

News

United States
Department
of Labor



Bureau of Labor Statistics

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PRODUCTIVITY AND COSTS

Nonfinancial Corporate Sector
First Quarter 1977

Productivity in nonfinancial corporations increased 2.6 percent in the first quarter of 1977 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The increase reflected a 5.7 percent increase in output and a 3.0 percent increase in hours of all employees. In the preceding quarter, productivity declined 1.2 percent in this sector, which includes all corporations doing business in the United States with the exception of banks, stock and commodity brokers, and finance and insurance companies. Revised first quarter measures were also released today for the private business, nonfarm business and manufacturing sectors. These show larger productivity gains than had been reported earlier. See table A.

Hourly compensation (which includes both wages and supplements) in the nonfinancial corporate sector increased at an annual rate of 11.5 percent in the first quarter of 1977, compared with a 7.8 percent increase one quarter earlier. This was the largest quarterly increase in the hourly compensation since the first quarter of 1975. This increase in hourly compensation, combined with the rise in productivity, resulted in an 8.7 percent increase in unit labor cost. Although hourly compensation rose faster in the first quarter than during the fourth quarter of 1976, unit labor cost rose less in the first quarter (8.7 percent compared with 9.2 percent in the fourth quarter), owing partly to the faster rate of productivity increase in the first quarter.

Table A. Productivity and Costs: Percent Changes at Annual Rate
(Seasonally Adjusted)

Sector	Producti- vity	Hourly Com- pensation	Unit Labor Cost	Real Hourly Com- pensation	Output	Hours
Fourth Quarter 1976 to First Quarter 1977						
<u>PRELIMINARY</u>						
Nonfinancial Corporations	2.6	11.5	8.7	3.2	5.7	3.0
<u>REVISED</u>						
Private Business	4.7	10.9	5.9	2.5	8.0	3.2
Nonfarm Business	4.1	10.3	6.0	2.0	8.3	4.1
Manufacturing	-0.2	11.7	12.0	3.3	4.7	5.0
Durable	-2.8	11.4	14.6	3.0	3.1	6.0
Nondurable	2.9	11.9	8.8	3.5	6.5	3.5
First Quarter 1976 to First Quarter 1977						
<u>PRELIMINARY</u>						
Nonfinancial Corporations	1.9	8.3	6.2	2.3	4.2	2.3
<u>REVISED</u>						
Private Business	2.7	8.3	5.4	2.3	4.7	2.0
Nonfarm Business	2.4	8.0	5.4	2.0	4.6	2.1
Manufacturing	3.1	8.6	5.3	2.6	5.0	1.8
Durable	2.6	7.9	5.1	1.9	5.8	3.1
Nondurable	4.0	9.4	5.2	3.3	4.0	0.1

Real compensation per hour--hourly compensation adjusted for changes in the Consumer Price Index--increased at an annual rate of 3.2 percent in the first quarter, the biggest quarterly increase in a year.

Unit profits declined 8.1 percent during the first quarter, compared with a 24.5 percent drop in the preceding quarter. Unit nonlabor payments, which include profits as well as all other nonlabor costs, decreased 0.2 percent in the first quarter, compared with a 1.3 percent drop during the fourth quarter. Total unit costs--including unit labor cost, unit nonlabor costs, and unit profits--increased 7.1 percent in the first quarter, compared with a 9.3 percent increase in the preceding quarter.

Revised Measures

Revised measures of labor productivity and related series for the first quarter for the business sector, nonfarm business sector, and manufacturing were also released today. See table B. The revised measures show that productivity--at annual rates--increased 4.7 percent in the private business sector and 4.1 percent in the nonfarm business sector and declined 0.2 percent in manufacturing. These movements had been reported as 3.2 percent, 2.6 percent, and -0.1 percent, respectively, based on preliminary information. As shown in table C, the largest revisions in the first quarter measures occurred in the output series compiled by the Bureau of Economic Analysis of the U.S. Department of Commerce.

