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PRODUCTIVITY AND COSTS

**NONFINANCIAL CORPORATE SECTOR
SECOND QUARTER 1980**

Productivity in nonfinancial corporations declined 1.1 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. The decline reflected a 10.7 percent drop in output and a 9.8 percent drop in employee-hours. The decline in output was the largest ever recorded in this series (which starts in 1958) and the decline in hours was the largest since the 13.7 percent drop in the first quarter of 1975. The decline in productivity in this sector was the sixth consecutive quarterly drop, and the largest since the second quarter of 1979. Productivity declined for 7 consecutive quarters in 1973-74, the only longer period of decline in this series. During the first quarter of 1980, productivity declined 0.1 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.

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.

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

Sector	Productivity	Hourly compensation	Unit labor cost	Real hourly compensation	Output	Hours
	First quarter 1980 to second quarter 1980 <u>PRELIMINARY</u>					
Nonfinancial corporations	-1.1	11.1	12.3	-2.3	-10.7	-9.8
	<u>REVISED</u>					
Private business	-1.9	11.9	14.1	-1.6	-11.3	-9.5
Nonfarm business	-2.9	10.7	14.1	-2.6	-11.5	-8.8
Manufacturing	-4.5	15.2	20.7	1.3	-21.7	-18.0
Durable	-2.8	16.2	19.6	2.2	-25.2	-23.0
Nondurable	-7.7	15.5	25.2	1.6	-16.6	-9.7
	Second quarter 1979 to second quarter 1980 <u>PRELIMINARY</u>					
Nonfinancial corporations	-0.5	9.7	10.3	-4.1	-2.0	-1.5
	<u>REVISED</u>					
Private business	-1.0	9.9	11.0	-3.8	-2.0	-1.0
Nonfarm business	-1.2	9.8	11.2	-4.0	-2.1	-0.9
Manufacturing	-1.4	10.5	12.1	-3.4	-6.6	-5.2
Durable	-2.4	11.1	13.7	-2.9	-8.9	-6.7
Nondurable	-0.2	10.1	10.3	-3.8	-3.1	-2.9

Revised second-quarter measures for the private business, nonfarm business, and manufacturing sectors were also reported today. The productivity declines in the private business and nonfarm business sectors were smaller in the revised series than reported on July 28, based on preliminary measures. In manufacturing, however, productivity declined more in the revised series in both the durable and nondurable subsectors. A summary of second-quarter measures appears in table A; details are given in tables 1-6.

Compensation and costs

Hourly compensation, which includes wages and salaries, supplements, employer contributions to employee-benefit plans, and employment taxes, increased at an 11.1 percent annual rate in nonfinancial corporations in the second quarter of 1980 (seasonally adjusted). This was the largest increase in these expenditures since the first quarter of 1978, when an 11.2 percent increase occurred. Real hourly compensation--which is adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--declined 2.3 percent in the second quarter, the ninth consecutive quarterly decline in the series. This was the longest period of dropping real hourly compensation in the series (which begins with 1958), and real hourly compensation now stands lower than at any time since the first quarter of 1972.

Unit labor cost, which is influenced by changes in hourly compensation and productivity, increased 12.3 percent in the second quarter, compared with an 11.1 percent increase during the first quarter. This was the largest increase in this series since the first quarter of 1979, when a 13.4 percent increase occurred.

Unit profits declined 28.2 percent in the second quarter, compared with a 10.9 percent decrease during the first quarter. This was the largest quarterly drop in unit profits since the first quarter of 1978, when a 40.8 percent decline occurred. Unit profits have now declined for 6 consecutive quarters, and 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, unit nonlabor cost, and unit profits, increased 12.3 percent in the second quarter, compared with a 9.9 percent gain in the first quarter. This was the largest increase in the deflator since the fourth quarter of 1974, when a 13.8 percent increase occurred.

