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PRODUCTIVITY AND COSTS

Private Business, Nonfarm Business, and Manufacturing Sectors,
Second Quarter 1980

Productivity in the private business sector declined 3.1 percent in the second quarter of 1980 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. This was the sixth consecutive quarter of declining output per hour of all persons in this sector. The second-quarter 1980 drop reflected a 12.5 percent decline in output coupled with a 9.7 percent fall in hours. The decline in output was the largest quarterly drop recorded in this series, which begins with data for 1947. The decline in hours was the largest since the first quarter of 1975, when a 12.3 percent decline occurred. In the first quarter, productivity declined 0.3 percent, as output and hours rose 0.2 percent and 0.5 percent, respectively.

The productivity and cost measures for the private business, nonfarm business, manufacturing, and nonfinancial corporate sectors contained in this press release are based on the latest measures of employment compiled by the Bureau of Labor Statistics and are consistent with the March 1979 benchmark released July 3, 1980. Small changes in quarterly levels of hours and related measures have resulted from the incorporation of this new information and are reflected in tables 1-6 of this press release. Data prior to 1977 were not affected.

In the nonfarm business sector, productivity declined 4.1 percent in the second quarter, as output dropped 12.8 percent and hours of all persons decreased 9.1 percent (annual rates). This was the second consecutive quarterly decline in productivity and the largest since the 4.7-percent decline in the second quarter of 1974. This was the largest output decline in the series, which begins in 1947, and the decline in hours was the largest since the 12.6 percent drop in the first quarter of 1975. During the first 3 months of 1980, productivity decreased 1.1 percent in the nonfarm business sector, as output increased 0.2 percent and hours increased 1.3 percent.

In manufacturing, productivity declined 3.2 percent as output declined 20.8 percent and hours fell 18.2 percent (annual rates). This was the third consecutive quarterly decline in manufacturing and the largest since the 3.8 percent decline in the first quarter of 1979. The output and hours declines were the largest since the first quarter of 1975, when there were drops of 27.3 percent and 24.3 percent, respectively. One quarter earlier, productivity declined 2.2 percent, as output edged down 0.9 percent and hours increased 1.3 percent.

A summary of second-quarter changes, as well as revised first-quarter productivity and cost measures for nonfinancial corporations also reported today, appears in table A; details appear in tables 1-6.

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

Sector	Productivity ^{1/}	Hourly compensation	Unit labor costs	Real hourly compensation	Output	Hours
<u>PRELIMINARY</u>						
First quarter 1980 to second quarter 1980						
Private business	-3.1	12.0	15.5	-1.5	-12.5	-9.7
Nonfarm business	-4.1	10.8	15.6	-2.6	-12.8	-9.1
Manufacturing	-3.2	14.7	18.5	0.9	-20.8	-18.2
Durable	-1.4	15.7	17.3	1.7	-24.4	-23.3
Nondurable	-6.4	15.2	23.1	1.3	-15.3	-9.5
Fourth quarter 1979 to first quarter 1980						
<u>REVISED</u>						
Nonfinancial corporations	-0.1	11.0	11.1	-5.1	0.8	0.9
<u>PRELIMINARY</u>						
Second quarter 1979 to second quarter 1980						
Private business	-1.3	10.0	11.4	-3.9	-2.3	-1.0
Nonfarm business	-1.5	9.8	11.5	-4.0	-2.4	-0.9
Manufacturing	-1.1	10.4	11.6	-3.5	-6.3	-5.2
Durable	-2.0	10.9	13.2	-3.0	-8.6	-6.8
Nondurable	0.1	10.0	9.8	-3.9	-2.7	-2.8
First quarter 1979 to first quarter 1980						
<u>REVISED</u>						
Nonfinancial corporations	-0.9	9.0	10.0	-4.5	0.2	1.0

^{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 3.1 percent in the second quarter, reflecting large declines in both output and hours. The 12.5 percent falloff in output followed a 0.2 percent gain during the first quarter. Hours of all persons also declined steeply; the 9.7-percent second quarter decline followed a 0.5 percent increase during the first quarter.

