

NEWS



U. S. DEPARTMENT OF LABOR OFFICE OF INFORMATION, WASHINGTON, D. C. 20210

Washington, D.C. 20212
L. J. Fulco (202) 523-9261
K. D. Hoyle (202) 523-1913
Home (202) 333-1384

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PRODUCTIVITY AND COSTS IN THE PRIVATE ECONOMY, FIRST QUARTER 1976 (and data for Nonfinancial Corporations, Fourth Quarter 1975)

Productivity in the private economy increased at a seasonally adjusted annual rate of 4.6 percent in the first quarter of 1976, the Bureau of Labor Statistics of the U.S. Department of Labor announced today. The increase reflected a 7.9 percent increase in output and a 3.2 percent rise in hours of all persons employed in the private economy. In the preceding quarter, productivity increased 0.6 percent. The first quarter increase raised labor productivity to its highest level since the series was started.

In the nonfarm sector of the economy, labor productivity increased 3.3 percent, reflecting a 7.7 percent increase in output and a 4.3 percent rise in hours. In the fourth quarter of 1975, productivity declined 0.6 percent in this sector.

In manufacturing, productivity increased 1.4 percent, as output rose 10.2 percent and hours 8.7 percent. Productivity increased 5.4 percent in the previous quarter.

A summary of first quarter measures appears in table A; details in tables 1-3.

COMPENSATION AND LABOR COST

Hourly compensation (which includes the cost of wages, employer Social Security contributions and other fringe benefits) increased 8.5 percent in the total private economy in the first quarter, the fourth consecutive quarter of acceleration of this measure. The rise in compensation however, was partially offset by the 4.6 percent rise in productivity so that the increase in unit labor cost was 3.7 percent

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

Sector and Item	4th Quarter 1975 to 1st Quarter 1976	1st Quarter 1975 to 1st Quarter 1976
<u>Total Private Economy</u> (Preliminary)		
Output per hour of all persons	4.6	5.2
Compensation per hour	8.5	7.3
Unit labor cost	3.7	2.0
Real compensation per hour	3.7	0.9
Output	7.9	7.4
Hours	3.2	2.1
<u>Nonfarm Sector</u> (Preliminary)		
Output per hour of all persons	3.3	4.9
Compensation per hour	7.8	7.4
Unit labor cost	4.3	2.4
Real compensation per hour	3.0	1.0
Output	7.7	7.3
Hours	4.3	2.3
<u>Manufacturing</u> (Preliminary)		
Output per hour of all persons	1.4	4.9
Compensation per hour	8.8	7.3
Unit labor cost	7.3	2.3
Real compensation per hour	4.0	0.9
Output	10.2	9.3
Hours	8.7	4.1

during the quarter. In the last quarter of 1975, unit labor cost increased 7.1 percent, as hourly compensation rose 7.8 percent but productivity edged up only 0.6 percent. Real hourly compensation (hourly compensation adjusted by the Consumer Price Index) increased 3.7 percent in the first quarter, the largest quarterly increase in 3 years.

In the nonfarm sector, hourly compensation increased 7.8 percent while unit labor cost increased 4.3 percent, reflecting the 3.3 percent increase in productivity. In the fourth quarter of 1975, unit labor cost increased 7.2 percent.

FOURTH QUARTER FIGURES FOR NONFINANCIAL CORPORATIONS

Productivity and related measures for the fourth quarter of 1975 for non-financial corporations were also released today. See table B. Productivity increased 0.1 percent in the fourth quarter as output increased 5.7 percent and hours rose 5.6 percent. Compensation per hour increased 7.3 percent (the same rate which has prevailed for 3 consecutive quarters) and unit labor cost rose the same amount. Real compensation per hour increased 0.7 percent in this sector, which includes all corporations doing business in the United States, with the exception of banks, credit agencies, stock and commodity brokers, and insurance companies. The increase in unit labor cost was the first rise since the first quarter of 1975, since the strong productivity growth in the second and third quarters more than offset the compensation gains.

