# Overall economy

The economy's need for workers originates in the demand for the goods and services that they provide. So, to project employment, BLS starts by projecting the gross domestic product (GDP) for 2018. GDP is the value of the final goods produced and services provided in the United States.

Then, BLS estimates the size—in inflation-adjusted dollars—of the five major categories of production. The categories are:

- ***Personal consumption expenditures.*** This category includes purchases made by individuals, including goods (such as automobiles, clothes, and food) and services (such as education, healthcare, and rental payments).
- ***Gross private domestic investment.*** This category includes business investment in equipment and software; the construction of houses, factories, hospitals, and other structures; and changes in business inventories.
- ***Government consumption expenditures and gross investment.*** This category includes goods and services bought by Federal, State, and local governments.
- ***Exports.*** These are goods and services produced in the United States and purchased in foreign countries.
- ***Imports.*** Imports are goods and services produced abroad and purchased in the United States.

Because GDP measures production in the United States, the value of imports is subtracted from the other four categories of GDP.

Next, BLS breaks down these major categories into more detailed ones, such as the production of automobiles or the provision of medical services.

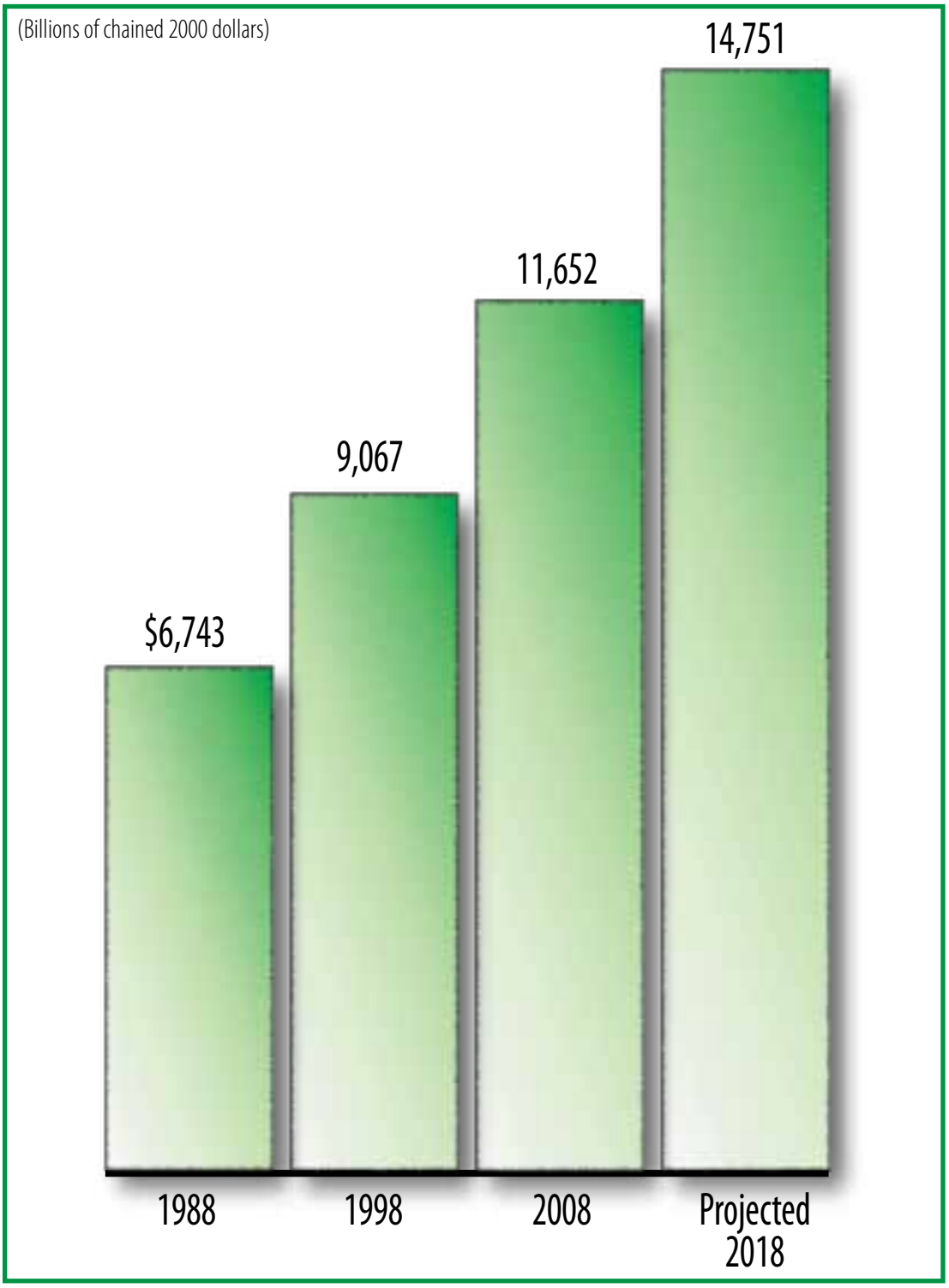
Changes in the level and composition of production often affect industry employment levels. For example, an increased level of business investment in computer software may increase employment in the computer industry and in all those industries that provide inputs—either products or services—to the computer industry. In turn, employment in occupations in those industries would also grow.

