



REGIONAL RESOURCE

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The Latest Gross State Product (GSP) Trends in the Southern Legislative Conference (SLC) States

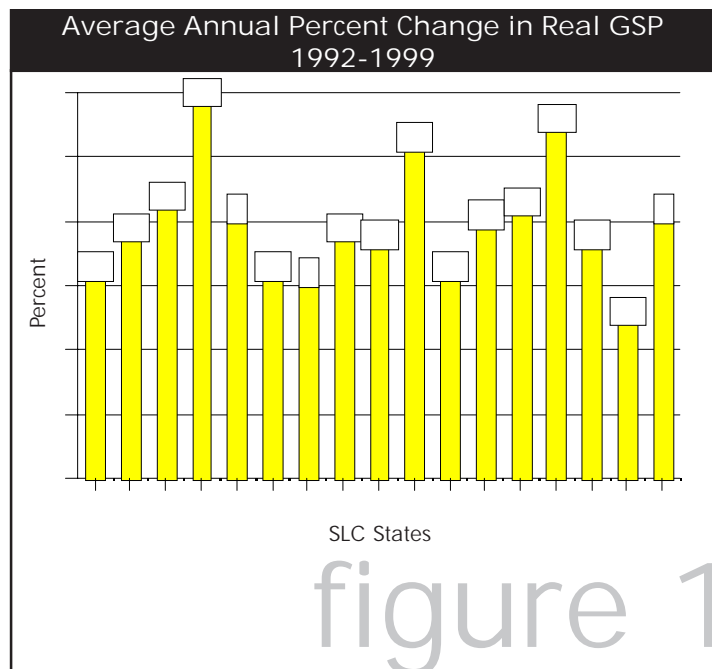
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Among the voluminous economic data generated and published by the federal government on a regular basis, the data on gross state product (GSP) trends is greeted with delight in some quarters and dismay in others. On June 4, 2001, the U.S. Department of Commerce's Bureau of Economic Analysis released the GSP estimates for 1999, the latest year available, and revised estimates for the 1993-1998 periods. The GSP, the state counterpart of the nation's gross domestic product, represents the market value of the goods and services produced by labor and firms located in a state. Even though the last several months have seen a marked decline in the torrid economic output and productivity pace set by the U.S. economy for several years, the U.S. economy still continues to grow. As expected, certain states fared better than others during this time of unprecedented economic prosperity and the 1999 GSP figures reflect this trend.

Figure 1 provides a graphical representation of the percentage change in GSP for the 16 SLC states between 1992 and 1999. (The Bureau of Economic Analysis selected 1992 since it was the first year in which the nation began to recover from the 1990/91 recession.)

As noted in Figure 1, there were three SLC states whose GSP advanced admirably in the review period: Georgia (5.8 percent), Texas (5.4 percent) and North Carolina (5.1 percent). In fact, these same three states also ranked in the nation's top 11 fastest growing states between 1992 and 1999. While the three fastest growing states in the country were Arizona (7.3 percent), Nevada (7.0 percent) and Oregon (6.8 percent), the performance of these three SLC states also was noteworthy. In addition, three other SLC states recorded growth rates in excess or equal to the U.S. average of 4 percent: Florida (4.2 percent), Tennessee (4.1 percent) and Kentucky (4.0 percent). At the other end of the spectrum, two SLC states, Maryland with 3.0 percent and West Virginia with 2.4 percent, ranked among the nation's 12 states with the slowest growth during the 1992-99 period.



