

News

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PRODUCTIVITY AND COSTS

Nonfarm Business and Nonfinancial Corporate Sectors Second Quarter 1976

Productivity in the nonfarm business sector increased 5.6 percent, at a seasonally adjusted annual rate, in the second quarter of 1976, the Bureau of Labor Statistics of the U.S. Department of Labor announced today. Output increased 5.5 percent while hours of all persons declined 0.1 percent. In the preceding quarter, productivity in the nonfarm business sector increased 5.8 percent, as output increased 10.5 percent and hours increased 4.4 percent (at annual rates). Productivity in the second quarter of 1976 was 4.5 percent greater than in the second quarter of 1975, output was 8.1 percent higher and hours 3.4 percent more.

In the nonfinancial corporate sector, output per all-employee hour increased 5.2 percent in the second quarter, as output rose 6.7 percent and hours of all employees increased 1.4 percent. In the first quarter of 1976, productivity increased 4.4 percent, output rose 10.6 percent, and hours 6.0 percent.

COMPENSATION AND COSTS

Hourly compensation increased 9.1 percent in the second quarter in the nonfarm business sector, compared with a 9.5 percent rise one quarter earlier.

Included in this measure are all the costs associated with securing labor

~~services--~~wages and salaries, fringe benefits, overtime premium pay, all types

Table A. Percent Change at Annual Rates in Productivity and Costs
(Seasonally Adjusted)

	1st Quarter 1976 to 2nd Quarter 1976	2nd Quarter 1975 to 2nd Quarter 1976
<u>Nonfarm Business Sector</u> (Preliminary)		
Output per hour of all persons	5.6	4.5
Compensation per hour	9.1	8.0
Unit labor cost	3.3	3.3
Real compensation per hour	4.3	1.9
Output	5.5	8.1
Hours	- 0.1	3.4
<u>Nonfinancial Corporations</u> (Preliminary)		
Output per all-employee hour	5.2	4.1
Compensation per hour	8.6	7.6
Unit labor cost	3.2	3.3
Real compensation per hour	3.8	1.5
Output	6.7	8.6
Hours	1.4	4.3
<u>Private Business Sector</u> (Revised)		
Output per hour of all persons	4.0	4.5
Compensation per hour	7.7	8.0
Unit labor cost	3.6	3.4
Real compensation per hour	3.0	1.9
Output	5.5	7.8
Hours	1.5	3.2
<u>Manufacturing</u> (Revised)		
Output per hour of all persons	8.3	9.1
Compensation per hour	10.0	7.5
Unit labor cost	1.6	- 1.5
Real compensation per hour	5.2	1.4
Output	8.4	15.8
Hours	0.1	6.1

of paid leave, taxes, and employer contributions to Social Security and other employee benefit plans. Real hourly compensation, which also takes into account changes in the Consumer Price Index, rose 4.3 percent in the second quarter. Unit labor cost--which reflects changes in productivity and hourly compensation--increased 3.3 percent in the second quarter, compared with a 3.5 percent increase in the first quarter. Unit nonlabor payments (including capital consumption allowances, net interest, and indirect business taxes) increased 4.2 percent in the second quarter, after increasing 6.2 percent in the first quarter.

In the nonfinancial corporate sector, hourly compensation increased 8.6 percent, and unit labor cost rose 3.2 percent. In the first quarter, these increases were 8.9 and 4.3 percent. Real hourly compensation increased 3.8 percent in the second quarter, after having risen 4.2 percent in the first quarter. Unit profits increased 3.3 percent in the second quarter, compared with a 23.8 percent rise during the first quarter. Table B summarizes price, cost, and profit developments since 1970. This time span includes the economic slowdown and subsequent recovery.

REVISED SECOND QUARTER MEASURES: PRIVATE BUSINESS AND MANUFACTURING SECTORS

Revised measures for the second quarter for the private business sector and manufacturing sector were also released today. The revised measures, which incorporate changes in both the output and hours series, showed productivity increased 4.0 percent in the private business sector and 8.3 percent in manufacturing. These increases had been reported as 3.6 and 7.8 percent, respectively. See table C.