Industry employment levels are also affected by changes in labor productivity—the amount an employee produces per hour of work. Because of technological advances, for example, some industries are able to increase output with fewer employees.

Unlike previous sections, the growth charts in this section show annual rates of change instead of the percent change over the entire projections decade. Annual rates are used here, in part, because they are the measure used for other economic indicators, including inflation.

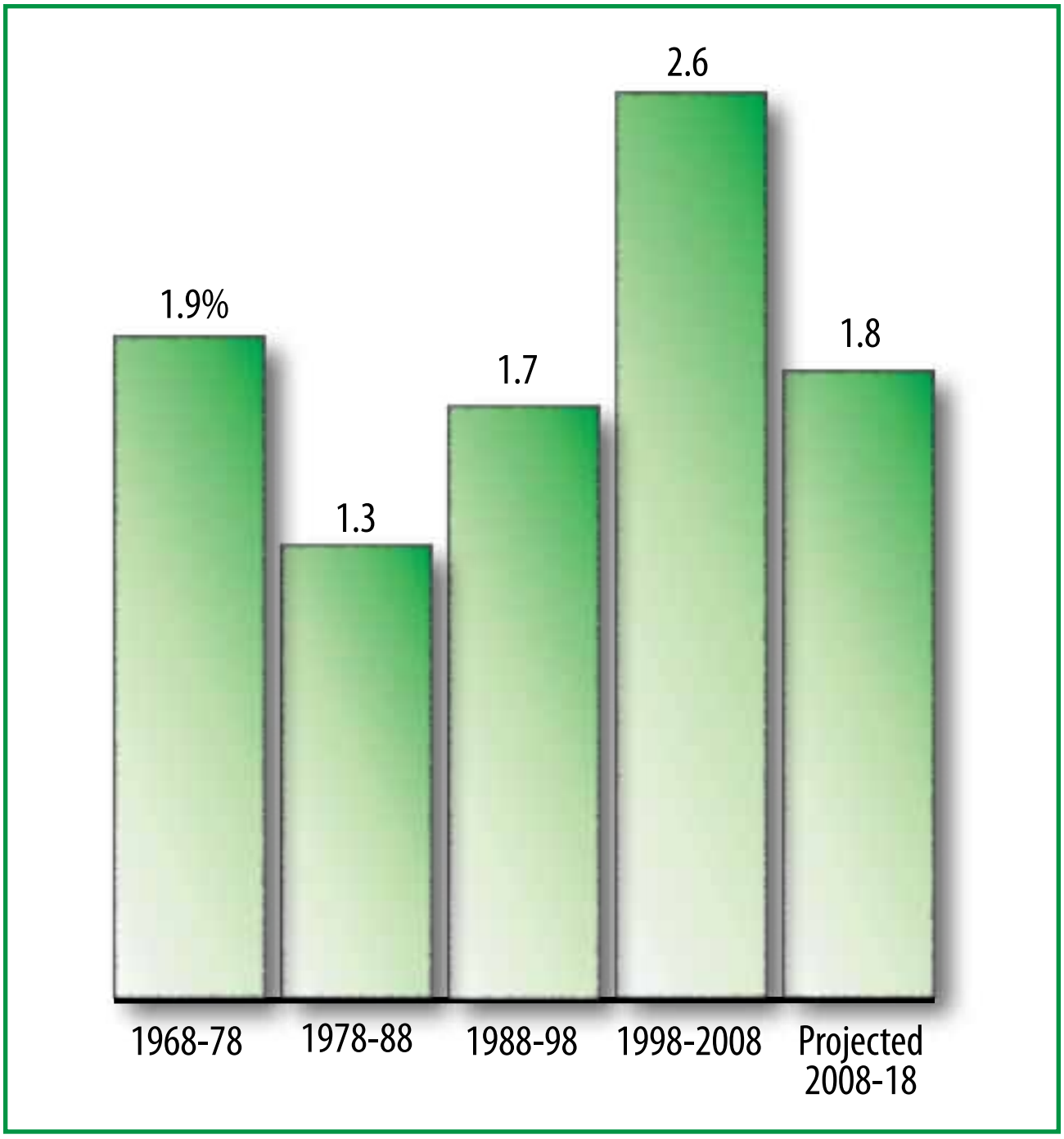
To show changes in demand more accurately, dollar amounts in these charts are given not in current dollars but in 2000 chain-weighted dollars. This means that amounts have been adjusted for changing prices over time.