Table B.
Preliminary and Revised First Quarter Measures of Productivity and Costs
Quarterly Change at Annual Rate
Seasonally Adjusted

Measure	Private Business Sector		Nonfarm Business Sector		Manufacturing	
	Preliminary	Revised	Preliminary	Revised	Preliminary	Revised
Output per hour of all persons	3.2	4.7	2.6	4.1	-0.1	-0.2
Compensation per hour	10.7	10.9	10.2	10.3	11.1	11.7
Unit labor cost	7.3	5.9	7.3	6.0	11.2	12.0
Real compensation per hour	2.4	2.5	1.9	2.0	2.7	3.3
Output	6.2	8.0	6.4	8.3	4.2	4.7
Hours	2.8	3.2	3.7	4.1	4.4	5.0

The productivity and cost series for the nonfinancial corporate sector released today are based on revised measures of employment and average weekly hours for the period beginning in the third quarter of 1975. The effect of new data, introduced in the private business sector in February, can be seen in table C.

Table C. Quarterly Percent Change in Productivity and Related Measures at Annual Rates Seasonally Adjusted
Nonfinancial Corporations

Year and Quarter	Output per all employee hour		Hourly Compensation		Hours	
	Prelim.	Revised	Prelim.	Revised	Prelim.	Revised
1975						
III	9.3	8.4	6.7	5.8	3.5	4.3
IV	-0.9	-2.0	7.6	6.4	5.1	6.3
1976						
I	4.2	3.8	8.6	8.2	6.2	6.6
II	4.4	4.0	7.6	7.3	2.3	2.6
III	2.6	2.4	6.7	6.5	0.7	0.8
IV	-0.1	-1.2	9.0	7.8	1.4	2.5

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
INDEXES 1967=100								
1976 I	114.7	124.2	108.2	188.8	112.8	164.6	156.3	161.7
II	115.5	125.8	108.9	191.8	113.3	166.0	159.6	163.8
III	116.3	126.8	108.9	195.3	113.7	167.8	160.7	165.4
IV	116.4	127.5	109.5	199.2	114.7	171.1	160.4	167.4
ANNUAL	115.7	126.1	108.9	193.7	113.6	167.4	159.3	164.6
1977 I	117.8R	130.0R	110.4R	204.4R	115.4	173.6R	161.4R	169.4R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)								
1976 I	7.0	10.2	2.9	10.4	5.6	3.1	-0.1	2.1
II	2.9	5.5	2.6	6.5	1.8	3.5	8.8	5.2
III	2.9	2.9	0.1	7.5	1.3	4.5	2.8	3.9
IV	0.3	2.3	2.1	8.2	3.5	8.0	-0.8	5.0
ANNUAL	4.0	6.8	2.7	7.7	1.8	3.6	6.5	4.5
1977 I	4.7R	8.0R	3.2R	10.9R	2.5R	5.9R	2.6R	4.8R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)								
1976 I	6.1	8.7	2.4	7.2	0.8	1.0	12.7	4.7
II	3.9	7.8	3.8	7.3	1.2	3.3	8.8	5.1
III	2.6	5.5	2.8	8.0	2.4	5.2	2.9	4.4
IV	3.2	5.2	1.9	8.1	3.0	4.8	2.6	4.0
ANNUAL	4.0	6.8	2.7	7.7	1.8	3.6	6.5	4.5
1977 I	2.7R	4.7R	2.0R	8.3R	2.3R	5.4R	3.3R	4.7R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977

