

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Lawrence Fulco (202) 523-9261
Kathryn Hoyle (202) 523-1913

USDL 79-834
For Release 10:00 AM EST
Wednesday, November 28, 1979

PRODUCTIVITY AND COSTS

Nonfinancial Corporate Sector

Third Quarter

Productivity in nonfinancial corporations increased 0.7 percent in the third quarter of 1979 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The increase reflected a 1.6 percent increase in output and a 0.9 percent increase in employee-hours. This was the first quarter of 1979 that nonfinancial corporate productivity did not fall. In the first 2 quarters, output per all-employee hour dropped 2.1 percent and 2.8 percent, respectively. The nonfinancial corporate sector includes all corporations doing business in the United States with the exception of banks, stock and commodity brokers, and finance and insurance companies and accounts for about 68 percent of the private business sector.

Revised third-quarter measures also were reported today for the private business, nonfarm business, and manufacturing sectors. The small productivity gains reported on October 29 based on preliminary data have been revised downward; in both the private business and nonfarm business sectors, productivity declined 0.7 percent. Preliminary measures had shown gains of 0.1 percent and 0.2 percent, respectively. In manufacturing, productivity gains were revised slightly upward, showing a 3.3 percent annual rate of increase in the third quarter, rather than the 3.2 percent rise reported earlier. A summary of third-quarter productivity and cost measures appears in table A; details are found in tables 1-6.

-2-

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
Second Quarter 1979 to Third Quarter 1979						
<u>PRELIMINARY</u>						
Nonfinancial corporations	0.7	8.5	7.8	-3.9	1.6	0.9
<u>REVISED</u>						
Private business	-0.7	8.8	9.6	-3.6	1.7	2.5
Nonfarm business	-0.7	8.5	9.3	-3.9	1.9	2.6
Manufacturing	3.3	8.1	4.7	-4.2	0.3	-2.9
Durable	-0.2	8.0	8.2	-4.4	-2.3	-2.2
Nondurable	8.7	8.1	-0.6	-4.3	4.3	-4.1
Third Quarter 1978 to Third Quarter 1979						
<u>PRELIMINARY</u>						
Nonfinancial corporations	-0.8	8.9	9.8	-2.5	2.2	3.0
<u>REVISED</u>						
Private business	-1.4	9.4	11.0	-2.0	1.6	3.0
Nonfarm business	-1.8	8.9	10.9	-2.5	1.5	3.4
Manufacturing	1.4	9.4	7.8	-2.1	2.9	1.5
Durable	0.1	9.4	9.2	-2.1	2.5	2.3
Nondurable	3.4	9.1	5.5	-2.3	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 in the nonfinancial corporate sector increased 8.5 percent in the third quarter, compared with an 8.0 percent increase during the second quarter (annual rates). Hourly compensation includes wages and salaries of employees, fringe benefits, and employer contributions to employee benefit plans. Unit labor cost--compensation per unit of output--increased 7.8 percent in the third quarter, compared with an 11.2 percent increase in the second quarter and a 13.4 percent increase in the first quarter.

Real hourly compensation--hourly compensation adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--declined 3.9 percent in the third quarter, compared with a 4.9 percent drop in the second quarter (annual rates). This was the sixth consecutive quarter without a rise in real hourly compensation. In the third quarter of 1979, real hourly compensation was lower than any quarter since the first quarter of 1976.

Unit nonlabor payments increased 8.9 percent in the third quarter, compared with a 8.0 percent rise one quarter earlier. These payments include unit profits and all other unit nonlabor costs--indirect business taxes, depreciation, and net interest. Unit profits declined 0.7 percent in the third quarter, compared with a 3.4 percent decline one quarter earlier.

The implicit price deflator, which reflects changes in unit labor cost, unit nonlabor cost, and unit profits, increased 8.2 percent in the third quarter, compared with a 10.2 percent rise in the second quarter.

Compared with the third quarter of 1979, productivity declined 0.8 percent, as output increased 2.2 percent while hours increased 3.0 percent. Hourly compensation increased 8.9 percent--but was down 2.5 percent after taking account of the increase in the CPI-U. Unit labor cost has gone up 9.8 percent over the 12-month period, but unit profits declined 2.8 percent. Prices in the nonfinancial corporate sector, as measured by the implicit price deflator, rose 8.3 percent over the period.

