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PRODUCTIVITY AND COSTS

Private Business, Nonfarm Business, and Manufacturing Sectors
Fourth Quarter 1979
and Annual Averages for 1979

Productivity in the private business sector decreased 1.6 percent at a seasonally adjusted annual rate in the fourth quarter of 1979, the Bureau of Labor Statistics of the U. S. Department of Labor reported today. The decline reflected a significantly larger increase in hours of all persons--3.5 percent--than output, which rose only 1.8 percent. This was the fourth consecutive quarter of declining productivity in this sector. In the third quarter, productivity dropped 1.3 percent.

For 1979 as a whole, productivity declined 0.9 percent, as output rose 2.3 percent and hours of all persons increased 3.3 percent. Annual declines in productivity have occurred only twice since 1947.

In the nonfarm business sector, productivity decreased 0.4 percent in the fourth quarter, as output increased only 1.7 percent while hours of all persons increased 2.1 percent (annual rates). In the third quarter, productivity declined 1.4 percent.

For 1979 as a whole, productivity declined 1.2 percent in the nonfarm business sector, reflecting a 2.3 percent increase in output and a 3.6 percent gain in hours.

In manufacturing, productivity declined 1.5 percent in the fourth quarter, as output dropped 1.0 percent and hours increased 0.5 percent. During the third quarter, productivity increased 3.5 percent as output advanced 0.4 percent and hours declined 2.9 percent.

Comparing 1979 with 1978, manufacturing productivity increased 1.8 percent, as output rose 4.0 percent while hours of all persons increased 2.2 percent.

Fourth-quarter and annual measures are summarized in table A; details are given in tables 1-6. Revised third-quarter measures for the nonfinancial corporate sector were also released today (table 3).

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
Third Quarter 1979 to Fourth Quarter 1979 <u>PRELIMINARY</u>						
Private business	-1.6	6.9	8.7	-5.6	1.8	3.5
Nonfarm business	-0.4	8.9	9.3	-3.8	1.7	2.1
Manufacturing	-1.5	8.2	9.8	-4.5	-1.0	0.5
Durable	-1.6	7.5	9.2	-5.1	-1.8	-0.2
Nondurable	-1.5	9.8	11.4	-3.0	0.2	1.6
1978 to 1979 Annual Average						
Private business	-0.9	9.3	10.4	-1.7	2.3	3.3
Nonfarm business	-1.2	8.9	10.2	-2.1	2.3	3.6
Manufacturing	1.8	9.1	7.2	-1.9	4.0	2.2
Durable	0.9	9.0	8.0	-2.0	4.2	3.2
Nondurable	3.1	9.0	5.7	-2.0	3.7	0.6
Second Quarter 1979 to Third Quarter 1979 <u>REVISED</u>						
Nonfinancial corporations	-0.2	8.6	8.8	-3.8	0.6	0.9
Fourth Quarter 1978 to Fourth Quarter 1979 <u>PRELIMINARY</u>						
Private business	-2.0	9.0	11.3	-3.2	0.3	2.4
Nonfarm business	-2.3	8.9	11.5	-3.3	0.1	2.4
Manufacturing	0.6	9.1	8.5	-3.2	0.7	0.1
Durable	-0.5	8.8	9.4	-3.4	-0.4	0.2
Nondurable	2.3	9.6	7.2	-2.7	2.4	0.1
Third Quarter 1978 to Third Quarter 1979 <u>REVISED</u>						
Nonfinancial corporations	-1.0	8.9	10.1	-2.5	1.9	3.0

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.

Private business sector

Productivity declined in each quarter of 1979; the 1.6 percent drop in the fourth quarter reflected a 1.8 percent gain in output and a 3.5 percent increase in hours. Both series grew more rapidly in the fourth quarter, but the acceleration of hours overbalanced output growth. This is the longest productivity decline since the 1974-75 recession, when 7 quarterly decreases occurred together. In the earlier experience, productivity dropped a total of 3.3 percent during the first 4 quarters (the first quarter of 1973 through the first quarter of 1974); during the 4 quarters of decline in 1979, the cumulative falloff was 2.0 percent.