Revised annual figures for 1975 show productivity up 3.4 percent, hourly compensation up 10.0 percent, and unit labor cost up 6.3 percent. These changes had been reported as 3.9 percent, 10.2 percent and 6.1 percent, respectively, based on preliminary figures. Unit profits rose 28.2 percent, rather than 31.1 percent, as previously reported. See table 4 for details.

Table B. Percent Change in Productivity and Costs at Annual Rate
(Seasonally Adjusted)

Sector and Item	3rd Quarter 1975 to 4th Quarter 1975 (preliminary)	4th Quarter 1974 to 4th Quarter 1975 (revised)
<u>Nonfinancial Corporations</u>		
Output per hour of all employees	0.1	6.9
Hourly compensation	7.3	8.4
Unit labor cost	7.3	1.4
Real compensation per hour	0.7	1.0
Output	5.7	3.0
Hours	5.6	- 3.1

REVISED NONFINANCIAL CORPORATE MEASURES AVAILABLE

The productivity and cost measures contained in this release reflect the introduction of revised measures of employment and hours in the corporate sector as prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Historical data for the 1958-1975 period are available on request from the Division of Productivity Research, Bureau of Labor Statistics, Washington, D.C. 20212.

The 1975 Edition of Productivity Indexes for Selected Industries, Bulletin 1890, has been prepared by the Division of Industry Productivity Studies and is now available. This bulletin presents annual indexes of output per employee-hour, output and employee-hours for about 50 industries in the nonfarm sector. The indexes are available for most industries through 1974. Bulletin 1890 can be ordered from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, GPO Bookstores, or BLS Regional Offices listed below. The price is \$3.40.

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John Fitzgerald Kennedy Federal Bldg.
Government Center - Room 1603 A
Boston, Mass. 02202

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Chicago, Ill. 60604

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New York, N.Y. 10036

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555 Griffin Sq., 2nd Fl.
Dallas, Tex. 75202

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Kansas City, Mo. 64106

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Atlanta, Ga. 30309

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TABLE 1. TOTAL PRIVATE ECONOMY, 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	109.8	115.6	105.3	176.6	112.3	163.9	141.4	153.5
	II	111.4	116.5	104.6	179.3	112.3R	161.9	145.4	155.1
	III	114.0	120.1	105.3	182.2R	111.9R	159.8	154.6	157.8
	IV	114.2	121.8	106.6	185.7	112.2	162.6	156.8	160.4
	ANNUAL	112.2	118.5	105.6R	180.8	112.2	161.1	149.7	156.7
1976	I	115.5P	124.1P	107.5P	189.5P	113.2P	164.1P	157.8P	161.7P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1975	I	1.1R	-10.2	-11.2	10.5	2.1R	9.3R	2.8R	9.1
	II	5.9R	3.2	-2.6R	6.4	0.2R	0.4	11.7	4.2
	III	0.9	13.1	2.9	6.7	-1.5R	-2.9	27.0	7.4
	IV	3.6	5.6	4.9R	7.8	1.1R	7.1	5.9	6.6
	ANNUAL	1.3	-2.5	-3.8R	9.1	0.0	7.7	12.2	9.3
1976	I	4.6P	7.9P	3.2P	5.5P	3.7P	3.7P	2.4P	3.2P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1975	I	-1.7	-6.3	-4.6	11.5	0.4	13.4	8.5	11.6
	II	1.3	-4.9	-5.2	9.6	0.1	9.5	11.0	10.0
	III	3.2	-1.2	-4.3	8.4R	-0.3R	5.0	15.3	8.6
	IV	4.3	2.5	-1.7	7.8	0.4R	3.4	13.2	6.8
	ANNUAL	1.3	-2.5	-3.8R	9.1	0.0	7.7	12.2	9.3
1976	I	5.2P	7.4P	2.1P	7.3P	0.9P	2.0P	11.5P	5.4P

SEE FOOTNOTES FOLLOWING TABLE 4.