Table B. Indexes of Prices, Costs, and Profit in the Nonfinancial Corporate Sector
(1967 = 100)

Measure	1970	1971	1972	1973	1974	1975	1975			1976		
							II	III	IV	I	II	
Implicit price deflator	112.5	117.2	120.5	125.8	139.7	155.0	153.5	156.0	158.6	160.2	161.5	
Total unit cost	119.9	124.3	126.3	132.8	152.0	166.8	165.9	165.4	168.7	169.6	171.1	
Unit labor cost	117.4	120.6	123.7	130.7	148.4	159.4	158.5	157.5	160.8	162.5	163.8	
Unit nonlabor cost	127.8	135.6	134.6	139.2	163.1	189.8	189.2	190.2	193.4	191.9	193.8	
Unit profit . . .	69.8	76.9	87.1	85.6	69.2	87.0	82.4	102.0	100.5	106.0	106.8	

Table C. Preliminary and Revised Measures, Second Quarter 1976
 Percent Change from Previous Quarter at Annual Rate
 (Seasonally Adjusted)

<u>Private Business Sector</u>	<u>Preliminary</u>	<u>Revised</u>
Output per hour of all persons	3.6	4.0
Compensation per hour	7.3	7.7
Unit labor cost	3.6	3.6
Real compensation per hour	2.5	3.0
Output	5.4	5.5
Hours	1.8	1.5
 <u>Manufacturing Sector</u>		
Output per hour of all persons	7.3	8.3
Compensation per hour	10.0	10.0
Unit labor cost	2.0	1.6
Real compensation per hour	5.2	5.2
Output	7.6	8.4
Hours	- 0.2	0.1

TABLE 1. PRIVATE BUSINESS SECTOR, ALL PERSONS: PRODUCTIVITY
HOURLY COMPENSATION, UNIT COST, AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT PER HOUR OF ALL PERSONS	OUTPUT	HOURS OF ALL PERSONS	COMPENSA- TION PER HOUR (1)	REAL COMPENSA- TION PER HOUR (2)	UNIT LABOR COSTS	UNIT NON- LABOR PAY- MENTS (3)	IMPLICIT PRICE DEFLATOR (4)
INDEXES 1967=100									
1975	I	109.0	114.2	105.7	176.0	112.0	162.9	138.6	154.6
	II	111.3	116.7	104.8	179.0	112.2	160.8	146.6	155.9
	III	113.6	120.1	105.7	181.3	111.3	159.6	156.2	158.4
	IV	113.2	121.1	107.1	185.0	111.8	163.5	156.2	160.9
	ANNUAL	111.4R	118.0R	105.9	180.2	111.8	161.7R	149.5R	157.5R
1976	I	115.2	124.1	107.7	189.8	113.4	164.7	156.1	161.8
	II	116.3R	125.8	108.1R	193.4R	114.3R	166.2	159.4R	163.8R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)									
1975	I	1.6	-11.2	-12.7	13.1	4.5	11.3	11.3	11.3
	II	12.7	8.9	-3.3	6.9	0.7	-5.1	25.0	3.5
	III	8.5	12.3	3.5	5.2	-2.9	-3.0	28.8	6.6
	IV	-1.6	3.6	5.2	8.3	1.6	10.1	0.0	6.6
	ANNUAL	2.1R	-2.3R	-4.2	9.7	0.5	7.5R	14.0R	9.5R
1976	I	7.5	10.2	2.5	10.9	6.1	3.2	-0.1	2.1
	II	4.0R	5.5R	1.5R	7.7R	3.0R	3.6	8.5R	5.2R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)									
1975	I	-2.2	-7.2	-5.1	12.1	1.0	14.6	7.9	12.5
	II	1.7	-4.2	-5.9	10.6	0.8	8.7	13.3	10.1
	III	4.5	-0.4	-4.7	8.8	0.0	4.1	18.4	8.5
	IV	5.2	3.0	-2.1	8.4	0.9	3.0	15.7	7.0
	ANNUAL	2.1R	-2.3R	-4.2	9.7	0.5	7.5R	14.0R	9.5R
1976	I	6.6	8.7	1.9	7.8	1.3	1.1	12.6	4.7
	II	4.5R	7.8	3.2	8.0R	1.9R	3.4R	8.7R	5.1R