Hourly compensation--which includes the hourly cost of wages and salaries, supplements, and employer contributions to employee benefit plans and Social Security--increased 6.9 percent in the fourth quarter, compared with an 8.8 percent rise in the third quarter. This was the smallest increase in hourly compensation in 1979. Real hourly compensation--which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U)--decreased 5.6 percent in the fourth quarter, marking the third consecutive quarter of decline in this series. This was the largest decline in this series which begins in 1947. Real hourly compensation at the end of 1979 was lower than at any time since the first quarter of 1976.

Unit labor cost, which is influenced by changes in output per hour and compensation per hour, increased 8.7 percent in the fourth quarter--also the smallest gain this year. During the third quarter, unit labor cost increased 10.3 percent (annual rate).

The implicit price deflator, which reflects the impact of unit labor cost and unit nonlabor payments on sector prices, increased 7.8 percent in the fourth quarter, compared with an 8.3 percent gain in the third quarter. Although unit labor cost grew more slowly in the fourth quarter, unit nonlabor payments grew faster.

Compared with the fourth quarter of 1978, productivity declined 2.0 percent, hourly compensation has increased 9.0 percent, and unit labor cost went up 11.3 percent. Real hourly compensation declined 3.2 percent while output edged up 0.3 percent and hours of all persons increased 2.4 percent.

Nonfarm business sector

Productivity declined 0.4 percent in the nonfarm business sector, marking the fourth quarter of decline in this series. This was the smallest decline all year, reflecting the biggest gain in output. In the third quarter, productivity dropped 1.4 percent. The decline in the nonfarm business sector is smaller than the drop reported above for the private business sector, reflecting the productivity decline which occurred in farming in the fourth quarter. Nonfarm output increased 1.7 percent while hours of all persons grew 2.1 percent (seasonally adjusted annual rates).

Hourly compensation increased 8.9 percent, somewhat greater than the 8.5 percent increase in the third quarter. Unit labor cost increased 9.3 percent, compared with a 10.1 percent gain during the third quarter. After adjusting for the increase in the CPI-U, real hourly compensation declined 3.8 percent in the fourth quarter, compared with a 3.9 percent drop during the third quarter. Real hourly compensation has declined for 5 consecutive quarters in this sector. The implicit price deflator for the nonfarm business sector showed an 8.4 percent increase in the fourth quarter, compared with a 9.0 percent increase one quarter before.

Compared with the fourth quarter of 1978, productivity was down 2.3 percent, hourly compensation advanced 8.9 percent, and unit labor cost was 11.5 percent higher. Output grew 0.1 percent over the four-quarter period, while hours increased 2.4 percent. Real hourly compensation declined 3.3 percent, and the implicit price deflator increased 9.1 percent.

Manufacturing

Productivity declined 1.5 percent in the fourth quarter in manufacturing, the second decline of the year. (In the first quarter, productivity dropped 2.4 percent). During the third quarter, productivity advanced 3.5 percent (annual rate). Hourly compensation increased 8.2 percent in the fourth quarter, marginally higher than the 8.1 percent rate of the third quarter. Unit labor cost, reflecting the continued strong advance of hourly compensation while productivity turned down, increased 9.8 percent in the fourth quarter, compared with a 4.4 percent increase during the third period. Real hourly compensation declined 4.5 percent, compared with a 4.3 percent drop during the third quarter.

Compared with the fourth quarter of 1978, productivity increased 0.6 percent, hourly compensation increased 9.1 percent, and unit labor cost went up 8.5 percent. Output rose 0.7 percent and hours increased 0.1 percent. Real hourly compensation declined 3.2 percent over the 4-quarter period.

