

# News

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Historical, technical  
information: (202) 523-9261  
Current data : (202) 523-1221 or 1208  
Media contact: (202) 523-1913

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## PRODUCTIVITY AND COSTS

Third Quarter 1988

Business, Nonfarm Business, Manufacturing,  
and Nonfinancial Corporations

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data--as measured by output per hour of all persons--for the third quarter of 1988. Based on information now available, the seasonally-adjusted annual rates of productivity increase in the third quarter were:

- 1.5 percent in the business sector,
- 1.9 percent in the nonfarm business sector,
- 5.2 percent in manufacturing,
- 4.3 percent in durable goods manufacturing, and
- 6.7 percent in nondurable goods manufacturing.

Revised third-quarter measures are summarized in table A and appear in detail in tables 1 through 5. Third-quarter measures for nonfinancial corporations also were announced today (tables B and 6).

### Business

Productivity increased at a 1.5 percent annual rate during the third quarter of 1988 in the business sector. Output rose 2.6 percent and hours of all persons engaged in the sector increased 1.1 percent (seasonally adjusted annual rates). Compared with the third quarter of 1987, productivity increased 0.5 percent, as output increased 4.0 percent and hours of all persons increased 3.5 percent (table 1).

Table A. Productivity and costs: Revised third quarter 1988 measures  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.5	2.6	1.1	6.1	1.3	4.5
Nonfarm business	1.9	3.4	1.5	5.6	0.8	3.7
Manufacturing	5.2	7.2	1.8	4.7	0.0	-0.5
Durable	4.3	6.9	2.5	4.7	0.0	0.4
Nondurable	6.7	7.6	0.9	4.6	-0.1	-1.9
Percent change from same quarter a year ago						
Business	0.5	4.0	3.5	5.2	1.0	4.7
Nonfarm business	0.9	4.7	3.8	4.9	0.8	4.0
Manufacturing	3.3	6.2	2.8	3.8	-0.3	0.4
Durable	3.6	7.2	3.5	3.8	-0.4	0.1
Nondurable	2.7	4.6	1.8	3.7	-0.4	1.0

Hourly compensation increased at a 6.1 percent annual rate during the third quarter of 1988, compared with a 4.8 percent gain during the second quarter. This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Unit labor costs, which reflect changes in hourly compensation and productivity, increased at a 4.5 percent annual rate during the third quarter, more slowly than the second quarter rate of 8.5 percent.

Real hourly compensation, which takes into account the increase in the Consumer Price Index for All Urban Consumers (CPI-U), increased 1.3 percent in the third quarter. Real hourly compensation did not change in the second quarter of 1988.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 4.5 percent in the third quarter. During the second quarter, these prices rose at a 5.8 percent annual rate.

#### Nonfarm business

Productivity increased at a 1.9 percent annual rate in the nonfarm business sector during the third quarter of 1988. Output rose 3.4 percent and hours of all persons--employees, proprietors, and unpaid family workers--increased 1.5 percent. During the last 4 quarters, productivity increased 0.9 percent as output rose 4.7 percent and hours of all persons increased 3.8 percent (table 2).

Hourly compensation increased at a 5.6 percent annual rate in the third quarter, but rose only 0.8 percent when the increase in the CPI-U was taken into account. Unit labor costs increased 3.7 percent in the third quarter.

The implicit price deflator for the nonfarm business sector rose 3.8 percent in the third quarter, compared with a 4.7 percent increase in the second quarter.

### **Manufacturing**

Productivity increased at a 5.2 percent seasonally adjusted annual rate in manufacturing in the third quarter of 1988. Output rose 7.2 percent and hours of all persons increased 1.8 percent. Productivity and output grew more slowly among durable goods industries than in nondurables (tables 4, 5). Employment in durable goods industries is about 50 percent larger than in nondurables. Compared with the third quarter of 1987, manufacturing productivity increased 3.3 percent as output rose 6.2 percent and hours rose 2.8 percent.

