

News

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PRODUCTIVITY AND COSTS

Nonfinancial Corporate Sector Second Quarter 1979

Productivity in nonfinancial corporations declined 3.3 percent in the second quarter of 1979 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The decline reflected a 3.0 percent drop in output and a 0.3 percent increase in employee-hours. This was the second consecutive quarterly decline in productivity in this sector, and the largest drop since the third quarter of 1974. In the first quarter of 1979, productivity declined 1.8 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 second-quarter measures were also reported today for the private business, nonfarm business, and manufacturing sectors. The productivity declines in the business sectors are smaller in the revised series than reported on July 30, based on preliminary measures. The productivity gains reported for the manufacturing sector are also smaller using the revised data. A summary of second-quarter productivity and cost measures appears in table A; details are given in tables 1-6.

The productivity measures contained in this press release for the nonfinancial corporate sector reflect the incorporation of the latest information on the proportion of business activity in the corporate sector, gathered by the Bureau of Economic Analysis of the U.S. Department of Commerce. The new factors resulted in changes from 1972 forward.

The quarterly productivity series in manufacturing are based on the monthly index of industrial production prepared by the Board of Governors of the Federal Reserve System. Recent revisions in that index have resulted in changes in the productivity series from 1973 forward. Copies of the historical series are available on request from the Office of Productivity and Technology of the Bureau of Labor Statistics, Washington, D.C. 20212 (telephone 202 523-9261).

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

Sector	Productivity 1/	Hourly Compensation	Unit Labor Cost	Real Hourly Compensation	Output	Hours
First Quarter 1979 to Second Quarter 1979 <u>PRELIMINARY</u>						
Nonfinancial corporations	-3.3	7.9	11.6	-5.0	-3.0	0.3
<u>REVISED</u>						
Private business	-2.4	9.3	12.0	-3.8	-3.1	-0.7
Nonfarm business	-4.3	7.8	12.7	-5.1	-3.8	0.5
Manufacturing	2.8	9.9	6.9	-3.3	-1.1	-3.8
Durable	3.1	9.7	6.5	-3.4	-2.4	-5.3
Nondurable	2.2	10.8	8.3	-2.5	0.9	-1.3
Second Quarter 1978 to Second Quarter 1979 <u>PRELIMINARY</u>						
Nonfinancial corporations	-0.3	9.2	9.5	-1.3	2.8	3.1
<u>REVISED</u>						
Private business	-0.5	9.8	10.3	-0.8	2.1	2.6
Nonfarm business	-0.8	9.2	10.1	-1.3	2.1	2.9
Manufacturing	2.3	9.7	7.3	-0.9	4.7	2.4
Durable	1.6	9.6	7.9	-0.9	5.5	3.8
Nondurable	3.4	9.4	5.8	-1.1	3.6	0.2

1/ Although the productivity measures relate output to the hours of all persons engaged in each sector, they do not measure the specific contributions of labor, capital, or any other single factor of production. Rather, they reflect the joint effects of many influences, including new technology, capital investment, the level of output, capacity utilization, energy use, and managerial skills, as well as the skills and efforts of the work force.

Compensation and costs

Hourly compensation, which includes wages, salaries, supplements, employer contributions to employee benefit plans, and employment taxes, increased 7.9 percent in the second quarter. In the first quarter, compensation rose at an 11.3 percent annual rate. Real hourly compensation--which is adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--declined 5.0 percent in the second quarter, reflecting the large increase in the CPI-U. This was the largest drop in real hourly compensation in this sector recorded in this series, which begins in 1958.

Unit labor cost, which is influenced by changes in productivity and hourly compensation, increased 11.6 percent in the second quarter. In the first quarter, the increase was 13.4 percent.

Unit profits declined at a 6.8 percent annual rate in the second quarter, compared with a 22.1 percent decline one quarter earlier. Unit profits are at the lowest level since the first quarter of 1978.

The implicit price deflator which shows the effects of changes in unit labor cost and unit nonlabor payments combined, increased 10.1 percent in the second quarter, the first double-digit quarterly increase since the first quarter of 1975, when the rise was 11.9 percent.

