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PRODUCTIVITY AND COSTS

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

Productivity in the private business sector increased 1.4 percent at a seasonally adjusted annual rate in the third quarter of 1980, according to preliminary figures released today by the Bureau of Labor Statistics of the U.S. Department of Labor. The increase followed a 2.7 percent decline in the second quarter and a 0.3 percent decline in the first. The third-quarter increase reflected a 0.3 percent rise in output and a 1.1 percent drop in hours of all persons. This was the first productivity increase since the 0.3 percent gain in the fourth quarter of 1978.

In the nonfarm business sector, productivity increased 2.6 percent in the third quarter, following a 3.7 percent decline in the second quarter. Output rose 1.1 percent and hours declined 1.4 percent (annual rates) in the third quarter. This was the first productivity increase in this sector since the 0.8 percent gain in the fourth quarter of 1979.

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.

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

Sector	Productivity	Hourly compensation	Unit labor cost	Real hourly compensation	Output	Hours
<u>PRELIMINARY</u>						
Second quarter 1980 to third quarter 1980						
Private business	1.4	8.3	6.8	1.0	0.3	-1.1
Nonfarm business	2.6	8.4	5.7	1.1	1.1	-1.4
Manufacturing	-2.7	12.0	15.1	4.5	-10.1	-8.3
Durable	-3.8	11.9	16.3	4.4	-13.1	-9.7
Nondurable	-1.3	12.6	14.1	5.1	-7.3	-6.1
<u>REVISED</u>						
First quarter 1980 to second quarter 1980						
Nonfinancial corporations	-1.9	11.1	13.2	-2.3	-11.5	-9.8
<u>PRELIMINARY</u>						
Third quarter 1979 to third quarter 1980						
Private business	-0.5	9.8	10.4	-2.6	-2.4	-1.9
Nonfarm business	-0.4	9.8	10.3	-2.6	-2.3	-1.9
Manufacturing	-2.9	11.6	14.9	-1.1	-9.3	-6.6
Durable	-3.2	12.2	15.8	-0.6	-11.5	-8.6
Nondurable	-2.8	11.2	14.4	-1.4	-6.1	-3.4
<u>REVISED</u>						
Second quarter 1979 to second quarter 1980						
Nonfinancial corporations	-0.7	9.7	10.5	-4.1	-2.2	-1.5

In manufacturing, productivity decreased 2.7 percent in the third quarter, as output dropped 10.7 percent while hours of all persons declined at an 8.3 percent annual rate. During the second quarter, productivity had declined 4.7 percent, as output declined 21.8 percent and hours of all persons dropped at an 18.0 percent annual rate. The third quarter decline marked the fourth consecutive decline in manufacturing productivity.

A summary of third-quarter changes in productivity and costs appears in table A; details are found in tables 1-6.

Private business sector

Productivity growth in the third quarter ended a six-quarter period of steadily dropping output per hour of all persons. Although output edged up 0.3 percent--in contrast to the 12.0 percent falloff during the second quarter of 1980--hours declined 1.1 percent, marking the second consecutive fall in hours. The second-quarter decrease in hours was much larger, however (9.6 percent). In the second quarter, productivity, output, and hours all declined (table 1).

Hourly compensation, which includes wages and salaries as well as fringe benefits and employer contributions to employee benefit plans, increased at an 8.3-percent annual rate in the third period, the smallest quarterly gain all year. During the second quarter, hourly compensation increased 12.0 percent. Unit labor cost, which reflects changes in both productivity and hourly compensation, increased 6.8 percent in the third quarter, down from a 15.1 percent increase one quarter earlier. This was the smallest quarterly rise in these costs in the private business sector since the 6.6 percent increase during the third quarter of 1978.

Real hourly compensation--hourly compensation adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--increased 1.0 percent in the third quarter. In the second quarter, a 1.5 percent decline occurred. The third quarter increase ended a 9-quarter decline in this series.

The implicit price deflator, which shows the effects of changes in unit labor cost and unit nonlabor payments, increased 10.0 percent in the third quarter, compared with an 11.9 percent increase during the second quarter.

Compared with the third quarter of 1979, productivity declined 0.5 percent, as output dropped 2.4 percent and hours of all persons fell 1.9 percent. Hourly compensation rose 9.8 percent, and unit labor cost increased 10.4 percent over the 4-quarter period. Real hourly compensation dropped 2.6 percent, and the implicit price deflator rose 9.6 percent.

