NEWS
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PRODUCTIVITY AND COSTS IN NONFINANCIAL CORPORATIONS, FIRST QUARTER 1975
(and Revised Figures for the Total Private Economy, First Quarter 1975)

Productivity in nonfinancial corporations increased by 3.4 percent in the first quarter of 1975 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The increase reflected a 14.3 percent drop in output and a 17.1 percent decline in man-hours. In the preceding quarter, productivity declined 2.1 percent in this sector which includes all corporations doing business in the United States except banks, credit agencies, stock and commodity brokers, and insurance companies. The productivity increase in the first quarter was the first increase since the second quarter of 1973. Compared with the same quarter a year ago, productivity declined 0.4 percent, while output declined 7.2 percent, and man-hours declined 6.8 percent.

Revised measures for the total private economy and for the nonfarm and manufacturing sectors also were released today. The revised data showed that -- at annual rates -- productivity declined 0.2 percent in the private economy, 1.9 percent in the nonfarm sector, and 8.0 percent in manufacturing. First quarter figures for nonfinancial corporations, the total private, nonfarm, and manufacturing sectors are summarized in table A; details are in tables 1-4.

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

	4th Quarter 1974 to 1st Quarter 1975	1st Quarter 1974 to 1st Quarter 1975
Nonfinancial Corporations (Preliminary)		
Output per man-hour	3.4	- 0.4
Compensation per man-hour	12.1	11.0
Unit labor costs	8.5	11.4
Real Compensation per man-hour	4.2	- 0.1
Output	-14.3	- 7.2
Man-hours	-17.1	- 6.8
Total Private Economy (Revised)		
Output per man-hour	- 0.2	- 1.8
Compensation per man-hour	10.4	10.6
Unit labor costs	10.6	12.6
Real Compensation per man-hour	1.4	- 0.6
Output	-11.8	- 6.3
Man-hours	-11.6	- 4.6
Nonfarm Sector (Revised)		
Output per man-hour	- 1.9	- 2.4
Compensation per man-hour	9.3	10.0
Unit labor costs	11.4	12.7
Real Compensation per man-hour	0.4	- 1.2
Output	-13.1	- 6.5
Man-hours	-11.5	- 4.2
Manufacturing (Revised)		
Output per man-hour	- 8.0	- 1.3
Compensation per man-hour	13.7	13.2
Unit labor costs	23.6	14.7
Real Compensation per man-hour	5.8	1.9
Output	-31.7	-12.2
Man-hours	-25.7	-11.0

Hourly compensation (which includes both wages and supplements) in the nonfinancial corporate sector increased 12.1 percent in the first quarter, compared with an increase of 10.5 percent in the preceding quarter. This was the largest increase in hourly compensation in 2 years. The increase in compensation coupled with the smaller increase in productivity resulted in an 8.5 percent increase in unit labor costs following an increase of 12.9 percent in the preceding quarter. The first quarter increase was the smallest increase in unit labor costs since the third quarter of 1973.

Real compensation per man-hour (hourly compensation adjusted for changes in the Comsumer Price Index) increased 4.2 percent in the first quarter in nonfinancial corporations. This was the first increase since the first quarter of 1973.

Unit profits declined 10.6 percent (at an annual rate). In the past 8 quarters, unit profits have declined in each quarter except one and now stand lower than at any time since the second quarter of 1972.

Unit nonlabor costs (including capital consumption allowances, net interest, and indirect business taxes) increased 28.6 percent in the first quarter, the largest such increase recorded since 1958 when the series begins. In the preceding period, unit nonlabor costs increased 16.1 percent.

The implicit price deflator (which reflects changes in unit labor costs, unit nonlabor costs, and profits) increased 10.7 percent (at an annual rate).

