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PRODUCTIVITY AND COSTS

Private Business, Nonfarm Business, and Manufacturing Sectors Third Quarter 1977

Productivity in the private business sector increased at a seasonally adjusted annual rate of 4.9 percent in the third quarter of 1977, the Bureau of Labor Statistics of the U.S. Department of Labor announced today. This rise compares with a 1.1 percent decline in the second quarter. The third quarter increase reflected a 4.0 percent increase in output and a 0.8 percent decline in hours.

In the nonfarm business sector, productivity increased 3.5 percent in the third quarter, compared with a 0.7 percent rise during the second quarter. Output rose 3.8 percent and hours increased 0.2 percent (at annual rates) in the third period.

In manufacturing, productivity rose 6.5 percent in the third quarter, as output grew 5.4 percent and hours dropped 1.0 percent. This quarterly gain was the largest in manufacturing productivity in 2 years. During the second quarter, productivity increased 2.7 percent in this sector. Productivity and cost measures for the manufacturing sectors--total, durable, and nondurable--are based on the revised annual output series prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce, which now reflects the 1972 revisions to the Standard Industrial Classification of industry, and the regular 2-year revision of the Federal Reserve Board Reserve monthly indexes of industrial production.

A summary of third quarter changes in productivity and costs appears in table A, details are found in tables 1-6.

Private Business Sector

Productivity advanced strongly in the third quarter of 1977 as output rose (4.0 percent) and hours of all persons engaged in the sector declined slightly (-0.8 percent). This was the first time hours did not increase in this sector since the second quarter of 1975. The rate of growth of output was the slowest all year (See table 1.) The decline in hours came after the strong gain of the second quarter (when the increase was at a 9.7 percent annual rate), but employment continued to grow, marking the ninth consecutive quarter of employment increase.

Hourly compensation--which includes wages and salaries as well as fringe benefits and employer contributions to employee benefit plans--increased 8.4 percent in the third quarter (at an annual rate), compared with a 6.3 percent increase in the second quarter.

Real compensation per hour--hourly compensation adjusted for changes in the Consumer Price Index (CPI)--increased 3.0 percent during the third quarter. In the second quarter, this measure declined 2.2 percent.

Unit labor cost--which is influenced by changes in both productivity and hourly compensation--increased 3.3 percent in the third quarter (at an annual rate), the smallest such increase since the third quarter of 1975. In the second quarter, unit labor cost rose 7.5 percent.

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

Sector	Productivity	Hourly Compensation	Unit Labor Cost	Real Hourly Compensation	Output	Hours
Second Quarter 1977 to Third Quarter 1977						
<u>PRELIMINARY</u>						
Private Business	4.9	8.4	3.3	3.0	4.0	-0.8
Nonfarm Business	3.5	7.4	3.7	2.0	3.8	0.2
Manufacturing	6.5	7.6	1.0	2.2	5.4	-1.0
Durable	5.3	5.9	0.6	0.6	7.2	1.8
Nondurable	8.2	9.8	1.4	4.3	2.7	-5.1
First Quarter 1977 to Second Quarter 1977						
<u>REVISED</u>						
Nonfinancial						
Corporations	1.6	7.1	5.5	-1.5	10.1	8.5
Third Quarter 1976 to Third Quarter 1977						
<u>PRELIMINARY</u>						
Private Business	2.4	8.7	6.2	1.9	6.0	3.5
Nonfarm business	1.8	8.4	6.5	1.6	5.8	4.0
Manufacturing	2.1	8.7	6.5	1.9	5.9	3.7
Durable	1.5	8.3	6.7	1.5	6.2	4.6
Nondurable	3.0	9.2	6.1	2.4	5.5	2.4
Second Quarter 1976 to Second Quarter 1977						
<u>REVISED</u>						
Nonfinancial						
Corporations	1.7	8.9	7.1	1.9	5.5	3.8

The implicit price deflator--which shows the effect of changes in unit labor cost and unit nonlabor cost combined--increased 5.3 percent, compared with a 7.2 percent increase in the second quarter.

Nonfarm Business Sector

Productivity in the nonfarm business sector increased 3.5 percent in the third quarter, a considerable improvement over the 0.7 percent rise of the second quarter. Output and hours both grew more slowly in the third quarter, but productivity moved up since hours increased only 0.2 percent while output rose 3.8 percent.