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
INDEXES 1967=100								
1976 I	112.0	124.3	111.0	185.4	110.8	165.4	152.6	161.0
II	113.2	126.0	111.2	188.9	111.6	166.8	154.2	162.5
III	114.0	126.9	111.3	192.1	111.9	168.5	157.6	164.8
IV	113.6	127.5	112.2	195.4	112.5	171.9	158.0	167.2
ANNUAL	113.2	126.2	111.4	190.5	111.7	168.2	155.6	163.9
1977 I	114.8R	130.1R	113.3R	200.2	113.1R	174.4R	157.4R	168.6R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)								
1976 I	5.4	10.5	4.8	9.0	4.3	3.4	6.3	4.3
II	4.4	5.4	1.0	7.7	3.0	3.2	4.4	3.6
III	2.6	3.0	0.4	7.1	0.9	4.3	9.0	5.8
IV	-1.2	1.9	3.2	7.0	2.3	8.3	1.1	5.9
ANNUAL	3.7	6.9	3.1	7.4	1.5	3.6	7.5	4.8
1977 I	4.1R	8.3R	4.1R	10.3R	2.0R	6.0R	-1.4R	3.5R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)								
1976 I	5.7	8.7	2.9	7.1	0.6	1.3	12.2	4.6
II	3.9	8.1	4.1	7.2	1.1	3.2	8.4	4.9
III	2.4	5.8	3.4	7.4	1.8	4.9	5.0	5.0
IV	2.8	5.2	2.3	7.7	2.6	4.8	5.1	4.9
ANNUAL	3.7	6.9	3.1	7.4	1.5	3.6	7.5	4.8
1977 I	2.4R	4.6R	2.1	8.0	2.0	5.4R	3.2R	4.7R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 3. 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											
1976	I	115.3R	130.8	113.4R	197.4R	112.0R	162.5	191.9	169.6	106.0	160.2
	II	116.5R	133.0	114.2R	190.7R	112.7R	163.7	193.8	171.0	107.1	161.5
	III	117.2R	134.0	114.4R	193.7R	112.8R	165.3	196.2	172.8	111.3	163.7
	IV	116.8R	134.5	115.1R	197.4R	113.6R	169.0	200.7	176.7	103.8	165.9
	ANNUAL	116.4R	133.1	114.3R	192.3R	112.8R	165.1	195.7	172.6	107.0	162.9
1977	I	117.6P	136.4P	116.0P	202.9P	114.5P	172.6P	202.2P	179.8P	101.6P	168.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)											
1976	I	3.8R	10.6	6.6R	8.2R	3.6P	4.3	-3.1	2.2	23.8	4.1
	II	4.0R	6.8	2.6R	7.3R	2.5R	3.1	3.9	3.4	4.2	3.4
	III	2.4R	3.3	0.8R	6.5R	0.5R	4.0	5.1	4.3	16.9	5.5
	IV	-1.2R	1.3	2.5R	7.8R	3.0R	9.2	9.6	9.3	-24.5	5.4
	ANNUAL	3.4R	7.3	3.8R	7.1R	1.2R	3.6	3.1	3.5	23.1	5.1
1977	I	2.6P	5.7P	3.0P	11.5P	3.2P	8.7P	2.8P	7.1P	-8.1P	5.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)											
1976	I	6.0R	9.3	3.1R	6.7R	0.3R	0.7	2.9	1.3	71.9	5.6
	II	3.5R	8.6	4.9R	6.9R	0.9R	3.3	2.5	3.1	30.0	5.2
	III	2.0R	6.2	4.1R	7.1R	1.6R	5.0	3.2	4.5	9.1	4.9
	IV	2.2R	5.4	3.1R	7.5R	2.4R	5.1	3.8	4.7	3.3	4.6
	ANNUAL	3.4R	7.3	3.8R	7.1R	1.2R	3.6	3.1	3.5	23.1	5.1
1977	I	1.9P	4.2P	2.3P	8.3P	2.3P	6.2P	5.3P	6.0P	-4.1P	5.0P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 4. 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							
1976	I	120.9	116.5	96.4	187.8	112.3	155.4
	II	123.1	119.0	96.7	191.7	113.3	155.8
	III	124.8	120.5	96.6	194.6	113.3	155.9
	IV	124.7	120.9	97.0	198.4	114.2	159.0
	ANNUAL	122.4	118.2	96.6	193.2	113.3	157.9
1977	I	124.7	122.4R	98.1R	203.9R	115.2R	163.6R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)							
1976	I	4.7	14.4	9.3	9.2	4.5	4.3
	II	7.4	8.9	1.4	8.6	3.8	1.1
	III	5.7	5.3	-0.5	6.2	0.1	0.4
	IV	-0.2	1.3	1.5	7.9	3.2	8.2
	ANNUAL	6.5	11.2	4.5	7.5	1.6	0.9
1977	I	-0.2R	4.7R	5.0R	11.7R	3.3R	12.0R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)							
1976	I	10.9	15.6	4.2	6.8	0.3	-3.7
	II	9.2	15.9	6.2	7.4	1.3	-1.6
	III	5.2	10.1	4.7	7.7	2.1	2.4
	IV	4.4	7.4	2.9	8.0	2.9	3.5
	ANNUAL	6.5	11.2	4.5	7.5	1.6	0.9
1977	I	3.1	5.0R	1.8R	8.6R	2.6R	5.3R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 5. DURABLE MANUFACTURING SECTOR: OUTPUT PER HOUR OF ALL PERSONS, HOURLY COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED (1)