-4-

Revised measures

As noted earlier, revised productivity measures for the private business and nonfarm business sectors showed declines of 0.7 percent in each sector in the third quarter, rather than the small increases that were reported earlier, based on preliminary data. Increases in hourly compensation were revised upward, so that unit labor cost grew faster in both sectors than in the preliminary data. Table B compares preliminary and revised measures for the third quarter.

Manufacturing productivity measures are based on changes in the index of industrial production prepared monthly by the Board of Governors of the Federal reserve system. This index is adjusted to the annual output measure for manufacturing prepared as part of the national income and product accounts by the Bureau of Economic Analysis of the U.S. Department of Commerce. Revised measures showed a small upward change in manufacturing productivity; changes occurred in both output and hours estimates.

Table B.

Preliminary and revised third quarter productivity and cost measures
Percent change from previous quarter at annual rate

Sector	Productivity		Hourly Compensation		Unit Labor Cost		Output		Hours	
	Prelim.	Rev.	Prelim.	Rev.	Prelim.	Rev.	Prelim.	Rev.	Prelim.	Rev.
Private business	0.1	-0.7	8.5	8.8	8.3	9.6	2.5	1.7	2.4	2.5
Nonfarm business	0.2	-0.7	8.2	8.5	7.9	9.3	2.8	1.9	2.5	2.6
Manufacturing	3.2	3.3	8.0	8.1	4.6	4.7	0.0	0.3	-3.1	-2.9
Durable	-0.2	-0.2	8.0	8.0	8.2	8.2	-2.7	-2.3	-2.5	-2.2
Nondurable	8.6	8.7	7.9	8.1	-0.7	-0.6	4.1	4.3	-4.2	-4.1