R=REVISED

P=PRELIMINARY

APRIL 26, 1976

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 2. PRIVATE NONFARM ECONOMY, 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	107.7	115.5	107.2	173.0	110.6R	161.5	133.5R	152.8
	II	109.8	116.7	106.3	176.8	110.8R	161.0	142.7	154.1
	III	112.3	120.0	106.8	180.5R	110.9	160.8	149.3	156.4
	IV	112.1	121.7	108.5	183.4	110.8R	160.6	152.0	159.2
	ANNUAL	110.4R	118.5	107.3R	178.6	110.8	161.7	145.7	155.7
1976	I	113.0P	123.9P	109.6P	186.9P	111.7P	165.3P	153.9P	161.0P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1975	I	-0.8R	-11.7	-10.9	9.1	0.8R	10.0R	15.4	11.9
	II	1.9	4.4	-3.3R	6.8	0.6R	-1.1	12.8R	3.5
	III	9.4	11.7	2.1	8.7	0.3R	-0.7	19.8	6.2
	IV	-0.6R	5.7	6.4	6.5	-0.1R	7.2	7.5	7.3
	ANNUAL	0.9	-2.9	-3.8	9.0	-0.1	0.1	13.5	9.9
1976	I	3.3P	7.7P	4.3P	7.8P	3.0P	4.3P	5.1P	4.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1975	I	-2.7	-6.8	-4.2	10.8	-0.2R	13.8	12.6	13.4
	II	0.1	-5.1	-5.3R	9.5	-0.2R	0.4	12.4	10.4
	III	3.1R	-1.8	-4.7	0.9R	0.1	5.6	14.5	8.7
	IV	3.9	2.1	-1.7	7.8	0.4R	3.8	13.8	7.2
	ANNUAL	0.9	-2.9	-3.8	9.0	-0.1	0.1	13.5	9.9
1976	I	4.9P	7.3P	2.3P	7.4P	1.0P	2.4P	11.2P	5.4P

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

APRIL 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 (7)	HOURS	COMPENSATION PER HOUR OF ALL PERSONS(1)	REAL COMPENSATION PER HOUR OF ALL PERSONS(2)	UNIT LABOR COST
INDEXES 1967=100						
1975						
I	110.2	101.9	92.5	173.2	110.2	157.2
II	111.0R	100.8	90.8R	176.6	110.6R	159.0R
III	113.7R	105.0	92.3R	179.4	110.2	157.7R
IV	115.2R	103.7R	94.3R	182.0R	110.0R	158.0
ANNUAL	112.5R	104.1	92.5R	177.8R	110.3	158.1R
1976						
I	115.6P	111.3P	96.3P	185.9P	111.1P	160.8P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)						
1975						
I	- 1.7R	-25.2	-24.0R	10.2	1.8R	12.1R
II	3.2R	- 4.1	- 7.1R	8.0	1.8R	4.7R
III	10.9R	17.6	6.9R	6.5	- 1.7R	- 3.2
IV	5.4R	14.9R	9.0R	6.1R	- 0.5R	0.7
ANNUAL	- 0.7	- 9.8	- 9.2	10.4	1.1	11.1
1976						
I	1.4P	10.2P	8.7P	8.8P	4.0P	7.3P
PERCENT CHANGE FROM PREVIOUS YEAR (5)						
1975						
I	- 3.3R	-13.8	-10.9R	13.2	2.0	17.0R
II	- 2.5	-13.7	-11.5R	11.3	1.4R	14.1R
III	1.3R	- 8.9	-10.1R	9.9	1.0	8.5R
IV	4.1R	- 0.8R	- 4.7R	7.7R	0.3R	3.4R
ANNUAL	- 0.7	- 9.8	- 9.2	10.4	1.1	11.1
1976						
I	4.9P	9.3P	4.1P	7.3P	0.9P	2.3P
SEE FOOTNOTES FOLLOWING TABLE 4.				SOURCE: BUREAU OF LABOR STATISTICS		
R = REVISED				APRIL 26, 1976		
P = PRELIMINARY						