Hourly compensation increased 7.4 percent, about the same as the increase measured during the second quarter. Real compensation per hour increased 2.0 percent in the third quarter, compared with a 1.2 percent decline during the second quarter (at annual rates).

Unit labor cost rose 3.7 percent, significantly less than the 6.8 percent rise of the second quarter. The smaller rise in unit labor cost mainly reflected the faster rate of growth in productivity, since hourly compensation rose at virtually the same rate in each quarter.

Productivity growth in the nonfarm business sector was slower than in the private business sector as a whole, since a large gain occurred in the farm sector.

The implicit price deflator increased 6.9 percent in the third quarter, compared with a 7.5 percent rise in the second quarter.

Manufacturing

Productivity rose 6.5 percent in the manufacturing sector, as output increased 5.4 percent and hours declined 1.0 percent. In the second quarter, manufacturing productivity increased 2.7 percent. Although hours declined in the third quarter, employment moved up slightly.

Hourly compensation increased 7.6 percent in the third quarter, somewhat faster than the 6.9 percent rate of increase during the second quarter. Real hourly compensation increased 2.2 percent, in contrast to the 1.8 percent decline of the second quarter. The increase in real hourly compensation reflected both a faster increase in compensation per hour and a slowing of the CPI.

Unit labor cost rose 1.0 percent in the third quarter, the smallest such increase in 2 years. In the second quarter, these costs increased at a 4.1 percent annual rate.

Productivity increased faster in the nondurable manufacturing sector (8.2 percent) than in durables (5.3 percent); and the rate of growth for the aggregate sector is a weighted average of these rates. The larger increase in nondurable stemmed from a sizable reduction in hours (down 5.1 percent, at an annual rate) and a modest increase in output (up 2.7 percent). The reduction in hours in the nondurables sector was the first decline in a year, and the largest since the first quarter of 1975.

Nonfinancial Corporations

The Bureau of Labor Statistics also released revised second quarter measures of productivity and costs in the nonfinancial corporate sector. This sector, which includes all corporations doing business in the United States with the exception of banks, stock and commodity brokers, and credit and finance companies, showed a 1.6 percent growth in productivity in the second quarter based on a 10.1 percent increase in output and a 8.5 percent increase in hours. Previously, these changes had been reported at 1.0 percent in productivity and 9.9 percent and 8.8 percent in output and hours, respectively. Table B compares preliminary and revised second quarter productivity and cost movements for the nonfinancial corporate sector.

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

Nonfinancial Corporations

Measure	Preliminary	Revised
Productivity	1.0	1.6
Output	9.9	10.1
Hours	8.8	8.5
Hourly compensation	6.8	7.1
Real hourly compensation	-1.8	-1.5
Unit labor cost	5.7	5.5
Unit profits	50.2	53.5
Implicit price deflator	7.6	7.6