Review of annual productivity and cost measures: 1979

Productivity declined in the private business sector by 0.9 percent in 1979, only the second time a drop occurred since 1947. (In 1974, it declined 3.0 percent.) Output and hours growth slowed in 1979, but the reduction in output gains--from 5.2 percent in 1978 to 2.3 percent in 1979--was more dramatic than the decline in hours--from 4.7 percent to 3.3 percent.

Hourly compensation gains increased over last year, posting a 9.3 percent rise in 1979. This was the largest annual gain since 1975. A year earlier, the increase was 8.5 percent. The combination of faster gains in hourly compensation and a decline in productivity resulted in a 10.4 percent increase in unit labor cost, the first double-digit increase in this measure since the 12.5 percent rise of 1974.

Real hourly compensation declined 1.7 percent as the rise in the CPI-U overbalanced the gain in hourly compensation for the first time since 1974, when real hourly compensation also declined 1.7 percent.

Employment continued to grow in 1979, posting a 3.7 percent rise, compared with a 5.0 percent increase in 1978.

In the nonfarm business sector, productivity declined 1.2 percent during 1979, compared with a 0.5 percent increase a year earlier. This was also the first decline since the 3.1 percent drop recorded in 1974. Output increased 2.3 percent and hours of all persons 3.6 percent. A year ago both gains were larger: 5.4 percent and 4.8 percent, respectively.

Hourly compensation increased 8.9 percent, the largest increase since the 9.9 percent gain of 1975. Unit labor cost increased 10.2 percent, compared to an 8.0 percent gain a year earlier. This was the largest gain in unit labor cost since the 12.7 percent jump in 1974. Real hourly compensation declined 2.1 percent, the first drop since 1974.

In manufacturing, productivity increased 1.8 percent for the year. A year before, it edged up 0.6 percent. The 1979 gain reflected a 4.0 percent increase in output and a 2.2 percent increase in hours of all persons. Although hourly compensation gains were similar to those of the more comprehensive business sectors, unit labor cost grew more slowly in manufacturing, owing to the productivity gains in this sector. Hourly compensation increased 9.1 percent, and unit labor cost went up 7.2 percent. After allowing for the increase in the CPI-U, real hourly compensation declined 1.9 percent, the first drop since 1974.

Nonfinancial corporations

The Bureau of Labor Statistics also reported revised third-quarter measures of productivity and costs for the nonfinancial corporate sector. Including all corporations doing business in the United States with the exception of banks, stock and commodity brokers, and finance and credit agencies, this sector showed a 0.2 productivity decline in the third quarter of 1979, as output increased 0.6 percent and hours of all employees gained 0.9 percent. Previously, these changes had been reported as 0.7 percent, 1.6 percent and 0.9 percent, respectively, based on preliminary data. See table 3.

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	COMPENSATION PER HOUR(1)	REAL COMPENSATION PER HOUR(2)	UNIT LABOR COST	UNIT NON-LABOR PAYMENTS(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	117.8R	143.8R	122.0	255.6	115.8	217.0R	185.6R	206.1R
	IV	117.3P	144.4P	123.1P	260.0P	114.2P	221.5P	188.2P	210.0P
	ANNUAL	118.1P	144.0P	122.0P	252.8P	116.3P	214.1P	184.4P	203.8P

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	-1.3R	1.1R	2.4R	8.8	-3.6	10.3R	4.1R	8.3R
	IV	-1.6P	1.8P	3.5P	6.9P	-5.6P	8.7P	5.9P	7.8P
	ANNUAL	-0.9P	2.3P	3.3P	9.3P	-1.7P	10.4P	5.8P	8.9P

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	-1.6R	1.4R	3.0	9.4	-2.0	11.2R	4.8	9.1R
	IV	-2.0P	0.3P	2.4P	9.0P	-3.2P	11.3P	3.9P	8.9P
	ANNUAL	-0.9P	2.3P	3.3P	9.3P	-1.7P	10.4P	5.8P	8.9P