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										
1974										
I	113.5R	130.1	114.6R	159.0R	112.3R	140.1	152.6	143.2	77.9	133.5
II	113.3R	129.4	114.2R	163.5R	112.4R	144.3	159.1	147.9	78.9	137.7
III	112.1R	127.8	114.1R	167.9R	112.1R	149.8	166.9	153.9	71.2	141.7
IV	111.3R	124.3	111.7R	172.4R	111.9R	155.0	175.6	160.0	65.6	146.0
ANNUAL	112.5R	127.8	113.6R	165.6R	112.2R	147.3	163.5	151.2	73.5	139.7
1975										
I	111.7R	119.6	107.1R	177.3R	112.8R	158.8	184.2	165.0	68.7	150.7
II	115.6R	122.3	105.7R	180.5R	113.1R	156.1	185.3	163.2	92.1	152.6
III	119.0R	127.1	106.8R	183.7R	112.8R	154.4	185.3	161.9	108.5	154.0
IV	119.0P	128.8P	108.3P	187.0P	113.0P	157.1P	187.0P	164.4P	105.8P	155.7P
ANNUAL	116.3R	124.4R	107.0R	182.2R	113.0R	156.6R	185.5R	163.6R	94.2R	153.3
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)										
1974										
I	- 4.7R	- 5.6	- 1.0R	8.9R	- 3.3R	14.3	17.1	15.0	-27.3	10.3
II	- 0.7R	- 2.1	- 1.5R	11.7R	0.4R	12.5	18.1	13.9	5.5	13.2
III	- 4.2R	- 4.6	- 0.3R	11.2R	- 0.9R	16.1	20.9	17.4	-33.7	12.1
IV	- 2.9R	-10.7	- 8.1R	11.4R	- 0.8R	14.6	22.7	16.7	-28.0	12.8
ANNUAL	- 2.8R	- 2.8	0.0R	9.4R	- 1.4R	12.6	16.1	13.5	-14.4	10.7
1975										
I	1.5R	-14.2	-15.5R	11.8R	3.2R	10.1	21.1	13.0	20.5	13.5
II	15.0R	9.1	- 5.1R	7.3R	1.1R	- 6.7	2.4	- 4.3	222.4	5.2
III	12.0R	16.7	4.2	7.3	- 0.9R	- 4.1	- 0.1	- 3.0	92.8	3.6
IV	0.1P	5.7P	5.6P	7.3P	0.7P	7.3P	3.7P	6.3P	- 0.5P	4.5P
ANNUAL	3.4R	- 2.6R	- 5.9R	10.0R	0.8R	6.3R	13.4R	8.2R	28.2R	9.7
PERCENT CHANGE FROM PREVIOUS YEAR										
1974										
I	- 2.6R	- 0.5	2.1R	7.8R	- 2.0R	10.6	12.7	11.1	-12.9	8.5
II	- 2.1R	- 1.4	0.7R	9.1R	- 1.3R	11.4	14.3	12.2	- 7.6	17.1
III	- 3.4R	- 3.2	0.2R	9.9R	- 1.4R	13.8	17.5	14.7	-15.6	11.7
IV	- 3.1R	- 5.8	- 2.8R	10.8R	- 1.2R	14.4	19.7	15.7	-22.2	12.1
ANNUAL	- 2.8R	- 2.8	0.0R	9.4R	- 1.4R	12.6	16.1	13.5	-14.4	10.7
1975										
I	- 1.6R	- 8.0	- 6.5R	11.5R	0.5R	13.3	20.7	15.2	-11.7	12.9
II	2.1R	- 5.5	- 7.4R	10.4R	0.6R	8.2	16.5	10.3	16.7	19.9
III	6.2R	- 3.6	- 6.4R	9.4R	0.6R	3.1	11.1	5.2	52.4	8.7
IV	6.9P	3.6P	- 3.1P	8.4P	1.0P	1.4P	6.5P	2.7P	61.4P	6.7P
ANNUAL	3.4R	- 2.6R	- 5.9R	10.0R	0.8R	6.3R	13.4R	8.2R	28.2R	9.7

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

SOURCE: BUREAU OF LABOR STATISTICS
APRIL 26, 1976

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
 TOTAL PRIVATE ECONOMY
 (PERCENT CHANGE FROM PRECEDING
 QUARTER AT ANNUAL RATE)