The decline in hours reflected a 5.6-percent drop in sector employment, the first fall since the second quarter of 1975 and the largest decline since the 9.8 percent drop during the first quarter of 1975. Average weekly hours declined 4.3 percent during the second quarter of 1980.

Hourly compensation--which includes wages and salaries, supplements, and employer payments for social security and other employee-benefit plans--increased 12.0 percent in the second quarter, compared with an 11.7 percent increase during the first quarter of 1980. This was the largest increase in hourly compensation since the third quarter of 1974, when a 12.7 percent increase occurred.

Real hourly compensation--which adjusts for increases in the Consumer Price Index for All Urban Consumers (CPI-U)--decreased 1.5 percent in the second quarter of 1980, marking the ninth consecutive quarter of decline. Real hourly compensation in the second quarter of 1980 stood lower than at any time since the third quarter of 1975.

Unit labor costs--which show the effect of changes in hourly compensation and productivity--increased 15.5 percent in the second quarter of 1980, the largest increase in these costs since the 15.9 percent increase in the third quarter of 1974.

The implicit price deflator--which measures price change in a sector and reflects changes in unit labor costs and unit nonlabor costs combined--increased 11.5 percent in the second quarter of 1980, compared with a 9.4 percent increase one quarter earlier. This was the largest rise in prices in the private business sector since the 11.8 percent increase of the first quarter of 1975.

Compared with the second quarter of 1979, productivity declined 1.3 percent as output dropped 2.3 percent and hours declined 1.0 percent. Hourly compensation increased 10.0 percent, and real hourly compensation fell 3.9 percent. Unit labor costs rose 11.4 percent, and the implicit price deflator went up 9.1 percent.

Nonfarm business sector

Productivity declined 4.1 percent in the nonfarm sector, reflecting drops of 12.8 percent in output and 9.1 percent in hours. During the first quarter, productivity declined 1.1 percent; hours increased 1.3 percent and output edged up 0.2 percent.

Hourly compensation increased 10.8 percent in the second quarter of 1980, but, after allowing for the increase in the CPI-U, real hourly compensation declined 2.6 percent. Unit labor costs increased 15.6 percent, the largest increase since the 16.9 percent rise in the second quarter of 1974. The implicit price deflator increased 13.0 percent, the largest increase since the 13.2 percent rise in the first quarter of 1975.

Employment declined at a 5.3 percent annual rate in the second quarter of 1980 in the nonfarm business sector, and average weekly hours declined 3.9 percent. This was the largest decline in employment since the first quarter of 1975, when a 9.9 percent drop occurred in this sector.

Compared with the second quarter of 1979, productivity declined 1.5 percent, output dropped 2.4 percent, and hours declined 0.9 percent. Hourly compensation rose 9.8 percent while real hourly compensation declined 4.0 percent. Unit labor costs increased 11.5 percent, and the implicit price deflator went up 10.0 percent.

Manufacturing

Productivity declined 3.2 percent in the second quarter of 1980 in manufacturing, reflecting a 20.8 percent decline in output and an 18.2 percent drop in hours (annual rates). Productivity has declined for 3 consecutive quarters in this sector, and output has dropped for 5 quarters. The declines in both output and hours were the largest since the first quarter of 1975.

Hourly compensation increased 14.7 percent in the second quarter, and unit labor costs rose 18.5 percent. Real hourly compensation increased 0.9 percent in manufacturing.

Employment declined 13.4 percent, and average weekly hours dropped 5.5 percent (annual rates). This was the largest decline in manufacturing employment since the 20.3-percent drop in the first quarter of 1975.

Compared with the same quarter a year ago, productivity is down 1.1 percent; output declined 6.3 percent and hours dropped 5.2 percent. Hourly compensation increased 10.4 percent, and unit labor costs have gone up 11.6 percent.

Productivity declined in both durables and nondurables in the second quarter; durables productivity dropped less in the second quarter than in the first owing partly to the falloff in hours in the second period. In the second quarter, hours declined at a 23.3 percent annual rate, while in the first quarter a 1.3 percent increase occurred. Output has declined for 5 quarters in durables.

In nondurables, productivity was off 6.4 percent in the second quarter of 1980, compared with a 0.7 percent increase in the first quarter. Output fell 15.3 percent, while hours declined 9.5 percent. In the first quarter, output and hours increased 2.0 percent and 1.2 percent, respectively.