Compared with the second quarter of last year, productivity declined 0.3 percent, as hours grew faster than output over the year. Hourly compensation increased 9.2 percent (but declined 1.3 percent after allowing for the increase in the CPI-U), and unit labor cost rose 9.5 percent. Unit profits were 0.9 percent lower than a year earlier.

Revised measures

Revised second-quarter productivity and cost movements for the private business, nonfarm business, and manufacturing sectors were also released today. Incorporating the most recent measures of output and hours and the revisions to the monthly industrial production index from the Federal Reserve Board, the revised measures show productivity declined 2.4 percent in the private business sector, 4.3 percent in the nonfarm business sector, and increased 2.8 percent in manufacturing. Table B compares the preliminary and revised second-quarter measures.

Table B

Preliminary and Revised Second 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	-3.8	-2.4	-5.7	-4.3	3.3	2.8
Compensation per hour	9.3	9.3	7.8	7.8	9.6	9.9
Unit labor cost	13.6	12.0	14.3	12.7	6.1	6.9
Real compensation per hour	-3.8	-3.8	-5.2	-5.1	-3.6	-3.3
Output	-4.7	-3.1	-5.4	-3.8	-0.9	-1.1
Hours	-0.9	-0.7	0.4	0.5	-4.1	-3.8

TABLE 1. PRIVATE 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	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								
1978 I	119.1	136.9	114.9	225.7	119.5	189.5	164.6	180.9
II	119.8	140.3	117.1	230.3	119.0	192.2	173.6	185.8
III	120.6	141.8	117.5	235.6	119.2	195.3	176.7	188.9
IV	120.8	144.0	119.2	240.7	119.1	199.2	180.9	192.9
ANNUAL	120.1	140.7	117.2	233.1	119.3	194.2	174.0	187.2
1979 I	120.0	144.4	120.4	247.3	119.3	206.1	180.4	197.2
II	119.3R	143.3R	120.1	252.9	118.1	212.0R	183.0R	202.0R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)								
1978 I	-0.8	2.4	3.2	11.8	3.7	12.7	-8.8	5.3
II	2.5	10.5	7.9	8.4	-1.6	5.8	23.8	11.2
III	2.6	4.2	1.5	9.4	0.5	6.6	7.4	6.9
IV	0.8	6.4	5.6	9.0	-0.1	8.2	9.7	8.7
ANNUAL	1.1	5.2	4.1	9.2	1.4	8.1	5.1	7.1
1979 I	-2.8	1.2	4.1	11.4	0.4	14.6	-1.1	9.3
II	-2.4R	-3.1R	-0.7P	9.3	-3.8	12.0R	5.9R	10.0R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)								
1978 I	0.5	4.4	3.9	8.7	2.0	8.1	2.0	6.1
II	1.6	5.7	4.1	9.1	1.9	7.5	5.5	6.8
III	0.7	4.8	4.1	9.1	1.0	8.4	5.3	7.4
IV	1.3	5.8	4.5	9.7	0.6	8.3	7.4	8.0
ANNUAL	1.1	5.2	4.1	9.2	1.4	8.1	5.1	7.1
1979 I	0.7	5.5	4.8	9.6	-0.2	8.8	9.6	9.0
II	-0.5R	2.1R	2.6	9.8	-0.8	10.3R	5.4P	8.7R

