
INTERNATIONAL ECONOMIC COMPARISONS

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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 1.3 percent in the first quarter of 2001, following a 1.0-percent growth rate in the fourth quarter of 2000, according to advance estimates by the U.S. Bureau of Economic Analysis (BEA News Release, BEA 01-10). 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, 4.0 percent in France, 0.8 percent in Germany, 2.8 percent in Italy and 3.0 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 declined by 0.3 percent in April after a drop in output in the first quarter that was steeper than previously reported. Industrial production in April was 1.0 percent lower than in April 2000. Manufacturing output also fell 0.3 percent in April and has contracted nearly 3.5 percent since its recent peak in September 2000. Manufacturing output excluding motor vehicles and parts declined by 0.4 percent in April. Output of

utilities moved down by 1.0 percent, and production of mining rose by 0.6 percent. increased by 0.4 percent in March 2001, its first increase since September 2000. Total capacity utilization in April 2001 was 4.0 percent higher than in April 2000.

Other G-7 member countries reported the following growth rates of industrial production. For the year that ended in March 2001, Japan reported a decrease of 2.9 percent and the United Kingdom reported a decrease of -0.1 percent, Germany reported an increase of 1.4 percent, Italy reported a decrease of 0.3 percent, France reported an increase of 1.9 percent, and Canada reported an increase of 1.5 percent for the year ended February 2001. The Euro area reported an increase of 2.3 percent for the year that ended in February 2001.

Prices

The seasonally adjusted U.S. Consumer Price Index (CPI) increased by 0.3 percent in April 2001, following a 0.1-percent rise in March, according to the U.S. Department of Labor (USD L-01-142). For the 12-month period that ended in February 2001, the CPI-U increased by 3.3 percent.

During the 1-year period that ended in April 2001, prices increased by 2.9 percent in Germany, 1.8 percent in the United Kingdom, 1.8 percent in France, and 3.1 percent in Italy. During the 1-year period that ended in March 2001, prices increased by 2.5 percent in Canada, and in Japan prices fell by 0.4 percent. Prices increased by 2.9 percent in the Euro area in the 1-year period that ended in April 2001.

Employment

The Bureau of Labor Statistics (*Employment Situation Summary*, USD L 01-122) reported that the unemployment rate rose to 4.5 percent in April 2001. Large job losses continued in manufacturing, in help supply services and construction. where employment declined by 94,000.

In other G-7 countries, their latest unemployment rates were 7.0 percent in Canada, 9.3 percent in Ger-

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.

many, 5.1 percent in the United Kingdom, 8.7 percent in France, 9.9 percent in Italy, and 4.7 percent in Japan. The unemployment rate in the Euro area was 8.4 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 1.5 percent at an annualized rate, and to increase to 1.7 percent in the third quarter and 2.6 percent in the fourth quarter. The growth rate for the year 2001 is expected to average about 2.0 percent. Table 1 shows macroeconomic pro-

jections for the U.S. economy from January to December 2001, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, 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 4.6 percent. Inflation, as measured by the GDP deflator, is expected to remain subdued, reaching an average of about 2.3 percent during 2001.

Table 1
Projected changes of selected U.S. economic indicators, by quarters, Jan.-Dec. 2001
(Percent)

	Conference Board	E.I. Dupont	UCLA Business Forecasting Project	Merrill Lynch Capital Markets	Macro-economic Advisers	DRI-WEFA	Regional Financial Assoc.	Mean of forecasts
GDP, constant dollars								
2001								
Jan.-Mar.	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Apr.-June	4.6	0.0	-0.2	1.5	2.1	1.1	1.4	1.5
July-Sept.	4.7	1.0	-0.7	2.0	3.1	1.3	0.8	1.7
Oct.-Dec.	4.9	2.0	0.1	3.5	3.4	2.0	2.6	2.6
Annual 2001	3.1	1.6	1.2	2.1	2.3	1.8	1.8	2.0
GDP price deflator								
2001								
Jan.-Mar.	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Apr.-June	3.0	1.1	2.1	1.9	2.6	2.4	2.1	2.2
July-Sept.	3.7	1.5	2.0	1.7	1.8	2.2	1.8	2.1
Oct.-Dec.	3.7	1.8	2.0	1.7	2.2	2.2	1.8	2.2
Annual 2001	2.8	2.0	2.3	2.2	2.3	2.4	2.3	2.3
Unemployment, average rate								
2001								
Jan.-Mar.	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Apr.-June	4.4	4.5	4.6	4.5	4.3	4.6	4.4	4.5
July-Sept.	4.5	4.8	5.0	4.7	4.4	4.9	4.6	4.7
Oct.-Dec.	4.4	4.7	5.3	4.8	4.4	5.0	4.7	4.8
Annual 2001	4.4	4.6	4.8	4.6	4.3	4.7	4.5	4.6

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, Apr. 2001.

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