Revised first-quarter measures for Nonfinancial Corporations

Revised first-quarter productivity and cost measures were also reported today for the nonfinancial corporate sector. Productivity declined 0.1 percent in the first quarter, as output increased 0.8 percent and employee-hours increased 0.9 percent. Hourly compensation increased 11.0 percent, and unit labor costs increased 11.1 percent. A comparison of these revised measures with the preliminary series published May 28 is presented in table B.

Table B.
Nonfinancial Corporations: Preliminary and Revised First Quarter
Measures of Productivity and Costs, Quarterly Change at Annual Rate

Seasonally Adjusted

Measure	Preliminary	Revised
Productivity	-0.7	-0.1
Output	0.6	0.8
Hours	1.3	0.9
Hourly compensation	10.4	11.0
Real hourly compensation	-5.6	-5.1
Unit labor costs	11.1	11.1
Unit profits	-16.3	-10.9
Implicit price deflator	9.8	9.9

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									
1979	I	118.9R	144.4	121.5R	244.8R	117.9R	205.9	180.8	197.2
	II	118.3R	143.4	121.3R	250.4R	117.0R	211.7	183.7R	202.0
	III	117.8R	143.8	122.0R	255.7R	115.8R	217.0	185.6R	206.1
	IV	117.7R	144.8	123.0R	260.3R	114.2R	221.1	188.3R	209.7
	ANNUAL	118.3	144.1	121.8	253.1R	116.4	214.0	184.4	203.8
1980	I	117.7R	144.8	123.1	267.6	112.9	227.5	190.0R	214.5
	II	116.7P	140.1P	120.0P	275.3P	112.5P	235.8P	191.3P	220.4P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)									
1979	I	-3.1R	1.2	4.5R	11.0R	-0.2R	14.6	-1.0	9.3
	II	-2.0R	-2.9	-0.9R	9.5R	-2.9R	11.8	6.5R	10.1
	III	-1.4	1.1	2.5	8.7R	-4.1R	10.3	4.2	8.3
	IV	-0.3	2.8	3.1R	7.5R	-5.4	7.8	5.9R	7.2
	ANNUAL	-0.8R	2.4	3.3	9.4R	-1.7	10.3	5.8	8.9
1980	I	-0.3R	0.2R	0.5R	11.7R	-4.5R	12.1R	3.6R	9.4R
	II	-3.1P	-12.5P	-9.7P	12.0P	-1.5P	15.5P	2.6P	11.5P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)									
1979	I	0.3R	5.5	5.3R	9.0R	-0.8R	8.7	9.7	9.0
	II	-0.7R	2.2	2.9R	9.4R	-1.1R	10.2	5.7R	8.7
	III	-1.6	1.4	3.0	9.4	-2.1R	11.2	4.8	9.1
	IV	-1.7	0.5	2.3	9.2	-3.2	11.1	3.9	8.7
	ANNUAL	-0.8R	2.4	3.3	9.4R	-1.7	10.3	5.8	8.9
1980	I	-1.0R	0.3R	1.3R	9.3R	-4.2R	10.5	5.1R	8.8R
	II	-1.3P	-2.3P	-1.0P	10.0P	-3.9P	11.4P	4.1P	9.1P