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

JANUARY 28, 1980
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 -----									
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	115.0R	144.6R	125.7	249.9R	113.2	217.3R	180.5R	204.7R
	IV	114.9P	145.2P	126.4P	255.2P	112.1P	222.2P	183.3P	208.9P
	ANNUAL	115.5P	144.8P	125.4P	247.6P	113.9P	214.4P	178.8P	202.2P
----- 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	-1.4R	1.2R	2.6	8.5	-3.9	10.1R	6.6R	9.0R
	IV	-0.4P	1.7P	2.1P	8.9P	-3.8P	9.3P	6.4P	8.4P
	ANNUAL	-1.2P	2.3P	3.6P	8.9P	-2.1P	10.2P	5.2P	8.7P
----- 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	-2.0R	1.3R	3.4	8.9	-2.5	11.1R	4.3	9.0R
	IV	-2.3P	0.1P	2.4P	8.9P	-3.3P	11.5P	4.1P	9.1P
	ANNUAL	-1.2P	2.3P	3.6P	8.9P	-2.1P	10.2P	5.2P	8.7P

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

JANUARY 28, 1980
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	196.3
	III	117.2R	154.3R	131.7	247.1	112.0R	210.8R	220.5R	213.2R	127.5R	200.4R

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	-0.2R	0.6R	0.9	8.6R	-3.8R	8.8R	14.6R	10.2R	-5.3R	8.6R

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	-1.0R	1.9R	3.0	8.9	-2.5	10.1R	9.4R	9.9R	-3.9R	8.4R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

JANUARY 28, 1980

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	131.1R	139.9R	106.7	253.0R	114.6	193.0R
	IV	130.6P	139.5P	106.9P	258.0P	113.3P	197.6P
	ANNUAL	130.2P	139.8P	107.4P	250.5P	115.2P	192.4P
----- 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	3.5R	0.4R	-2.9	8.1	-4.3R	4.4R
	IV	-1.5P	-1.0P	0.5P	8.2P	-4.5P	9.8P
	ANNUAL	1.8P	4.0P	2.2P	9.1P	-1.9P	7.2P
----- 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	1.5R	3.0R	1.5	9.4	-2.1	7.8
	IV	0.6P	0.7P	0.1P	9.1P	-3.2P	8.5P
	ANNUAL	1.8P	4.0P	2.2P	9.1P	-1.9P	7.2P

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

JANUARY 28, 1980
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 CUST	
----- INDEXES 1967=100							
1978	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
1979	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	122.7R	134.6	109.7	254.3	115.2	207.3R
	IV	122.2P	134.0P	109.7P	258.9P	113.7P	211.9P
	ANNUAL	122.4P	135.0P	110.3P	251.7P	115.8P	205.6P
----- PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	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
1979	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	-0.1R	-2.3	-2.2	8.0	-4.4	8.0R
	IV	-1.6P	-1.8P	-0.2P	7.5P	-5.1P	9.2P
	ANNUAL	0.9P	4.2P	3.2P	9.0P	-2.0P	8.0P
----- PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	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	0.2R	2.5	2.3	9.4	-2.1	9.2
	IV	-0.5P	-0.4P	0.2P	8.8P	-3.4P	9.4P
	ANNUAL	0.9P	4.2P	3.2P	9.0P	-2.0P	8.0P

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

JANUARY 28, 1980
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	145.2R	148.5R	102.3	248.9	112.7R	171.4R
	IV	144.6P	148.6P	102.7P	254.8P	111.9P	176.1P
	ANNUAL	143.5P	147.6P	103.0P	246.5P	113.4P	172.0P
----- 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	9.0R	4.6R	-4.1	8.1	-4.3	-0.9R
	IV	-1.5P	0.2P	1.6P	9.8P	-3.0P	11.4P
	ANNUAL	3.1P	3.7P	0.6P	9.0P	-2.0P	5.7P
----- 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	3.5R	3.7R	0.2	9.1	-2.3	5.4R
	IV	2.3P	2.4P	0.1P	9.6P	-2.7P	7.2P
	ANNUAL	3.1P	3.7P	0.6P	9.0P	-2.0P	5.7P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

