



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

USDL 80-343  
For Release 10:00 AM EDT  
Wednesday, May 28, 1980

## PRODUCTIVITY AND COSTS

### Nonfinancial Corporate Sector First Quarter 1980

Productivity in nonfinancial corporations declined 0.7 percent in the first quarter of 1980 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The decline reflected a 0.6 percent increase in output and a 1.3 percent increase in hours of all employees. In the fourth quarter of 1979, productivity declined 0.5 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.

This quarter was the fifth consecutive one to show a decline in productivity in these corporations. The only longer period of declining productivity in this series (which starts in 1958) was a 7-quarter decline in 1973-1974. During that decline however, after 5 consecutive quarters the cumulative falloff was 3.6 percent, more than twice the present cumulative falloff of only 1.6 percent.

Revised first quarter measures were also reported today for the private business, nonfarm business, and manufacturing sectors. The latest measures show productivity declined 0.7 percent in the private business sector, 1.4 percent in the nonfarm business sector, and 2.3 percent in manufacturing. Preliminary measures released April 25 showed changes of 0.6 percent, -0.2 percent, and -1.9 percent, respectively.

Table A. Productivity and costs: percent change at annual rate  
(Seasonally adjusted)

Sector	Productivity <sup>1/</sup>	Hourly compensation	Unit labor costs	Real hourly compensation	Output	Hours
<u>PRELIMINARY</u>						
Fourth Quarter 1979 to First Quarter 1980						
Nonfinancial corporations	-0.7	10.4	11.1	-5.6	0.6	1.3
<u>REVISED</u>						
Private business	-0.7	11.2	12.0	-4.9	0.0	0.8
Nonfarm business	-1.4	10.2	11.8	-5.8	0.2	1.6
Manufacturing	-2.3	9.8	12.4	-6.1	-0.9	1.5
Durable	-4.2	11.6	16.5	-4.5	-2.7	1.5
Nondurable	0.6	6.5	5.8	-9.0	1.9	1.3
<u>PRELIMINARY</u>						
First Quarter 1979 to First Quarter 1980						
Nonfinancial corporations	-1.1	8.8	10.0	-4.7	0.1	1.2
<u>REVISED</u>						
Private business	-1.2	9.2	10.5	-4.4	0.2	1.4
Nonfarm business	-1.5	9.0	10.7	-4.5	0.1	1.6
Manufacturing	0.1	9.0	8.9	-4.5	-1.1	-1.3
Durable	-1.3	9.2	10.6	-4.3	-2.9	-1.6
Nondurable	2.2	8.8	6.5	-4.7	1.5	-0.7

<sup>1/</sup> 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.

A summary of first-quarter measures appears in table A; details are given in tables 1-6.

#### Compensation and costs

Hourly compensation, which includes wages, salaries, employer contributions to employee benefit plans, and employment taxes, increased 10.4 percent in the first quarter of 1980, compared with an 8.3 percent increase in the fourth quarter of 1979. This was the largest quarterly gain since the first quarter of 1979, when hourly compensation rose 11.0 percent (annual rates). In both cases, the increases partly reflected changes in mandated payments (social security and minimum wages) which take effect at the beginning of the year.

Real hourly compensation—which takes account of changes in the Consumer Price Index for All Urban Consumers (CPI-U)—dropped 5.6 percent in the first quarter of 1980, compared with a 4.6 percent drop in the fourth quarter of 1979. This was the eighth consecutive quarter of declining real hourly compensation in this sector (which includes about 55 million workers) and the longest period of decline in this series, which begins with 1958. Real hourly compensation now stands at the same level as in the third quarter of 1972.

Unit labor costs—compensation per unit of output—is influenced by changes in productivity and hourly compensation. In the first quarter of 1980, unit labor costs rose 11.1 percent, compared with an 8.9 percent increase in the fourth quarter of 1979.

Unit profits declined 16.3 percent (annual rate) in the first quarter, compared with a 10.4 percent decline in the fourth quarter of 1979. This marked the fifth consecutive quarter of declining unit profits, and the cumulative decline over the period was 14.6 percent.