Compared with the second quarter of last year, productivity declined 0.5 percent, as output declined 2.0 percent and employee-hours dropped 1.5 percent. Hourly compensation increased 9.7 percent, and unit labor cost rose 10.3 percent. Real hourly compensation declined 4.1 percent, and unit profits declined 14.2 percent.

Revised measures

Revised second-quarter productivity and cost measures for the private business, nonfarm business, and manufacturing sectors were also released today for the second quarter of 1980. Incorporating the most recent measures of output and hours and the revised monthly index of industrial production from the Board of Governors of the Federal Reserve, the revised measures show productivity declined 1.9 percent in the private business sector, 2.9 percent in the nonfarm business sector, and 4.5 percent in manufacturing. Previously, these declines had been reported as 3.1 percent, 4.1 percent and 3.2 percent, respectively. As can be seen in table B, the revisions stem mainly from changes in the estimates of second-quarter output changes. Table B compares preliminary and revised series.

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	-3.1	-1.9	-4.1	-2.9	-3.2	-4.5
Compensation per hour	12.0	11.9	10.8	10.7	14.7	15.2
Unit labor cost	15.5	14.1	15.6	14.1	18.5	20.7
Real compensation per hour	-1.5	-1.6	-2.6	-2.6	0.9	1.3
Output	-12.5	-11.3	-12.8	-11.5	-20.8	-21.7
Hours	-9.7	-9.5	-9.1	-8.8	-18.2	-18.0

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	118.9	144.4	121.5	244.8	117.9	205.9	180.8	197.2
	II	118.3	143.4	121.3	250.4	117.0	211.7	183.7	202.0
	III	117.8	143.8	122.0	255.7	115.8	217.0	185.6	206.1
	IV	117.7	144.8	123.0	260.3	114.2	221.1	188.3	209.7
	ANNUAL	118.3	144.1	121.8	253.1	116.4	214.0	184.4	203.8
1980	I	117.7	144.8	123.1	267.6	112.9	227.5	190.0	214.5
	II	117.1R	140.6R	120.1R	275.3	112.4R	235.1R	193.1R	220.6R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1979	I	-3.1	1.2	4.5	11.0	-0.2	14.6	-1.0	9.3
	II	-2.0	-2.9	-0.9	9.5	-2.9	11.8	6.5	10.1
	III	-1.4	1.1	2.5	8.7	-4.1	10.3	4.2	8.3
	IV	-0.3	2.8	3.1	7.5	-5.4	7.8	5.9	7.2
	ANNUAL	-0.8	2.4	3.3	9.4	-1.7	10.3	5.8	8.9
1980	I	-0.3	0.2	0.5	11.7	-4.5	12.1	3.8	9.4
	II	-1.9R	-11.3R	-9.5R	11.9R	-1.6R	14.1R	6.6R	11.8R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1979	I	0.3	5.5	5.3	9.0	-0.8	8.7	9.7	9.0
	II	-0.7	2.2	2.9	9.4	-1.1	10.2	5.7	8.7
	III	-1.6	1.4	3.0	9.4	-2.1	11.2	4.8	9.1
	IV	-1.7	0.5	2.3	9.2	-3.2	11.1	3.9	8.7
	ANNUAL	-0.8	2.4	3.3	9.4	-1.7	10.3	5.8	8.9
1980	I	-1.0	0.3	1.3	9.3	-4.2	10.5	5.1	8.8
	II	-1.0R	-2.0R	-1.0	9.9R	-3.9	11.0R	5.1R	9.2R