JANUARY 28, 1980

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)

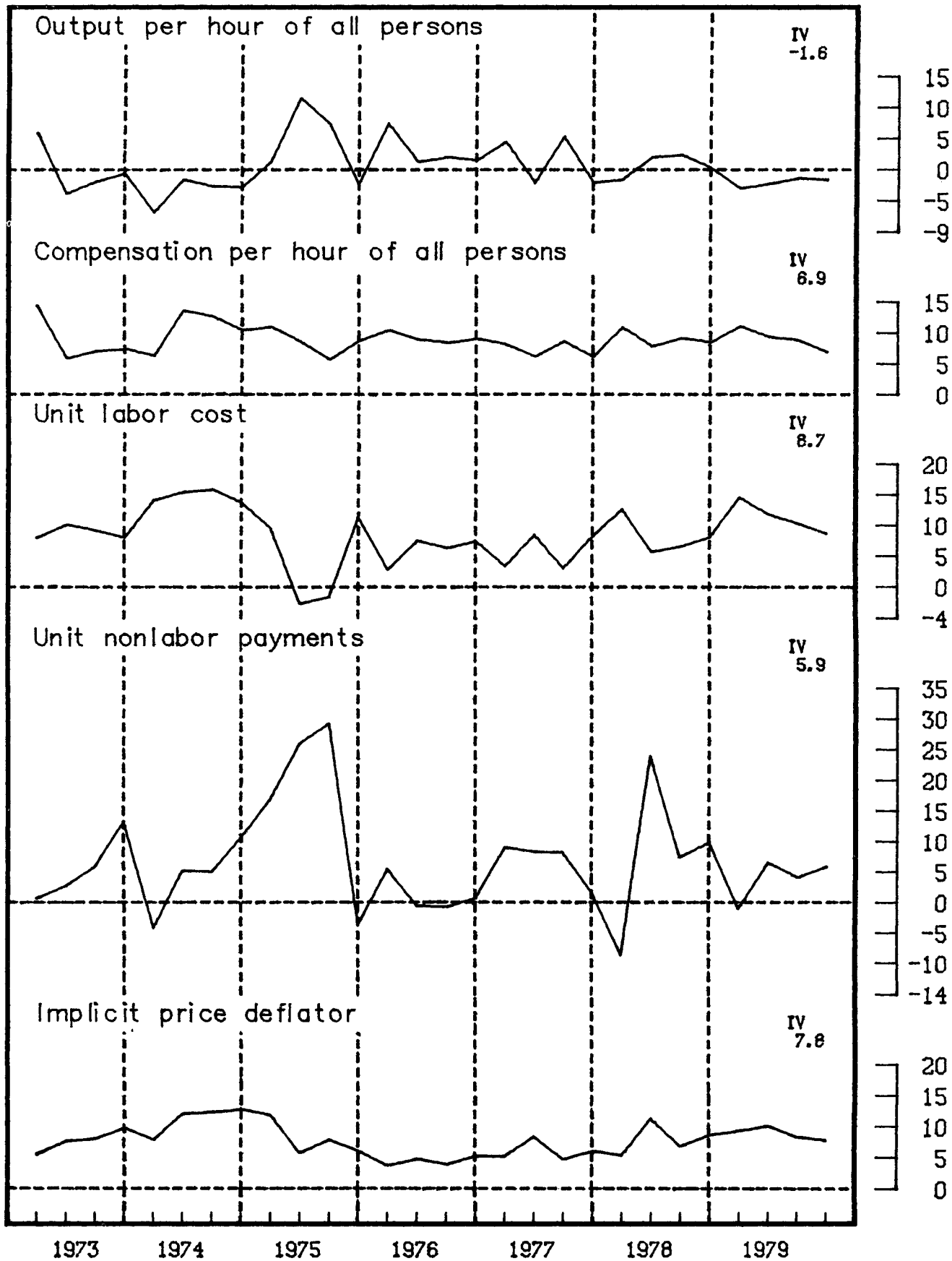