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

JULY 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 DEF-LATOR
INDEXES 1967=100								
1979	I	116.6R	145.5	124.8R	240.2R	115.7R	206.0	174.5
	II	115.4R	144.2	124.9R	244.9R	114.4R	212.1R	177.6
	III	115.0R	144.6	125.7R	249.9R	115.2R	217.3	180.5R
	IV	115.2R	145.5	126.2R	255.6R	112.1R	221.8	182.5
	ANNUAL	115.7	144.9	125.3	247.9R	114.0R	214.4	178.6
1980	I	114.9	145.6	126.7R	262.2	110.6	228.2R	185.9R
	II	115.7P	140.7P	125.7P	269.0P	109.9P	236.6P	189.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)								
1979	I	-5.5R	1.2	4.7R	10.2R	-0.9R	14.0	-3.9
	II	-3.9R	-5.6	0.4R	8.1R	-4.2R	12.5	7.7R
	III	-1.5R	1.2	2.7R	8.5	-4.4R	10.1	6.6
	IV	0.8R	2.5	1.7R	9.5R	-3.6R	8.6	4.6
	ANNUAL	-1.1	2.4	3.5	9.0R	-2.1	10.2	5.1
1980	I	-1.1R	0.2	1.3R	10.7R	-5.5R	12.0R	7.5R
	II	-4.1P	-12.8P	-9.1P	10.8P	-2.6P	15.6P	7.3P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)								
1979	I	0.4R	5.9	5.5R	8.7R	-1.0R	8.3	8.3
	II	-1.1R	2.2	3.3R	8.9R	-1.6R	10.1	5.0
	III	-2.0	1.5	3.4	8.9	-2.5	11.1	4.4
	IV	-2.0	0.3	2.4	9.1R	-3.3	11.3	5.7
	ANNUAL	-1.1	2.4	3.5	9.0R	-2.1	10.2	5.1
1980	I	-1.4R	0.1	1.5R	9.2R	-4.4R	10.8R	6.6R
	II	-1.5P	-2.4P	-0.9P	9.8P	-4.0P	11.5P	6.5P

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

JULY 28, 1980
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 5. 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											
1979	I	118.1R	155.1	131.4R	237.3R	114.3R	201.0	206.5	202.5	130.5	191.6
	II	117.3R	154.1	131.4R	242.1R	113.1R	206.4	213.2	208.0	129.2	196.3
	III	117.2R	154.5	131.7R	247.1R	111.9R	210.8	220.5	215.2	127.5	200.4
	IV	117.1R	155.1	132.4R	252.1R	110.6R	215.3	226.1	218.0	124.0	204.0
	ANNUAL	117.5R	154.7	131.6R	244.9R	112.7R	208.4	216.6	210.4	127.8	198.1
1980	I	117.1	155.4R	132.7R	258.8R	109.2	221.1	234.4R	224.5R	120.5R	208.9R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1979	I	-2.5R	2.5	4.9R	10.8R	-0.4R	13.4	6.8	11.7	-22.1	7.6
	II	-2.7R	-2.6	0.1R	8.3R	-4.1R	11.2	13.5	11.8	-3.4	10.2
	III	-0.5R	0.6	0.9	8.5R	-4.5	8.8	14.6	10.2	-5.3	8.6
	IV	-0.4R	1.9	2.3R	8.4R	-4.5R	8.9	10.6	9.3	-10.4	7.3
	ANNUAL	-0.4	5.1	3.5	8.9	-2.2R	9.3	7.3	8.8	0.4	7.9
1980	I	-0.1R	0.8R	0.9R	11.0R	-5.1R	11.1	15.4R	12.2R	-10.9R	9.9R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1979	I	1.0R	7.2	6.1R	8.4R	-1.3R	7.3	2.5	6.1	21.7	7.5
	II	-0.6R	2.9	3.6R	8.7R	-1.8R	9.4	6.2	8.6	0.0	7.7
	III	-1.1R	1.9	3.1R	8.9	-2.6R	10.1	9.4	9.9	-3.9	8.4
	IV	-1.4	0.6	2.0	9.0	-3.5	10.6	11.3	10.8	-10.6	8.4
	ANNUAL	-0.4	5.1	3.5	8.9	-2.2R	9.3	7.3	8.8	0.4	7.9
1980	I	-0.9R	0.2R	1.0R	9.0R	-4.5R	10.0	13.5R	10.9R	-7.6R	9.0