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

AUGUST 27, 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=1.0									
1979	I	116.6	145.5	124.8	240.2	115.7	206.0	174.3	195.1
	II	115.4	144.2	124.9	244.9	114.4	212.1	177.6	200.3
	III	115.0	144.6	125.7	249.9	113.2	217.3	180.5	204.7
	IV	115.2	145.5	126.2	255.6	112.1	221.8	182.5	208.4
	ANNUAL	115.7	144.9	125.3	247.9	114.0	214.4	178.6	202.1
1980	I	114.9	145.6	126.7	262.2	110.6	228.2	185.9	213.7
	II	114.1R	141.2R	123.8R	269.0	109.9	235.8R	191.1R	220.5R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1979	I	-3.3	1.2	4.7	10.2	-0.9	14.0	-3.9	8.1
	II	-3.9	-3.6	0.4	8.1	-4.2	12.5	7.7	11.0
	III	-1.5	1.2	2.7	8.5	-4.4	10.1	6.6	9.0
	IV	0.8	2.5	1.7	9.5	-3.6	8.6	4.6	7.4
	ANNUAL	-1.1	2.4	3.5	9.0	-2.1	10.2	5.1	8.6
1980	I	-1.1	0.2	1.3	10.7	-5.3	12.0	7.5	10.6
	II	-2.9R	-11.5R	-8.8R	10.7R	-2.6	14.1R	11.7R	13.3R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1979	I	0.4	5.9	5.5	8.7	-1.0	8.3	8.2	8.3
	II	-1.1	2.2	3.3	8.9	-1.6	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	9.1	-3.3	11.3	3.7	8.9
	ANNUAL	-1.1	2.4	3.5	9.0	-2.1	10.2	5.1	8.6
1980	I	-1.4	0.1	1.5	9.2	-4.4	10.8	6.6	9.5
	II	-1.2R	-2.1R	-0.9	9.8	-4.0	11.2R	7.6R	10.1R

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

AUGUST 27, 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											
1979	I	118.1	155.1	131.4	237.3	114.3	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	117.2	154.3	131.7	247.1	111.9	210.8	220.5	213.2	127.5	200.4
	IV	117.1	155.1	132.4	252.1	110.6	215.3	226.1	218.0	124.0	204.0
	ANNUAL	117.5	154.7	131.6	244.9	112.7	208.4	216.6	210.4	127.8	198.1
1980	I	117.1	155.4	132.7	258.8	109.2	221.1	234.4	224.3	120.5	208.9
	II	116.7P	151.0P	129.4P	265.7P	108.5P	227.6P	250.7P	233.2P	110.9P	215.0P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1979	I	-2.3	2.5	4.9	10.8	-0.4	13.4	6.8	11.7	-22.1	7.6
	II	-2.7	-2.6	0.1	8.3	-4.1	11.2	13.5	11.8	-3.4	10.2
	III	-0.3	0.6	0.9	8.5	-4.3	8.8	14.6	10.2	-5.3	8.6
	IV	-0.4	1.9	2.3	8.4	-4.5	8.9	10.6	9.3	-10.4	7.3
	ANNUAL	-0.4	3.1	3.5	8.9	-2.2	9.3	7.3	8.8	0.4	7.9
1980	I	-0.1	0.8	0.9	11.0	-5.1	11.1	15.4	12.2	-10.9	9.9
	II	-1.1P	-10.7P	-9.8P	11.1P	-2.3P	12.3P	31.0P	16.8P	-28.2P	12.3P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1979	I	1.0	7.2	6.1	8.4	-1.3	7.3	2.5	6.1	21.7	7.5
	II	-0.6	2.9	3.6	8.7	-1.8	9.4	6.2	8.6	0.0	7.7
	III	-1.1	1.9	3.1	8.9	-2.6	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	-2.2	9.3	7.3	8.8	0.4	7.9
1980	I	-0.9	0.2	1.0	9.0	-4.5	10.0	13.5	10.9	-7.6	9.0
	II	-0.5P	-2.0P	-1.5P	9.7P	-4.1P	10.3P	17.6P	12.1P	-14.2P	9.5P