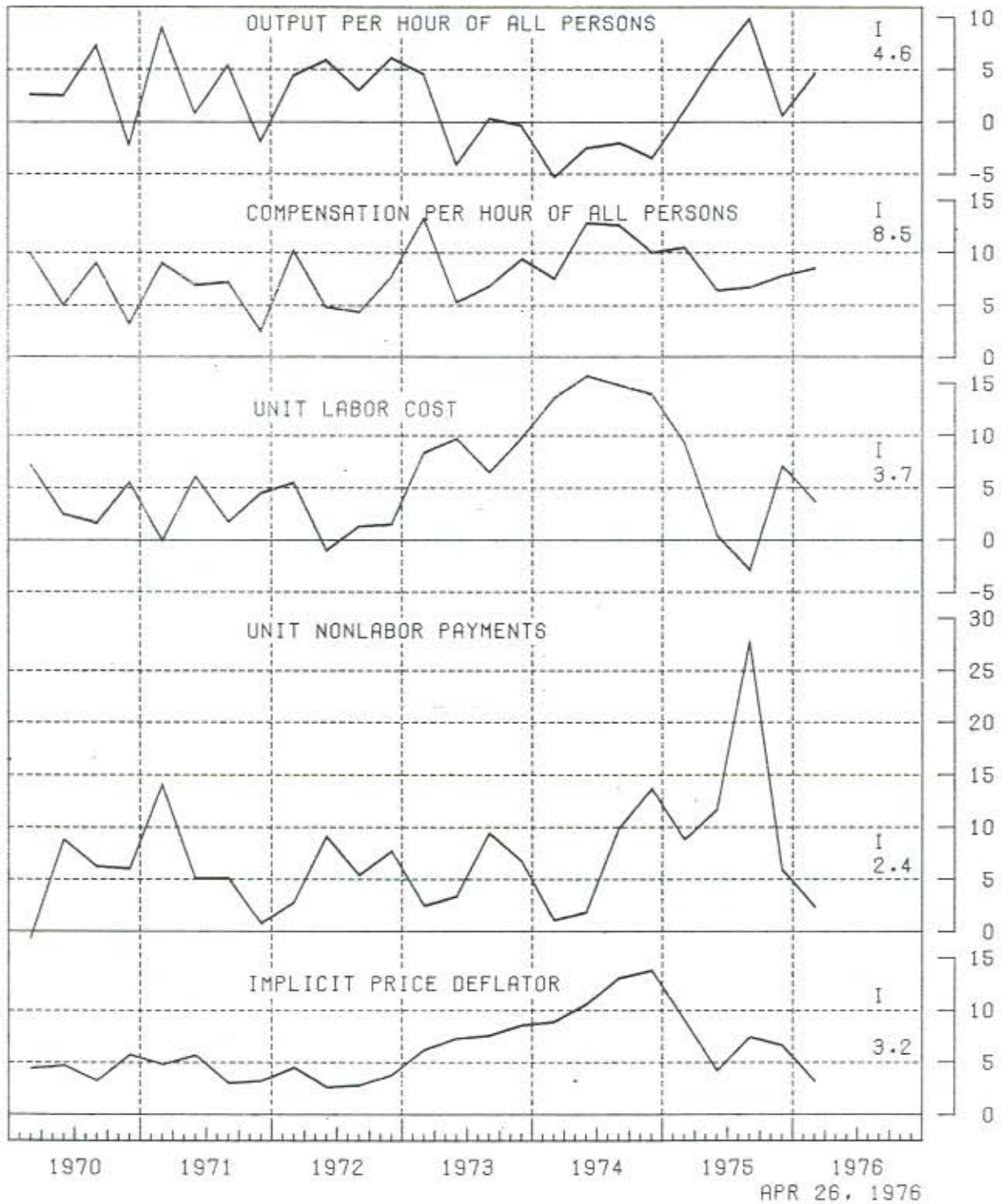


CHART 2. PRODUCTIVITY, HOURLY
 COMPENSATION, UNIT COSTS AND PRICES
 PRIVATE NONFARM SECTOR
 (PERCENT CHANGE FROM PRECEDING
 QUARTER AT ANNUAL RATE)