SEE FOOTNOTES FOLLOWING TABLE 4.
R=REVISED
P=PRELIMINARY

AUGUST 26, 1976
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 2. NONFARM BUSINESS SECTOR, ALL PERSONS: PRODUCTIVITY
HOURLY COMPENSATION, UNIT COST, AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT PER HOUR OF ALL PERSONS	OUTPUT	HOURS OF ALL PERSONS	COMPENSA- TION PER HOUR (1)	REAL COMPENSA- TION PER HOUR (2)	UNIT LABOR COSTS	UNIT NON- LABOR PAY- MENTS (3)	IMPLICIT PRICE DEFLATOR (4)
INDEXES 1967=100									
1975	I	106.0	114.3	107.4	173.1	110.1	163.3	136.1	154.0
	II	109.2	116.5	106.7	176.4	110.5	161.6	142.3	155.0
	III	111.6	119.9	107.4	179.3	110.1	160.7	150.0	157.0
	IV	111.0	121.2	109.2	182.2	110.1	164.2	150.1	159.4
	ANNUAL	109.4H	118.0H	107.9	177.7	110.2	162.4H	144.8	156.4H
1976	I	112.6	124.3	110.4	186.4	111.4	165.6	152.4	161.1
	II	114.1P	125.9P	110.4P	190.5P	112.6P	167.0P	154.0P	162.5P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)									
1975	I	1.3	-11.3	-12.4	11.8	3.3	10.4	20.8	13.5
	II	12.6	7.9	-4.2	7.9	1.6	-4.2	19.6	2.6
	III	9.3	12.1	2.5	6.8	-1.4	-2.2	23.5	5.3
	IV	-2.2	4.5	6.4	6.6	0.0	9.0	0.5	6.2
	ANNUAL	1.6H	-2.6H	-4.3	9.7	0.5	7.7H	15.6	10.1H
1976	I	5.8	10.5	4.4	9.5	4.8	3.5	0.2	4.3
	II	5.6P	5.5P	-4.1P	9.1P	4.3P	3.3P	4.2P	3.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)									
1975	I	-3.0	-7.5	-4.7	11.4	0.4	14.9	13.1	14.3
	II	1.5	-4.6	-5.9	10.5	0.7	8.9	14.5	10.6
	III	4.6	-0.8	-5.2	9.4	0.6	4.6	18.0	8.6
	IV	5.1	2.9	-2.1	8.3	0.8	3.1	15.7	6.8
	ANNUAL	1.6H	-2.6H	-4.3	9.7	0.5	7.7H	15.6	10.1H
1976	I	6.2	8.7	2.3	7.7	1.2	1.4	12.0	4.6
	II	4.5P	8.1P	3.4P	8.0P	1.9P	3.3P	8.2P	4.9P

SEE FOOTNOTES FOLLOWING TABLE 4.
H=REVISED
P=PRELIMINARY

AUGUST 26, 1976
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 3. MANUFACTURING SECTOR: OUTPUT PER HOUR OF ALL PERSONS; HOURLY COMPENSATION; UNIT LABOR COST, SEASONALLY ADJUSTED

YEAR AND QUARTER	OUTPUT PER HOUR OF ALL PERSONS	OUTPUT	HOURS OF ALL PERSONS	COMPENSA- TION PER HOUR (1)	REAL COMPENSA- TION PER HOUR (2)	UNIT LABOR COSTS
INDEXES 1967=100						
1975 I	109.0	100.8	92.5	175.9	111.9	161.3
II	113.1	102.7	90.8	179.1	112.2	158.3
III	118.6	109.5	92.3	180.7	111.0	152.3
IV	119.4	112.6	94.3	183.6	111.0	153.7
ANNUAL	114.9	106.3	92.5	179.8	111.5	156.4
1976 I	120.9	116.5	96.3	187.9	112.3	155.4
II	123.3H	118.9H	96.4H	192.4	113.7	156.0R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)						
1975 I	-12.0	-33.1	-24.0	15.5	6.7	31.3
II	15.8	7.6	-7.1	7.4	1.2	-7.2
III	21.1	29.4	6.9	3.8	-4.2	-14.3
IV	2.7	11.9	9.0	6.5	-0.1	3.7
ANNUAL	0.2	-9.0	-9.2	11.2	1.9	11.8
1976 I	5.1	14.4	8.9	9.7	4.8	4.3
II	8.3H	8.4H	0.1H	10.0	5.2	1.6R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)						
1975 I	-5.0	-15.3	-10.9	14.3	3.0	20.3
II	-2.1	-13.4	-11.5	12.6	2.6	15.0
III	2.8	-7.6	-10.1	10.5	1.6	7.5
IV	6.1	1.0	-4.7	8.2	0.8	2.0
ANNUAL	0.2	-9.0	-9.2	11.2	1.9	11.0
1976 I	18.9	15.6	4.2	6.8	0.4	-3.7
II	9.1H	15.8H	6.1	7.5H	1.4	-1.5R