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

AUGUST 27, 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	128.3	139.3	108.6	242.3	116.7	189.0
	II	128.8	138.6	107.6	248.0	115.9	192.6
	III	129.6	138.5	106.9	252.7	114.4	195.0
	IV	129.1	138.0	106.9	258.0	113.2	199.8
	ANNUAL	129.2	138.6	107.3	250.8	115.3	194.1
1980	I	128.4	137.7	107.2	264.6	111.6	206.0
	II	127.0R	129.5R	102.0	274.1R	112.0R	215.9R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-3.8	3.2	7.3	10.1	-0.9	14.5
	II	1.7	-2.0	-3.6	9.6	-2.8	7.9
	III	2.5	-0.3	-2.7	7.8	-4.9	5.2
	IV	-1.4	-1.4	-0.1	8.8	-4.2	10.3
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	-2.2	-0.9	1.3	10.5	-5.5	13.0
	II	-4.5R	-21.7R	-18.0R	15.2R	1.3R	20.7R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.5	6.9	5.3	8.2	-1.5	6.6
	II	0.9	3.8	2.9	9.2	-1.3	8.2
	III	0.2	1.9	1.7	9.1	-2.4	8.9
	IV	-0.3	-0.1	0.2	9.1	-3.3	9.4
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	0.1	-1.1	-1.3	9.2	-4.4	9.0
	II	-1.4R	-6.6R	-5.2	10.5R	-3.4R	12.1R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED
P=PRELIMINARY

AUGUST 27, 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	120.9	135.4	112.0	243.4	117.2	201.3
	II	121.4	134.2	110.6	249.0	116.3	205.1
	III	121.1	133.2	110.0	253.6	114.8	209.5
	IV	120.6	132.4	109.8	258.5	113.4	214.3
	ANNUAL	121.3	133.8	110.3	251.8	115.8	207.5
1980	I	119.4	131.5	110.1	266.3	112.3	223.1
	II	118.5R	122.3R	103.2R	276.5R	113.0R	233.3R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-4.9	3.9	9.3	9.8	-1.3	15.4
	II	1.7	-3.6	-5.2	9.6	-2.9	7.7
	III	-1.1	-3.0	-1.9	7.6	-5.1	8.8
	IV	-1.4	-2.3	-0.9	8.1	-4.8	9.6
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-4.1	-2.8	1.3	12.6	-3.7	17.4
	II	-2.8R	-25.2R	-23.0R	16.2R	2.2R	19.6R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.1	8.7	7.5	8.0	-1.7	6.8
	II	0.0	4.4	4.4	9.0	-1.5	9.0
	III	-1.2	1.4	2.7	9.0	-2.5	10.3
	IV	-1.4	-1.3	0.2	8.7	-3.5	10.3
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-1.2	-2.9	-1.7	9.4	-4.1	10.8
	II	-2.4R	-8.9R	-6.7R	11.1R	-2.9R	13.7R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

AUGUST 27, 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	141.2	145.7	103.2	244.5	114.3	173.2
	III	144.0	147.1	102.2	249.3	112.9	173.1
	IV	143.4	147.0	102.5	255.4	112.0	178.1
	ANNUAL	142.4	146.3	102.7	247.2	113.7	173.5
1980	I	143.7	147.7	102.8	259.6	109.5	180.6
	II	140.8R	141.2R	100.2R	269.1R	109.9	191.1R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-2.0	2.1	4.2	10.2	-0.9	12.5
	II	1.4	0.5	-0.9	10.3	-2.2	8.8
	III	8.2	3.9	-4.0	7.9	-4.8	-0.2
	IV	-1.5	-0.2	1.3	10.3	-2.9	11.9
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	0.7	2.0	1.2	6.7	-8.8	5.9
	II	-7.7R	-16.6R	-9.7R	15.5R	1.6R	25.2R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	2.3	4.3	1.9	8.1	-1.5	5.7
	II	2.3	2.8	0.5	9.1	-1.4	6.7
	III	2.4	2.7	0.3	9.0	-2.4	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	-0.6	8.8	-4.7	6.5
	II	-0.2R	-3.1R	-2.9R	10.1R	-3.8R	10.3R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED
P=PRELIMINARY

AUGUST 27, 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 STANDARDS. 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; STONE, CLAY, & GLASS PRODUCTS; AND MISCELLANEOUS MANUFACTURERS.
- (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)