Revised First Quarter Measures for the Private Economy

Revised measures of output per man-hour and related series for the private economy, the nonfarm sector, and the manufacturing sector are summarized in table B. The revised measures show that productivity in the first quarter -- at an annual rate -- declined 0.2 percent in the private economy, 1.9 percent in the nonfarm sector, and 8.0 percent in manufacturing. These measures were previously reported as a 0.6 percent increase in the private sector and as declines of 1.1 percent and 7.2 percent in the nonfarm and manufacturing sectors, respectively. The revisions principally reflect revised output measures for the first quarter. Based on the revised figures, productivity has declined for 8 consecutive quarters in the nonfarm sector and for 3 quarters in the total private economy and in the manufacturing sector. See tables 1-3.

Table B. Preliminary and Revised Measures, First Quarter 1975
Percent Change From Previous Quarter at Annual Rate
(Seasonally Adjusted)

Total Private Economy	Preliminary	Revised
Output per man-hour	0.6	- 0.2
Compensation per man-hour	10.4	10.4
Unit labor costs	9.7	10.6
Real Compensation per man-hour	1.7	1.4
Output	-11.2	-11.8
Man-hours	-11.7	-11.6
Nonfarm Sector		
Output per man-hour	- 1.1	- 1.9
Compensation per man-hour	9.3	9.3
Unit labor costs	10.5	11.4
Real Compensation per man-hour	0.7	0.4
Output	-12.6	-13.1
Man-hours	-11.6	-11.5
Manufacturing Sector		
Output per man-hour	- 7.2	- 8.0
Compensation per man-hour	13.6	13.7
Unit labor costs	22.4	23.6
Real Compensation per man-hour	5.7	5.8
Output	-31.4	-31.7
Man-hours	-26.1	-25.7

TABLE 1. TOTAL PRIVATE ECONOMY: OUTPUT PER MAN-HOUR
HOURLY COMPENSATION, UNIT COST, AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT PER MAN-HOUR	OUTPUT	MAN-HOURS	COMPENSA-TION PER MAN-HOUR(1)	REAL COMPENSA-TION PER MAN-HOUR(2)	UNIT LABOR COSTS	UNIT NON-LABOR PAY-MENTS(3)	IMPLICIT PRICE DEFLATOR(4)
					INDEXES 1967=100				
1974	I	112.7	123.9	109.9	157.7	111.4	139.9	130.0	136.1
	II	112.8	124.0	109.9	162.5	111.7	144.1	131.3	139.2
	III	112.2	123.2	109.8	166.7	111.1	148.5	135.0	143.3
	IV	110.8	119.9	108.2	170.2	110.3	153.6	139.9	148.3
ANNUAL		112.1	122.8	109.5	164.2	111.2	146.5	134.0	141.6
1975	I	110.7R	116.2R	104.9	174.5R	110.7R	157.6R	141.7	151.4R
					PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)				
1974	I	-7.6	-8.8	-1.3	7.6	-4.1	16.5	4.7	11.9
	II	0.1	0.1	0.0	12.7	1.2	12.6	4.2	9.5
	III	-1.9	-2.4	-0.5	10.7	-2.3	12.8	11.5	12.3
	IV	-5.1	-10.4	-5.6	8.6	-2.8	14.4	15.4	14.8
ANNUAL		-2.6	-2.4	0.2	8.8	-1.9	11.8	7.9	10.3
1975	I	-0.2R	-11.8R	-11.6R	10.4	1.4R	10.6R	5.3R	8.6R
					PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)				
1974	I	-2.6	-0.7	1.9	6.8	-2.9	9.6	8.3	9.1
	II	-2.1	-1.3	0.8	8.8	-1.7	11.1	7.2	9.6
	III	-2.2	-2.3	-0.1	10.0	-1.6	12.4	7.4	10.6
	IV	-3.7	-5.5	-1.9	9.9	-2.0	14.1	8.9	12.1
ANNUAL		-2.6	-2.4	0.2	8.8	-1.9	11.8	7.9	10.3
1975	I	-1.8R	-6.3R	-4.6	10.6	-0.6R	12.6R	9.0	11.3R