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

JULY 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	128.3R	139.3	108.6R	242.3R	116.7R	189.0
	II	128.8R	138.6	107.6R	248.0R	115.9R	192.6
	III	129.6R	138.5	106.9R	252.7R	114.4R	195.0
	IV	129.1R	138.0	106.9R	258.0R	113.2R	199.8
	ANNUAL	129.2R	138.6	107.3R	250.8R	115.3R	194.1
1980	I	128.4R	137.7	107.2R	264.6R	111.6R	206.0R
	II	127.4P	129.9P	102.0P	273.8P	111.9P	214.9P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE (5)							
1979	I	-3.8R	3.2	7.3R	10.1R	-0.9R	14.5
	II	1.7R	-2.0	-3.6R	9.6R	-2.8R	7.9
	III	2.5R	-0.3	-2.7R	7.8R	-4.9R	5.2
	IV	-1.4R	-1.4	-0.1R	8.8R	-4.2R	10.3
	ANNUAL	0.8R	3.1	2.2	9.1R	-2.0R	8.2
1980	I	-2.2R	-0.9	1.3R	10.5R	-5.5R	13.0R
	II	-5.2P	-20.8P	-18.2P	14.7P	0.9P	18.5P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR (6)							
1979	I	1.5R	6.9	5.3R	8.2R	-1.5R	6.6
	II	0.9R	5.8	2.9R	9.2R	-1.3R	8.2
	III	0.2R	1.9	1.7P	9.1R	-2.4R	8.9
	IV	-0.3R	-0.1	0.2R	9.1R	-3.3R	9.4
	ANNUAL	0.8R	3.1	2.2	9.1R	-2.0R	8.2
1980	I	0.1	-1.1	-1.3	9.2R	-4.4R	9.0R
	II	-1.1P	-6.3P	-5.2P	10.4P	-3.5P	11.6P

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

JULY 28, 1980
SOURCE: BUREAU OF LABOR STATISTICS

TABLE 5. DURABLE MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY
COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED(1)

YEAR AND QUARTER	OUTPUT PER HOOR OF ALL PERSONS	OUTPUT (1)	HOURS OF ALL PERSONS	COMPENSA- TION PER HOOR(1)	REAL COMPENSA- TION PER HOOR(2)	UNIT LABOR COST	
INDEXES 1967=100							
1979	I	120.9R	135.4	112.0R	243.4R	117.2R	201.3
	II	121.4R	134.2	110.6R	249.0R	116.3R	205.1
	III	121.1R	133.2	110.0R	253.6R	114.8R	209.5
	IV	120.6R	132.4	109.8R	258.5R	113.4R	214.3
	ANNUAL	121.3R	133.8	110.3R	251.8R	115.8R	207.5
1980	I	119.4R	131.5	110.1R	266.3R	112.3R	223.1R
	II	118.9P	122.6P	103.1P	276.2P	112.8P	232.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-4.9R	3.9	9.3R	9.4R	-1.3R	15.4
	II	1.7	-3.6	-5.2	4.6	-2.9	7.7
	III	-1.1R	-3.0	-1.9R	7.6R	-5.1R	8.8
	IV	-1.4R	-2.3	-0.9R	4.1R	-4.8R	9.6
	ANNUAL	-0.1R	3.2	3.3R	8.9R	-2.1R	9.0
1980	I	-4.1R	-2.8R	1.3R	12.6R	-3.7R	17.4R
	II	-1.4P	-24.4P	-23.3P	15.7P	1.7P	17.3P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.1R	8.7	7.5R	8.0R	-1.7R	6.8
	II	0.0R	4.4	4.4R	9.0R	-1.5R	9.0
	III	-1.2R	1.4	2.7R	9.0R	-2.5R	10.3
	IV	-1.4R	-1.3	0.2R	8.7R	-3.5R	10.3R
	ANNUAL	-0.1R	3.2	3.3R	8.9R	-2.1R	9.0
1980	I	-1.2R	-2.9	-1.7R	9.4R	-4.1R	10.8R
	II	-2.0P	-8.6P	-6.8P	10.9P	-3.0P	13.2P