TABLE 1. PRIVATE BUSINESS SECTION, ALL PERSONS: PRODUCTIVITY,
HOURLY COMPENSATION, UNIT LABOR 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 COST	UNIT NON-LABOR PAY- MENTS (3)	IMPLICIT PRICE DEFLATOR	
INDEXES 1967=100									
1976	I	115.4	124.9	108.3	190.5	113.8	165.1	158.7	162.9
	II	116.3	126.7	108.9	194.3	114.8	167.0	160.5	164.8
	III	117.2	127.7	109.0	198.6	115.6	169.4	160.8	166.5
	IV	117.2	128.4	109.5	202.7	116.7	173.0	159.5	168.3
	ANNUAL	116.5	126.9	108.9	196.5	115.3	168.7	159.9	165.6
1977	I	118.9	131.3	110.5R	208.3R	117.6R	175.2	160.4	170.1
	II	118.5	134.0	113.1R	211.5R	117.0	178.4R	163.0R	173.1R
	III	120.0P	135.4P	112.8P	215.8P	117.8P	179.9P	166.8P	175.4P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)									
1976	I	7.6	10.8	3.0	13.1	8.2	5.1	-0.7	3.1
	II	3.3	5.9	2.6	8.3	3.6	4.9	4.5	4.8
	III	3.0	3.1	0.1	9.0	2.7	5.8	0.8	4.1
	IV	0.0	2.1	2.1	8.6	3.9	8.6	-3.2	4.6
	ANNUAL	4.2	7.0	2.7	9.1	3.1	4.7	5.1	4.8
1977	I	5.8R	9.6	3.5R	11.5R	3.1R	5.3	2.3	4.4
	II	-1.1R	8.5R	9.7R	6.3R	-2.2R	7.5R	6.7R	7.2R
	III	4.9P	4.0P	-0.8P	8.4P	3.0P	3.3P	9.6P	5.3P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)									
1976	I	5.9	8.5	2.4	8.1	1.6	2.1	13.6	5.6
	II	4.2	8.1	3.8	8.5	2.4	4.2	7.6	5.3
	III	3.0	5.9	2.8	9.6	3.9	6.5	0.6	4.5
	IV	3.5	5.4	1.9	9.8	4.6	6.1	0.3	4.1
	ANNUAL	4.2	7.0	2.7	9.1	3.1	4.7	5.1	4.8
1977	I	3.0R	5.1	2.1R	9.4	3.3R	6.2	1.1	4.5
	II	1.9	5.8R	3.8	8.9	1.8	6.8R	1.6R	5.1
	III	2.4P	6.0P	3.5P	8.7P	1.9P	6.2P	3.7P	5.4P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 27, 1977
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 2. NONFARM BUSINESS SECTOR, ALL PERSONS: 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
INDEXES 1967=100								
1976	I	112.9	125.2	111.0	186.9	111.7	165.6	162.1
	II	114.4	127.2	111.3	191.1	113.0	167.1	163.6
	III	115.2	128.3	111.4	195.2	113.7	169.5	166.0
	IV	114.7	128.7	112.2	198.7	114.4	173.3	168.1
	ANNUAL	114.3	127.4	111.4	193.1	113.3	168.9	165.0
1977	I	116.0R	131.6	113.5R	204.2R	115.3R	176.0	169.6
	II	116.2	134.5R	115.7	207.9R	115.0	178.9R	172.7R
	III	117.2P	135.7P	115.8P	211.7P	115.5P	180.6P	175.6P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)								
1976	I	6.5	11.7	4.9	11.1	6.3	4.3	4.4
	II	5.5	6.6	1.0	9.4	4.6	3.7	3.8
	III	2.9	3.2	0.4	8.8	2.5	5.8	6.0
	IV	-1.8	1.3	3.2	7.4	2.7	9.4	5.3
	ANNUAL	4.1	7.3	3.1	8.7	2.8	4.5	5.1
1977	I	4.8R	9.5	4.5R	11.4R	3.0R	6.3	-2.2
	II	0.7R	8.8R	8.1R	7.5R	-1.2R	6.8R	9.1R
	III	3.5P	3.8P	0.2P	7.4P	2.0P	3.7P	13.9P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)								
1976	I	5.6	8.6	2.9	7.9	1.4	2.2	13.4
	II	4.4	8.7	4.1	8.5	2.3	3.9	7.8
	III	2.8	6.4	3.4	8.9	3.3	5.9	3.1
	IV	3.2	5.6	2.3	9.2	4.0	5.8	3.0
	ANNUAL	4.1	7.3	3.1	8.7	2.8	4.5	6.5
1977	I	2.8R	5.1	2.2	9.3	3.2R	6.3	1.3
	II	1.6	5.7R	4.0	8.8	1.8	7.1	2.5R
	III	1.8P	5.8P	4.0P	8.4P	1.6P	6.5P	4.2P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISI

P=PRELIMINARY

OCTOBER 27, 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	EMPLOYEE HOURS	HOURLY COMPEN- TION (1)	REAL HOURLY COMPEN- SATION(2)	UNIT LABOR COST	UNIT NON- LABOR COST (A)	TOTAL UNIT COST (9)	UNIT PRO- FITS (10)	IMPLICIT PRICE DEFLATOR (11)	
INDEXES 1967=100											
1976	I	116.2	131.8	113.4	189.1	113.0	162.7	187.7	168.8	113.1	160.5
	II	117.4	134.0	114.2	193.0	114.1	164.5	188.3	170.3	115.0	162.1
	III	118.0	135.0	114.4	196.8	114.6	166.8	190.1	172.5	117.7	164.3
	IV	117.2	135.0	115.1	200.7	115.6	171.2	194.1	176.8	107.0	166.4
	ANNUAL	117.2	133.9	114.3	194.9	114.3	166.3	190.1	172.1	113.2	163.4
1977	I	118.9R	138.0	116.1R	206.7R	116.7R	173.9	195.0	179.0	103.7	167.8
	II	119.3R	141.4R	118.5	210.3	116.3	176.2R	194.3R	180.6R	115.5R	170.9
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)											
1976	I	5.0	11.9	6.6	11.8	7.0	6.5	-5.9	3.0	21.3	4.7
	II	4.0	6.8	2.6	8.6	3.8	4.4	1.4	3.5	7.0	3.9
	III	2.1	2.9	0.8	8.1	1.9	5.9	3.8	5.3	9.5R	5.7
	IV	-2.5	-0.1	2.5	8.1	3.3	10.9	8.9	10.3	-31.7	5.1
	ANNUAL	3.7	7.7	3.8	8.6	2.7	4.7	0.7	3.6	20.9	5.2
1977	I	5.7R	9.4	3.5R	12.6R	4.1R	6.4	1.7	5.2	-11.6	3.5
	II	1.6R	10.1R	8.5R	7.1R	-1.5R	5.5R	-1.3R	3.6R	53.5R	7.6
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)											
1976	I	6.6	10.0	3.1	8.1	1.6	1.3	0.4	1.1	71.9	5.6
	II	4.1	9.2	4.9	8.5	2.3	4.2	-0.5	2.9	30.9	5.3
	III	2.2	6.3	4.1	8.9	3.2	6.5	0.8	4.9	5.8	5.0
	IV	2.1	5.3	3.1	9.1	4.0	6.9	1.9	5.5	-0.7	4.9
	ANNUAL	3.7	7.7	3.8	8.6	2.7	4.7	0.7	3.6	20.9	5.2
1977	I	2.3R	4.7	2.4R	9.3R	3.3	6.9	3.9	6.1	-8.3	4.6
	II	1.7R	5.5	3.8	8.9	1.9	7.1R	3.2	6.1	0.4R	5.5

SEE FOOTNOTES FOLLOWING TABLE 6.
R=REVISED
P=PRELIMINARY

OCTOBER 27, 1977
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 4. MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED

YEAR AND QUARTER	OUTPUT PER HOUR OF ALL PERSONS	OUTPUT (7)	HOURS OF ALL PERSONS	COMPENSA-TION PER HOUR (1)	REAL COMPENSA-TION PER HOUR (2)	UNIT LABOR COST	
INDEXES 1967=100							
1976	I	122.2	117.8	96.4	149.1R	113.1R	154.8R
	II	124.0R	119.9	96.7	193.3	114.3	155.9R
	III	125.4	121.1	96.6	196.5	114.4	156.7
	IV	125.0R	121.2R	97.0	200.1	115.2	160.0R
	ANNUAL	124.2	120.0	96.6	194.8	114.3R	156.9
1977	I	125.1	123.0R	98.3R	206.3R	116.5	164.9R
	II	126.0	126.5R	100.5	209.8	116.0	166.5
	III	128.0P	128.2P	100.2P	213.6P	116.6P	167.0P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)							
1976	I	3.2R	12.8R	9.3	12.4R	7.6R	9.0R
	II	6.1R	7.6R	1.4	9.2R	4.4R	2.9R
	III	4.4R	3.9R	-0.5	6.7	0.5	2.2R
	IV	-1.0R	0.5R	1.5	7.5	2.8	8.7R
	ANNUAL	6.8	11.6	4.5	8.6	2.7R	1.7
1977	I	0.3R	5.8R	5.5R	13.0R	4.5R	12.7R
	II	2.7R	12.2R	9.3R	6.9R	-1.8R	4.1R
	III	6.5P	5.4P	-1.0P	7.6P	2.2P	1.0P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)							
1976	I	11.8R	16.5	4.2	8.2R	1.7R	-3.2
	II	8.9R	15.6R	6.2	8.5	2.3	-0.3R
	III	4.1R	8.9R	4.7	8.7	3.1	4.5R
	IV	3.1R	6.1R	2.9	8.9	3.8	5.6R
	ANNUAL	6.8	11.6	4.5	8.6	2.7R	1.7
1977	I	2.4	4.4R	2.0R	9.1R	3.0R	6.5R
	II	1.6R	5.5R	3.9	8.5	1.5	6.8R
	III	2.1P	5.9P	3.7P	8.7P	1.9P	6.5P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED
P=PRELIMINARY