SEE FOOTNOTES FOLLOWING TABLE 4.
R=REVISED
P=PRELIMINARY

AUGUST 26, 1976
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 4. NONFINANCIAL CORPORATIONS: PRODUCTIVITY, HOURLY COMPENSATION
UNIT LABOR COST, UNIT PROFITS AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT -PER ALL- EMPLOYEE HOUR	OUTPUT	HOURS	HOURLY COMPENSA- TION (1)	REAL HOURLY COMPEN- SATION(2)	UNIT LABOR COST	UNIT NON- LABOR COST(8)	TOTAL UNIT COST (9)	UNIT PRO- FITS (10)	IMPLICIT PRICE DEFLATOR
INDEXES 1967=100											
1975	I	111.7	119.7	107.1	180.2	114.6	161.3	186.5	167.4	61.6	151.7
	II	115.8	122.4	105.7	183.5	115.0	158.5	189.2	165.9	82.4	153.5
	III	118.2	126.2	106.8	186.1	114.3	157.5	190.2	165.4	102.0	156.0
	IV	117.8	127.5	108.3	189.4	114.5	160.8	193.4	168.7	100.5	158.6
	ANNUAL	115.9	124.6	107.0	184.8	114.7	159.4	189.8	166.8	87.0	155.0
1976	I	119.1	130.8	109.8	193.5	115.6	162.5	191.9	169.6	106.0	160.2
	II	120.6P	132.9P	110.2P	197.5P	116.7P	163.8P	193.8P	171.1P	106.8P	161.5P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)											
1975	I	3.5	-12.5	-15.5	14.5	5.8	10.7	23.7	14.0	10.1	13.8
	II	15.4	9.5	-5.1	7.5	1.2	-6.9	5.8	-3.6	218.7	4.8
	III	8.5	13.1	4.2	5.9	-2.2	-2.4	2.1	-1.2	135.3	6.7
	IV	-1.3	4.2	5.6	7.2	0.5	8.6	7.1	8.1	-5.9	6.7
	ANNUAL	2.9	-3.1	-5.9	10.5	1.3	7.4	16.4	9.7	25.7	10.9
1976	I	4.4	10.6	6.0	8.9	4.2	4.3	-3.1	2.2	23.8	4.1
	II	5.2P	6.7P	1.4P	8.6P	3.8P	7.2P	4.0P	3.5P	3.3P	3.4P
PERCENT CHANGE FROM PREVIOUS YEAR											
1975	I	-2.6	-6.9	-6.5	12.3	1.2	15.3	24.2	17.6	-17.9	14.6
	II	1.9	-5.6	-7.4	11.2	1.4	9.1	19.4	11.8	10.7	11.7
	III	5.6	-1.1	-6.4	9.9	1.0	4.0	13.7	6.6	53.5	9.8
	IV	6.4	3.1	-3.1	8.7	1.3	2.2	9.4	4.1	66.9	7.9
	ANNUAL	2.9	-3.1	-5.9	10.5	1.3	7.4	16.4	9.7	25.7	10.9
1976	I	6.6	9.3	2.5	7.4	0.9	0.7	2.9	1.3	71.9	5.6
	II	4.1P	8.6P	4.3P	7.6P	1.5P	3.3P	2.5P	3.1P	29.7P	5.2P

SEE FOOTNOTES FOLLOWING TABLE 4.

R=REVISED

P=PRELIMINARY

AUGUST 26, 1976

SOURCE: BUREAU OF LABOR STATISTICS

FOOTNOTES, TABLES 1 TO 4

SOURCE: Output data from the Bureau of Economic Analysis, U.S. Department of Commerce and the Federal Reserve Board. Compensation and hours data from the Bureau of Labor Statistics, U.S. Department of Labor and the Bureau of Economic Analysis.