Hourly compensation of all manufacturing workers increased 4.7 percent during the third quarter, but was unchanged from the previous quarter when the increase in consumer prices was taken into account. This continues a pattern of smaller gains than in the more comprehensive business sectors reported above. Real hourly compensation remained about 2.6 percent below the level of the fourth quarter of 1986, the all-time peak for this series which begins with 1947. Unit labor costs fell at a 0.5 percent annual rate during the third quarter of 1988, compared with a 0.7 percent decrease during the second quarter.

### **Nonfinancial corporations**

Third-quarter 1988 measures of productivity and costs were also announced today for the nonfinancial corporate sector (tables B and 6). Output per all-employee hour declined 1.1 percent from the second to the third quarter of 1988, as output increased 2.1 percent and hours of all employees increased 3.3 percent (table 6). During the last 4 quarters, productivity increased 0.3 percent as output rose 4.2 percent and hours of all employees increased 3.9 percent. The sector accounts for about three-fifths of gross national product and includes all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies.

Hourly compensation increased 5.4 percent in the third quarter of 1988, or 0.7 percent when the rise in the CPI-U was taken into account. Unit labor costs rose 6.6 percent (compared with a 5.9 percent increase during the second quarter), unit nonlabor costs increased 5.5 percent, and unit profits fell 9.1 percent (table 6). The implicit deflator for nonfinancial corporate output increased 4.8 percent in the third quarter, the same as the increase in the second quarter.

Table B. Nonfinancial corporations: Third-quarter productivity and cost measures  
Quarterly percent change at seasonally adjusted annual rates

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
1988 II to 1988 III	-1.1	2.1	3.3	5.4	0.7	6.6	-9.1	4.8
1987 III to 1988 III	0.3	4.2	3.9	4.5	0.3	4.1	-5.0	2.8

#### Revised measures

Previously published and revised productivity and cost measures for the third quarter are compared in table C for business, nonfarm business, and manufacturing. The revised productivity increases are larger than those reported on November 2, based on initial information then available. Faster gains in labor productivity are reflected in more favorable movements in unit labor costs.

Table C. Previous and revised productivity and related measures, third-quarter 1988  
Percent change from previous quarter at seasonally adjusted annual rates

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business:						
Previous	1.0	2.0	1.0	5.9	1.1	4.9
Revised	1.5	2.6	1.1	6.1	1.3	4.5
Nonfarm business:						
Previous	1.3	2.8	1.5	5.4	0.6	4.0
Revised	1.9	3.4	1.5	5.6	0.8	3.7
Manufacturing:						
Previous	4.3	6.5	2.1	4.6	-0.1	0.3
Revised	5.2	7.2	1.8	4.7	0.0	-0.5

### Next release date

The next issue of Productivity and Costs is scheduled for release at **10:00 AM EST, Monday, February 6, 1989**, and will contain 1988 fourth-quarter and annual average measures for business, nonfarm business, and manufacturing.

Tentative release dates for productivity and cost measures for major sectors of the U.S. economy in 1989 are:

Reference period	Initial measures	Revised measures
1988:		
Fourth Qtr., Annual	February 6	March 7*
1989:		
First Qtr.	May 3	June 1
Second Qtr.	August 3	September 6
Third Qtr.	November 2	December 6

\* For nonfinancial corporations, 1988 annuals only; fourth quarter results included in May 3 release.

The dates in this tabulation are based on presently-available schedules for the release of underlying source data in the coming year.

Each edition of Productivity and Costs contains a "next release date" item which users should regularly note and use to confirm or update the tentative dates above.

## TECHNICAL NOTES

Business sector output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, output of non-profit institutions, output of paid employees of private households, rental value of owner-occupied dwellings, and the statistical discrepancy in computing the national income accounts. Corresponding exclusions are also made in labor inputs. Business output accounted for 80 percent of gross national product in 1987. The nonfarm business sector, which also excludes farming, accounted for about 78 percent of gross national product in 1987.

Total manufacturing measures are computed by summing series prepared for the durable and nondurables goods sectors.

The durable sector includes the following 2-digit SIC industries: Primary metals; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments; lumber and lumber products; furniture and fixtures; stone, clay, and glass products; and miscellaneous manufactures. The nondurable sector includes these 2-digit SIC industries: Textile mill products, apparel products, leather and leather products, printing and publishing, chemical and chemical products, petroleum products, rubber and plastic products, food, and tobacco products.