OCTOBER 27, 1977
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 5. DURABLE MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED(11)

YEAR AND QUARTER	OUTPUT PER HOUR OF ALL PERSONS	OUTPUT (7)	HOURS OF ALL PERSONS	COMPENSATION PER HOUR(1)	REAL COMPENSATION PER HOUR(2)	UNIT LABOR COST
INDEXES 1967=100						
1976 I	118.1R	111.7R	94.6	191.7R	114.6R	162.4R
II	120.5R	114.9R	95.4	196.0	115.9	162.8R
III	121.7R	116.8R	95.9	198.5	115.6	163.1R
IV	120.8R	116.2R	96.2	201.2	115.9	166.6R
ANNUAL	120.3	114.9	95.5	197.0R	115.5	163.7
1977 I	120.4R	117.6	97.6	207.7R	117.3	172.5
II	121.9R	121.8R	100.0	211.9	117.2	173.9R
III	123.5P	124.0P	100.4P	215.0P	117.3P	174.1P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)						
1976 I	4.0R	15.6R	11.2	12.9R	8.0R	8.6R
II	8.4R	12.0R	3.3	9.4P	4.6R	0.9R
III	4.2R	6.7R	2.3	5.1	-1.0	0.8R
IV	-2.9R	-2.0R	0.9	5.6	1.0	8.8R
ANNUAL	7.2	12.1	4.5	8.9R	2.9	1.5
1977 I	-1.3R	4.8R	6.2R	13.5R	5.0R	15.0R
II	4.9R	15.4R	9.9R	8.3R	-0.4R	3.2R
III	5.3P	7.2P	1.8P	5.9P	0.6P	0.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)						
1976 I	12.3R	14.4R	1.8	9.6P	3.0R	-2.5R
II	9.6R	16.0R	5.8	9.2	3.0	-0.4R
III	4.3R	10.6R	6.0	8.6	3.0	4.2R
IV	3.3R	7.8R	4.4	8.2	3.1	4.7R
ANNUAL	7.2	12.1	4.5	8.9R	2.9	1.5
1977 I	2.0R	5.2R	3.2R	8.4R	2.4R	6.2R
II	1.2R	6.0R	4.8	8.1	1.1	6.8R
III	1.5P	6.2P	4.6P	8.3P	1.5P	6.7P

SEE FOOTNOTES FOLLOWING TABLE 6..

R=REVISED

P=PRELIMINARY

OCTOBER 27, 1977
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 6. NONDURABLE MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED(12)

YEAR AND QUARTER	OUTPUT PER HOUR OF ALL PERSONS	OUTPUT (7)	HOURS OF ALL PERSONS	COMPENSATION PER HOUR(1)	REAL COMPENSATION PER HOUR(2)	UNIT LABOR COST	
INDEXES 1967=100							
1976	I	129.0R	127.6R	98.9	185.8	111.1	144.0R
	II	129.9	128.1	98.6	189.5	112.0	145.9
	III	131.3	128.1	97.5	193.4	112.6	147.3
	IV	131.9R	129.4R	98.1	198.6	114.3	150.6R
	ANNUAL	130.5	128.3	98.3	191.7	112.5	147.0
1977	I	132.8R	131.7R	99.2	204.3	115.3R	153.9R
	II	132.6R	134.2R	101.2	206.4	114.1	155.6R
	III	135.2P	135.1P	99.9P	211.2P	115.3P	156.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)							
1976	I	2.1R	9.0R	6.7	11.1	6.3	8.9R
	II	2.8R	1.6R	-1.2	8.2	3.4	5.2R
	III	4.5	-0.1	-4.4	8.6	2.3	3.9
	IV	1.7R	4.3R	2.5	11.1	6.2	9.2R
	ANNUAL	6.1	10.8	4.4	8.1	2.2	1.8
1977	I	2.7R	7.2R	4.4R	12.0R	3.6R	9.0R
	II	-0.5R	7.7R	8.3R	4.2R	-4.2R	4.7R
	III	8.2P	2.7P	-5.1P	9.8P	4.3P	1.4P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)							
1976	I	11.0R	19.7R	7.9	6.5	0.1	-4.1R
	II	7.8R	15.0R	6.7	7.4	1.3	-0.3R
	III	3.7R	6.5R	2.7	8.5	2.9	4.6R
	IV	2.8R	3.6R	0.8	9.7	4.6	6.8R
	ANNUAL	6.1	10.8	4.4	8.1	2.2	1.8
1977	I	2.9P	3.2R	0.3R	9.9P	3.9	6.8R
	II	2.1R	4.7R	2.6	8.9	1.9	6.7R
	III	3.0P	5.5P	2.4P	9.2P	2.4P	6.1P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 27, 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 estimates 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 with inventory valuation and capital consumption 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)