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also includes an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) Compensation per hour adjusted for changes in the Consumer Price Index.
- (3) Nonlabor payments include profits, depreciation, interest, rental income and indirect taxes.
- (4) Current dollar gross product divided by constant dollar gross product.
- (5) Percent change compounded at annual rate from original data rather than index numbers.
- (6) Current quarter divided by comparable quarter a year ago.
- (7) Quarterly measures adjusted to annual estimates of output (gross product originating) from the Bureau of Economic Analysis, U.S. Department of Commerce.
- (8) Unit nonlabor costs include depreciation, interest, and indirect taxes.
- (9) Total unit costs is the sum of labor and non-labor costs.
- (10) Unit profits include corporate profits and inventory valuation adjustment.

CHART 1. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
PRIVATE BUSINESS SECTOR
(PERCENT CHANGE FROM PRECEDING
QUARTER AT ANNUAL RATE)

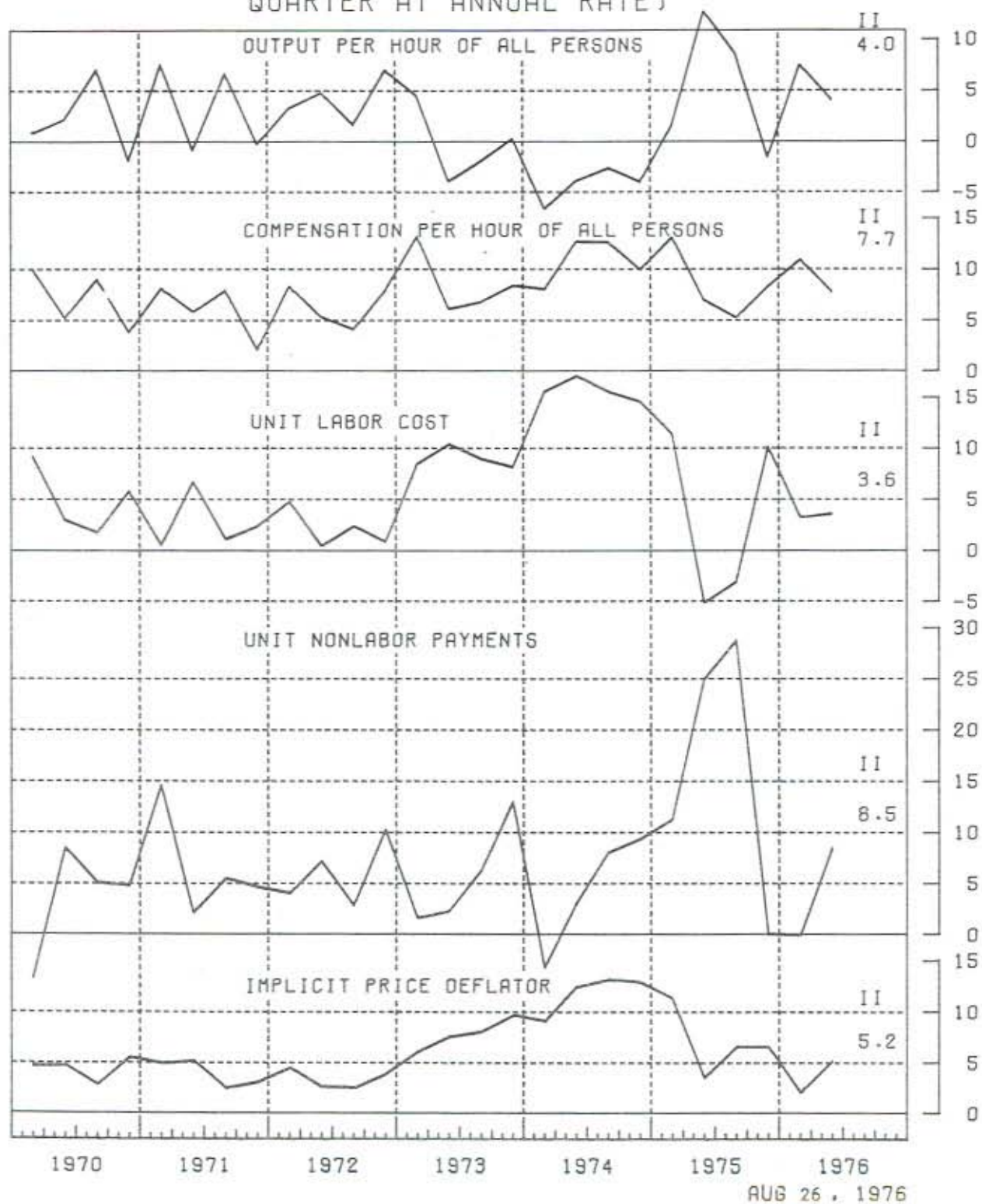


CHART 2. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
NONFARM BUSINESS SECTOR
(PERCENT CHANGE FROM PRECEDING
QUARTER AT ANNUAL RATE)