**GDP in 1988,1998, 2008, and projected 2018**



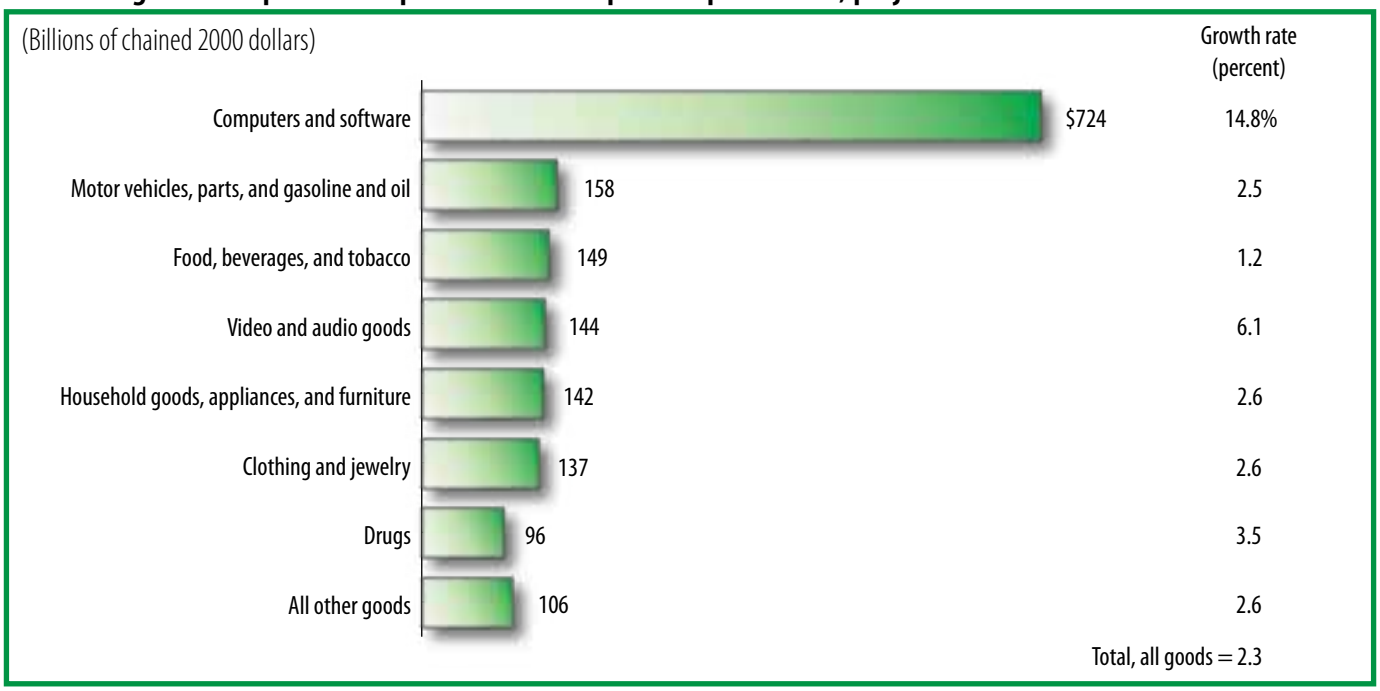

By 2018, the value of goods produced and services provided (gross domestic product, or GDP) in the United States is projected to reach nearly $14.8 trillion.