Manufacturing output accounted for about 22 percent of gross national product in 1987.

Nonfinancial corporate output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, unincorporated business, output of nonprofit institutions, output of paid employees of private households, rental value of owner-occupied dwellings, the output of corporations engaged in banking, finance, stock and commodity trading, and credit and insurance agencies, and the statistical discrepancy in computing the national income accounts. Nonfinancial corporate output accounted for about 59 percent of gross national product in 1987.

The productivity and associated cost measures in this news release describe the relationship between output in real terms and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

Table 1. Business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter		Output per hour of all persons	Output	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100									
1987	I	109.9	130.5	118.8	187.3	101.5	170.5	165.6	168.7
	II	110.6	132.2	119.5	189.0	101.2	170.8	168.7	170.1
	III	111.7	134.3	120.3	191.1	101.4	171.1	171.5	171.2
	IV	111.8	136.2	121.8	194.0	102.0	173.5	168.9	171.9
	ANNUAL	111.0	133.3	120.1	190.4	101.5	171.5	168.7	170.5
1988	I	112.8	138.0	122.3	195.8	102.1	173.5	170.0	172.3
	II	111.8	138.8	124.1	198.1	102.1	177.1	170.4	174.7
	III	r112.2	r139.7	124.5	r201.0	r102.4	r179.1	r172.4	r176.7
Percent change from previous quarter at annual rate(5)									
1987	I	0.3	3.7	3.4	2.5	-2.8	2.2	4.6	3.0
	II	2.7	5.3	2.5	3.6	-1.2	0.8	7.9	3.2
	III	3.9	6.6	2.6	4.6	0.8	0.7	6.7	2.8
	IV	0.6	5.7	5.1	6.2	2.4	5.6	-5.8	1.4
	ANNUAL	0.8	3.6	2.8	4.0	0.3	3.1	2.3	2.8
1988	I	3.5	5.5	1.9	3.7	0.3	0.2	2.5	1.0
	II	-3.4	2.4	6.0	4.8	0.0	8.5	1.0	5.8
	III	r1.5	r2.6	r1.1	r6.1	r1.3	r4.5	r4.6	r4.5
Percent change from corresponding quarter of previous year									
1987	I	-0.6	1.6	2.2	3.8	1.5	4.4	0.7	3.1
	II	0.2	3.1	2.9	3.8	0.0	3.6	2.1	3.1
	III	1.5	4.5	3.0	3.9	-0.3	2.3	2.9	2.5
	IV	1.9	5.3	3.4	4.2	-0.2	2.3	3.2	2.6
	ANNUAL	0.8	3.6	2.8	4.0	0.3	3.1	2.3	2.8
1988	I	2.7	5.8	3.0	4.5	0.5	1.8	2.7	2.1
	II	1.1	5.0	3.9	4.8	0.9	3.7	1.0	2.7
	III	r0.5	r4.0	3.5	r5.2	r1.0	4.7	r0.5	r3.2