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 NUM- LABOR PAY- MENTS (3)	IMPLICIT PRICE DEFLATOR
INDEXES 1967=100									
1978	I	118.4	136.9	115.6	224.2	118.7	189.4	164.8	180.9
	II	119.0	140.3	117.9	228.5	118.1	192.1	173.9	185.8
	III	119.7	141.8	118.4	233.6	118.2	195.2	177.0	188.9
	IV	119.8	144.0	120.2	238.4	118.0	199.0	181.3	192.9
	ANNUAL	119.2	140.7	118.1	231.2	118.3	194.0	174.3	187.2
1979	I	118.9	144.4	121.5	244.8	118.0	205.9	180.8	197.2
	II	118.2	143.4	121.3	250.3	116.9	211.7	183.7	202.0
	III	118.0R	144.0R	122.0	255.6R	115.8R	216.6R	185.5R	205.9R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)									
1978	I	-1.5	2.4	3.9	10.9	2.9	12.6	-8.6	5.3
	II	2.0	10.5	8.4	7.9	-2.1	5.8	24.0	11.2
	III	2.4	4.2	1.7	9.2	0.3	6.6	7.4	6.9
	IV	0.3	6.4	6.1	8.5	-0.7	8.1	9.9	8.7
	ANNUAL	0.5	5.2	4.7	8.5	0.8	8.0	5.3	7.1
1979	I	-3.0	1.2	4.4	11.1	0.1	14.6	-1.0	9.3
	II	-2.2	-2.9	-0.7	9.3	-3.8	11.8	6.5	10.1
	III	-0.7R	1.7R	2.5R	8.8R	-3.6R	9.6R	4.0R	7.8R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)									
1978	I	-0.1	4.4	4.5	8.0	1.3	8.1	2.1	6.1
	II	0.9	5.7	4.7	8.4	1.2	7.4	5.6	6.8
	III	0.2	4.8	4.6	8.5	0.4	8.3	5.4	7.4
	IV	0.8	5.8	5.0	9.1	0.1	8.3	7.5	8.0
	ANNUAL	0.5	5.2	4.7	8.5	0.8	8.0	5.3	7.1
1979	I	0.4	5.5	5.1	9.2	-0.6	8.7	9.7	9.0
	II	-0.6	2.2	2.8	9.5	-1.0	10.2	5.6	8.7
	III	-1.4R	1.6R	3.0	9.4	-2.0R	11.0R	4.8R	9.0R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 28, 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	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	116.0	137.3	118.4	220.6	116.8	190.2	161.1	180.2
II	116.5	141.1	121.1	224.6	116.1	192.7	169.2	184.7
III	117.3	142.7	121.6	229.4	116.1	195.6	173.0	187.8
IV	117.6	145.0	123.4	234.3	116.0	199.3	176.1	191.4
ANNUAL	116.8	141.5	121.1	227.3	116.3	194.5	169.9	186.1
1979 I	116.6	145.5	124.8	240.2	115.8	206.0	174.3	195.1
II	115.4	144.2	124.9	244.8	114.3	212.1	177.6	200.3
III	115.2R	144.8R	125.7	249.8R	113.2R	216.9R	180.4R	204.4R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)								
1978 I	-0.9	2.7	3.6	11.4	3.3	12.4	-11.2	4.4
II	1.9	11.5	9.4	7.5	-2.5	5.4	21.5	10.2
III	2.7	4.5	1.8	8.8	0.0	6.0	9.4	7.0
IV	0.8	6.8	5.9	8.8	-0.4	8.0	7.3	7.8
ANNUAL	0.5	5.4	4.8	8.6	0.9	8.0	3.7	6.6
1979 I	-3.2	1.2	4.6	10.4	-0.6	14.0	-4.0	8.1
II	-4.1	-3.6	0.5	7.9	-5.0	12.5	7.8	11.0
III	-0.7R	1.9R	2.6R	8.5R	-3.9R	9.3R	6.4R	8.4R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)								
1978 I	-0.3	4.2	4.6	8.1	1.4	8.4	1.3	6.1
II	0.6	5.7	5.1	8.4	1.2	7.7	3.7	6.4
III	0.5	5.2	4.7	8.7	0.6	8.1	3.5	6.6
IV	1.1	6.3	5.2	9.1	0.1	7.9	6.1	7.3
ANNUAL	0.5	5.4	4.8	8.6	0.9	8.0	3.7	6.6
1979 I	0.5	5.9	5.4	8.9	-0.8	8.3	8.2	8.3
II	-1.0	2.2	3.2	9.0	-1.5	10.1	5.0	8.5
III	-1.8R	1.5R	3.4	8.9R	-2.5R	10.9R	4.3R	8.8R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 28, 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	116.7	144.7	124.1	218.5	115.7	187.3	201.5	190.8	107.1	178.3
	II	117.8	149.7	127.1	222.3	114.9	188.7	200.8	191.6	129.2	182.3
	III	118.4	151.4	127.8	226.9	114.8	191.5	201.6	194.0	132.7	184.9
	IV	118.8	154.2	129.8	231.3	114.5	194.8	203.1	196.8	138.7	188.2
	ANNUAL	117.9	150.0	127.2	224.8	115.0	190.6	201.8	193.3	127.2	183.5
1979	I	118.1	155.1	131.3	237.4	114.5	201.0	206.5	202.3	130.3	191.6
	II	117.3	154.1	131.4	242.1	113.1	206.4	213.2	208.0	129.2	196.3P
	III	117.5P	154.7P	131.7P	247.1P	111.9P	210.3P	219.9P	212.6P	129.0P	200.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1978	I	-0.1	3.6	3.8	11.3	3.2	11.4	5.6	9.9	-40.8	3.6
	II	4.1	14.5	10.0	7.2	-2.7	2.9	-1.3	1.8	111.3	9.3
	III	2.0	4.6	2.5	8.4	-0.4	6.2	1.7	5.1	11.4	5.7
	IV	1.1	7.6	6.4	8.1	-1.0	6.9	2.9	5.9	19.5	7.3
	ANNUAL	1.0	6.2	5.2	8.3	0.6	7.3	3.9	6.4	3.7	6.1
1979	I	-2.1	2.5	4.6	11.0	0.0	13.4	6.8	11.7	-22.1	7.6
	II	-2.8	-2.6	0.3	8.0	-4.9	11.2	13.5	11.8	-3.4	10.2
	III	0.7P	1.6P	0.9P	8.5P	-3.9P	7.8P	13.3P	9.2P	-0.7P	8.2P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1978	I	-0.1	4.6	4.7	7.9	1.2	8.0	5.5	7.3	-6.1	6.0
	II	1.2	6.7	5.4	8.1	0.9	6.8	4.3	6.2	4.7	6.0
	III	0.8	6.1	5.2	8.3	0.2	7.4	3.5	6.4	1.4	5.8
	IV	1.8	7.5	5.6	8.7	-0.3	6.8	2.2	5.6	13.6	6.4
	ANNUAL	1.0	6.2	5.2	8.3	0.6	7.3	3.9	6.4	3.7	6.1
1979	I	1.3	7.2	5.8	8.7	-1.0	7.3	2.5	6.1	21.7	7.5
	II	-0.5	2.9	3.4	8.9	-1.6	9.4	6.2	8.6	0.0	7.7
	III	-0.8P	2.2P	3.0P	8.9P	-2.5P	9.8P	9.1P	9.6P	-2.8P	8.3P

SEE FOOTNOTES FOLLOWING TABLE 6.

