

NEWS



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Productivity and Costs

Second Quarter 1971

Productivity for the private economy as measured by output per man-hour increased at an annual rate of 1.7 percent in the second quarter, the U.S. Department of Labor's Bureau of Labor Statistics announced today. For the nonfarm sector, the growth in productivity was higher -- an annual rate of 2.8 percent.

	Output per man-hour	Compensation per man-hour	Unit Labor Costs	Real Compensation per man-hour
<u>Total Private</u>				
<u>Percent Change Over Previous Quarter at Annual Rate</u>				
1971				
1st	6.9	9.6	2.6	6.2
2nd	1.7	6.7	5.0	2.3
<u>Percent Change Over Previous Year</u>				
1971				
2nd	3.7	8.0	4.2	3.5
<u>Private Nonfarm</u>				
<u>Percent Change Over Previous Quarter at Annual Rate</u>				
1971				
1st	7.1	9.6	2.3	6.2
2nd	2.8	7.6	4.6	3.0
<u>Percent Change Over Previous Year</u>				
1971				
2nd	3.5	7.9	4.3	3.4

The second quarter productivity gain was lower than the very high rate of growth which occurred in the first quarter and which was influenced in part by the recovery from the General Motors strike. From the corresponding quarter a year ago, productivity in the total private and nonfarm sectors increased by 3.7 percent and 3.5 percent respectively. These were somewhat higher than the growth rates over the last two decades, which were 3.0 percent for the private economy and 2.6 percent for the nonfarm sector.

Hourly compensation rose substantially in the second quarter, but the gain was somewhat less than in the first quarter. For the private economy, hourly compensation increased by 6.7 percent, while for the nonfarm sector the rate was 7.6 percent. Over the corresponding quarter a year ago, hourly compensation rose by about eight percent for both sectors.

The slowdown in the growth in hourly compensation was not sufficient to offset the slackening in productivity growth. Consequently, unit labor costs rose somewhat faster -- 5.0 percent in the private economy and 4.6 percent for the nonfarm sector. Compared to a year ago, unit labor costs increased by a little over 4 percent in both sectors of the economy.

Real compensation per man-hour (hourly compensation adjusted for changes in the consumer price index) continued to grow although not as fast in the second quarter as in the first. Over the year, real hourly compensation increased by about 3.5 percent.

Unit non-labor payments (such as profits, depreciation, interest, etc.) increased more slowly than in the first quarter. The implicit price deflator, which represents the weighted sum of unit labor costs and unit non-labor payments, rose by about the same rate in each of the first two quarters.

(The full quarterly report relating productivity to wages and prices will be available August 6.)

Table 1. Output per Man-Hour, Hourly Compensation, Unit Costs, and Prices in the Private Economy, Seasonally Adjusted, (Indexes 1967=100)

Year and quarter	Output	Man-hours	Output per man-hour	Compensation per man-hour <u>1/</u>	Real compensation per man-hour <u>2/</u>	Unit labor cost	Unit non-labor payments <u>3/</u>	Implicit price deflator <u>4/</u>
1970								
1st . .	106.7	103.9	102.7	120.8	106.0	117.6	102.2	111.6
2nd . .	106.9	103.3	103.6	122.3	105.6	118.1	104.4	112.8
3rd . .	107.3	102.2	105.0	124.9	106.7	119.0	106.5	114.1
4th . .	106.1	101.0	105.1	126.9	107.1	120.7	108.1	115.8
Annual Ave.	106.8	102.6	104.1	123.7	106.3	118.9	105.3	113.6
1971								
1st . .	108.3	101.3	106.9	129.9	108.7	121.5	110.3	117.1
2nd . .	109.4	101.9	107.4	132.0	109.3	123.0	111.0	118.4
<u>Percent Change Over Previous Quarter at Annual Rate <u>5/</u></u>								
1970								
1st . .	- 3.0	- 0.8	- 2.3	7.1	0.8	9.6	1.8	5.4
2nd . .	0.8	- 2.4	3.2	4.8	- 1.6	1.6	9.0	4.1
3rd . .	1.5	- 4.0	5.6	8.9	4.2	3.1	8.2	4.9
4th . .	- 4.4	- 5.0	0.6	6.7	1.3	6.1	6.3	6.2
Annual Ave. ^{6/}	- 0.7	- 1.4	0.8	7.0	1.0	6.2	2.6	4.9
1971								
1st . .	8.6	1.5	6.9	9.6	6.2	2.6	8.0	4.5
2nd . .	3.8	2.1	1.7	6.7	2.3	5.0	2.9	4.2
<u>Percent Change Over Previous Year</u>								
1971 ^{7/}								
2nd quarter	2.3	- 1.4	3.7	8.0	3.5	4.2	6.3	5.0

See footnotes at end of table 3.