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						
1976 I	116.5	110.2	94.6	149.5	113.3	162.7
II	119.3	113.8	95.4	193.9	114.6	162.5
III	121.1	116.2	95.9	195.9	114.1	161.8
IV	120.4	115.8	96.2	199.1	114.6	165.3
ANNUAL	117.8	112.5	95.5	194.7	114.2	165.3
1977 I	119.6R	116.7R	97.6R	204.5R	115.5R	171.0R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)						
1976 I	3.6	15.1	11.2	8.5	3.8	4.8
II	9.9	13.6	3.3	9.4	4.6	-0.4
III	6.1	8.6	2.3	4.3	-1.7	-1.7
IV	-2.1	-1.3	0.9	6.6	1.9	8.9
ANNUAL	6.3	11.1	4.5	7.4	1.6	1.1
1977 I	-2.8R	3.1R	6.0R	11.4R	3.0P	14.6R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)						
1976 I	11.8	13.8	1.8	7.7	1.2	-3.7
II	9.8	16.2	5.8	7.7	1.6	-2.0
III	5.1	11.5	6.0	7.2	1.7	2.0
IV	4.3	8.8	4.4	7.2	2.1	2.8
ANNUAL	6.3	11.1	4.5	7.4	1.6	1.1
1977 I	2.6R	5.8R	3.1R	7.9R	1.9R	5.1R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 6. NONDURABLE MANUFACTURING SECTOR: OUTPUT PER HOUR OF ALL PERSONS, HOURLY COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED(12)

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						
1976 I	127.7	126.3	98.9	185.8	111.1	145.5
II	129.2	127.4	98.6	188.8	111.6	146.1
III	131.1	127.9	97.5	192.7	112.2	146.9
IV	131.8	129.4	98.1	197.6	113.8	149.9
ANNUAL	129.7	127.6	98.3	191.1	112.1	147.3
1977 I	132.8R	131.4R	99.0R	203.2R	114.7R	153.1R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)						
1976 I	5.9	13.0	6.7	9.9	5.2	3.8
II	4.7	3.5	-1.2	6.5	1.8	1.7
III	6.3	1.6	-4.4	8.6	2.3	2.2
IV	2.0	4.6	2.5	10.5	5.6	8.3
ANNUAL	6.7	11.5	4.4	7.5	1.6	0.7
1977 I	2.9R	6.5R	3.5R	11.9R	3.5R	8.8R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)						
1976 I	9.0	17.6	7.9	5.9	-0.5	-2.8
II	8.2	15.4	6.7	7.0	0.9	-1.1
III	5.5	8.3	2.7	8.0	2.4	2.5
IV	4.7	5.6	0.8	8.9	3.7	4.0
ANNUAL	6.7	11.5	4.4	7.5	1.6	0.7
1977 I	4.0R	4.0R	0.1R	9.4R	3.3R	5.2R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 26, 1977

SOURCE: BUREAU OF LABOR STATISTICS

FOOTNOTES, TABLES 1 TO 6

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.
- (11) The durable sector includes the following 2-digit SIC industries: primary metal; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments; lumber and lumber products; clay, glass, and stone products; furniture and fixtures; and miscellaneous manufactures.
- (12) The nondurable sector includes the following 2-digit SIC industries: textile mill products; apparel products; leather and leather products; paper and paper products; printing and publishing; chemicals and chemical products; petroleum products; rubber and plastic products; foods; and tobacco products.