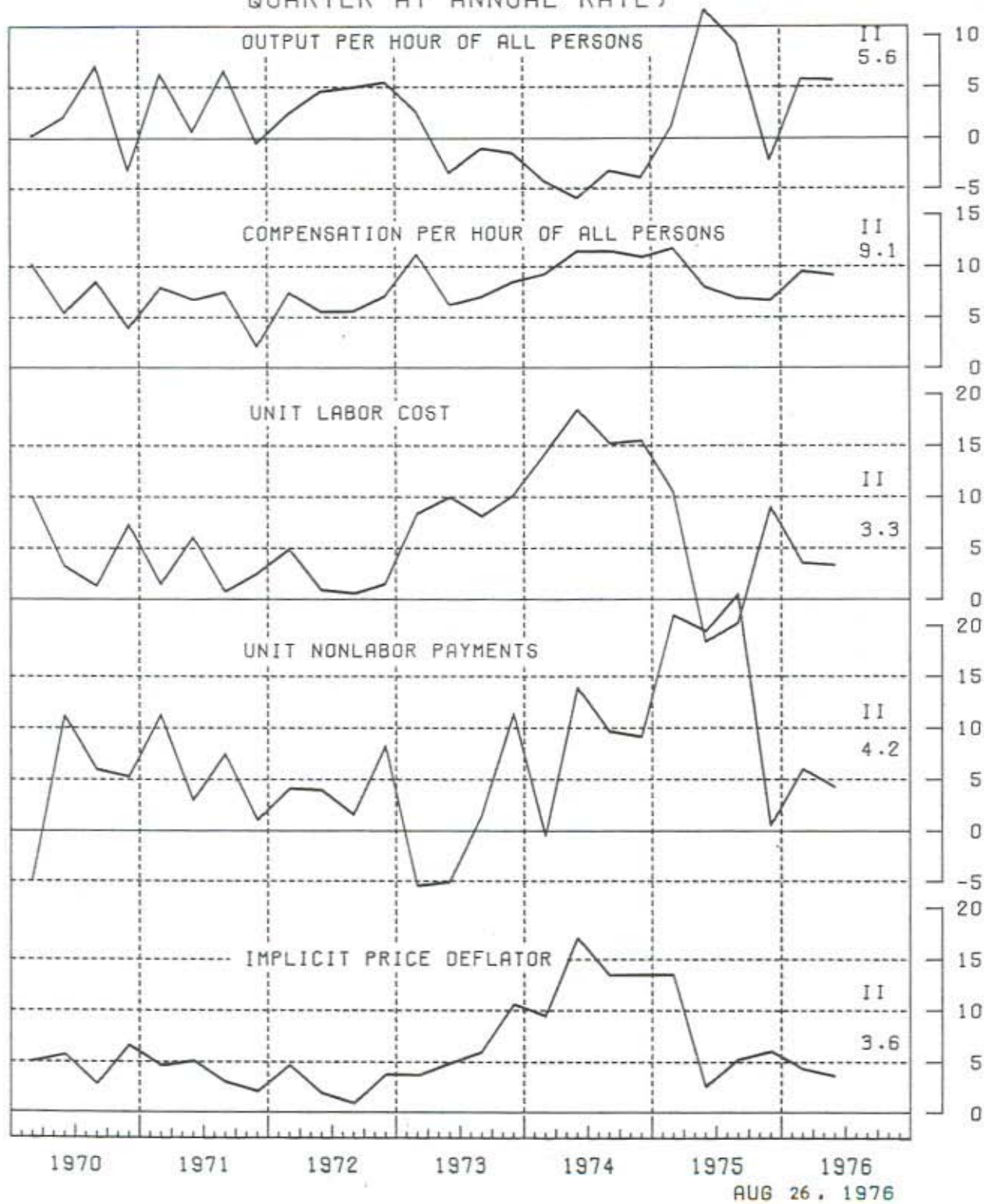


CHART 3. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
NONFINANCIAL CORPORATIONS
(PERCENT CHANGE FROM SAME
QUARTER A YEAR AGO)