The implicit price deflator, which reflects changes in unit labor costs, unit nonlabor payments, and unit profits, increased 9.8 percent in the first quarter, compared with a 7.3-percent gain in the fourth quarter of 1979. The implicit price deflator—and its components—are shown in table B from 1975 forward.

Compared with the first quarter of 1979, productivity declined 1.1 percent, as output rose 0.1 percent while hours increased 1.2 percent; hourly compensation increased 8.8 percent, and unit labor costs rose 10.0 percent. Real hourly compensation dropped 4.7 percent and unit profits are off 9.0 percent. The implicit price deflator increased 9.0 percent.

#### Revised measures

Revised first-quarter productivity and cost measures for the the private business, nonfarm business, and manufacturing sectors were also reported today. The revised series incorporate the most recent measures of output and hours for these sectors, and show the effects of downward revisions in output and upward revisions in the rate of growth of hours. In the private business sector for example, the previously reported increase of 0.6 percent in the first quarter has been revised to a decline of 0.7 percent. In manufacturing, new output estimates from the Bureau of Economic Analysis of the U.S. Department of Commerce for 1979 are introduced, resulting in the revisions noted in tables 4-6. Increases in hourly compensation and unit labor costs were both revised upward. Table C compares the preliminary and revised measures.

**Table B.**  
**Indexes of Prices, Costs and Profits**  
**Nonfinancial Corporations**  
**(1967=100)**

Measure	1975	1976	1977	1978	1979	1978		1979				1980
						III	IV	I	II	III	IV	I
Implicit price deflator	154.9	163.0	173.0	183.5	198.1	184.9	188.2	191.6	196.3	200.4	204.0	208.8
Total unit cost	165.9	171.9	181.8	193.3	210.4	194.0	196.8	202.3	208.0	213.2	218.0	224.6
Unit labor cost	158.6	166.4	177.7	190.6	208.4	191.5	194.8	201.0	206.4	210.8	215.3	221.1
Unit nonlabor cost	188.5	188.7	194.3	201.8	216.6	201.6	203.1	206.5	213.2	220.5	226.1	235.4
Unit profits	91.8	112.1	122.7	127.2	127.8	132.7	138.7	130.3	129.2	127.5	124.0	118.6

-5-

**Table C.**  
**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	
	Prel.	Rev.	Prel.	Rev.	Prel.	Rev.
Output per hour of all persons	0.6	-0.7	-0.2	-1.4	-1.9	-2.3
Compensation per hour	10.7	11.2	9.7	10.2	9.8	9.8
Unit labor costs	10.0	12.0	9.9	11.8	11.9	12.4
Real compensation per hour	-5.3	-4.9	-6.2	-5.8	-6.1	-6.1
Output	1.1	0.0	1.1	0.2	-1.1	-0.9
Hours	0.5	0.8	1.3	1.6	0.8	1.5