Nonfarm business sector

Productivity increased more in the nonfarm business sector than in the private business sector as a whole since it was not affected by the third-quarter decline in the farm sector which was included in the more comprehensive measure. The 2.6-percent third-quarter increase--the largest in 3 years--reflected a 1.1 percent increase in output coupled with a 1.4 percent decline in hours of all persons. During the second quarter, productivity had declined at a 3.7 percent annual rate (the second consecutive decline) as output fell 12.3 percent and hours were reduced by 8.9 percent (table 2).

Hourly compensation increased 8.4 percent in the third quarter, compared with a 10.8 percent increase in the second quarter. After adjusting for the increase in the CPI-U, real hourly compensation increased 1.1 percent in the third quarter. In the second quarter, it dropped 2.6 percent (seasonally adjusted annual rates).

Unit labor cost rose 5.7 percent in the third quarter, the smallest increase since the second quarter of 1978. The implicit price deflator increased 8.9 percent, compared with a 13.2 percent rise during the second quarter.

Compared with the third quarter of 1979, productivity declined 0.4 percent as output dropped 2.3 percent and hours fell 1.9 percent. Hourly compensation increased 9.8 percent over the 4-quarter period, while unit labor cost rose 10.3 percent. Real hourly compensation declined 2.6 percent, and the implicit price deflator was 10.0 percent higher than a year earlier.

Manufacturing

Productivity in the manufacturing sector continued to decline in the third quarter, in contrast to the increases posted in both business sectors discussed above. The 2.7 percent third-quarter productivity decline reflected a 10.7 percent reduction in output and an 8.3 percent decline in hours (table 3). The declines in productivity, output, and hours were all steeper in the durable goods manufacturing sector than in nondurables (tables 5,6). In all of manufacturing the second quarter declines were steeper; productivity fell 4.7 percent, as output dropped 21.8 percent and hours fell 18.0 percent (annual rates). The third quarter of 1980 was the fourth consecutive quarter of falling manufacturing productivity and the longest period of decline since 1955-56, when a 5-quarter decline occurred.

Hourly compensation increased 12.0 percent in the third quarter, but rose 4.5 percent after adjusting for the increase in the CPI-U. One quarter earlier, real hourly compensation increased 1.4 percent. Unit labor cost increased 15.1 percent, compared with a 20.9 percent increase in the second quarter (annual rates).

Compared with the third quarter of 1979, productivity declined 2.9 percent, as output fell 9.3 percent and hours dropped 6.6 percent. Hourly compensation increased 11.6 percent, and unit labor cost increased 14.9 percent. Real hourly compensation declined 1.1 percent over the period.

Nonfinancial Corporations

The Bureau of Labor Statistics also released revised second quarter productivity and cost measures for the nonfinancial corporate sector today. This sector, which includes all corporations doing business in the United States with the exception of banks, stock and commodity brokers, finance and credit agencies, and insurance carriers, showed a 1.9 percent drop in productivity in the second quarter, as output declined 11.5 percent while hours of all employees decreased 9.8 percent. Previously, productivity was reported down 1.1 percent as output fell 10.7 percent and hours dropped 9.8 percent. See table B.

Table B.
Nonfinancial corporations: preliminary and revised second quarter
measures of productivity and costs.
Quarterly change at annual rate.

Seasonally adjusted

Measure	Preliminary	Revised
Productivity	-1.1	-1.9
Output	-10.7	-11.5
Hours	-9.8	-9.8
Hourly compensation	11.1	11.1
Real hourly compensation	-2.3	-2.3
Unit labor costs	12.3	13.2
Unit profits	-28.2	-34.7
Implicit price deflator	12.3	12.1

Revised data

The productivity and cost measures for the manufacturing sector contained in this release are based on revisions to the index of industrial production published by the Board of Governors of the Federal Reserve. The revised measures are shown in tables 4-6 and appendix tables 1-3, covering the period from 1977 forward.

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	116.8R	140.3R	120.0R	275.3	112.5R	235.6R	192.3R	220.6
	III	117.3P	140.4P	119.7P	280.8P	112.7P	239.5P	200.4P	226.0P
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	-2.7R	-12.0R	-9.6R	12.0R	-1.5R	15.1R	4.9R	11.9R
	III	1.4P	0.3P	-1.1P	8.3P	1.0P	6.8P	17.9P	10.0P
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	-1.2R	-2.2R	-1.0	9.9	-3.9	11.3R	4.7R	9.2
	III	-0.5P	-2.4P	-1.9P	9.8P	-2.6P	10.4P	8.0P	9.6P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 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	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	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	113.8R	140.9R	123.8	269.0	109.9	236.3R	190.0R	220.4R
	III	114.6P	141.3P	123.3P	274.4P	110.2P	239.6P	197.6P	225.2P
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	-3.7R	-12.3R	-8.9R	10.8R	-2.6	15.0R	9.1R	13.2R
	III	2.6P	1.1P	-1.4P	8.4P	1.1P	5.7P	17.0P	8.9P
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	-1.4R	-2.3R	-0.9	9.8	-4.0	11.4R	7.0R	10.0R
	III	-0.4P	-2.3P	-1.9P	9.8P	-2.6P	10.3P	9.5P	10.0P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 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	116.5R	150.7R	129.4	265.7	108.5	228.0R	250.8R	233.6R	108.3R	215.0
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	-1.9R	-11.5R	-9.8	11.1	-2.3	13.2R	31.1R	17.6R	-34.7R	12.1R
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	-0.7R	-2.2R	-1.5	9.7	-4.1	10.5R	17.7R	12.3R	-16.2R	9.5