SIE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 1979

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 OF ALL PERSONS	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								
1978	I	116.7	137.3	117.6	222.2	117.6	190.3	180.2
	II	117.4	141.1	120.2	226.5	117.0	192.9	184.7
	III	118.3	142.7	120.6	231.5	117.1	195.7	187.8
	IV	118.6	145.0	122.2	236.7	117.2	199.5	191.4
	ANNUAL	117.7	141.5	120.2	229.3	117.3	194.7	186.1
1979	I	117.7	145.5	123.5	242.8	117.1	206.2	195.1
	II	116.5R	144.1R	123.7	247.4	115.6R	212.5R	200.3R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)								
1978	I	-0.2	2.7	2.9	12.3	4.1	12.5	-11.4
	II	2.4	11.5	8.9	8.0	-1.9	5.5	21.4
	III	2.9	4.5	1.6	9.1	0.3	6.0	9.3
	IV	1.3	6.8	5.4	9.4	0.2	8.0	7.2
	ANNUAL	1.1	5.4	4.2	9.3	1.5	8.1	3.6
1979	I	-3.0	1.2	4.3	10.7	-0.3	14.1	-4.1
	II	-4.3R	-3.8R	0.5R	7.8	-5.1R	12.7R	7.1R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)								
1978	I	0.3	4.2	3.9	8.9	2.1	8.5	1.1
	II	1.3	5.7	4.4	9.2	1.9	7.8	3.5
	III	1.1	5.2	4.1	9.3	1.2	8.1	3.4
	IV	1.6	6.3	4.7	9.7	0.6	8.0	6.0
	ANNUAL	1.1	5.4	4.2	9.3	1.5	8.1	3.6
1979	I	0.9	5.9	5.0	9.3	-0.5	8.3	8.1
	II	-0.8R	2.1R	2.9	9.2	-1.3	10.1R	4.8R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

R=PRELIMINARY

AUGUST 27, 1979
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 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											
1978	I	117.6	144.7	123.1R	220.3R	116.6R	187.3	201.5	190.8	107.1	178.3
	II	118.9R	149.7	125.9R	224.4R	115.9R	188.7	200.8	191.6	129.2	182.3
	III	119.6	151.4	126.6R	229.1R	115.9	191.5	201.6	194.0	132.7	184.9
	IV	120.1R	154.2	128.3	234.0R	115.8R	194.8	203.1	196.8	138.7	188.2
	ANNUAL	119.1	150.0	126.0R	227.0R	116.2	190.6	201.8	193.3	127.2	183.5
1979	I	119.6	155.1	129.7	240.4R	115.9	201.0	206.5	202.3	130.3	191.6
	II	118.6P	153.9P	129.8P	245.0P	114.4P	206.5P	213.4P	208.2P	128.1P	196.3P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1978	I	0.9R	3.6	2.7R	12.4R	4.3R	11.4	5.6	9.9	-40.8	3.6
	II	4.6	14.5	9.5	7.7	-2.3	2.9	-1.3	1.8	111.3	9.3
	III	2.3	4.6	2.2	8.7	-0.1R	6.2	1.7	5.1	11.4	5.7
	IV	1.8	7.6	5.6	8.8R	-0.3	6.9	2.9	5.9	19.5	7.3
	ANNUAL	1.7R	6.2	4.5R	9.1R	1.3R	7.3	3.9	6.4	3.7	6.1
1979	I	-1.8	2.5	4.4	11.3	0.3	13.4	6.8	11.7	-22.1	7.6
	II	-3.3P	-3.0P	0.3P	7.9P	-5.0P	11.6P	14.0P	12.2P	-6.8P	10.1P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1978	I	0.7R	4.6	3.9R	8.8R	2.0R	8.0	5.5	7.3	-6.1	6.0
	II	2.0R	6.7	4.6R	9.0R	1.7R	6.8	4.3	6.2	4.7	6.0
	III	1.5R	6.1	4.6R	9.0R	0.9R	7.4	3.5	6.4	1.4	5.8
	IV	2.4R	7.5	5.0R	9.4R	0.4R	6.8	2.2	5.6	13.6	6.4
	ANNUAL	1.7R	6.2	4.5R	9.1R	1.3R	7.3	3.9	6.4	3.7	6.1
1979	I	1.7	7.2	5.4	9.1	-0.6	7.3	2.5	6.1	21.7	7.5
	II	-0.3P	2.8P	3.1P	9.2P	-1.3P	9.5P	6.3P	8.7P	-0.9P	7.7P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 1979