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(4)
INDEXES 1967=100								
1979 I	119.0	144.4	121.4	245.1	118.0	205.9	180.8	197.2
II	118.4	143.4	121.2	250.6	117.1	211.7	183.6	202.0
III	118.0	143.8	121.9	256.0	115.9	217.0	185.5	206.1
IV	117.9	144.8	122.8	260.6	114.3	221.1	188.2	209.7
ANNUAL	118.3	144.1	121.8	253.2	116.4	214.0	184.4	203.8
1980 I	117.6R	144.8R	123.1R	267.6R	112.9R	227.5R	189.8R	214.5R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)								
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	-3.1	11.8	6.6	10.1
III	-1.4	1.1	2.5	8.8	-4.0	10.3	4.2	8.3
IV	-0.3	2.8	3.2	7.4	-5.4	7.8	6.0R	7.2
ANNUAL	-0.9	2.4	3.3	9.3	-1.7	10.3	5.8	8.9
1980 I	-0.7R	0.0R	0.8R	11.2R	-4.9R	12.0R	3.4R	9.3R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)								
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	-1.6	1.4	3.0	9.4	-2.0	11.2	4.8	9.1
IV	-1.7	0.5	2.3	9.2	-3.2	11.1	3.9	8.7
ANNUAL	-0.9	2.4	3.3	9.3	-1.7	10.3	5.8	8.9
1980 I	-1.2R	0.2R	1.4R	9.2R	-4.4R	10.5R	5.0R	8.7R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 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	COMPENSA- TION PER HOUR(1)	REAL COMPENSA- TION PER HOUR(2)	UNIT LABOR COST	UNIT NON- LABOR PAY- MENTS(3)	IMPLICIT PRICE DEFLATOR(4)
INDEXES 1967=100									
1979	I	116.8	145.5	124.6	240.5	115.8	206.0	174.3	195.1
	II	115.5	144.2	124.8	245.1	114.6	212.2	177.6	200.3
	III	115.1	144.6	125.6	250.2	113.3	217.3	180.4	204.7
	IV	115.4	145.5	126.1	255.9	112.3	221.8	182.5	208.4
	ANNUAL	115.7	144.9	125.3	248.0	114.1	214.4	178.6	202.1
1980	I	114.9R	145.6R	126.6R	262.2R	110.6R	228.1R	185.5R	213.5R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1979	I	-3.2	1.2	4.6	10.4	-0.7	14.0	-3.9	8.1
	II	-4.1	-3.6	0.5	7.9	-4.4	12.5	7.8	11.0
	III	-1.4	1.2	2.6	8.5	-4.5	10.1	6.6	9.0
	IV	0.7	2.5	1.8	9.4	-3.7R	8.6	4.6	7.4
	ANNUAL	-1.1	2.4	3.5	8.9R	-2.1	10.2	5.1	8.6
1980	I	-1.4R	0.2R	1.6R	10.2R	-5.8R	11.8R	6.8R	10.3R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1979	I	0.5	5.9	5.4	8.9	-0.9	8.3	8.2	8.3
	II	-1.0	2.2	3.2	9.0	-1.5	10.1	5.0	8.5
	III	-2.0	1.3	3.4	8.9	-2.5	11.1	4.3	9.0
	IV	-2.0	0.3	2.4	9.0	-3.3	11.3	3.7	8.9
	ANNUAL	-1.1	2.4	3.5	8.9R	-2.1	10.2	5.1	8.6
1980	I	-1.5R	0.1R	1.6	9.0R	-4.5R	10.7R	6.5R	9.4R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 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 (4)
INDEXES 1967=100											
1979	I	118.4	155.1	131.1	237.9	114.6	201.0	206.5	202.3	130.3	191.6
	II	117.5	154.1	131.1	242.5	113.3	206.4	213.2	208.0	129.2	196.3
	III	117.4	154.3	131.4	247.6	112.1	210.8	220.5	213.2	127.5	200.4
	IV	117.3	155.1	132.2	252.6	110.8	215.3	226.1	218.0	124.0	204.0
	ANNUAL	117.7	154.7	131.4	245.2	112.8	208.4	216.6	210.4	127.8	198.1
1980	I	117.1P	155.3P	132.6P	258.9P	109.2P	221.1P	235.4P	224.6P	118.6P	208.8P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1979	I	-2.1	2.5	4.6	11.0	-0.1	13.4	6.8	11.7	-22.1	7.6
	II	-2.9	-2.6	0.3	8.0	-4.3	11.2	13.5	11.8	-3.4	10.2
	III	-0.2	0.6	0.9	8.6	-4.3	8.8	14.6	10.2	-5.3	8.6
	IV	-0.5	1.9	2.4	8.3	-4.6	8.9	10.6	9.3	-10.4	7.3
	ANNUAL	-0.4	3.1	3.5	8.9	-2.1	9.3	7.3	8.8	0.4	7.9
1980	I	-0.7P	0.6P	1.3P	10.4P	-5.6P	11.1P	17.3P	12.7P	-16.3P	9.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1979	I	1.3	7.2	5.8	8.7	-1.1	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	-1.0	1.9	3.0	8.9	-2.5	10.1	9.4	9.9	-3.9	8.4
	IV	-1.4	0.6	2.0	9.0	-3.3	10.6	11.3	10.8	-10.6	8.4
	ANNUAL	-0.4	3.1	3.5	8.9	-2.1	9.3	7.3	8.8	0.4	7.9
1980	I	-1.1P	0.1P	1.2P	8.8P	-4.7P	10.0P	14.0P	11.0P	-9.0P	9.0P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 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							
1979	I	128.7R	139.3R	108.2	243.2	117.1	189.0R
	II	129.2R	138.6R	107.2	248.9	116.3	192.6R
	III	130.1R	138.5R	106.4	253.7	114.9	195.0R
	IV	129.6R	138.0R	106.5	259.0	113.6	199.8R
	ANNUAL	129.5R	138.6R	107.0	251.3	115.6	194.1R
1980	I	128.9R	137.7R	106.8R	265.1	111.8	205.8R
-----							
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-3.6R	3.2R	7.1	10.4	-0.7	14.5R
	II	1.8R	-2.0R	-3.7	9.8	-2.7	7.9R
	III	2.7R	-0.3R	-2.9	8.0	-4.8	5.2R
	IV	-1.5R	-1.4R	0.1	8.6	-4.4	10.5R
	ANNUAL	0.9R	3.1R	2.2	9.2	-1.9	8.2R
1980	I	-2.3R	-0.9R	1.5R	9.8	-6.1	12.4R
-----							
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.9R	6.9R	4.9	8.6	-1.1	6.6R
	II	1.2R	3.8R	2.6	9.5	-1.1	8.2R
	III	0.4R	1.9R	1.5	9.3	-2.1	8.9R
	IV	-0.2R	-0.1R	0.1	9.2	-3.2	9.4R
	ANNUAL	0.9R	3.1R	2.2	9.2	-1.9	8.2R
1980	I	0.1R	-1.1R	-1.3R	9.0	-4.5	8.9R
-----							