Source: U.S. Department of Commerce's Bureau of Economic Analysis

Southern Legislative Conference

Alabama □ Arkansas □ Georgia □ Kentucky □ Louisiana □ Maryland □ Mississippi □ Missouri
North Carolina □ Oklahoma □ South Carolina □ Tennessee □ Texas □ Virginia □ West Virginia

Average Annual Percent Change in Real GSP by Major Industry 1992-1999										
SLC State	A	B	C	D	E	F	G	H	I	J
Alabama	5.2	8.6	4.1	1.9	2.3	6.9	5.9	4.6	2.4	0.6
Arkansas	3.6	3.8	5.0	4.0	2.8	7.4	6.9	2.6	2.5	1.5
Florida	3.3	0.8	4.3	3.2	4.8	8.2	6.3	4.1	4.0	1.4
Georgia	5.2	8.4	9.3	5.0	6.9	8.6	8.1	4.9	5.9	2.2
Kentucky	-1.2	5.3	3.7	5.5	3.8	8.2	6.1	2.2	3.3	0.9
Louisiana	1.9	7.0	2.2	3.0	1.9	5.8	5.8	1.8	2.2	0.7
Maryland	2.4	8.9	2.3	3.6	3.7	6.3	4.2	2.9	2.9	1.2
Mississippi	5.4	2.2	6.6	2.5	1.5	6.9	6.3	2.2	5.8	2.5
Missouri	-1.2	3.5	4.8	2.9	3.6	6.1	5.8	3.8	3.3	1.9
North Carolina	1.8	14.2	7.2	3.0	4.0	7.0	6.2	9.4	5.4	2.1
Oklahoma	2.6	3.0	5.3	4.6	2.7	5.2	5.2	1.8	3.2	0.5
South Carolina	3.5	2.2	6.1	2.3	6.1	8.9	7.0	3.9	4.3	0.6
Tennessee	-0.9	4.3	5.4	3.0	5.1	7.7	6.7	4.6	3.8	1.3
Texas	4.2	1.3	4.8	9.1	6.3	8.9	7.3	4.0	4.8	2.2
Virginia	0.6	5.5	3.7	1.6	5.5	7.6	5.8	3.7	5.3	0.3
West Virginia	-1.2	6.5	0.9	2.7	0.5	4.5	4.2	0.8	2.0	2.2
SLC Average	2.3	5.3	4.7	3.6	3.8	7.1	6.1	3.6	3.8	1.4
U.S. Average	2.1	3.5	4.1	5.0	4.4	6.9	5.8	3.9	3.5	1.0

Source: U.S. Department of Commerce's Bureau of Economic Analysis

A=	Agriculture, forestry and fishing	F=	Wholesale trade
B=	Mining	G=	Retail trade
C=	Construction	H=	Finance, insurance and real estate
D=	Manufacturing	I=	Services
E=	Transportation and public utilities	J=	Government

A number of industries contributed to these GSP growth rates in the SLC states and Table 1 provides details on these factors. Specifically, the Table lists the average annual percent change in real GSP for the major industries involved.

Table 1 provides a sound indication of the forces driving output growth in the SLC states during the review period. In this connection, the twin factors of wholesale and retail trade

were the main contributors to GSP growth in the SLC states. On average, these two components increased by 7.1 percent and 6.1 percent, respectively, across the South. Upon further assessment of the SLC states, the superior performance of several additional sectors becomes apparent. For instance, in the agriculture, forestry and fishing sectors, the leaders were Mississippi (5.4 percent) and Alabama and Georgia (both at 5.2 percent). In the mining sector,

North Carolina (14.2 percent), Alabama (8.6 percent) and Maryland (8.9 percent) were important. The construction sector is another important contributor to GSP growth and in this connection, Georgia (9.3 percent), North Carolina (7.2 percent), Mississippi (6.6 percent) and South Carolina (6.1 percent) remained significant. On the manufacturing front, Texas (9.1 percent), Kentucky (5.5 percent) and Georgia (5 percent) were the leaders.

Transportation and public utilities were additional sectors contributing to GSP growth and Georgia (6.9 percent) and South Carolina (6.1 percent) were in the forefront here. As mentioned earlier, wholesale and retail trade

were critical players in all the SLC states' GSP growth levels, though the forerunners were South Carolina and Texas (both at 8.9 percent) and Georgia (8.6 percent) for wholesale trade; for retail trade Georgia led the region with 8.1 percent while Texas (7.3 percent) and South Carolina (7 percent) were next in line. The clear leader in finance, insurance and real estate was North Carolina, reaching a 9.4 percent growth rate. Finally, the services sector also was critical, and the leaders here were Georgia (5.9 percent) and Mississippi (5.8 percent). The government sector's contribution to GSP growth was anemic in the SLC states and averaged 1.4 percent for all the states; the U.S. average was 1 percent.