See footnotes following table 6.  
r=revised

December 5, 1988  
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter		Output per hour of all persons	Output of all persons	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100									
1987	I	107.8	130.1	120.7	186.4	101.0	172.9	167.2	170.9
	II	108.6	131.9	121.5	187.9	100.6	173.0	169.8	171.9
	III	109.6	134.1	122.3	190.0	100.8	173.3	173.0	173.2
	IV	109.9	136.0	123.8	192.9	101.4	175.6	170.9	174.0
	ANNUAL	109.0	133.0	122.1	189.4	101.0	173.8	170.2	172.5
1988	I	110.8	137.9	124.4	194.6	101.5	175.7	171.6	174.2
	II	110.1	139.2	126.4	196.6	101.3	178.6	171.8	176.2
	III	r110.6	r140.4	126.9	r199.4	101.5	r180.2	r173.6	r177.9
Percent change from previous quarter at annual rate(5)									
1987	I	0.0	4.0	4.0	2.1	-3.2	2.1	5.7	3.3
	II	3.2	5.7	2.5	3.4	-1.4	0.2	6.5	2.3
	III	3.7	6.8	2.9	4.5	0.6	0.7	7.7	3.1
	IV	0.9	5.9	4.9	6.4	2.6	5.4	-4.8	1.8
	ANNUAL	0.8	3.8	3.0	3.8	0.2	3.1	2.3	2.8
1988	I	3.4	5.6	2.1	3.5	0.1	0.1	1.6	0.6
	II	-2.4	4.0	6.6	4.2	-0.5	6.8	0.7	4.7
	III	r1.9	r3.4	1.5	r5.6	r0.8	r3.7	r4.1	r3.8
Percent change from corresponding quarter of previous year									
1987	I	-0.8	1.6	2.4	3.7	1.4	4.5	0.6	3.1
	II	0.2	3.2	3.0	3.7	-0.1	3.5	1.9	3.0
	III	1.5	4.7	3.2	3.7	-0.4	2.2	2.9	2.5
	IV	1.9	5.6	3.6	4.1	-0.4	2.1	3.6	2.6
	ANNUAL	0.8	3.8	3.0	3.8	0.2	3.1	2.3	2.8
1988	I	2.8	6.0	3.1	4.4	0.5	1.6	2.6	1.9
	II	1.4	5.6	4.1	4.6	0.7	3.2	1.2	2.5
	III	r0.9	r4.7	r3.8	4.9	r0.8	r4.0	r0.3	r2.7

See footnotes following table 6.  
r=revised

December 5, 1988  
Source: Bureau of Labor Statistics



Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
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Indexes 1977=100							
1987	I	130.0	127.2	97.8	185.9	100.8	143.1
	II	131.7	128.7	97.7	186.3	99.7	141.4
	III	132.8	131.1	98.8	187.2	99.3	141.0
	IV	133.2	133.5	100.2	188.2	99.0	141.3
	ANNUAL	132.0	130.1	98.6	186.9	99.7	141.7
1988	I	134.3	135.0	100.6	190.7	99.4	142.1
	II	135.5	136.9	101.1	192.1	99.0	141.8
	III	r137.2	r139.3	r101.5	r194.4	99.0	r141.6
	ANNUAL	135.2	136.7	100.7	191.8	99.2	141.9
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Percent change from previous quarter at annual rate(5)							
1987	I	3.6	4.1	0.5	1.4	-3.8	-2.1
	II	5.5	4.9	-0.6	0.7	-4.0	-4.6
	III	3.2	7.8	4.4	2.1	-1.7	-1.1
	IV	1.3	7.5	6.1	2.1	-1.5	0.8
	ANNUAL	3.4	4.3	0.9	2.1	-1.5	-1.2
1988	I	3.2	4.6	1.3	5.4	2.0	2.2
	II	3.7	5.8	2.0	3.0	-1.7	-0.7
	III	r5.2	r7.2	r1.8	r4.7	r0.0	r-0.5
	ANNUAL	3.6	5.5	1.7	4.0	-0.2	0.8
-----							
Percent change from corresponding quarter of previous year							
1987	I	2.7	2.4	-0.3	2.7	0.4	0.0
	II	3.6	3.7	0.1	2.3	-1.4	-1.2
	III	3.7	5.1	1.4	2.0	-2.1	-1.7
	IV	3.4	6.0	2.6	1.6	-2.7	-1.8
	ANNUAL	3.4	4.3	0.9	2.1	-1.5	-1.2
1988	I	3.3	6.2	2.8	2.6	-1.3	-0.7
	II	2.8	6.4	3.4	3.2	-0.7	0.3
	III	r3.3	r6.2	r2.8	3.8	-0.3	r0.4
	ANNUAL	3.1	6.3	3.0	3.1	-0.7	0.3