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 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 COST
-----							
INDEXES 1967=100							
1979	I	121.5R	135.4R	111.4	244.7	117.8	201.3R
	II	122.0R	134.2R	110.0	250.3	117.0	205.1R
	III	121.8R	133.2R	109.4	255.1	115.5	209.5R
	IV	121.3R	132.4R	109.2	260.0	114.1	214.3R
	ANNUAL	121.7R	133.8R	109.9	252.6	116.2	207.5R
1980	I	120.0R	131.5R	109.6R	267.3R	112.7	222.7R
-----							
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-4.5R	3.9R	8.8	10.3	-0.8	15.4R
	II	1.7R	-3.6R	-5.2	9.6	-2.9	7.7R
	III	-0.9R	-3.0R	-2.1	7.9	-4.9	8.8R
	IV	-1.5R	-2.3R	-0.8	7.9	-5.0	9.6R
	ANNUAL	0.0R	3.2R	3.2	9.0	-2.0	9.0R
1980	I	-4.2R	-2.7R	1.5R	11.6	-4.5R	16.5R
-----							
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.7R	8.7R	6.9	8.6	-1.1	6.8R
	II	0.4R	4.4R	4.0	9.4	-1.1	9.0R
	III	-0.9R	1.4R	2.4	9.3	-2.1	10.3R
	IV	-1.3R	-1.3R	0.1	8.9	-3.4	10.4R
	ANNUAL	0.0R	3.2R	3.2	9.0	-2.0	9.0R
1980	I	-1.3R	-2.9R	-1.6R	9.2	-4.3	10.6R
-----							

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 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							
1979	I	140.7R	145.5R	103.4	238.6	114.9	169.6R
	II	141.3R	145.7R	103.1	244.7	114.4	173.2R
	III	144.1R	147.1R	102.0	249.5	113.0	173.1R
	IV	143.5R	147.0R	102.4	255.6	112.1	178.1R
	ANNUAL	142.4R	146.3R	102.7	247.2	113.7	173.5R
1980	I	143.7R	147.7R	102.7	259.6R	109.5	180.6R
-----							
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-2.2R	2.1R	4.4	10.0	-1.1	12.5R
	II	1.7R	0.5R	-1.2	10.7	-1.9	8.8R
	III	8.3R	3.9R	-4.1	8.1	-4.7	-0.2R
	IV	-1.6R	-0.2R	1.5	10.1	-3.0	11.9R
	ANNUAL	2.2R	2.8R	0.6	9.1	-2.0	6.7R
1980	I	0.6R	1.9R	1.3	6.5R	-9.0R	5.8R
-----							
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	2.3R	4.3R	1.9	8.2	-1.5	5.7R
	II	2.4R	2.8R	0.4	9.2	-1.3	6.7R
	III	2.5R	2.7R	0.2	9.1	-2.3	6.4R
	IV	1.5R	1.6R	0.1	9.7	-2.7	8.1R
	ANNUAL	2.2R	2.8R	0.6	9.1	-2.0	6.7R
1980	I	2.2R	1.5R	-0.7	8.8	-4.7	6.5R
-----							