SLC State	1992		1999		Current Dollar % Growth: 1992 to 1999
	Value	% of U.S. Total	Value	% of U.S. Total	
Alabama	81,115	1.3%	115,071	1.2%	41.9%
Arkansas	44,610	0.7%	64,773	0.7%	45.2%
Florida	285,518	4.6%	442,895	4.8%	55.1%
Georgia	160,814	2.6%	275,719	3.0%	71.5%
Kentucky	76,726	1.2%	113,539	1.2%	48.0%
Louisiana	91,243	1.5%	128,959	1.4%	41.3%
Maryland	120,734	1.9%	174,710	1.9%	44.7%
Mississippi	44,222	0.7%	64,286	0.7%	45.4%
Missouri	115,993	1.9%	170,470	1.8%	47.0%
North Carolina	159,977	2.6%	258,592	2.8%	61.6%
Oklahoma	62,013	1.0%	86,382	0.9%	39.3%
South Carolina	71,934	1.2%	106,917	1.1%	48.6%
Tennessee	111,844	1.8%	170,085	1.8%	52.1%
Texas	424,713	6.8%	687,272	7.4%	61.8%
Virginia	161,790	2.6%	242,221	2.6%	49.7%
West Virginia	30,901	0.5%	40,685	0.4%	31.7%
SLC Total	2,044,147	32.9%	3,142,576	33.8%	53.7%
U.S. Total	6,209,096	N/A	9,308,363	N/A	49.9%

Source: U.S. Department of Commerce's Bureau of Economic Analysis

Some additional levels of analysis in the recently released GSP data involve the current dollar values of the different states' GSPs and the percentage contribution of the individual states to the U.S. total. For the United States as a whole, GSP (in current dollars) grew from \$6.2 trillion in 1992 to \$9.3 trillion in 1999, an impressive 50 percent increase in an eight-year period. As expected, California accounted for the largest share (13.2 percent) in 1999 and interestingly, the state's GSP share has exceeded \$1 trillion since 1997. The enormous role played by the California economy in overall U.S. calculations, as demonstrated by this 13.2 percent share, reinforces the need for the state's economy to continue growing. Of the top five states with the largest share in the U.S. total (including California), there were two SLC states: Texas contributing 7.4 percent and Florida contributing 4.8 percent. Of note, none of the five states with the smallest share of the U.S. total belonged in the SLC.

Table 2 documents the GSP trends for the SLC states in current dollars for 1992 and 1999 in addition to indicating their percentage share of the U.S. total. The Table also provides a breakdown of the growth rate in GSP (current dollars) between 1992 and 1999.

As expected, the three SLC states mentioned at the outset of this paper ranked among the fastest growing the country, Georgia, Texas and North Carolina, and displayed impressive performance levels in the analysis of GSP in current dollars. Not only did these states show percentage growth rates of almost 72 percent (Georgia) and almost 62 percent (both Texas and North Carolina) between 1992 and 1999 respectively, their relative share of the U.S. total increased too. Texas showed the most significant increase here from 6.8 percent of the U.S. total to 7.4 percent. Georgia's increased from 2.6 percent to 3 percent, and North Carolina's expanded from 2.6 percent to 2.8 percent. Florida's expansion was important too, 4.6 percent of the U.S. total to 4.8 percent. Also, the relative importance of the SLC region in the U.S. total grew from 32.9 percent in 1992 to 33.8 percent in 1999, a reflection of the increasing relevance of several SLC states in overall U.S. economic calculations. In sum, these GSP figures facilitate a review of the relative performance of the different states, a trend that reflects the growing importance of the SLC as a contributor to the U.S. total. ☒

This *Regional Resource* was prepared for the Fiscal Affairs and Government Operations Committee of the Southern Legislative Conference (SLC) by Sujit CanagaRetna, SLC Regional Representative.

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The SLC is located in Atlanta, Georgia.