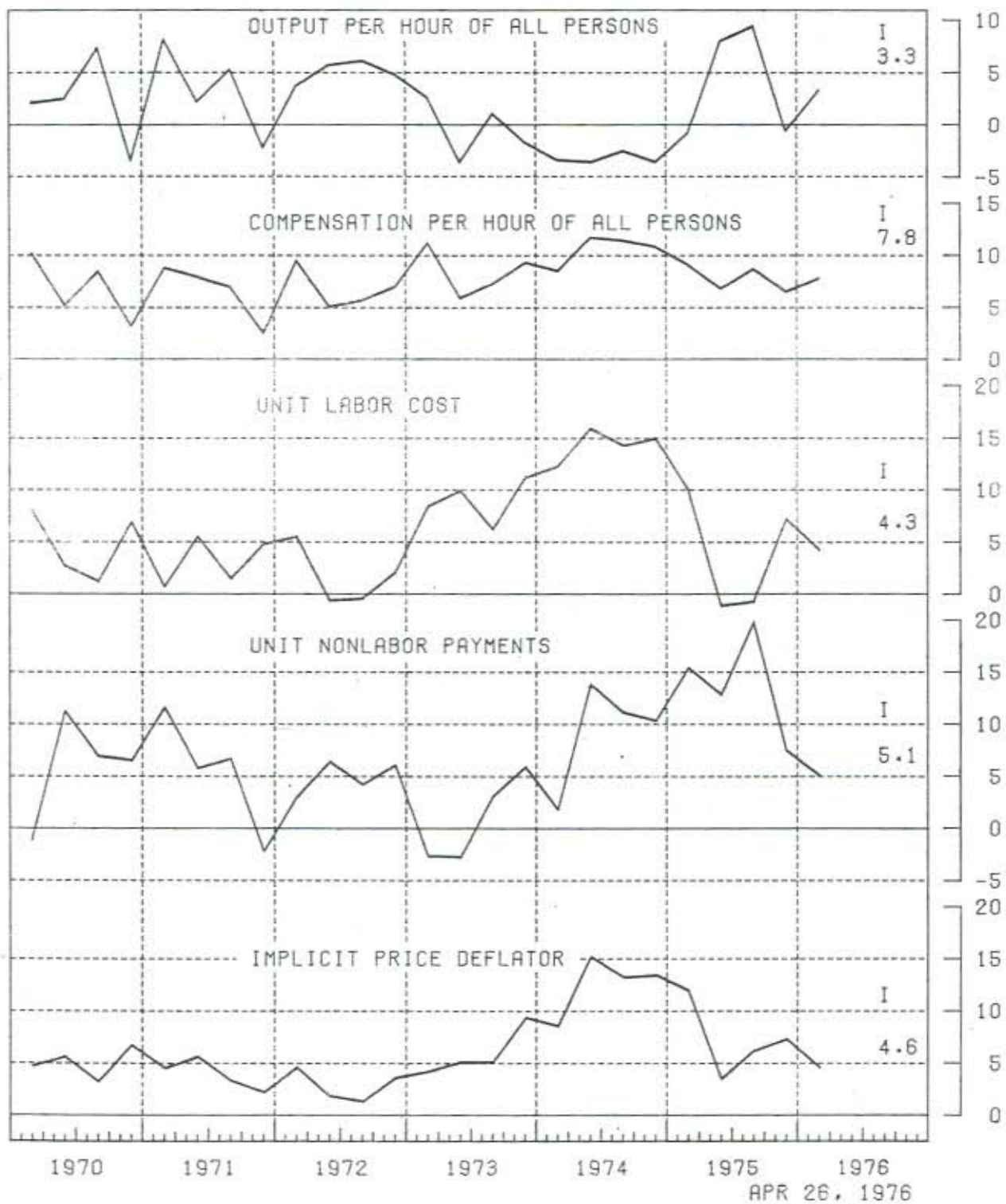


CHART 3. PRODUCTIVITY, HOURLY
 COMPENSATION, UNIT COSTS AND PRICES
 NONFINANCIAL CORPORATIONS
 (PERCENT CHANGE FROM SAME
 QUARTER A YEAR AGO)