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

MAY 28, 1980

SOURCE: BUREAU OF LABOR STATISTICS

FOOTNOTES, TABLES 1-6

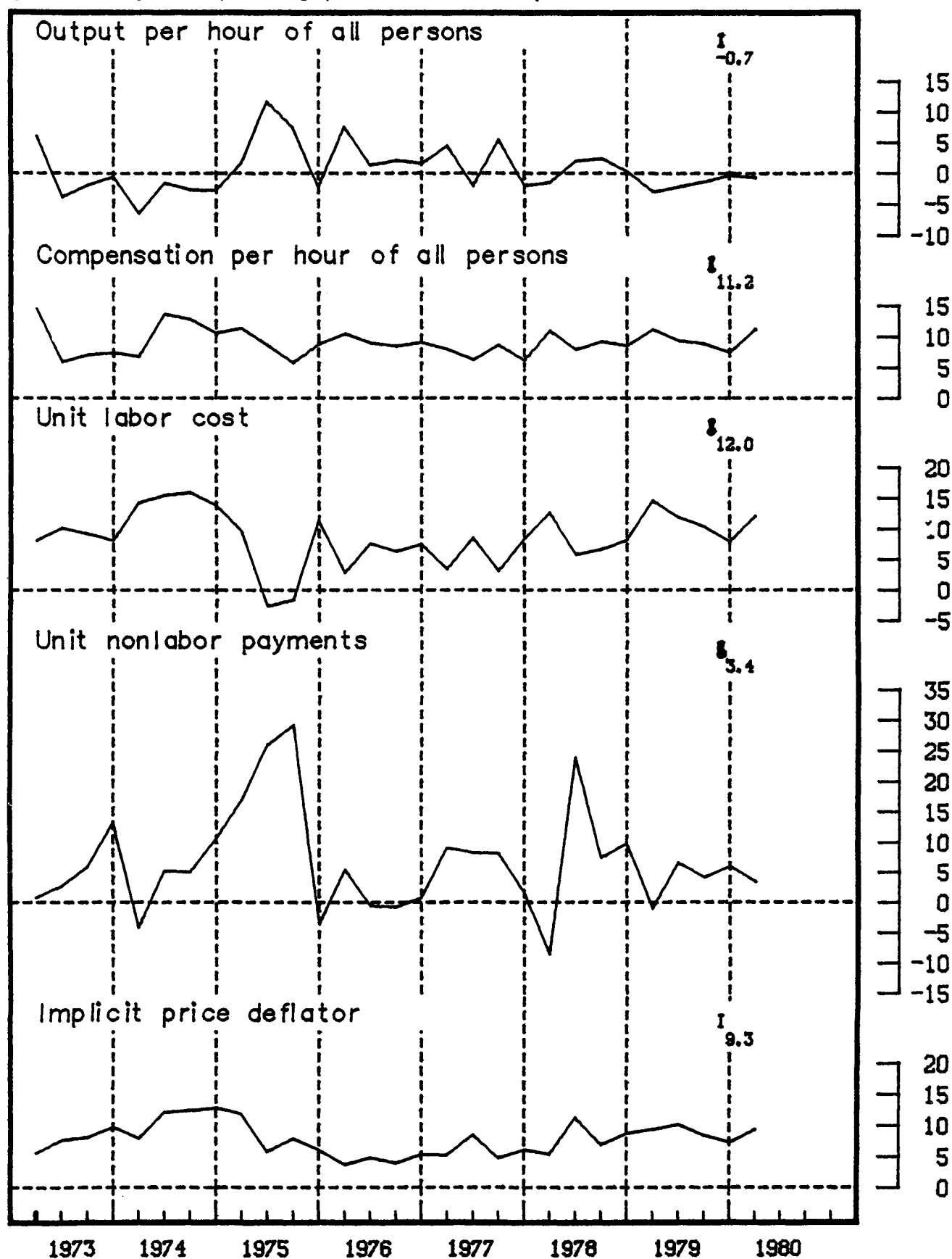
SOURCE: OUTPUT DATA FROM BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE, AND THE FEDERAL RESERVE BOARD. COMPENSATION AND HOURS DATA FROM THE BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, AND THE BUREAU OF ECONOMIC ANALYSIS.