SEE FOOTNOTES FOLLOWING TABLE 4.
R=REVISED

MAY 28, 1975
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 2. PRIVATE NONFARM ECONOMY: OUTPUT PER MAN-HOUR
HOURLY COMPENSATION, UNIT COST, AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT PER MAN-HOUR	OUTPUT	MAN-HOURS	COMPENSATION PER MAN-HOUR(1)	REAL COMPENSATION PER MAN-HOUR(2)	UNIT LABOR COSTS	UNIT NON-LABOR PAYMENTS(3)	IMPLICIT PRICE DEFLATOR(4)
INDEXES 1967=100									
1974	I	111.6	124.4	111.5	156.1	110.2	139.9	122.6	133.3
	II	111.0	124.1	111.8	160.4	110.2	144.4	127.4	138.0
	III	110.3	123.4	111.8	164.2	109.4	148.8	131.4	142.2
	IV	109.4	120.4	110.1	167.9	108.8	153.5	135.5	146.7
	ANNUAL	110.6	123.1	111.3	162.1	109.7	146.6	129.1	140.0
1975	I	108.9R	116.2R	106.8	171.7R	108.9	157.7R	140.0R	151.0R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1974	I	-6.3	-8.5	-2.4	8.8	-3.0	16.2	8.1	13.3
	II	-2.0	-0.8	1.2	11.4	0.0	13.7	16.6	14.7
	III	-2.5	-2.4	0.1	9.8	-3.1	12.6	13.1	12.8
	IV	-3.4	-9.3	-6.1	9.4	-2.1	13.3	13.1	13.2
	ANNUAL	-2.6	-2.6	0.2	8.9	-1.9	12.0	9.5	11.1
1975	I	-1.9R	-13.1R	-11.5R	9.3	0.4R	11.4R	13.9	12.3R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1974	I	-2.2	-0.6	1.7	7.3	-2.3	9.8	5.3	8.2
	II	-2.3	-1.5	0.8	8.8	-1.6	11.4	8.9	10.5
	III	-2.9	-2.7	0.1	9.7	-1.8	12.9	11.4	12.4
	IV	-3.6	-5.3	-1.9R	9.9	-2.0R	13.9	12.7	13.5
	ANNUAL	-2.8	-2.6	0.2	8.9	-1.9	12.0	9.5	11.1
1975	I	-2.4R	-6.5R	-4.2	10.0	-1.2	12.7R	14.2	13.2R

SEE FOOTNOTES FOLLOWING TABLE 4.
R=REVISED

MAY 28, 1975
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 3. MANUFACTURING SECTOR: OUTPUT PER MAN-HOUR, HOURLY COMPENSATION, UNIT LABOR COSTS, SEASONALLY ADJUSTED

YEAR AND QUARTER	OUTPUT PER MAN-HOUR	OUTPUT (7)	MAN-HOURS	COMPENSATION PER MAN-HOUR (1)	REAL COMPENSATION PER MAN-HOUR (2)	UNIT LABOR COST
			INDEXES 1967=100			
1974						
I	128.2	132.3	103.2	154.0	108.9	120.1
II	129.8	132.9	102.4	159.4	109.6	122.8
III	129.4	132.8	102.6	163.3R	109.0	126.2
IV	129.1	127.8	99.0	168.7	109.4	130.7
ANNUAL	129.3	131.8	101.9	161.2	109.1	124.6
1975						
I	126.5R	116.2R	91.9R	174.3R	111.0R	137.8R
		PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)				
1974						
I	- 1.3	- 5.8	- 4.6	6.5	- 4.5	7.9
II	5.3	1.8	- 3.3	14.9	2.7	9.1
III	- 1.2	- 0.3	0.9	10.2	- 2.4	11.5
IV	- 1.0	-14.2	-13.4	13.9	1.7	15.0
ANNUAL	0.8	- 0.6	- 1.4	9.5	- 1.4	8.6
1975						
I	- 8.0R	-31.7R	-25.7R	13.7R	5.8R	23.6R
			PERCENT CHANGE FROM PREVIOUS YEAR (5)			
1974						
I	0.8	1.8	1.0	7.4	- 2.3	6.5
II	1.3	0.5	- 0.8	9.3	- 1.1	7.9
III	0.2	- 0.8	- 1.0	10.3	- 1.1	10.1
IV	0.4	- 4.8	- 5.2	11.3	- 0.7	10.9
ANNUAL	0.8	- 0.6	- 1.4	9.5	- 1.4	8.6
1975						
I	- 1.3R	-12.2R	-11.0R	13.2R	1.9	14.7R

