the year 2001, the unemployment rate is projected to reach 4.5 percent. Inflation, as measured by the GDP deflator, is expected to remain subdued, reaching about 2.0 percent during 2001.

Table 1
Projected changes in U.S. economic indicators, by quarter, Jan.-Dec. 2001, and annually, 2000-2001

(Percentage)

Period	Confer- ence Board	E.I. Dupont	UCLA Business Forecast- ing Project	Merrill Lynch Capital Markets	Macro Econo- mic Advisers	Eaton Corp.	Regional Financial Associates	Mean of forecasts
<i>GDP constant dollars</i>								
2001:								
Jan.-Mar.	1.6	0.7	0.2	1.1	0.7	1.9	1.1	1.2
Apr.-June	4.5	0.7	-0.2	1.3	2.3	3.8	1.0	1.9
July-Sept	5.1	0.7	-0.7	2.4	2.8	3.4	2.5	2.3
Oct.-Dec.	5.1	0.1	1.4	3.8	3.3	2.5	3.7	2.9
Annual 2000	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Annual 2001	4.3	0.7	0.7	1.9	2.0	2.6	1.8	2.1
<i>GDP Price Deflator</i>								
2001:								
Jan.-Mar.	1.3	2.2	1.7	2.6	2.6	1.8	2.3	2.2
Apr.-June	2.6	1.9	2.1	2.2	2.2	0.3	1.7	1.8
July-Sept	3.7	1.9	2.0	1.8	1.8	0.6	2.2	2.0
Oct.-Dec.	3.7	1.8	2.0	1.8	1.8	0.6	2.2	1.9
Annual 2000	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Annual 2001	2.3	1.3	2.2	2.1	2.1	1.3	2.0	2.0
<i>Unemployment average rate</i>								
2001:								
Jan.-Mar.	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Apr.-June	4.3	4.5	4.6	4.4	4.4	4.5	4.4	4.5
July-Sept	4.3	4.6	5.0	4.5	4.5	4.6	4.5	4.6
Oct.-Dec.	4.2	4.5	5.3	4.6	4.6	4.8	4.6	4.7
Annual 2000	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Annual 2001	4.2	4.5	4.8	4.4	4.4	4.5	4.5	4.5

Note.—Except for the unemployment rate, percentage changes in the forecast represent annualized rates of change from the preceding period. Quarterly data are seasonally adjusted. Forecast date, Mar. 2001.

Source: Compiled from data of the Conference Board. Used with permission.