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

JULY 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	140.7	145.5	103.4	238.6	114.9	169.6
	II	141.2R	145.7	103.2R	244.5R	114.3R	173.2
	III	144.0R	147.1	102.2R	249.3R	112.9R	175.1
	IV	143.4R	147.0	102.5R	255.4R	112.0R	178.1
	ANNUAL	142.4	146.3	102.7	247.2	113.7	173.5
1980	I	143.7	147.7	102.8R	259.6	109.5	180.6
	II	141.3P	141.7P	100.3P	268.9P	109.9P	190.3P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-2.0R	2.1	4.2R	10.2R	-0.9R	12.5
	II	1.4R	0.5	-0.9R	10.3R	-2.2R	8.8
	III	8.2R	3.9	-4.0R	7.9R	-4.8R	-0.2
	IV	-1.5R	-0.2	1.3R	10.3R	-2.9R	11.9
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	0.7R	2.0R	1.2R	6.7R	-8.8R	5.9R
	II	-6.4P	-15.3P	-9.5P	15.2P	1.3P	25.1P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	2.5	4.3	1.9	8.1R	-1.5	5.7
	II	2.5R	2.8	0.5R	9.1R	-1.4R	6.7
	III	2.4R	2.7	0.3R	9.0R	-2.4R	6.4
	IV	1.5	1.6	0.1	9.7	-2.7	8.1
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	2.2	1.5	-0.6R	8.8	-4.7	6.5
	II	0.1P	-2.7P	-2.8P	10.0P	-3.9P	9.8P

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

JULY 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)