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

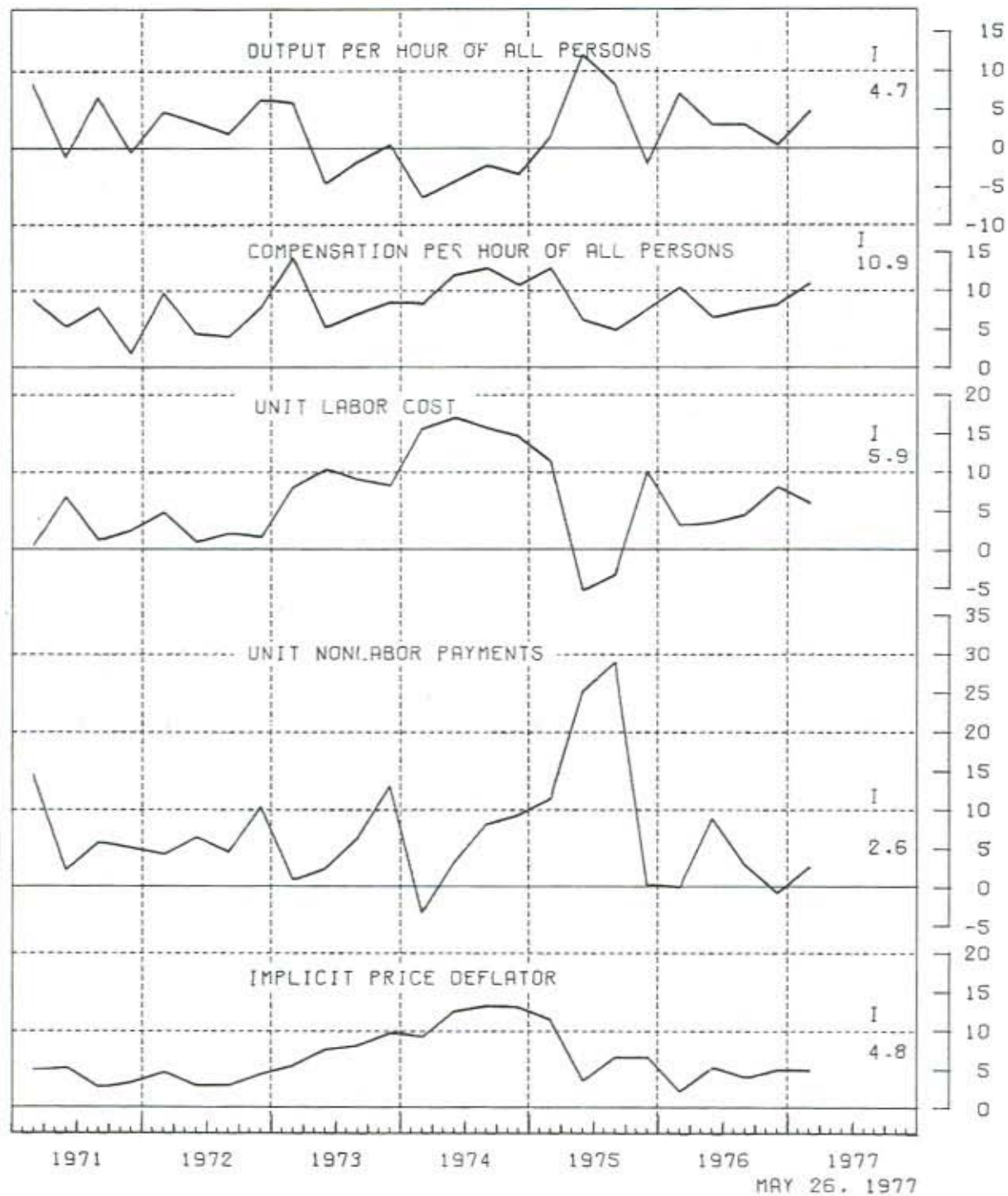


CHART 2. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
NONFARM BUSINESS SECTOR
(PERCENT CHANGE FROM PRECEDING
QUARTER AT ANNUAL RATE)