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							
1978	I	126.4R	130.1R	102.9	224.4	118.8	177.5R
	II	128.0R	133.4R	104.2	228.1	117.8	178.1R
	III	130.1R	135.9R	104.4	233.1	117.9	179.1R
	IV	130.8R	138.5R	105.9	238.4	118.0	182.2R
	ANNUAL	128.9	134.5	104.4	231.1	118.3	179.4
1979	I	130.1R	140.1R	107.7	244.3	117.8	187.9R
	II	130.9R	139.7R	106.7R	250.2R	116.8	191.1R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	I	-5.7R	-2.2R	3.8	11.5	3.4	18.3R
	II	5.1R	10.6R	5.2	6.7	-3.2	1.4R
	III	6.8R	7.6R	0.8	9.2	0.3	2.2R
	IV	2.0R	8.1R	5.9	9.3	0.1	7.1R
	ANNUAL	1.1	4.8	3.7	8.8	1.1	7.7
1979	I	-2.3R	4.6R	7.0	10.4	-0.5	13.0R
	II	2.8R	-1.1R	-3.8R	9.9R	-3.3R	6.9R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	I	0.8R	4.7R	3.9	8.7	2.0	7.9R
	II	0.5R	4.1R	3.6	8.7	1.4	8.1R
	III	1.1	4.6	3.5	8.6	0.6	7.4R
	IV	1.9R	5.9R	3.9	9.1	0.1	7.1R
	ANNUAL	1.1	4.8	3.7	8.8	1.1	7.7
1979	I	2.9R	7.7R	4.7	8.9	-0.8	5.9R
	II	2.3R	4.7R	2.4R	9.7R	-0.9	7.3R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 1979
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	COMPENSA- TION PER HOUR(1)	REAL COMPENSA- TION PER HOUR(2)	UNIT LABOR COST
INDEXES 1967=100						
1978 I	119.6R	124.4R	104.0	225.9	119.6	188.8R
II	121.8R	128.3R	105.4	229.5	118.6	188.5R
III	123.4R	131.3R	106.4	234.3	118.5	189.9R
IV	123.7R	134.5R	108.7	239.7	118.6	193.7R
ANNUAL	122.1	129.6	106.1	232.5	119.0	190.4
1979 I	122.8R	136.2R	110.9	245.8	118.5	200.2R
II	123.7R	135.4R	109.4	251.5R	117.5R	203.3R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)						
1978 I	-8.1R	-3.6R	5.0	10.4	2.4	20.2R
II	7.3R	13.3R	5.5	6.5	-3.3	-0.8R
III	5.3R	9.6R	4.0	8.6	-0.2	3.1R
IV	1.3R	10.0R	8.6	9.7	0.4	8.3R
ANNUAL	0.5	5.8	5.3	8.5	0.8	7.9
1979 I	-3.1R	5.3R	8.6	10.4	-0.5	13.9R
II	3.1R	-2.4R	-5.3R	9.7R	-3.4R	6.5R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)						
1978 I	0.1R	5.6	5.5	8.5	1.8	8.4R
II	0.0R	5.0R	5.0	8.3	1.1	8.3R
III	0.6R	5.6R	4.9	8.2	0.1	7.5R
IV	1.3R	7.1R	5.8	8.8	-0.2	7.4R
ANNUAL	0.5	5.8	5.3	8.5	0.8	7.9
1979 I	2.6	9.5	6.7	8.8	-0.9	6.0
II	1.6R	5.5R	3.8	9.6R	-0.9R	7.9R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 1979
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	COMPENSA- TION PER HOUR(1)	REAL COMPENSA- TION PER HOUR(2)	UNIT LABOR COST
INDEXES 1967=100						
1978 I	137.6R	139.3R	101.2	221.2	117.1	160.7R
II	138.3R	141.6R	102.4	224.8	116.2	162.6R
III	141.3R	143.2R	101.4	229.9	116.3	162.7R
IV	142.5R	145.1R	101.8	234.2	115.9	164.3R
ANNUAL	139.9	142.3	101.7	227.6	116.5	162.7
1979 I	142.2R	146.3R	102.9	239.8	115.6	168.7R
II	143.0R	146.7R	102.6R	246.0R	114.9R	172.1R

PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)						
1978 I	-2.1R	-0.1R	2.0	13.0	4.8	15.4R
II	2.0R	6.8R	4.6	6.8	-3.0	4.7R
III	9.1R	4.8R	-4.0	9.3	0.4	0.1R
IV	3.4R	5.3R	1.8	7.8	-1.3	4.2R
ANNUAL	2.0	3.4	1.4	8.9	1.2	6.8
1979 I	-1.0R	3.4R	4.5	9.9	-1.0	11.0R
II	2.2R	0.9R	-1.3R	10.8R	-2.5R	8.3R

PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)						
1978 I	1.8R	3.4R	1.6	8.6	1.9	6.7R
II	1.2R	2.9R	1.7	8.8	1.6	7.5R
III	1.9R	3.2R	1.3	9.0	-0.9	7.0R
IV	3.0R	4.1R	1.1	9.2	0.2	6.0R
ANNUAL	2.0	3.4	1.4	8.9	1.2	6.8
1979 I	3.3R	5.1R	1.7	8.4	-1.2	4.9R
II	3.4R	3.6R	0.2R	9.4R	-1.1R	5.8R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 1979
SOURCE: BUREAU OF LABOR STATISTICS

FOOTNOTES, TABLES 1-6

SOURCE: OUTPUT DATA FROM 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 INCLUDE AN ESTIMATE OF WAGES, SALARIES, AND SUPPLEMENTAL PAYMENTS FOR THE SELF-EMPLOYED.
- (2) COMPENSATION PER HOUR ADJUSTED FOR CHANGES IN THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS.
- (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 THE 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 COST INCLUDE DEPRECIATION, INTEREST, AND INDIRECT TAXES.
- (9) TOTAL UNIT COST IS THE SUM OF LABOR AND NONLABOR COSTS.
- (10) UNIT PROFITS INCLUDE CORPORATE PROFIT, INVENTORY VALUATION, AND CAPITAL CONSUMPTION ADJUSTMENTS(IVA AND CCA).
- (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; 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; PRINTING AND PUBLISHING; CHEMICALS AND CHEMICAL PRODUCTS; PETROLEUM PRODUCTS; RUBBER AND PLASTIC PRODUCTS; FOODS; AND TOBACCO PRODUCTS.
- (13) SCHEDULING OF THE RELEASE OF THE NEW CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) PRECLUDES THE USE OF REAL HOURLY COMPENSATION (HOURLY COMPENSATION ADJUSTED FOR QUARTERLY CHANGES IN THE CPI-U) WITH PRELIMINARY PRODUCTIVITY AND COST MEASURE THESE WILL BE PUBLISHED TOGETHER WITH REVISED OUTPUT AND LABOR INPUT MEASURES WITH THE NEXT REGULAR EDITION OF PRODUCTIVITY AND COSTS, APPROXIMATELY 30 DAYS AFTER THE PRELIMINARY MEASURES.

 * THE PRODUCTIVITY AND ASSOCIATED COST MEASURES IN THIS PRESS RELEASE DESCRIBE THE RELATIONSHIP *
 * BETWEEN OUTPUT IN REAL TERMS AND THE LABOR TIME INVOLVED IN ITS PRODUCTION. THEY SHOW THE *
 * CHANGES FROM PERIOD TO PERIOD IN THE AMOUNT OF LABOR TIME REQUIRED TO PRODUCE A UNIT OF OUTPUT. *
 * ALTHOUGH THESE MEASURES RELATE OUTPUT TO HOURS OF ALL PERSONS ENGAGED IN A SECTOR, THEY DO NOT *
 * MEASURE THE SPECIFIC CONTRIBUTIONS OF LABOR, CAPITAL, OR ANY OTHER FACTOR OF PRODUCTION. RATHER, *
 * THEY REFLECT THE JOINT CHANGES IN TECHNOLOGY; CAPITAL INVESTMENT; LEVEL OF OUTPUT; UTILIZATION *
 * OF CAPACITY; ENERGY AND MATERIALS; THE ORGANIZATION OF PRODUCTION; MANAGERIAL SKILL; AND *
 * CHARACTERISTICS AND EFFORT OF THE WORK FORCE. *