SEE FOOTNOTES FOLLOWING TABLE 4.
R = REVISED

SOURCE: BUREAU OF LABOR STATISTICS
MAY 28, 1975

TABLE 4. NONFINANCIAL CORPORATIONS: OUTPUT PER MAN-HOUR, HOURLY COMPENSATION UNIT LABOR COSTS, UNIT PROFITS AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER	OUTPUT PER MAN-HOUR	OUTPUT	MAN-HOURS	COMPENSATION PER MAN-HOUR (1)	REAL COMPENSATION PER MAN-HOUR (2)	UNIT LABOR COSTS	UNIT NON-LABOR COSTS (8)	TOTAL UNIT COSTS (9)	UNIT PROFITS (10)	IMPLICIT PRICE DEFLATOR
					INDEXES 1967=100					
1974										
I	118.5	130.6	110.2	157.1	111.2	132.6	134.2	133.0	86.8	126.0
II	118.5	130.2	109.9	161.5	111.1	136.4	137.9	136.7	90.9	129.8
III	117.7	129.5	110.0	165.3	110.3	140.4	142.4	140.9	90.6	133.3
IV	117.1	126.0	107.6	169.5	109.9	144.8	147.9	145.5	88.8	137.0
ANNUAL	118.0	129.1	109.4	163.3	110.6	138.4	140.9	139.0	89.2	131.5
1975										
I	118.1P	121.3P	102.7P	174.4P	111.1P	147.7P	157.5P	150.1P	86.4P	140.5P
					PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)					
1974										
I	- 5.9	- 8.1	- 2.4	8.1	- 3.0	14.9	13.9	14.6	-12.3	11.4
II	- 0.2	- 1.4	- 1.2	11.7	- 0.2	11.9	11.4	11.8	20.2	12.6
III	- 2.6	- 2.1	0.5	9.7	- 2.9	12.5	13.9	12.9	- 1.0	11.3
IV	- 2.1	-10.2	- 8.3	10.5	- 1.3	12.9	16.1	13.7	- 7.7	11.3
ANNUAL	- 2.2	- 2.5	- 0.3	8.8	- 1.9	11.3	10.3	11.0	- 1.7	9.6
1975										
I	3.4P	-14.3P	-17.1P	12.1P	4.2P	8.5P	28.6P	13.3P	-10.6P	10.7P
					PERCENT CHANGE FROM PREVIOUS YEAR					
1974										
I	- 1.8	- 0.1	1.7	7.3	- 2.3	9.2	6.8	8.6	- 5.6	6.9
II	- 1.9	- 1.6	0.3	8.7	- 1.8	10.8	8.5	10.2	- 0.5	9.0
III	- 2.6	- 2.6	0.0	9.4	- 1.9	12.3	11.0	12.0	0.4	10.7
IV	- 2.7	- 5.5	- 2.9	10.0	- 1.8	13.0	13.8	13.2	- 0.9	11.7
ANNUAL	- 2.2	- 2.5	- 0.3	8.8	- 1.9	11.3	10.3	11.0	- 1.7	9.6
1975										
I	- 0.4P	- 7.2P	- 6.8P	11.0P	- 0.1P	11.4P	17.3P	12.9P	- 0.5P	11.5P

SEE FOOTNOTES FOLLOWING TABLE 4.
P = PRELIMINARY

SOURCE: BUREAU OF LABOR STATISTICS
MAY 28, 1975

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 Man-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 man-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 nonlabor cost.

(10) Unit profits include corporate profits and inventory valuation adjustment.