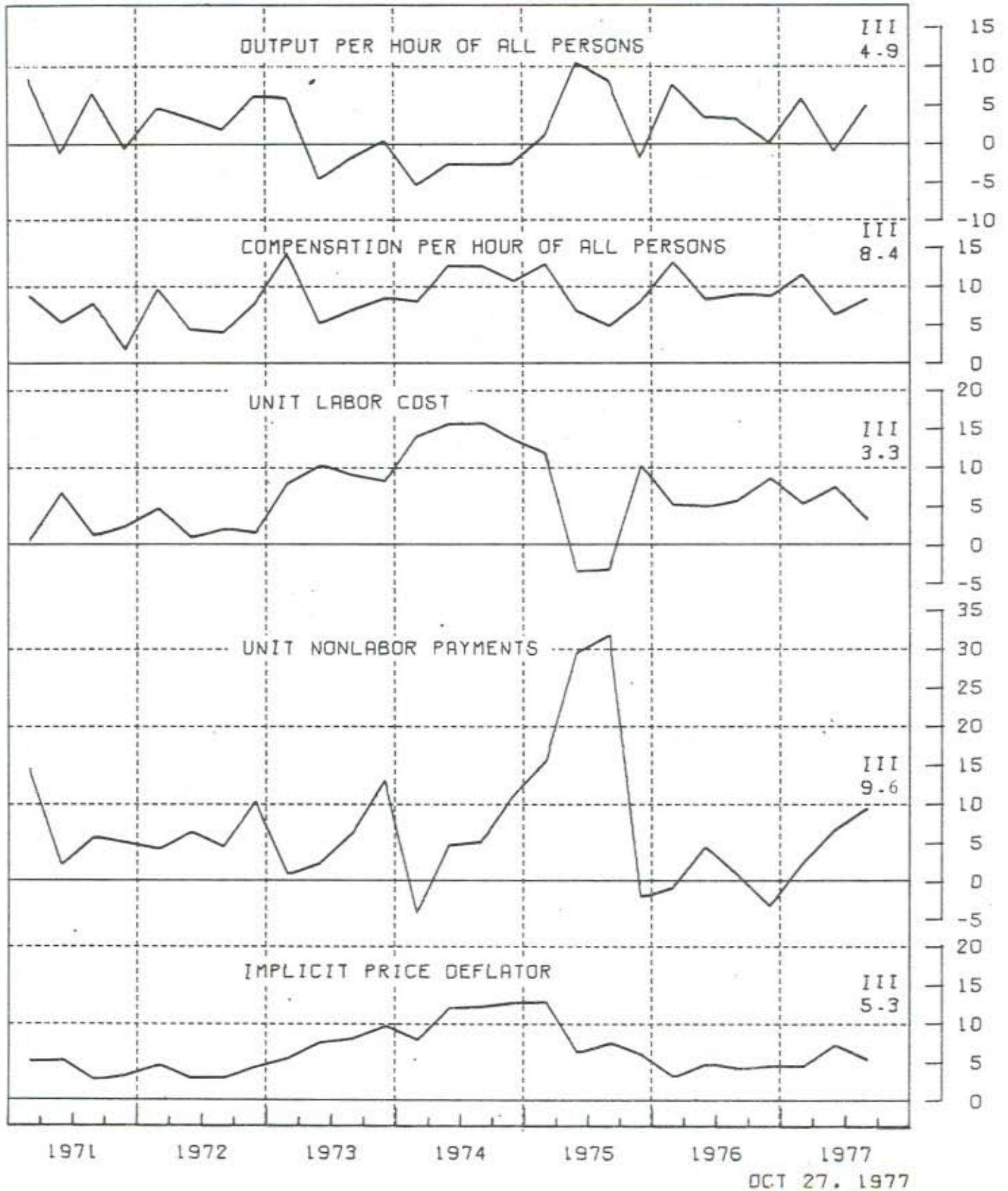


CHART 2. PRODUCTIVITY, HOURLY
 COMPENSATION, UNIT COSTS AND PRICES
 NONFARM BUSINESS SECTOR
 (PERCENT CHANGE FROM PRECEDING
 QUARTER AT ANNUAL RATE)