**Average annual percent change in productivity by decade, 1968–2008 and projected 2008–18**



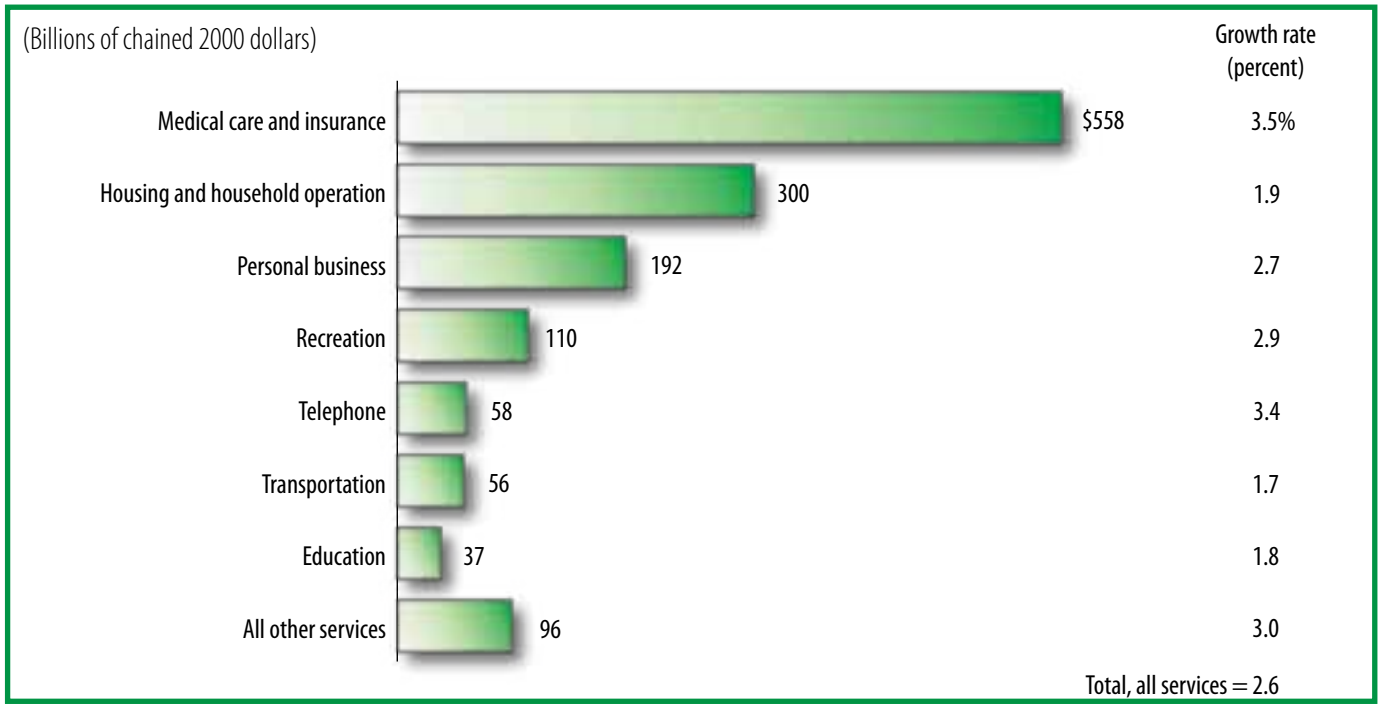

Growth in GDP is due, in part, to increasing productivity. Productivity is projected to grow 1.8 percent annually over the 2008–18 decade. This rate is slower than the 2.6-percent average rate of growth over the 1998–2008 decade but is in line with growth rates from prior decades.

## Growth in goods components of personal consumption expenditures, projected 2008–18




Of all goods components, computers and software expenditures are expected to have the largest and the fastest growth. Contributing to this growth will be the continued expansion of the Internet and ongoing development of mobile technologies.

## Growth in services components of personal consumption expenditures, projected 2008–18




Of the services components, spending on medical care and insurance is expected to have the largest and fastest growth as the population ages.