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

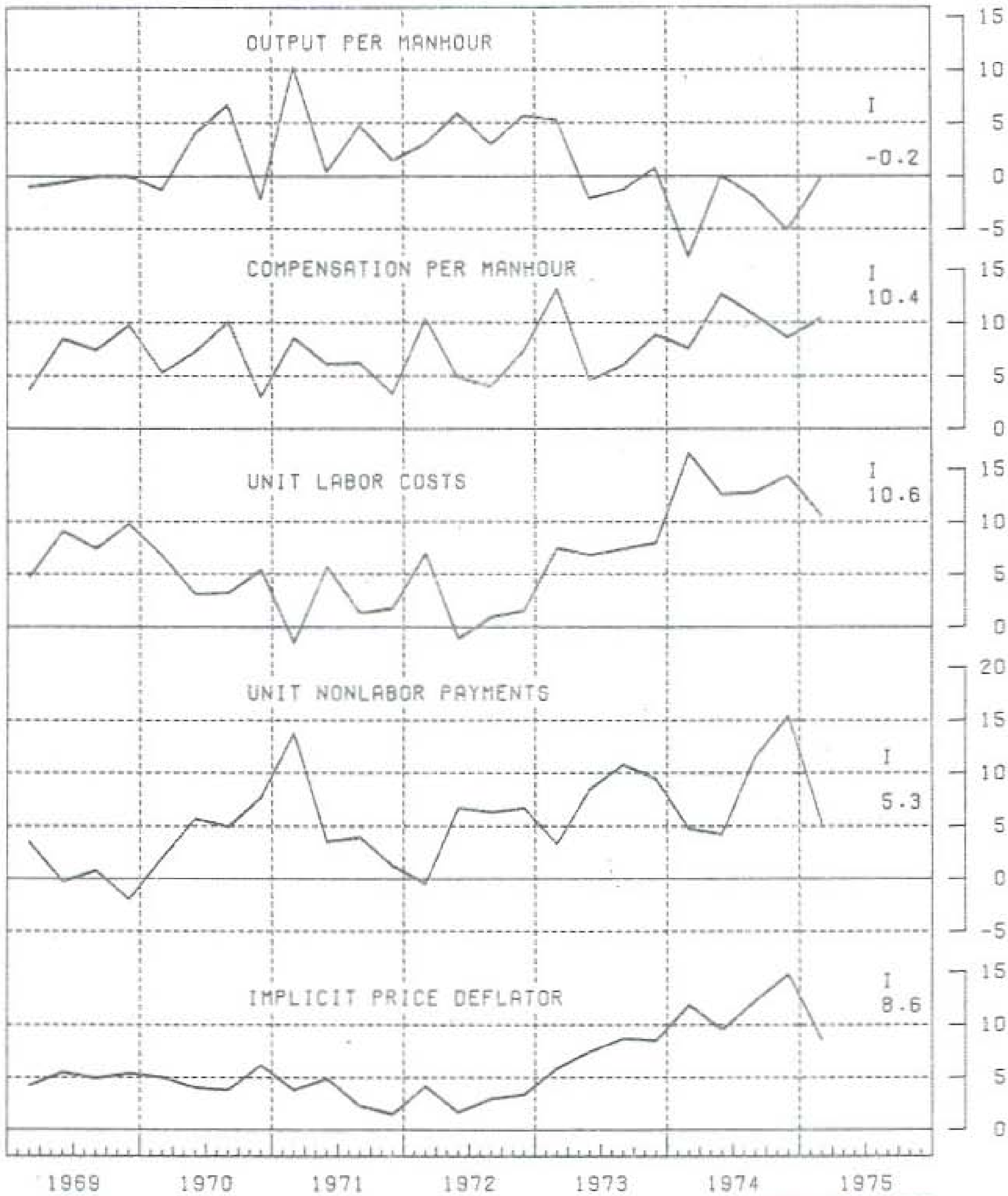

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CHART 2. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
PRIVATE NONFARM SECTOR
(PERCENT CHANGE FROM PRECEDING
QUARTER AT ANNUAL RATE)