See footnotes following table 6.  
r=revised

December 5, 1988  
Source: Bureau of Labor Statistics

Table 1. Durable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100							
1987	I	136.6	133.3	97.6	184.9	100.2	135.3
	II	138.1	134.2	97.2	184.4	98.8	133.5
	III	139.1	136.5	98.2	185.3	98.3	133.2
	IV	140.0	139.9	99.9	186.2	97.9	133.0
	ANNUAL	138.5	136.0	98.2	185.2	98.8	133.7
1988	I	141.3	141.3	100.0	189.5	98.8	134.1
	II	142.7	144.0	100.9	190.1	98.0	133.3
	III	r144.2	r146.4	101.6	r192.3	r98.0	r133.4
	IV						
Percent change from previous quarter at annual rate(5)							
1987	I	4.7	4.5	-0.2	1.3	-3.9	-3.2
	II	4.4	2.8	-1.5	-1.0	-5.6	-5.1
	III	2.9	7.0	4.0	2.0	-1.7	-0.9
	IV	2.6	10.2	7.3	1.9	-1.7	-0.7
	ANNUAL	3.8	4.0	0.2	1.8	-1.8	-1.9
1988	I	3.8	4.3	0.4	7.1	3.6	3.2
	II	3.8	7.7	3.8	1.4	-3.2	-2.3
	III	r4.3	r6.9	r2.5	r4.7	r0.0	r0.4
	IV						
Percent change from corresponding quarter of previous year							
1987	I	3.3	2.1	-1.2	2.6	0.3	-0.8
	II	4.1	3.3	-0.8	2.0	-1.7	-2.0
	III	3.8	4.5	0.6	1.7	-2.4	-2.1
	IV	3.7	6.1	2.3	1.1	-3.2	-2.5
	ANNUAL	3.8	4.0	0.2	1.8	-1.8	-1.9
1988	I	3.4	6.0	2.5	2.5	-1.4	-0.9
	II	3.3	7.3	3.8	3.1	-0.8	-0.2
	III	r3.6	7.2	r3.5	r3.8	-0.4	r0.1
	IV						

See footnotes following table 6.

r=revised

December 5, 1988

Source: Bureau of Labor Statistics

Table 5. Nonurable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100							
1987	I	120.1	118.0	98.2	188.0	101.9	156.4
	II	122.4	120.5	98.4	189.7	101.6	155.0
	III	123.5	123.1	99.7	190.8	101.2	154.5
	IV	123.2	124.0	100.7	191.9	100.9	155.8
	ANNUAL	122.3	121.4	99.3	190.1	101.4	155.4
1988	I	123.9	125.6	101.4	193.2	100.8	156.0
	II	124.8	126.4	101.3	195.7	100.9	156.8
	III	r126.9	r128.8	101.5	r197.9	r100.8	r156.0
	IV						
Percent change from previous quarter at annual rate(5)							
1987	I	1.9	3.4	1.5	1.6	-3.6	-0.2
	II	7.6	8.5	0.8	3.8	-1.0	-3.6
	III	3.8	9.0	5.1	2.4	-1.4	-1.3
	IV	-1.1	3.1	4.2	2.2	-1.4	3.4
	ANNUAL	2.8	4.9	2.0	2.8	-0.8	0.0
1988	I	2.3	5.1	2.7	2.9	-0.5	0.6
	II	3.2	2.7	-0.5	5.2	0.4	2.0
	III	r6.7	r7.6	r0.9	r4.6	r-0.1	r-1.9
	IV						
Percent change from corresponding quarter of previous year							
1987	I	1.8	2.9	1.1	3.2	0.9	1.4
	II	2.9	4.4	1.5	3.1	-0.7	0.2
	III	3.6	6.2	2.5	2.6	-1.5	-1.0
	IV	3.0	6.0	2.9	2.5	-1.9	-0.5
	ANNUAL	2.8	4.9	2.0	2.8	-0.8	0.0
1988	I	3.1	6.4	3.2	2.8	-1.1	-0.3
	II	2.0	4.9	2.9	3.2	-0.7	1.1
	III	r2.7	r4.6	r1.8	r3.7	r-0.4	r1.0
	IV						

See footnotes following table 6.  
r=revised

December 5, 1988  
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor cost, unit profits, and prices, seasonally adjusted