Chart 1. Productivity, hourly compensation, unit costs and prices in the private business sector

(percent change from preceding quarter at annual rate)

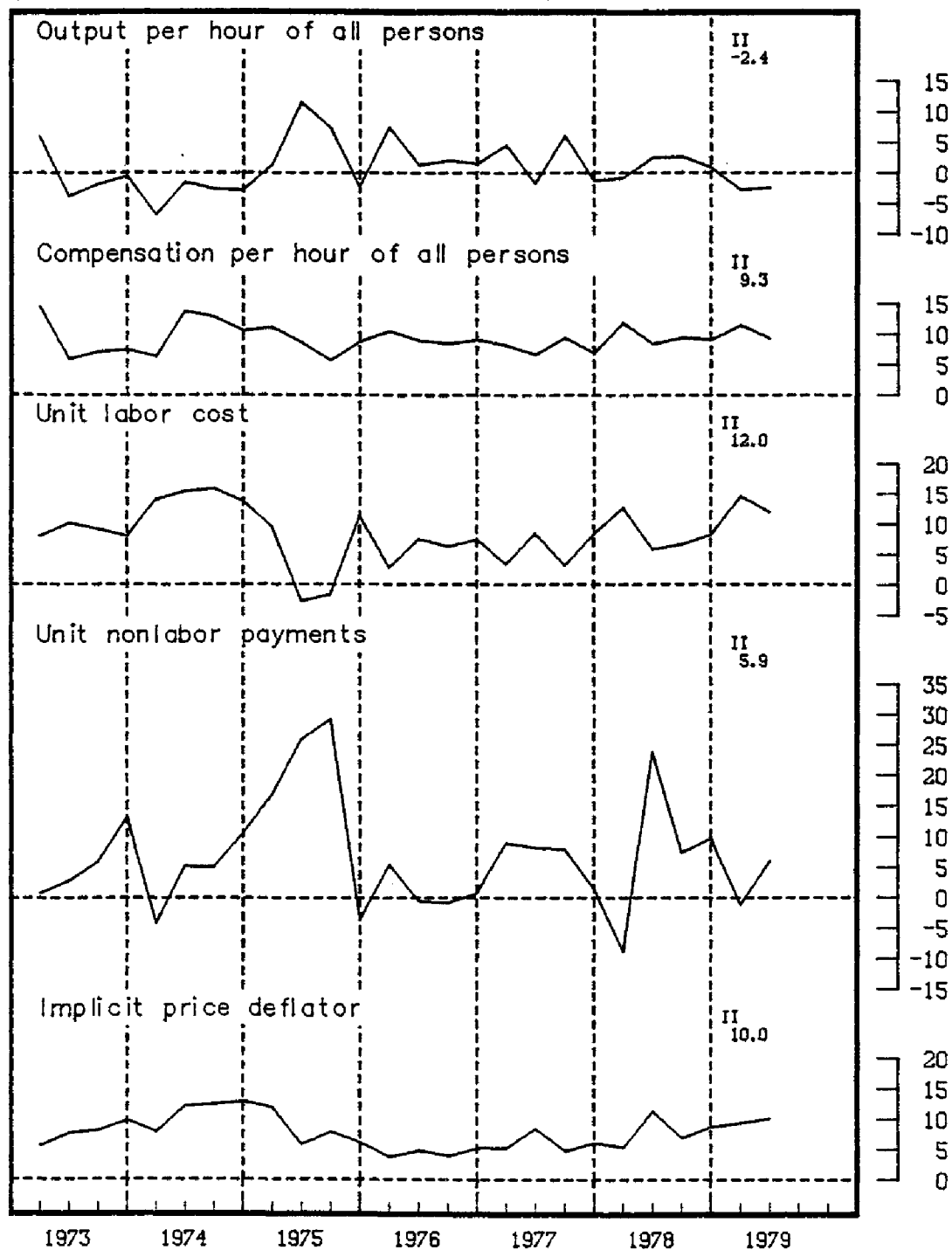


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

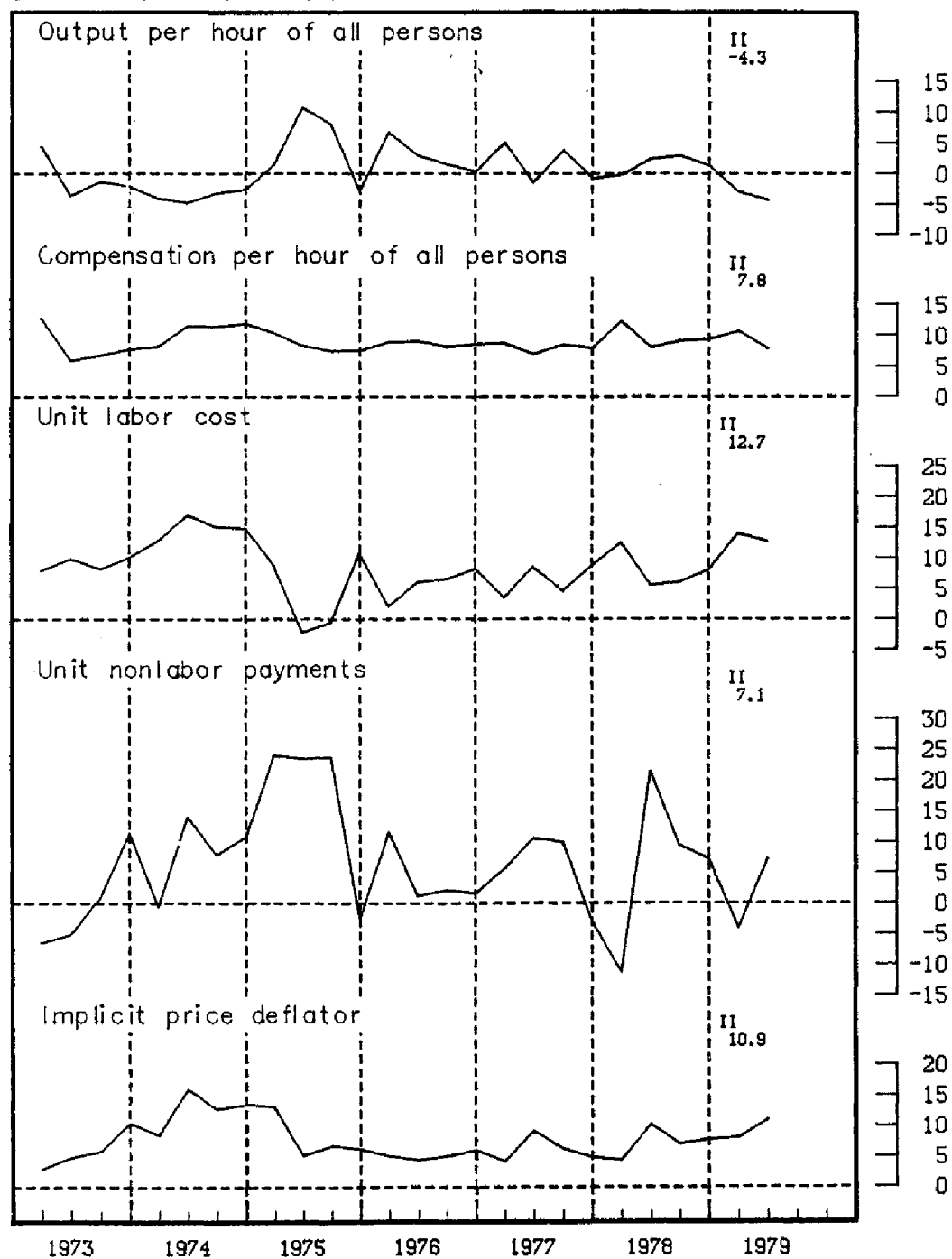