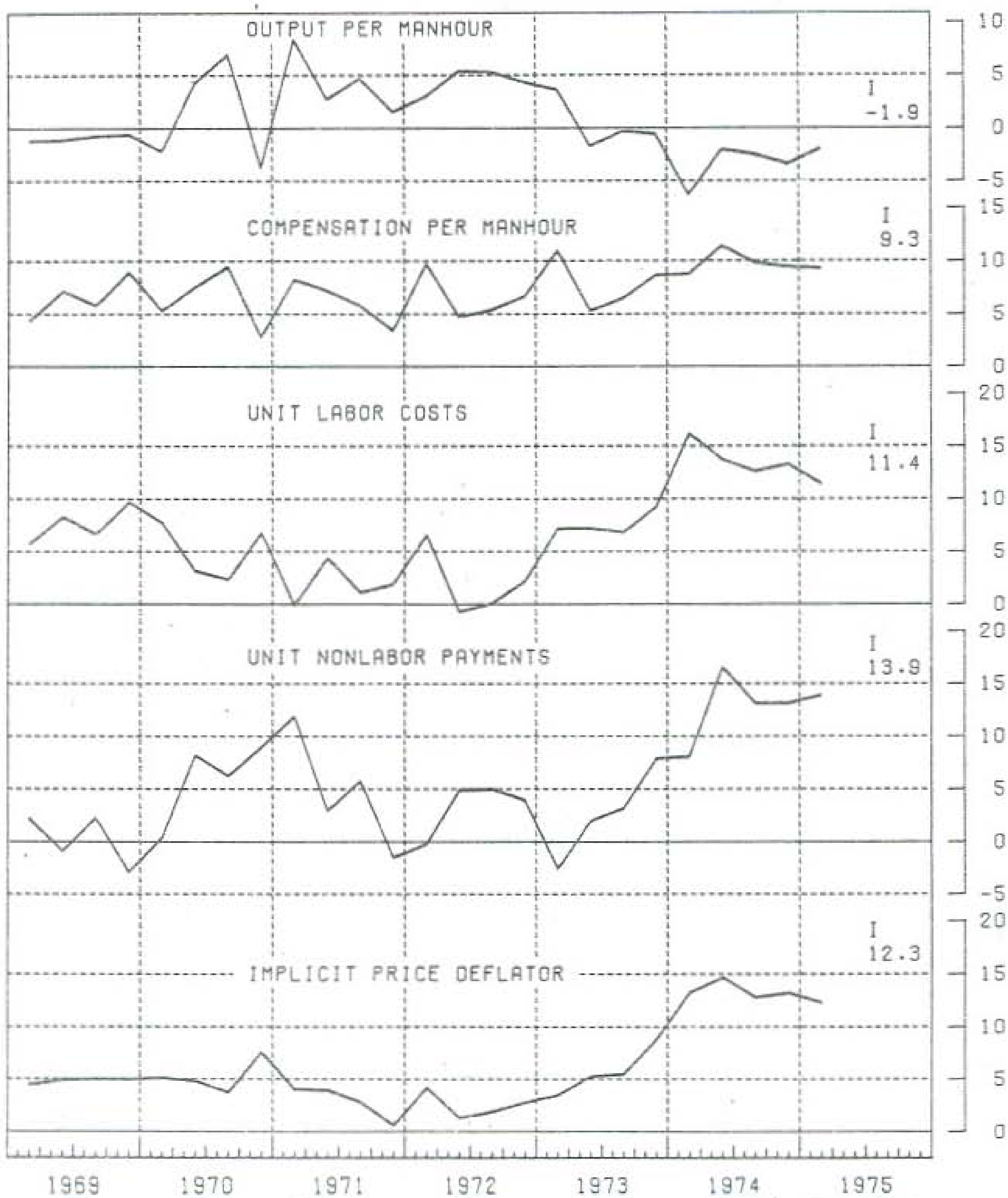

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CHART 3. PRODUCTIVITY, HOURLY COMPENSATION, UNIT COSTS AND PRICES NONFINANCIAL CORPORATIONS (PERCENT CHANGE FROM SAME QUARTER A YEAR AGO)