Year and quarter	Output per all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation (2)	Unit labor cost	Unit non-labor cost (7)	Total unit cost (8)	Unit profits (9)	Implicit price deflator (4)
Indexes 1977=100										
1987 I	110.1	131.3	119.3	182.9	99.1	166.2	180.8	169.9	128.5	164.9
II	110.9	133.3	120.2	184.3	98.7	166.1	182.6	170.3	129.8	165.4
III	112.2	136.1	121.3	186.1	98.7	165.9	183.0	170.2	136.4	166.1
IV	112.2	137.7	122.8	188.5	99.1	168.1	183.6	172.0	128.3	166.7
ANNUAL	111.3	134.6	120.9	185.5	98.9	166.6	182.5	170.6	130.8	165.8
1988 I	113.3	140.1	123.6	189.9	99.0	167.5	183.4	171.5	132.5	166.9
II	112.9	141.2	125.0	191.9	98.9	170.0	185.1	173.8	132.6	168.8
III	112.6	141.9	126.1	194.4	99.0	172.7	187.6	176.4	129.5	170.8
Percent change from previous quarter at annual rate(5)										
1987 I	-1.0	2.9	4.0	1.6	-3.6	2.6	2.5	2.6	-3.5	2.0
II	3.1	6.1	2.9	2.9	-1.8	-0.2	4.1	1.0	3.9	1.2
III	4.7	8.8	4.0	4.1	0.3	-0.6	0.8	-0.2	21.9	1.7
IV	-0.1	4.7	4.8	5.2	1.5	5.3	1.3	4.2	-21.5	1.5
ANNUAL	1.5	4.3	2.7	3.4	-0.3	1.8	2.3	1.9	-1.2	1.6
1988 I	4.3	7.2	2.8	3.0	-0.4	-1.2	-0.3	-1.0	13.8	0.3
II	-1.6	3.0	4.7	4.2	-0.6	5.9	3.7	5.3	0.3	4.8
III	-1.1	2.1	3.3	5.4	0.7	6.6	5.5	6.3	-9.1	4.8
Percent change from corresponding quarter of previous year										
1987 I	0.5	2.0	1.5	3.3	1.0	2.8	2.3	2.6	-3.8	2.0
II	1.5	3.9	2.4	3.2	-0.6	1.7	3.2	2.1	-2.2	1.7
III	2.3	5.6	3.2	3.3	-0.9	0.9	1.5	1.1	2.0	1.2
IV	1.6	5.6	3.9	3.4	-1.0	1.8	2.2	1.9	-1.1	1.6
ANNUAL	1.5	4.3	2.7	3.4	-0.3	1.8	2.3	1.9	-1.2	1.6
1988 I	3.0	6.7	3.6	3.8	-0.1	0.8	1.5	1.0	3.1	1.2
II	1.8	5.9	4.1	4.1	0.2	2.3	1.4	2.1	2.2	2.1
III	0.3	4.2	3.9	4.5	0.3	4.1	2.5	3.7	-5.0	2.8

See footnotes following table 6.  
r=revised

December 5, 1988  
Source: Bureau of Labor Statistics

SOURCE: Output data from 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.

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published 30 days after the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the probability is 0.95 that the third publication (second revision) of a quarterly index of output per hour of all persons will differ from the initial value by between -1.8 and 2.1 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1988.

#### Footnotes, Tables 1-6

- (1) Wages and salaries of the employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) Compensation per hour adjusted for changes in the Consumer Price Index for All Urban Consumers.
- (3) Unit nonlabor payments include profits, capital consumption allowances, interest, rental income of persons, and indirect taxes.
- (4) Current dollar gross product divided by constant dollar gross product.
- (5) Quarterly changes: percent change compounded at annual rate from the original data rather than index numbers. Annual changes: percent change between annual average levels.
- (6) Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve adjusted by BLS to annual manufacturing output levels (gross product originating) from the National Income and Product Accounts prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce.
- (7) Unit nonlabor cost includes capital consumption allowances, interest, rental income of persons, and indirect taxes. For nonfinancial corporations, rental income of persons is zero by definition.
- (8) Total unit cost is the sum of labor and nonlabor costs.
- (9) Unit profits include corporate profits with inventory valuation and capital consumption adjustments.