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

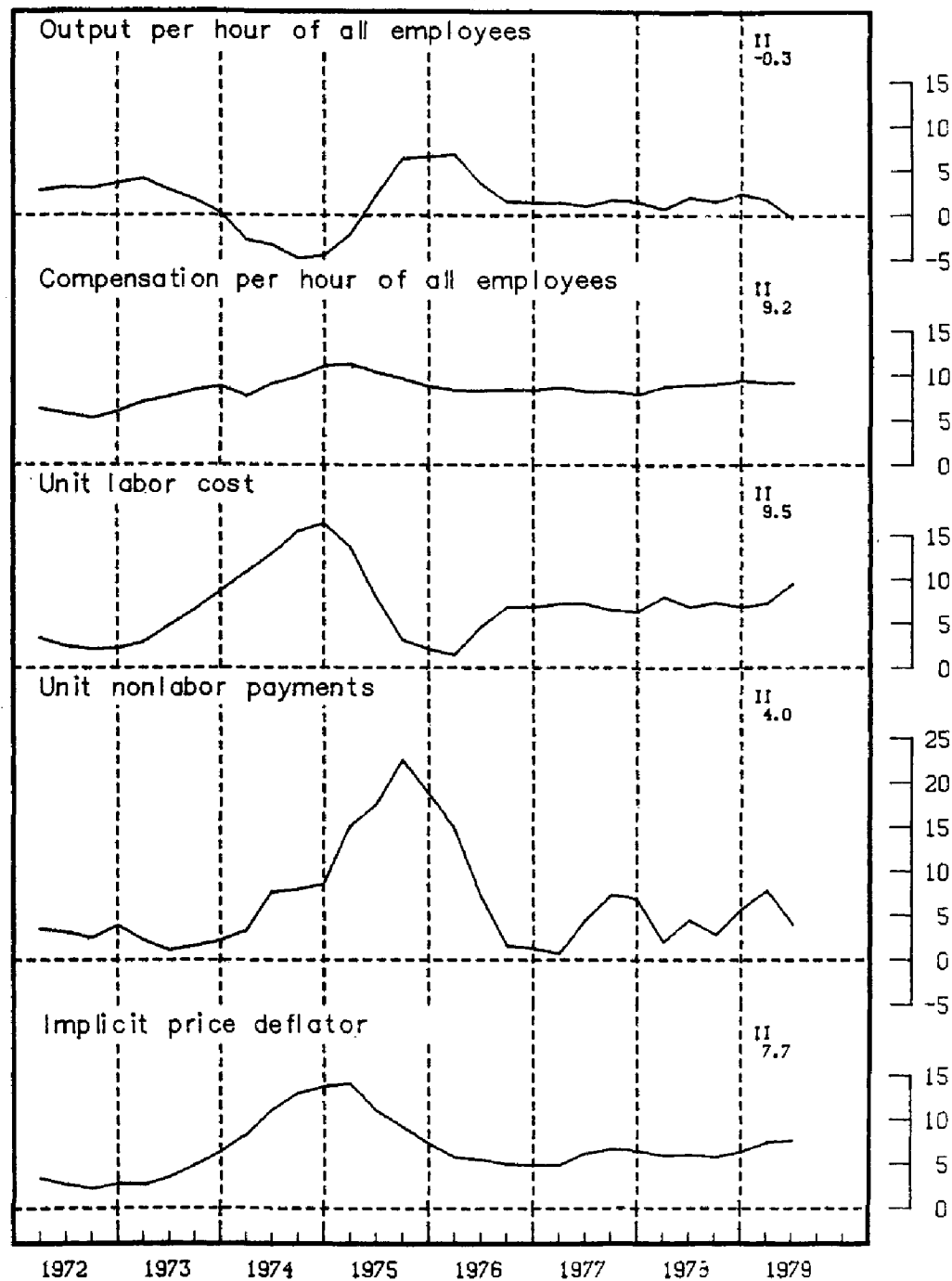


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