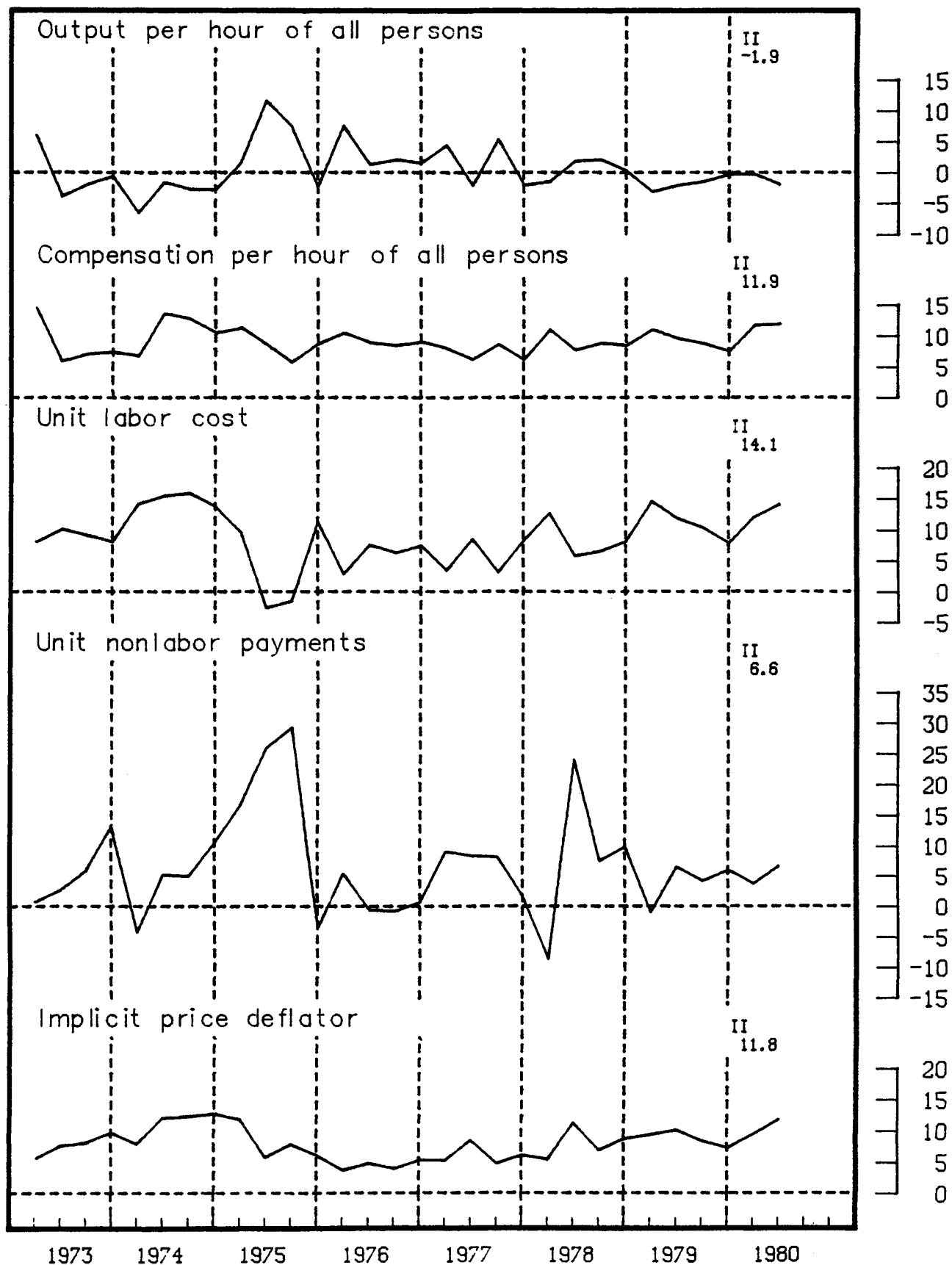


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