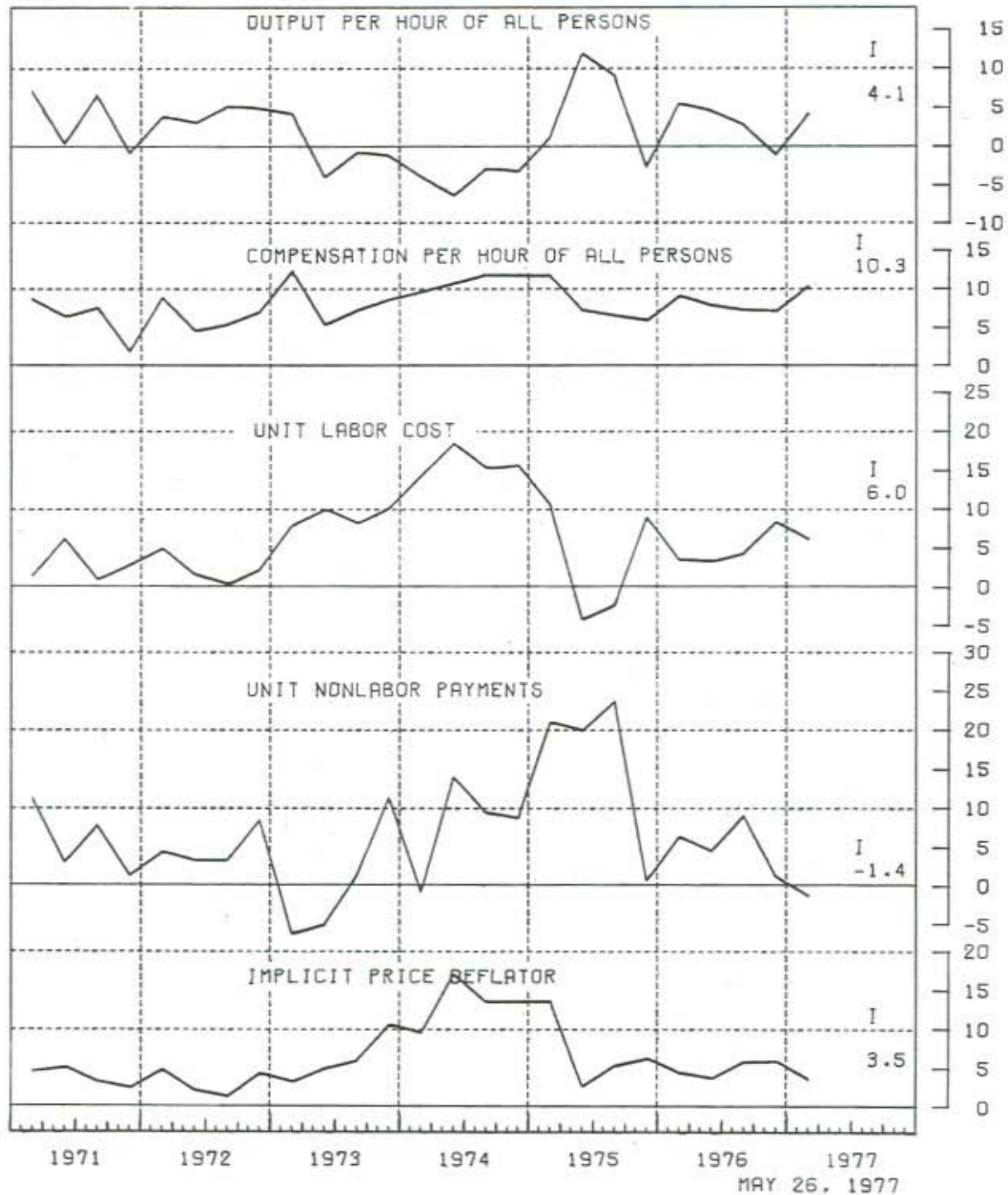


CHART 3. PRODUCTIVITY, HOURLY
COMPENSATION, UNIT COSTS AND PRICES
NONFINANCIAL CORPORATIONS
(PERCENT CHANGE FROM SAME
QUARTER A YEAR AGO)