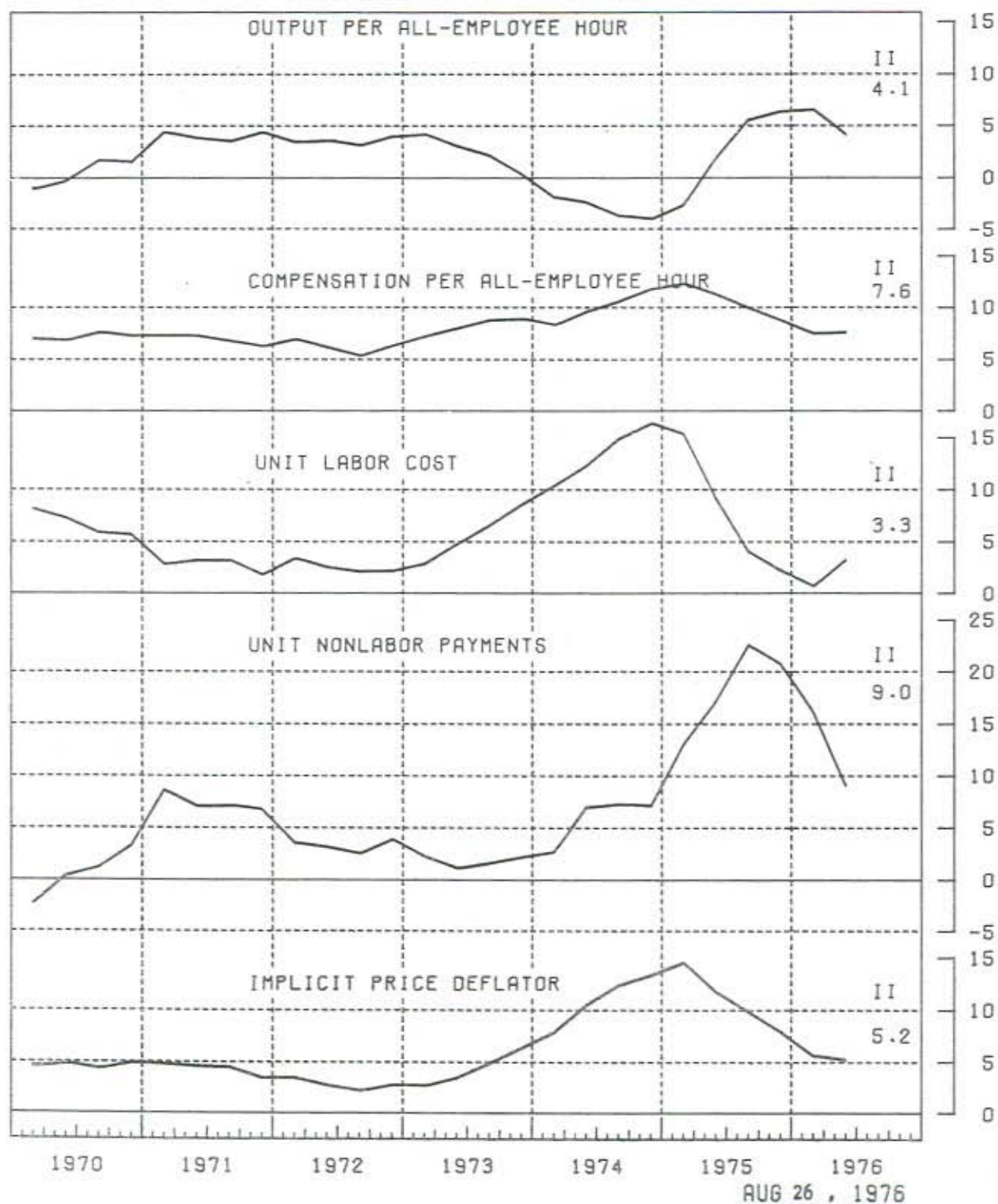


CHART 4.
UNIT COSTS, UNIT PROFITS, AND PRICES
NONFINANCIAL CORPORATIONS
(PERCENT CHANGE FROM SAME
QUARTER A YEAR AGO)