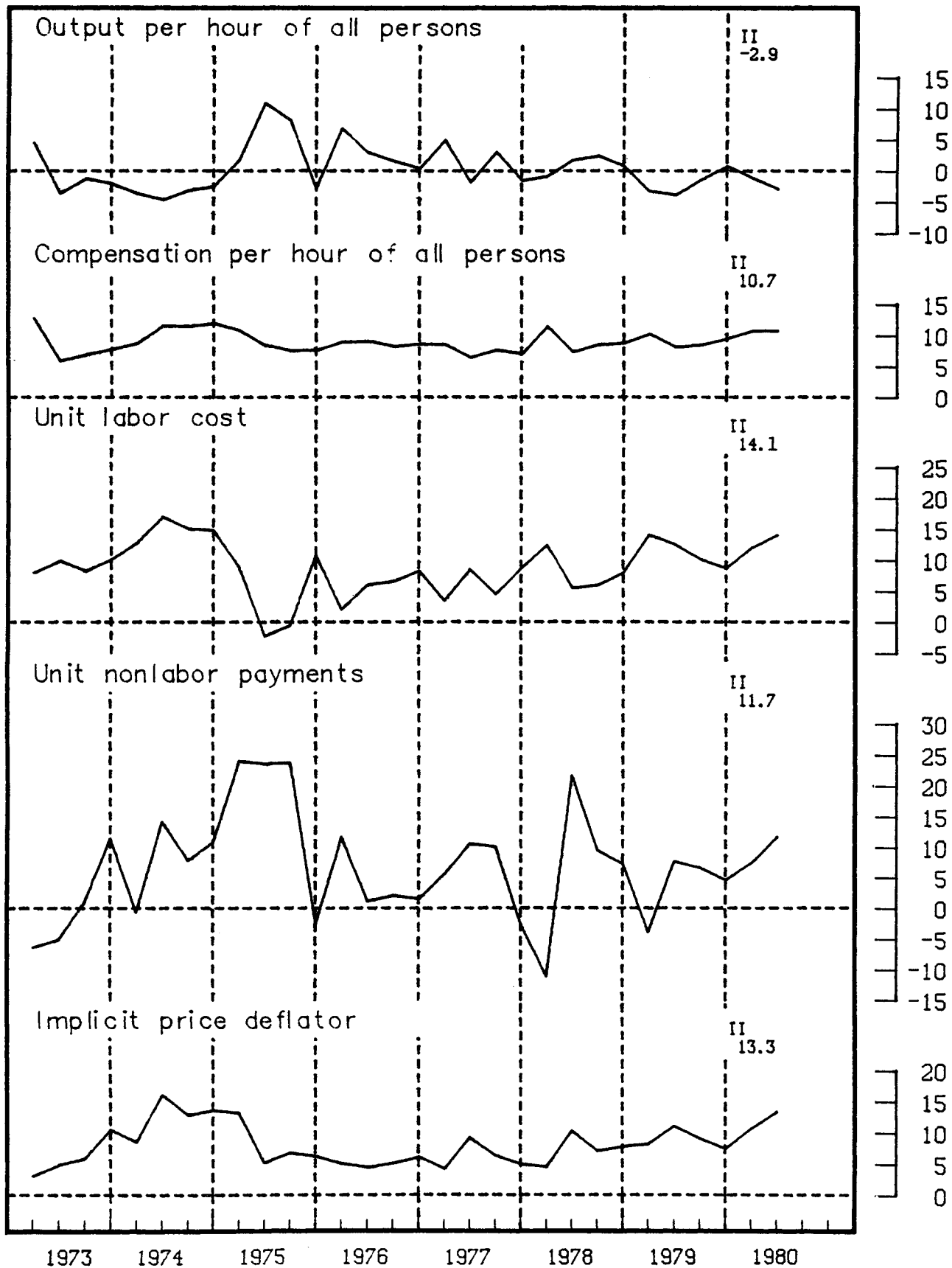


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