P=REVISED

P=PRELIMINARY

NOVEMBER 28, 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	125.7	130.1	103.4	223.2	118.1	177.5
	II	127.2	133.4	104.8	226.6	117.1	178.1
	III	129.2	135.9	105.2	231.4	117.0	179.1
	IV	129.8	138.5	106.7	236.5	117.1	182.2
	ANNUAL	128.0	134.5	105.1	229.5	117.5	179.4
1979	I	129.0	140.1	108.5	242.4	116.9	187.9
	II	130.0	139.7	107.5	248.2	115.9	190.9
	III	131.0	139.8R	106.7	253.1R	114.6R	193.1
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	I	-6.4	-2.2	4.5	10.7	2.7	18.2
	II	4.8	10.6	5.5	6.3	-3.5	1.4
	III	6.3	7.6	1.3	8.7	-0.1	2.2
	IV	2.0	8.1	5.9	9.3	0.0	7.1
	ANNUAL	0.6	4.8	4.3	8.3	0.6	7.7
1979	I	-2.4	4.6	7.1	10.3	-0.6	13.0
	II	2.9	-0.9	-3.7	9.8	-3.4	6.7
	III	3.3R	0.3R	-2.9R	8.1R	-4.2R	4.7R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	I	0.2	4.7	4.5	8.1	1.4	7.9
	II	-0.1	4.1	4.2	8.0	0.9	8.1
	III	0.6	4.6	4.0	8.1	0.0	7.4
	IV	1.6	5.9	4.3	8.7	-0.3	7.1
	ANNUAL	0.6	4.8	4.3	8.3	0.6	7.7
1979	I	2.6	7.7	4.9	8.6	-1.1	5.9
	II	2.2	4.8	2.6	9.5	-1.0	7.2
	III	1.4	2.9	1.5R	9.4	-2.1R	7.8

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 28, 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						
.978 I	118.9	124.4	104.6	224.5	118.9	188.8
II	120.9	128.3	106.1	227.9	117.8	188.5
III	122.5	131.3	107.2	232.5	117.6	189.9
IV	122.8	134.5	109.5	237.9	117.7	193.7
ANNUAL	121.3	129.6	106.9	230.8	118.1	190.4
.979 I	121.8	136.2	111.8	243.8	117.5	200.1
II	122.7	135.4	110.3	249.5	116.5	203.3
III	122.6	134.6R	109.7R	254.3	115.2R	207.4
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)						
.978 I	-8.7	-3.6	5.7	9.7	1.7	20.2
II	6.9	13.3	5.9	6.1	-3.7	-0.8
III	5.1	9.6	4.3	8.3	-0.4	3.1
IV	1.2	10.0	8.7	9.6	0.4	8.3
ANNUAL	0.0	5.8	5.8	8.0	0.3	7.9
.979 I	-3.2	5.3	8.8	10.3	-0.6	13.9
II	2.9	-2.5	-5.2	9.7	-3.5	6.6
III	-0.2	-2.3R	-2.2R	8.0	-4.4R	8.2
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)						
.978 I	-0.5	5.6	6.1	7.8	1.2	8.3
II	-0.6	5.0	5.6	7.7	0.5	8.3
III	0.2	5.6	5.4	7.7	-0.3	7.5
IV	0.9	7.1	6.1	8.4	-0.5	7.4
ANNUAL	0.0	5.8	5.8	8.0	0.3	7.9
1979 I	2.4	9.5	6.9	8.6	-1.1	6.0
II	1.5	5.5	4.0	9.5	-1.1	7.9
III	0.1	2.5R	2.3R	9.4	-2.1R	9.2

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

R=PRELIMINARY

NOVEMBER 28, 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	136.9	139.3	101.7	220.1	116.5	160.7
II	137.5	141.6	103.0	223.6	115.5	162.6
III	140.3	143.2	102.1	228.1	115.4	162.6
IV	141.4	145.1	102.6	232.4	115.0	164.3
ANNUAL	139.0	142.3	102.4	226.1	115.7	162.7
1979 I	141.1	146.3	103.7	238.0	114.8	168.7
II	142.1	146.9	103.4	244.1	114.0	171.8
III	145.1R	148.4R	102.3	248.9R	112.8R	171.6R

PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)

1978 I	-2.7	-0.1	2.7	12.3	4.1	15.4
II	1.7	6.8	4.9	6.5	-3.3	4.7
III	8.2	4.8	-3.2	8.3	-0.4	0.1
IV	3.4	5.3	1.8	7.8	-1.3	4.2
ANNUAL	1.5	3.4	1.9	8.4	0.7	6.8
1979 I	-0.9	3.4	4.4	10.0	-0.9	11.0
II	2.7	1.5	-1.2	10.6	-2.6	7.7
III	8.7R	4.3R	-4.1R	8.1R	-4.3R	-0.6R

PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)

1978 I	1.3	3.4	2.1	8.1	1.4	6.7
II	0.6	2.9	2.2	8.2	1.0	7.5
III	1.3	3.2	1.9	8.3	0.3	7.0
IV	2.6	4.1	1.5	8.7	-0.3	6.0
ANNUAL	1.5	3.4	1.9	8.4	0.7	6.8
1979 I	3.1	5.1	1.9	8.1	-1.5	4.9
II	3.3	3.7	0.4	9.2	-1.3	5.7
III	3.4	3.6	0.2	9.1	-2.3R	5.5

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 28, 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 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; 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)

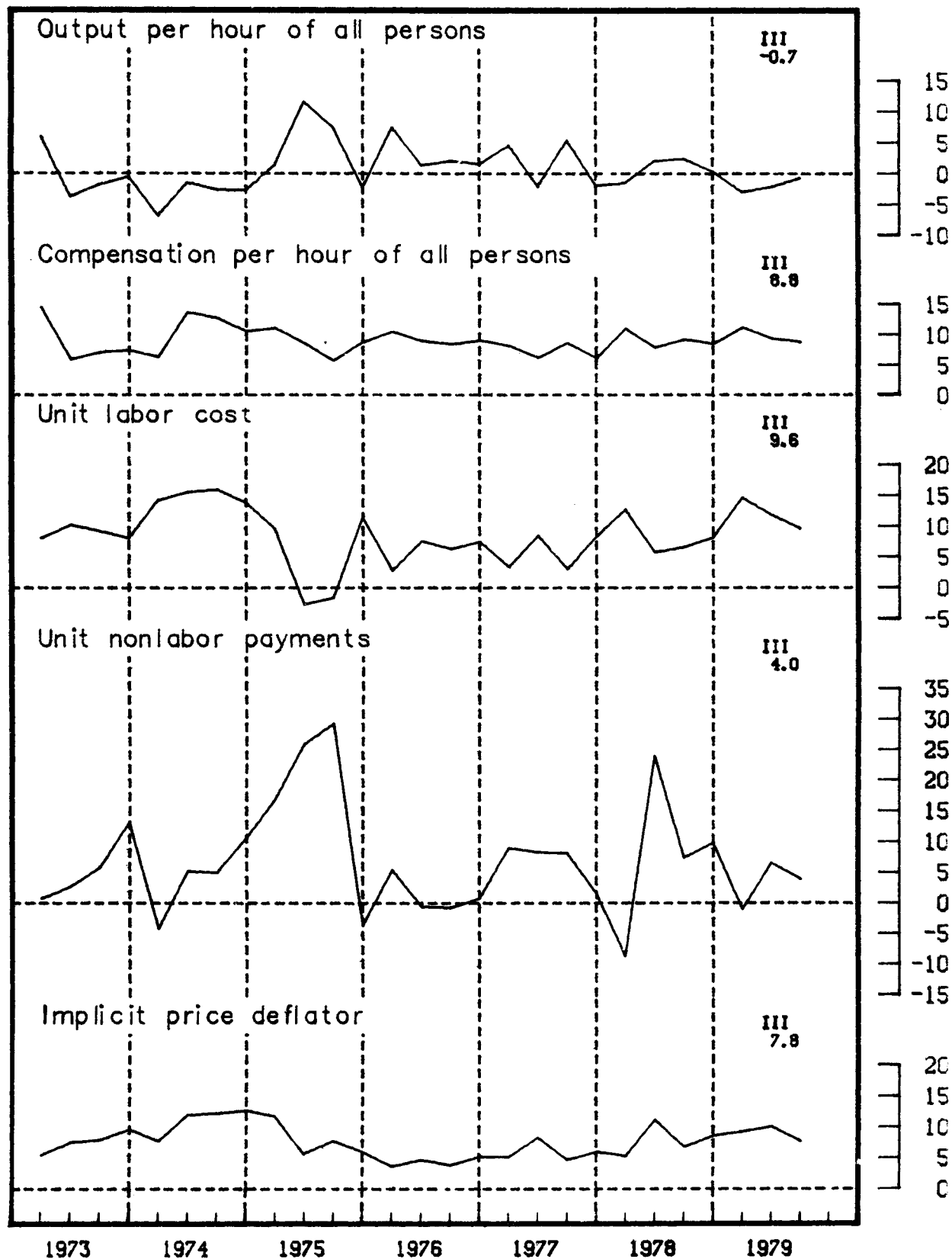


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

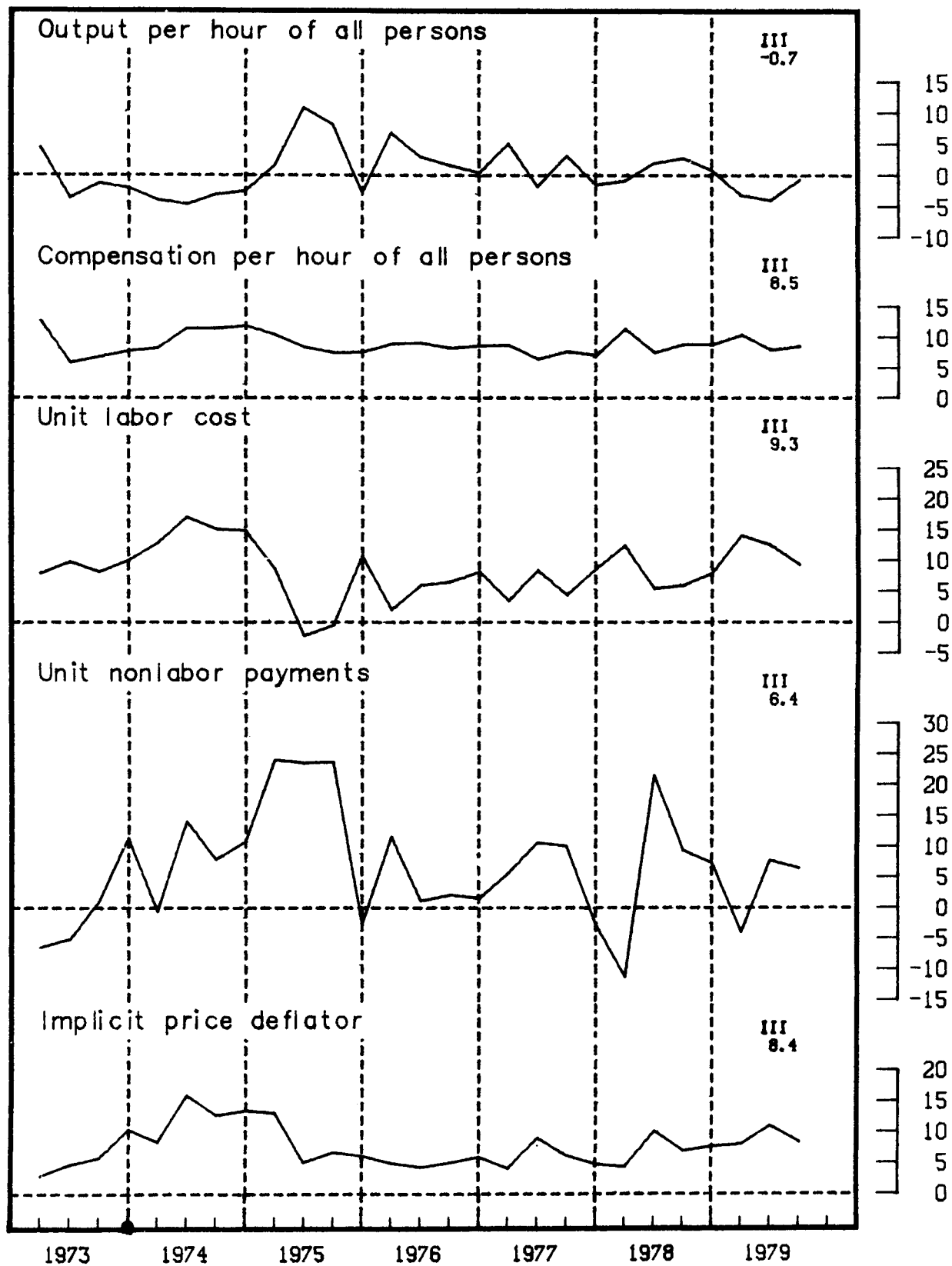


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

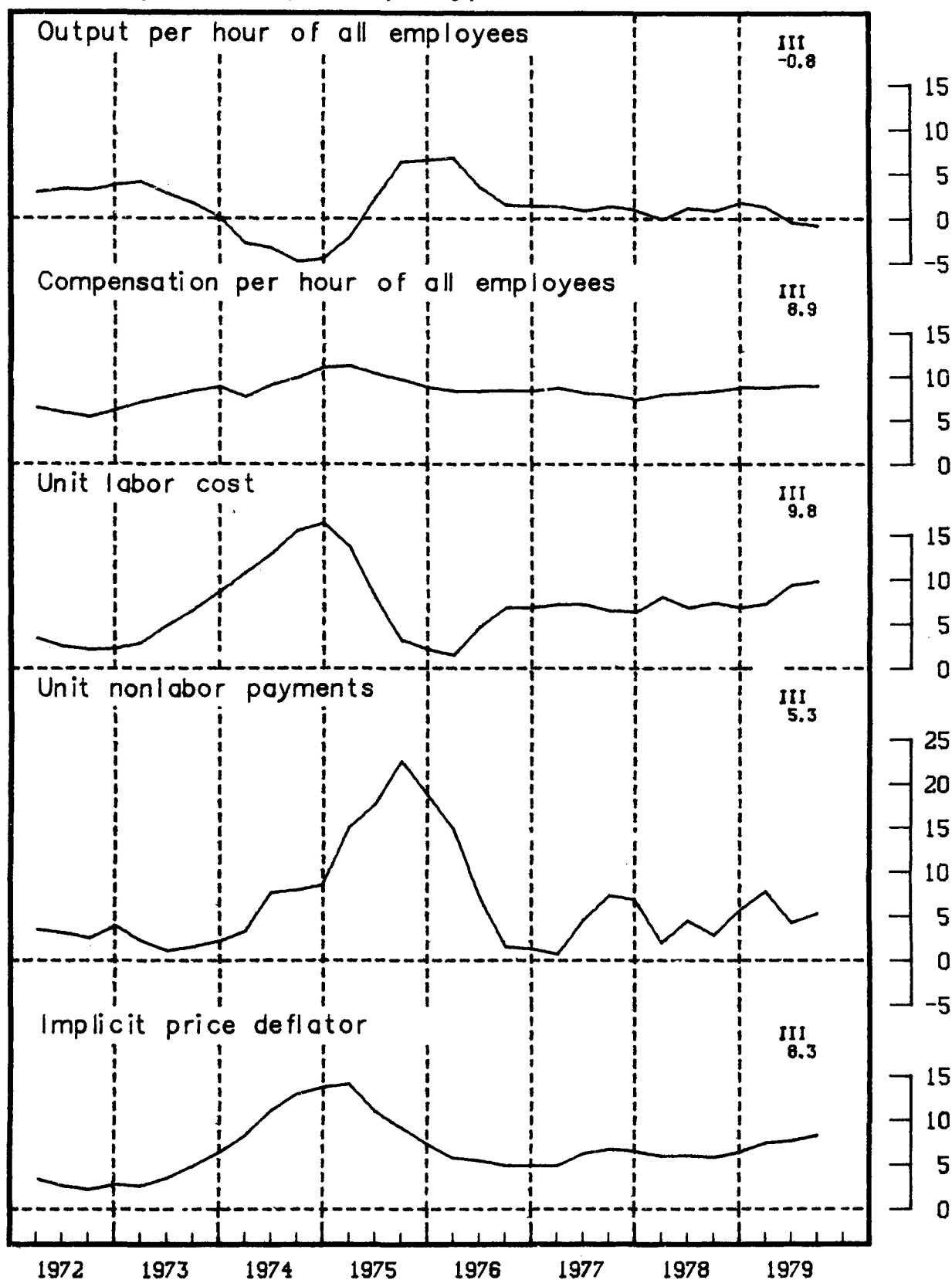


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