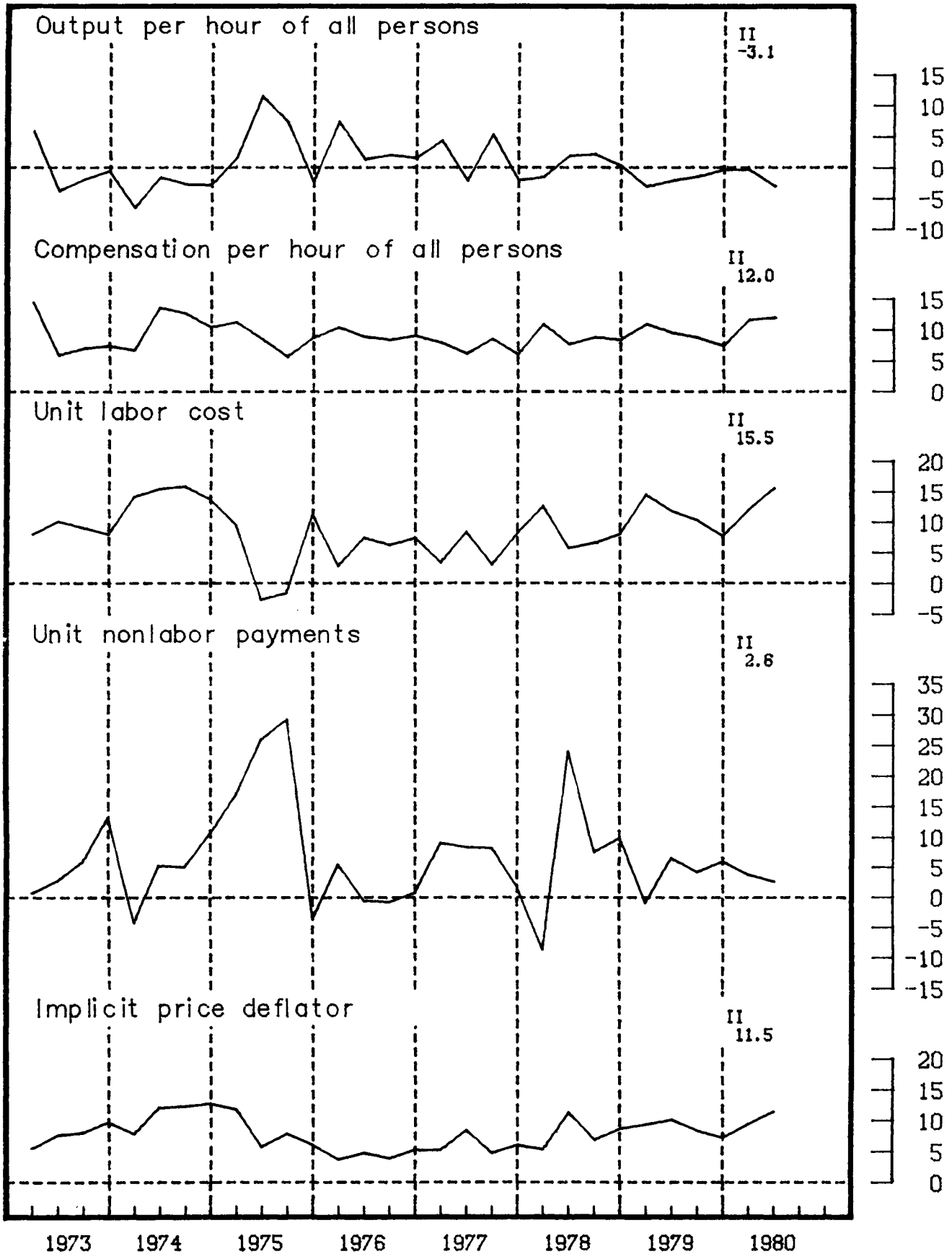


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

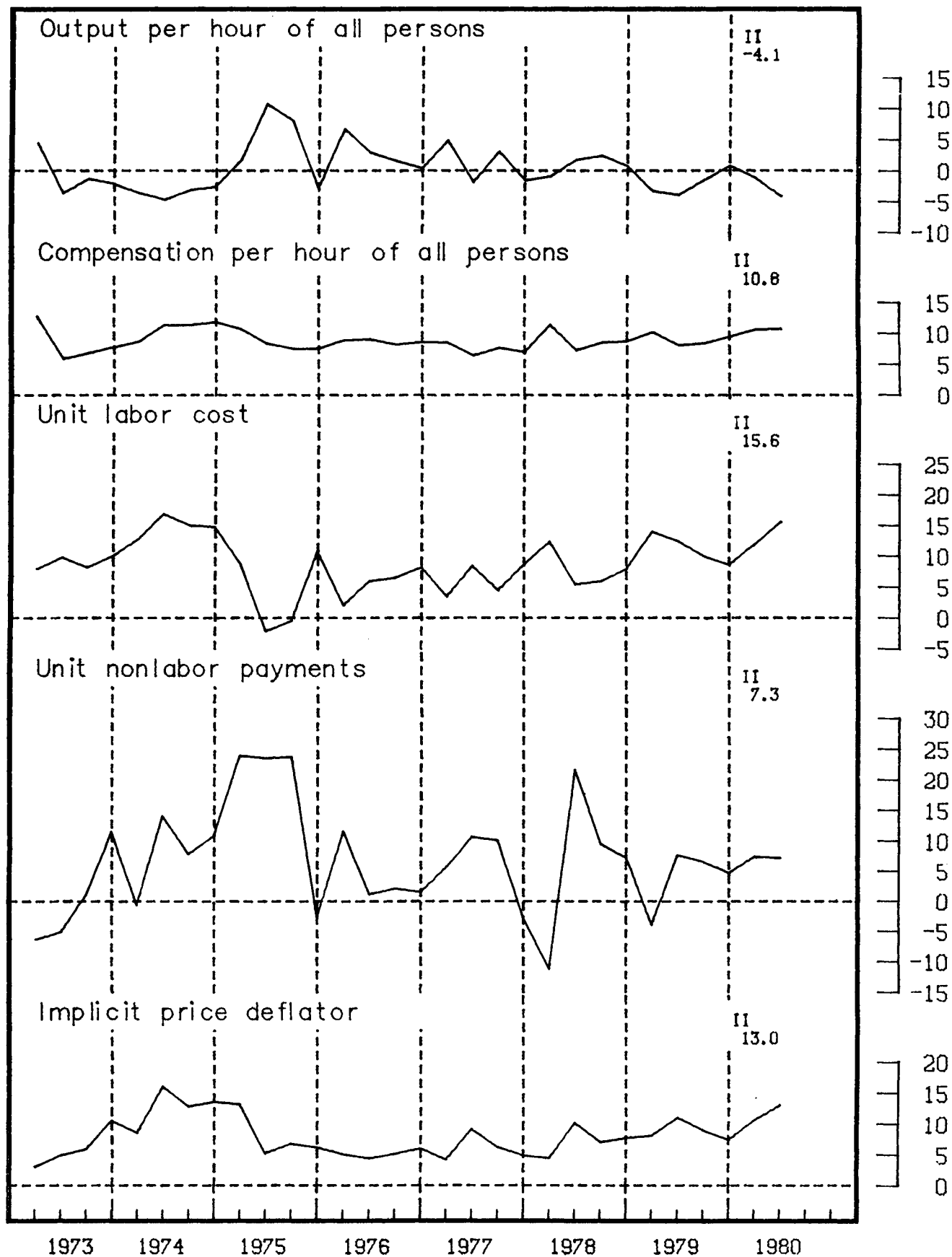