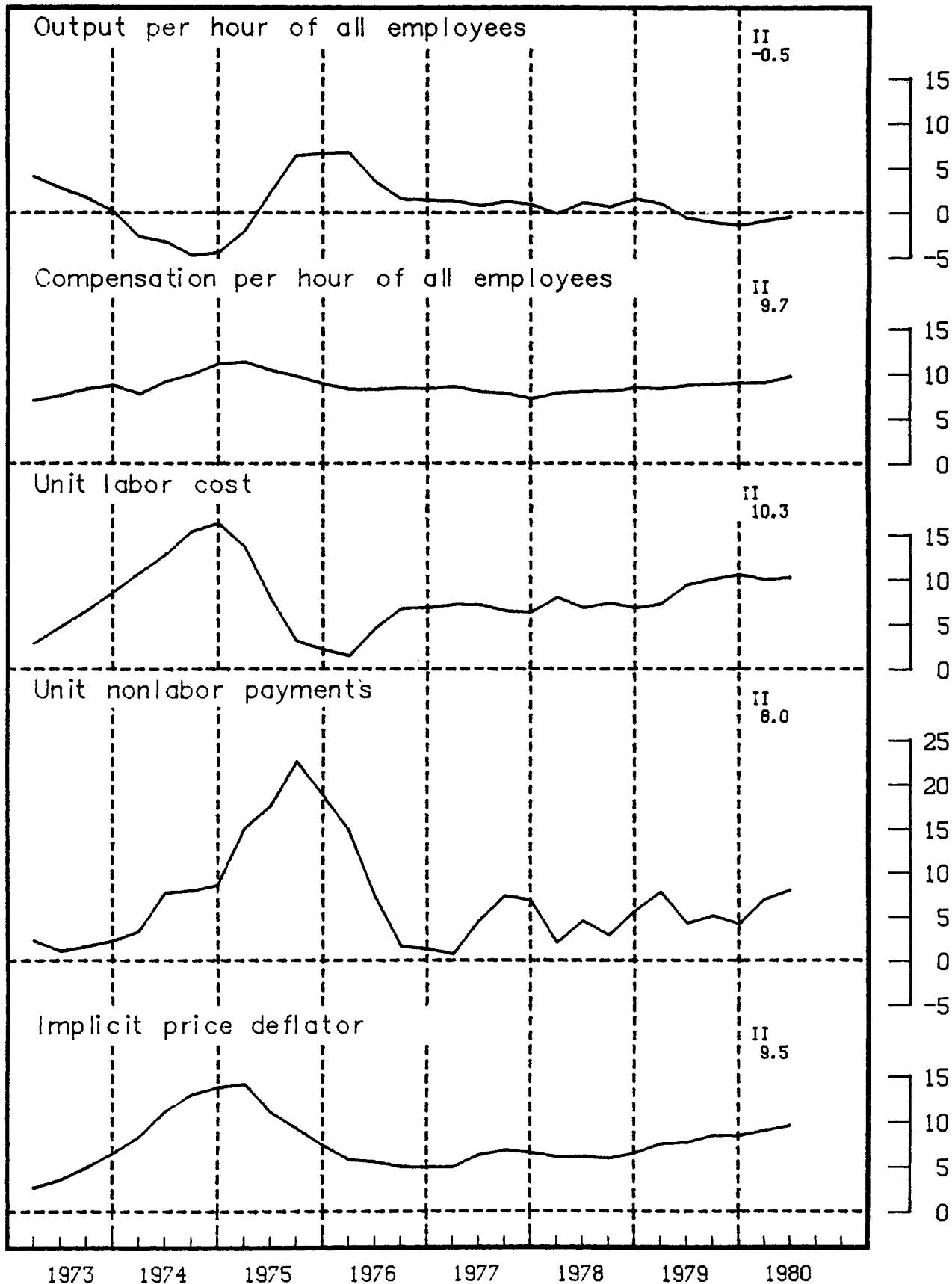


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