- (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. \*  
 \*\*\*\*\*

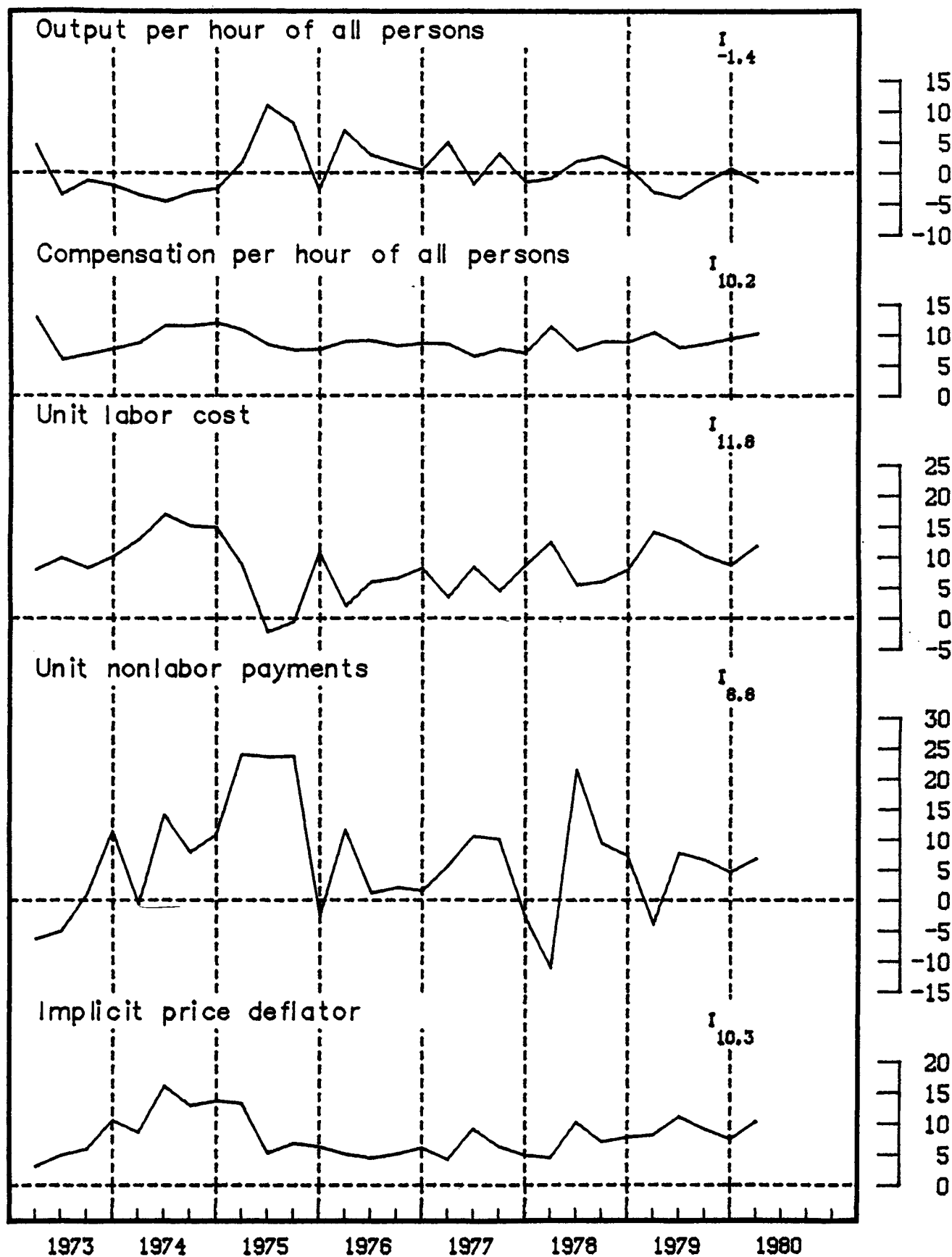
# Chart 1. Productivity, hourly compensation, unit costs and prices in the private business sector