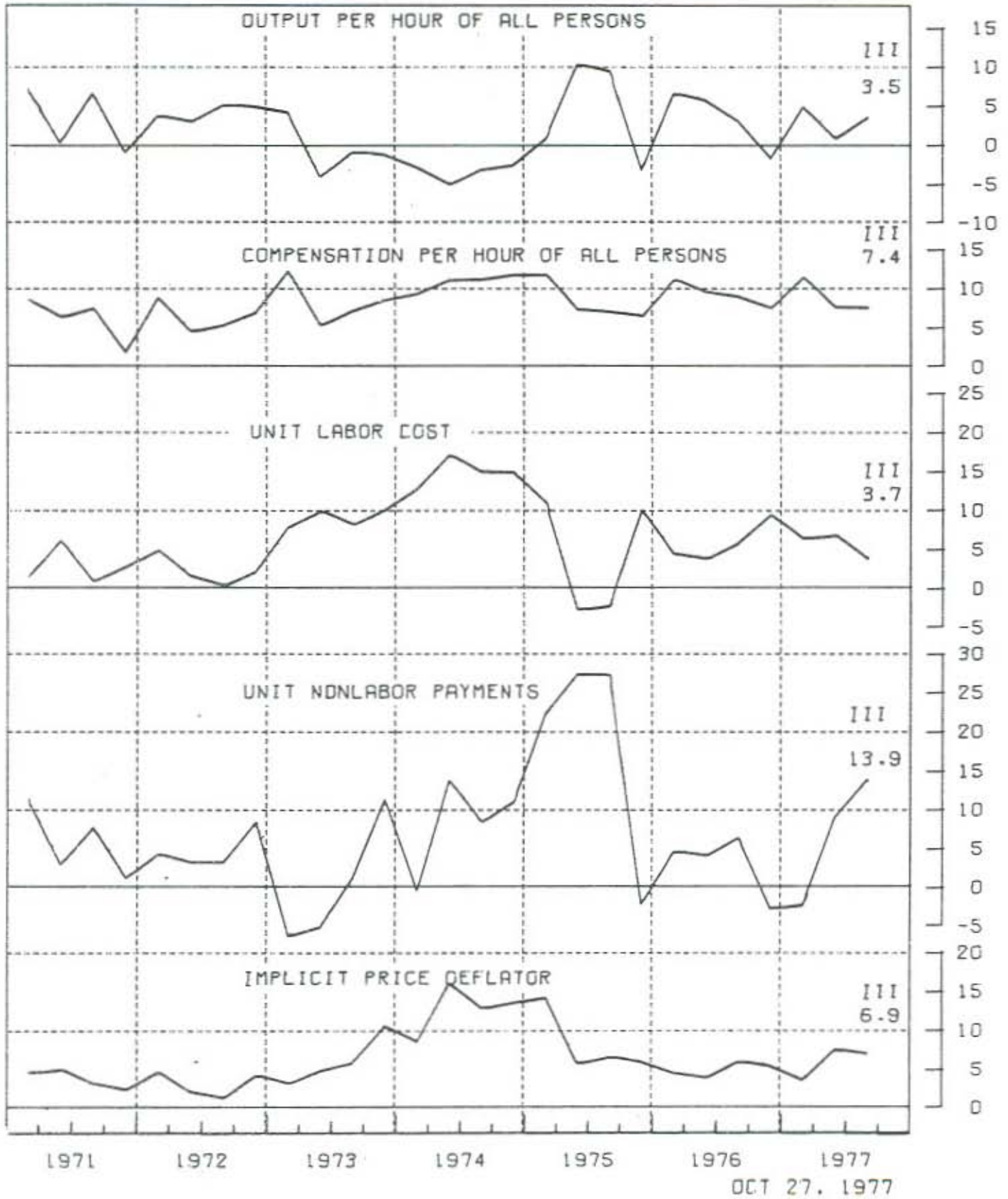


CHART 3. PRODUCTIVITY, HOURLY
 COMPENSATION, UNIT COSTS AND PRICES
 NONFINANCIAL CORPORATIONS
 (PERCENT CHANGE FROM SAME
 QUARTER A YEAR AGO)