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

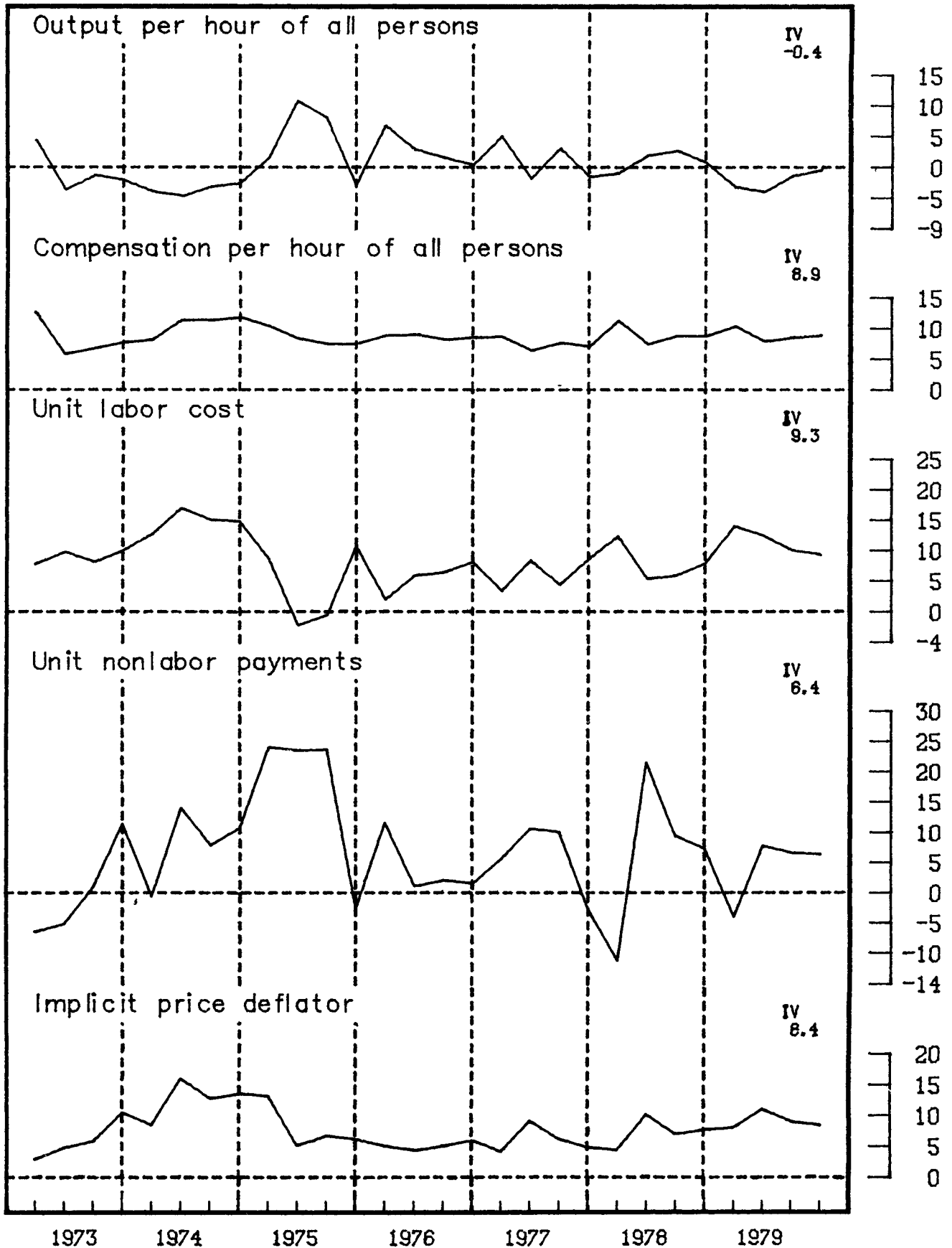


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