(percent change from preceding quarter at annual rate)



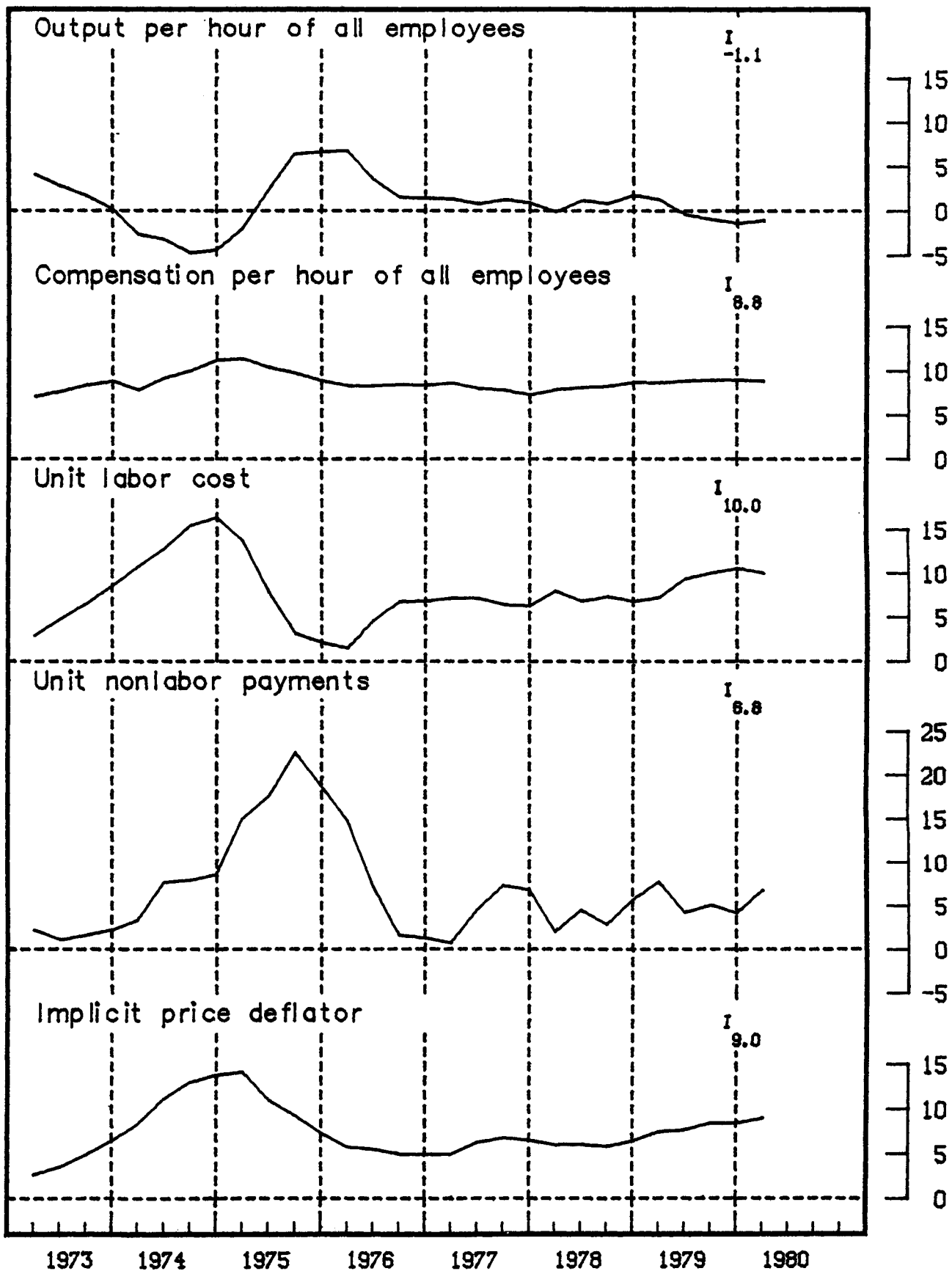
**Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector**

(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)