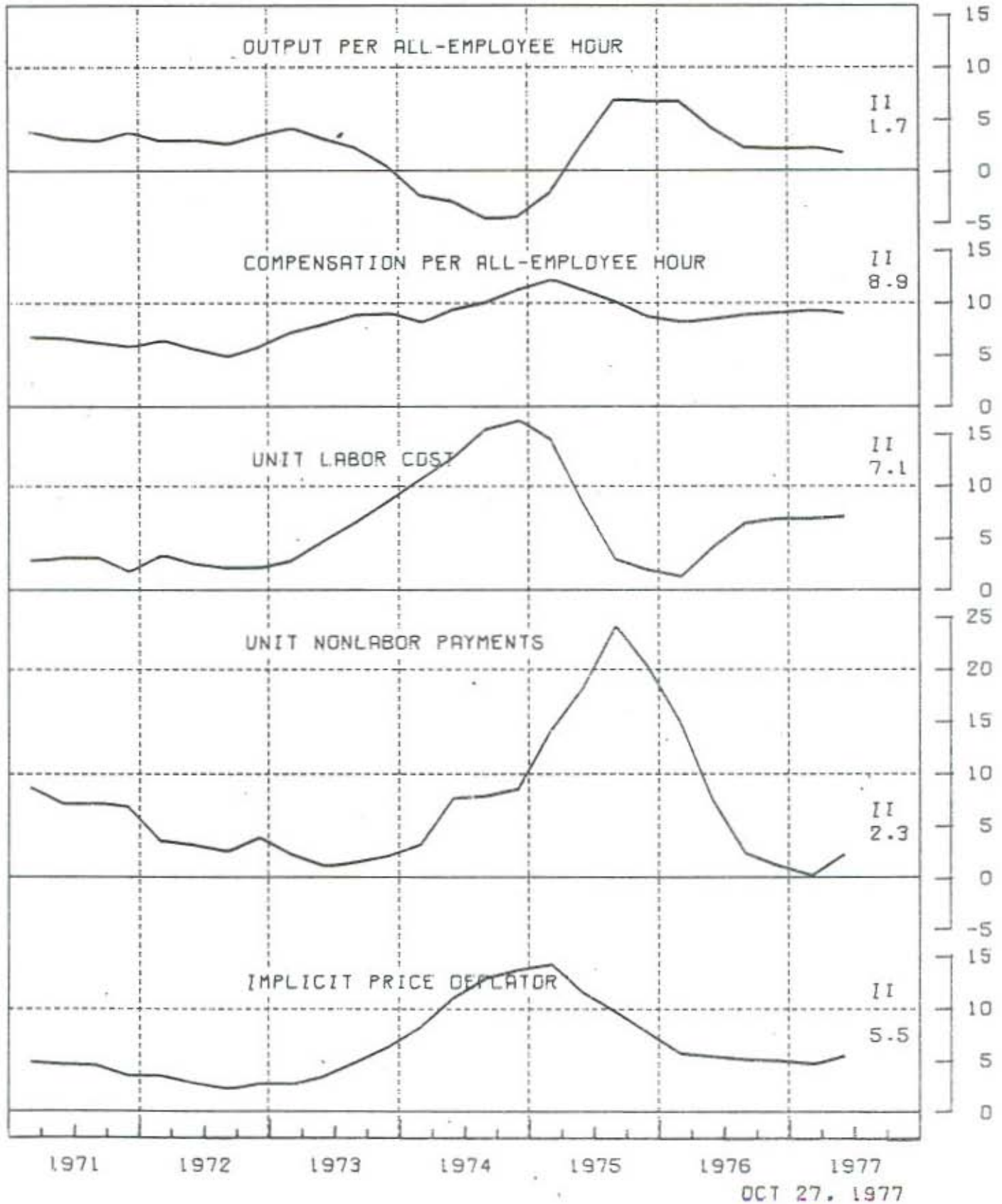


CHART 4.
 UNIT COSTS, UNIT PROFITS, AND PRICES
 NONFINANCIAL CORPORATIONS
 (PERCENT CHANGE FROM SAME
 QUARTER A YEAR AGO)