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

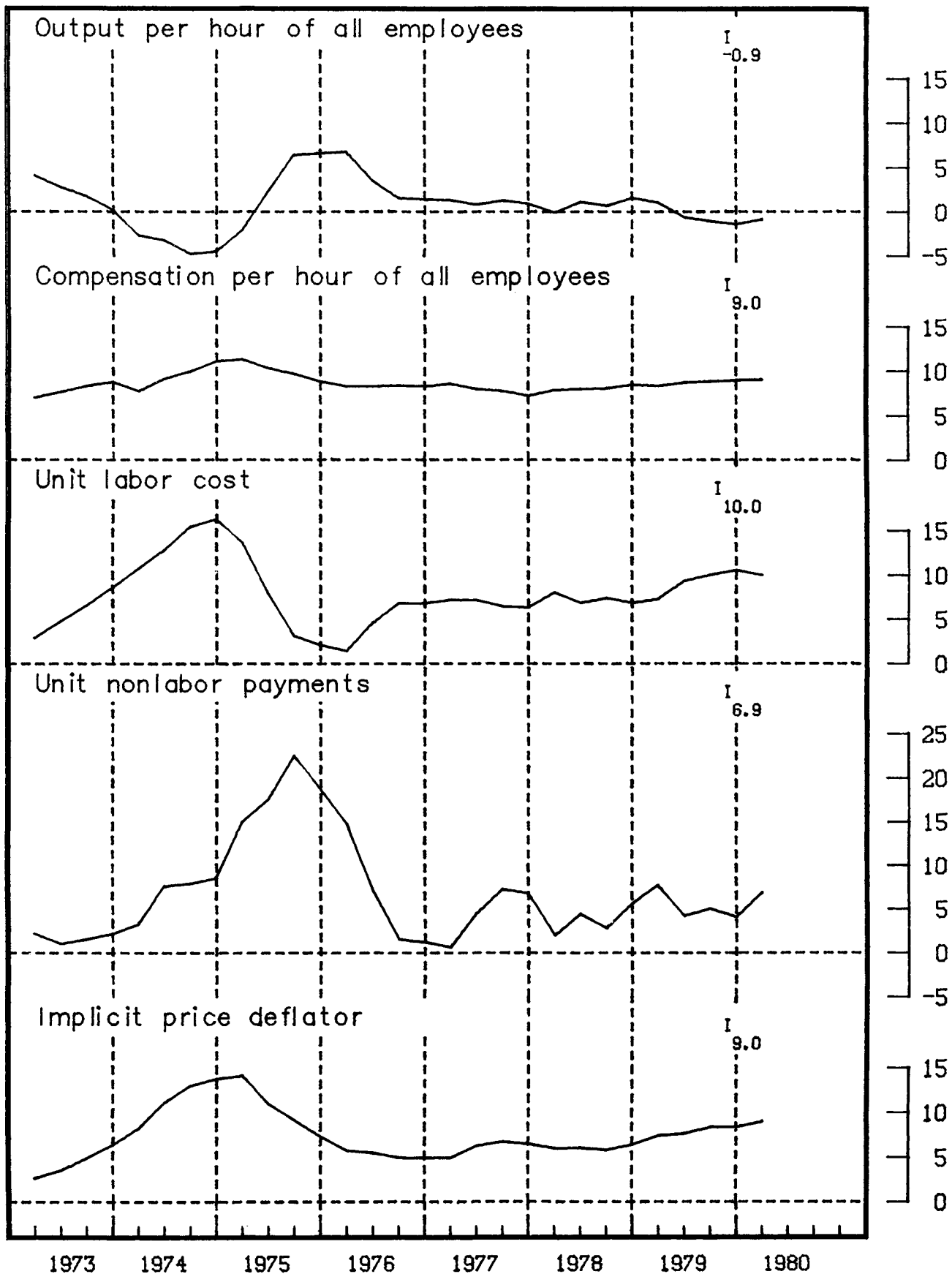


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