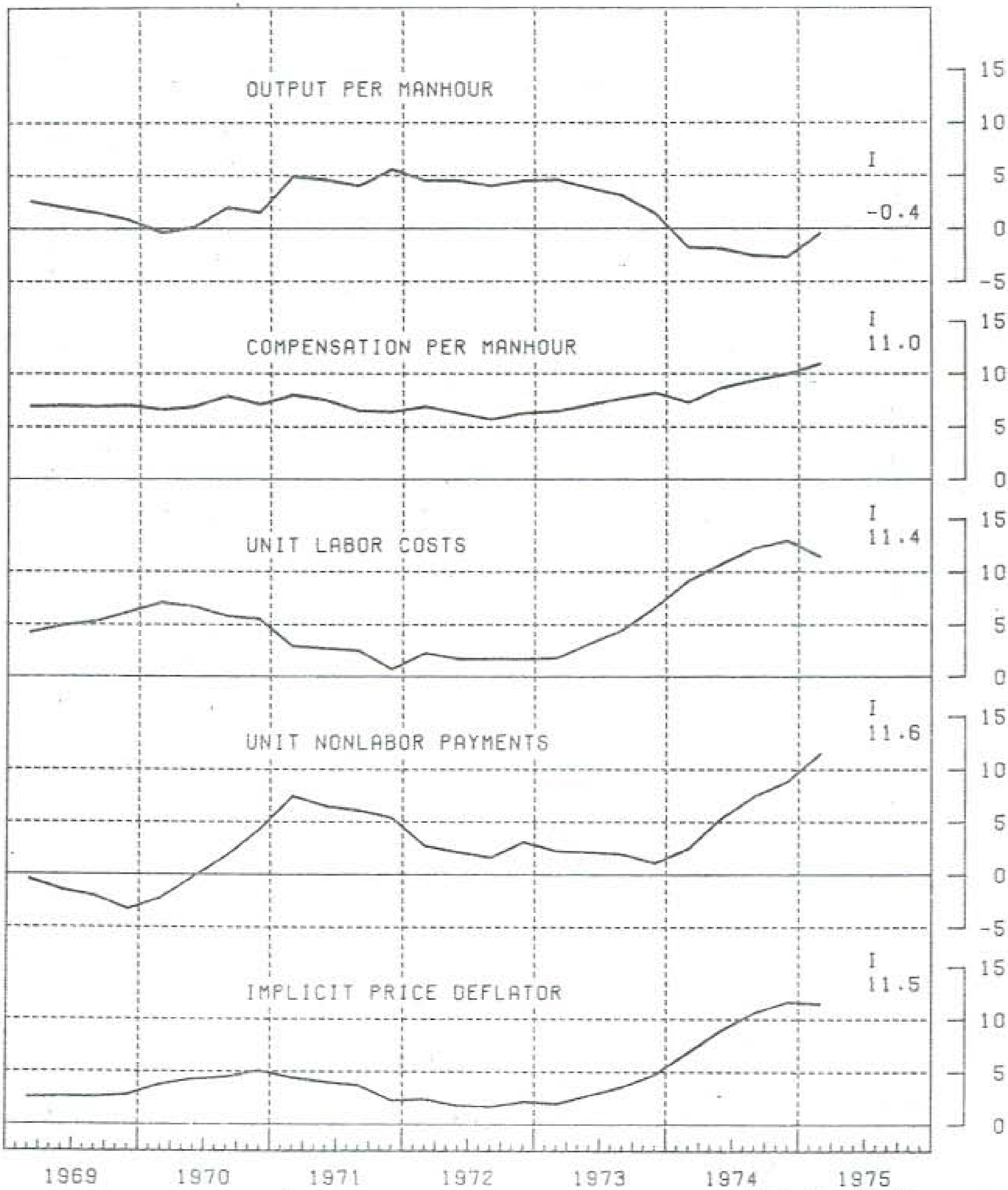

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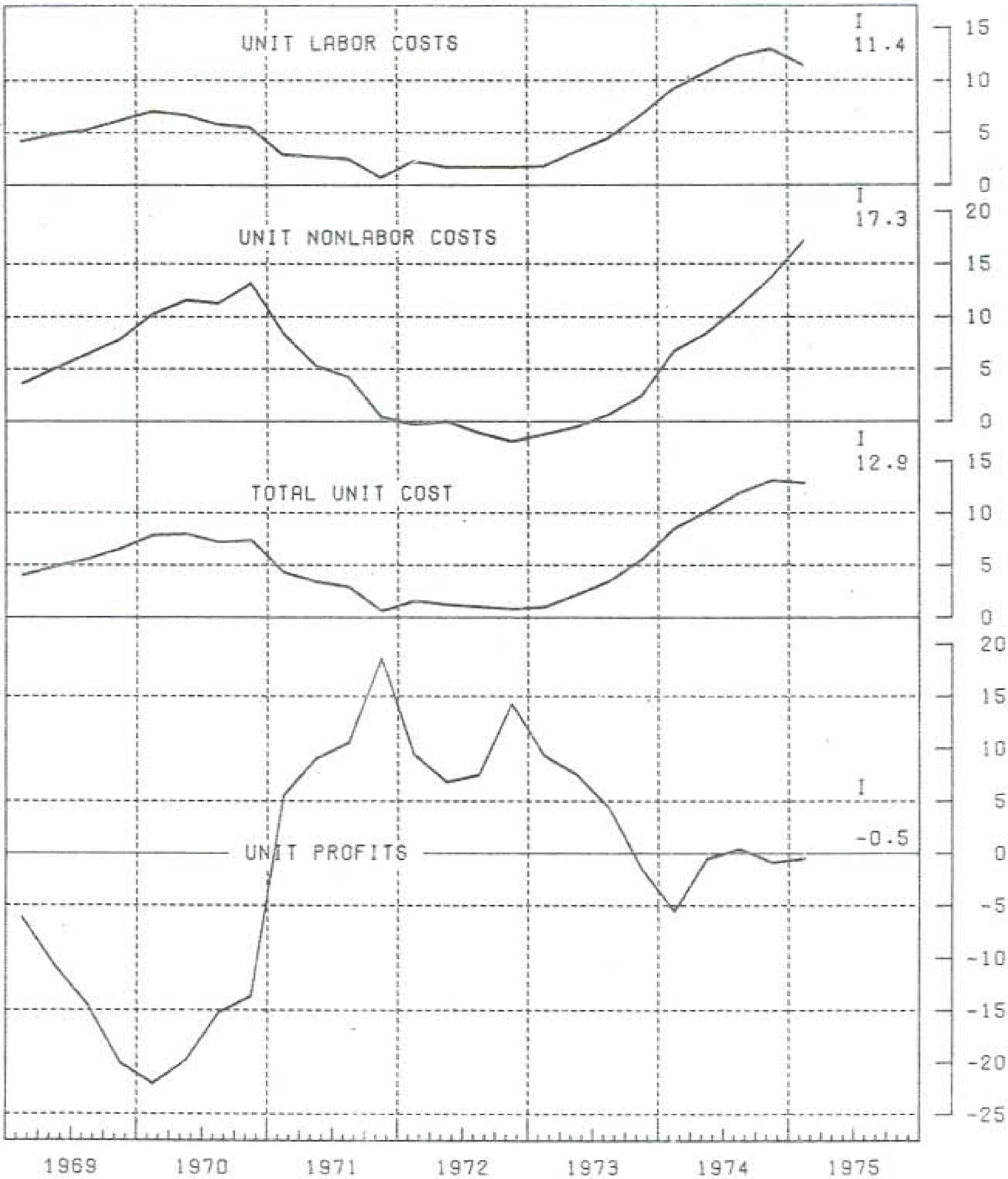
CHART 4.
UNIT COSTS, UNIT PROFITS, AND PRICES
NONFINANCIAL CORPORATIONS
(PERCENT CHANGE FROM SAME
QUARTER A YEAR AGO)



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