NOTE: Data have been revised to reflect new benchmarks. Revisions of earlier data are shown on Table 4.

Table 2. Output per Man-Hour, Hourly Compensation, Unit Costs, and Prices in the Private Nonfarm Sector, Seasonally Adjusted, (Indexes 1967=100)

Year and quarter	Output	Man-hours	Output per man-hour	Compensation per man-hour <u>1/</u>	Real compensation per man-hour <u>2/</u>	Unit labor cost	Unit non-labor payments <u>3/</u>	Implicit price deflator <u>4/</u>
1970								
1st . . .	107.1	105.2	101.8	119.3	104.8	117.2	101.4	111.2
2nd . . .	107.2	104.2	102.9	121.2	104.7	117.8	104.1	112.6
3rd . . .	107.7	103.4	104.3	123.7	105.7	118.6	106.7	114.1
4th . . .	106.2	102.2	103.9	125.5	105.9	120.7	108.8	116.2
Annual Ave.	107.1	103.7	103.2	122.4	105.2	118.6	105.2	113.5
1971								
1st . . .	108.5	102.6	105.8	128.4	107.5	121.4	110.7	117.4
2nd . . .	109.6	102.9	106.5	130.8	108.3	122.8	111.5	118.5
<u>Percent Change Over Previous Quarter at Annual Rate <u>5/</u></u>								
1970								
1st . . .	- 2.7	- 0.5	- 2.1	6.6	0.4	9.0	- 3.3	4.5
2nd . . .	0.6	- 3.7	4.5	6.5	0.0	1.9	11.2	5.1
3rd . . .	2.0	- 3.1	5.2	8.3	3.6	2.9	10.4	5.5
4th . . .	- 5.6	- 4.4	- 1.2	6.1	0.7	7.4	7.9	7.6
Annual Ave. ^{6/}	- 0.7	- 1.2	0.5	6.8	0.8	6.2	2.8	5.0
1971								
1st . . .	8.9	1.6	7.1	9.6	6.2	2.3	7.4	4.1
2nd . . .	3.9	1.1	2.8	7.6	3.0	4.6	2.9	4.0
<u>Percent Change Over Previous Year</u>								
1971 ^{7/} 2nd quarter	2.2	- 1.2	3.5	7.9	3.4	4.3	7.1	5.3

See footnotes at end of table 3.

NOTE: Data have been revised to reflect new benchmarks. Revisions of earlier data are shown on Table 4.

Table 3. Output per Man-Hour, Hourly Compensation and Unit Labor Costs in the Manufacturing Sector, Seasonally Adjusted, (Indexes 1967=100)

Year and quarter	Output <u>8/</u>	Man-hours	Output per man-hour	Compensation per man-hour <u>1/</u>	Real compensation per man-hour <u>2/</u>	Unit labor costs
1970						
1st . .	108.1	101.7	106.3	118.2	103.8	111.3
2nd . .	107.1	99.4	107.7	120.1	103.9	111.6
3rd . .	105.7	97.8	108.1	122.5	104.8	113.4
4th . .	101.7	94.2	108.0	124.4	105.0	115.3
Annual Ave.	105.7	98.3	107.5	121.3	104.3	112.9
1971						
1st . .	103.7	94.8	109.4	127.6	106.8	116.7
2nd . .	104.7	94.9	110.3	129.2	107.0	117.1
<u>Percent Change Over Previous Quarter at Annual Rate <u>7/</u></u>						
1970						
1st . .	- 4.0	- 5.9	1.9	5.6	- 0.6	3.8
2nd . .	- 3.6	- 8.5	5.4	6.6	0.1	1.1
3rd . .	- 5.1	- 6.4	1.5	8.2	3.5	6.6
4th . .	-14.3	-13.9	- 0.4	6.2	0.8	6.9
Annual Ave. <u>6/</u>	- 3.8	- 5.1	1.3	6.3	0.4	5.0
1971						
1st . .	8.1	2.5	5.3	10.7	7.2	4.9
2nd . .	3.9	0.3	3.3	5.3	0.9	1.4
<u>Percent Change Over Previous Year</u>						
1971						
2nd quarter <u>7/</u>	- 2.2	- 4.6	2.4	7.6	3.1	4.9

See footnotes at end of table.

NOTE: Data have been revised to reflect new benchmarks. Revisions of earlier data are shown on Table 4.