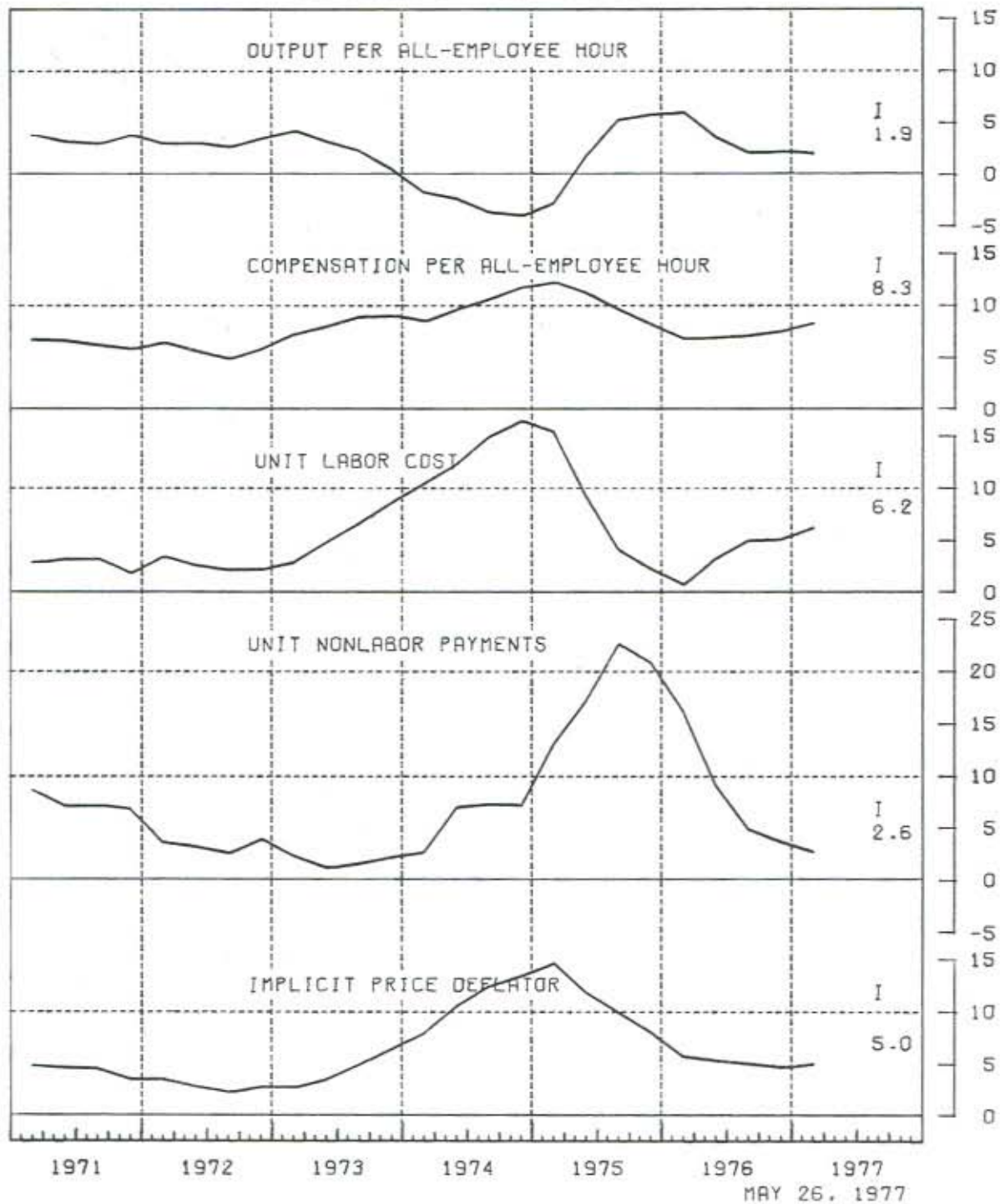


CHART 4.
UNIT COSTS, UNIT PROFITS, AND PRICES
NONFINANCIAL CORPORATIONS
(PERCENT CHANGE FROM SAME
QUARTER A YEAR AGO)