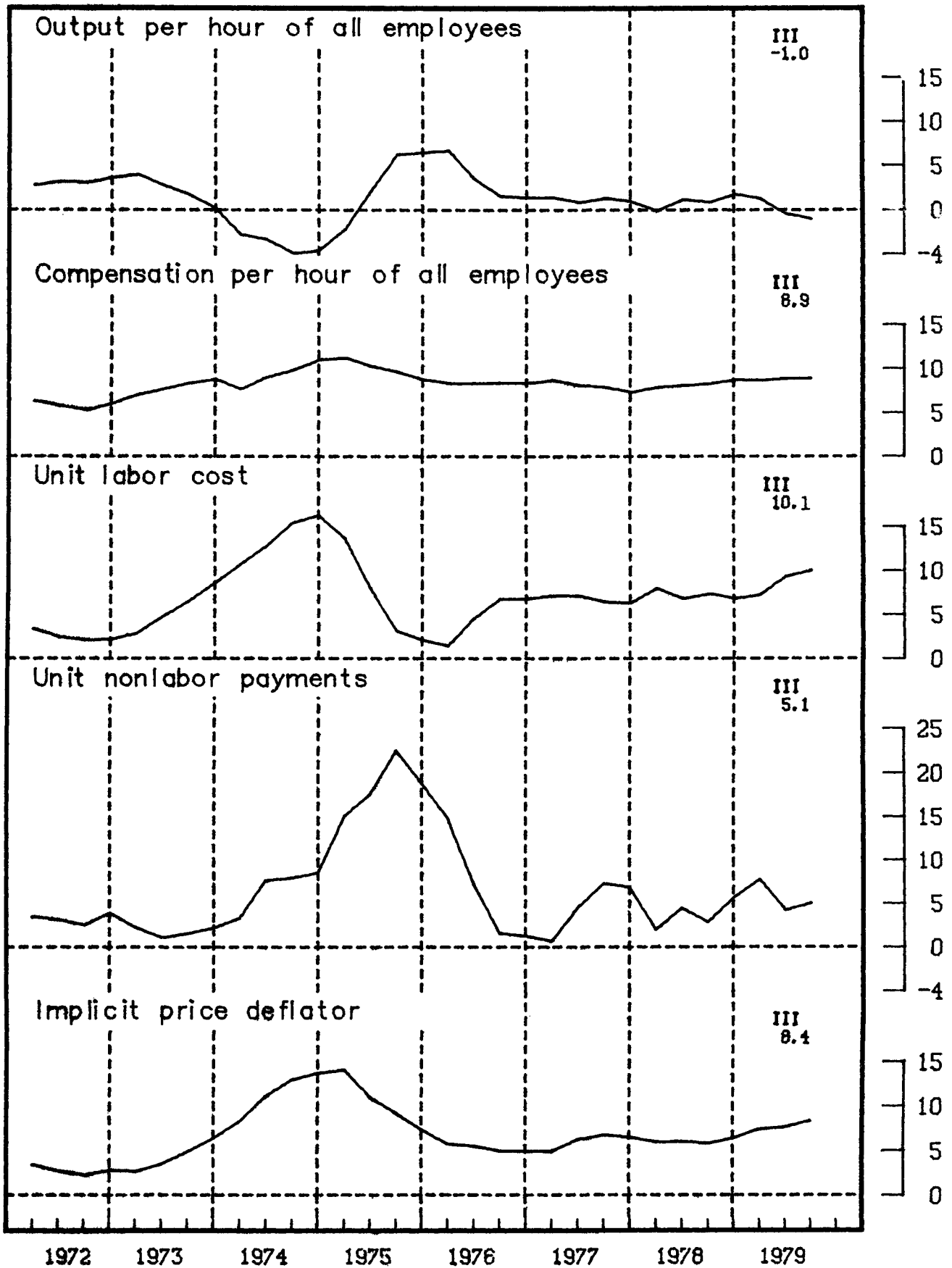


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