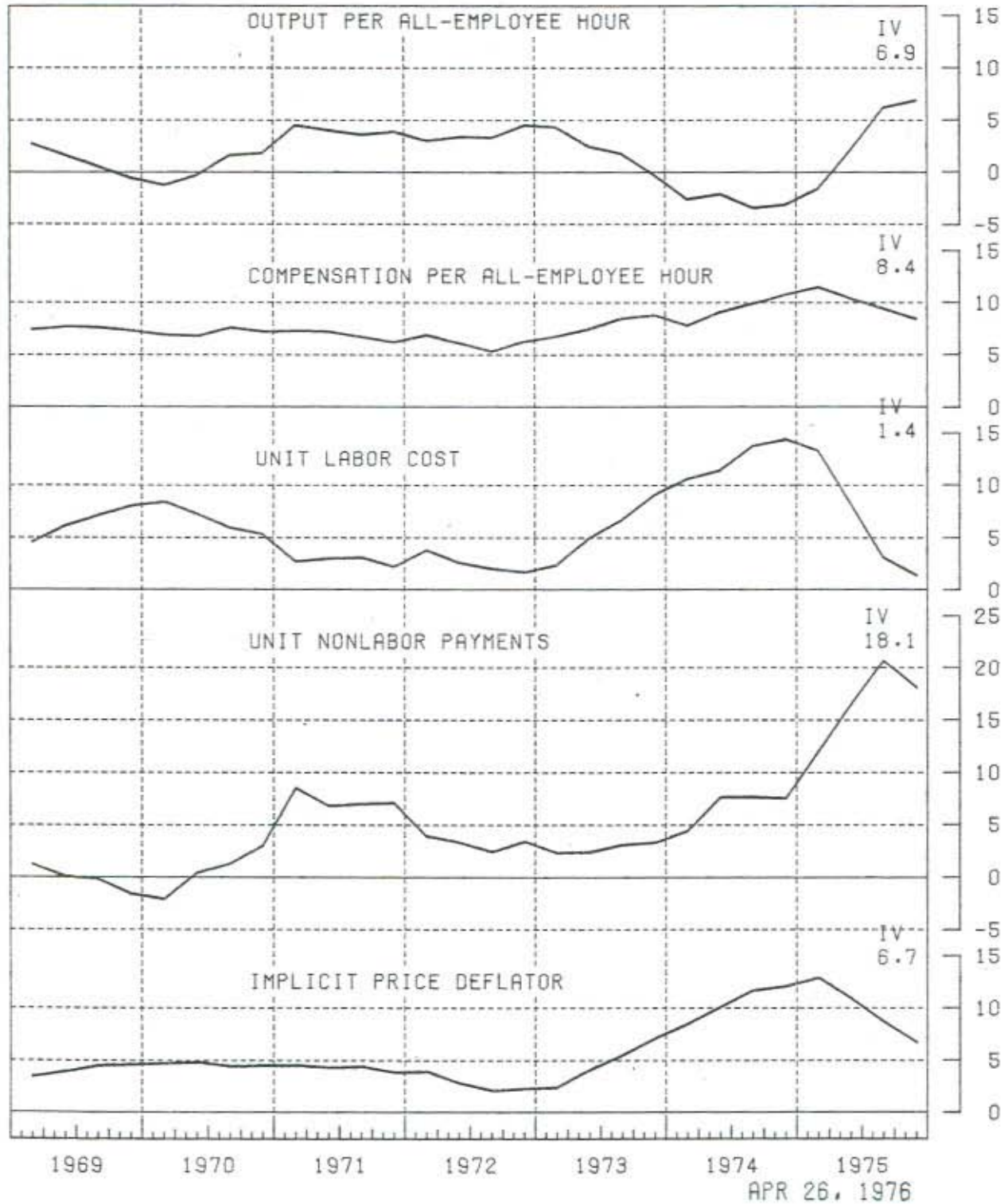


CHART 4.
 UNIT COSTS, UNIT PROFITS, AND PRICES
 NONFINANCIAL CORPORATIONS
 (PERCENT CHANGE FROM SAME
 QUARTER A YEAR AGO)