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

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OCTOBER 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	128.4R	139.4R	108.6	242.3	116.7	188.8R
	II	128.7R	138.5R	107.6	248.0	115.9	192.6
	III	129.5R	138.4R	106.9	252.7	114.4	195.1R
	IV	129.1	138.0	106.9	258.0	113.2	199.9R
	ANNUAL	129.2	138.6	107.3	250.8	115.3	194.1
1980	I	128.2R	137.4R	107.2	264.6	111.6	206.4R
	II	126.7R	129.2R	102.0	274.1	112.0	216.4R
	III	125.8P	125.6P	99.8P	282.0P	113.2P	224.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-3.2R	3.9R	7.3	10.1	-0.9	13.7R
	II	1.1R	-2.5R	-3.6	9.6	-2.8	8.5R
	III	2.5	-0.3	-2.7	7.8	-4.9	5.2
	IV	-1.3R	-1.3R	-0.1	8.8	-4.2	10.2R
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	-2.8R	-1.6R	1.3	10.5	-5.5	13.7R
	II	-4.7R	-21.8R	-18.0	15.2	1.4R	20.9R
	III	-2.7P	-10.7P	-8.3P	12.0P	4.5P	15.1P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.6R	7.0R	5.3	8.2	-1.5	6.6
	II	0.8R	3.7R	2.9	9.2	-1.3	8.3R
	III	0.1R	1.9	1.7	9.1	-2.4	8.9
	IV	-0.3	-0.1	0.2	9.1	-3.3	9.3R
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	-0.2R	-1.4R	-1.3	9.2	-4.4	9.3R
	II	-1.6R	-6.7R	-5.2	10.5	-3.4	12.4R
	III	-2.9P	-9.3P	-6.6P	11.6P	-1.1P	14.9P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 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	121.3R	134.1R	110.6	249.0	116.3	205.3R
	III	121.0R	133.2	110.0	253.6	114.8	209.5
	IV	120.8R	132.6R	109.8	258.5	113.4	214.1R
	ANNUAL	121.3	133.8	110.3	251.8	115.8	207.5
1980	I	119.3R	131.4R	110.1	266.3	112.3	223.2R
	II	118.3R	122.1R	103.2	276.5	112.9R	233.7R
	III	117.2P	117.9P	100.6P	284.4P	114.2P	242.7P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-4.8R	4.0R	9.3	9.8	-1.3	15.3R
	II	1.3R	-3.9R	-5.2	9.6	-2.9	8.1R
	III	-0.9R	-2.7R	-1.9	7.6	-5.1	8.5R
	IV	-0.8R	-1.7R	-0.9	8.1	-4.8	9.0R
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-4.7R	-3.4R	1.3	12.6	-3.7	18.2R
	II	-3.2R	-25.5R	-23.0	16.2	2.2	20.1R
	III	-3.8P	-13.1P	-9.7P	11.9P	4.4P	16.3P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.1	8.7	7.5	8.0	-1.7	6.8
	II	-0.1R	4.3R	4.4	9.0	-1.5	9.1R
	III	-1.2	1.4	2.7	9.0	-2.5	10.3
	IV	-1.3R	-1.1R	0.2	8.7	-3.5	10.2R
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-1.3R	-3.0R	-1.7	9.4	-4.1	10.9R
	II	-2.4	-8.9	-6.7	11.1	-2.9	13.8R
	III	-3.2P	-11.5P	-8.6P	12.2P	-0.6P	15.8P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 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	141.0R	145.9R	103.4	238.6	114.9	169.2R
	II	141.2	145.7	103.2	244.5	114.3	173.2
	III	143.9R	147.0R	102.2	249.3	112.9	173.3R
	IV	143.1R	146.7R	102.5	255.4	112.0	178.5R
	ANNUAL	142.4	146.3	102.7	247.2	113.7	173.5
1980	I	143.1R	147.1R	102.8	259.6	109.5	181.4R
	II	140.4R	140.7R	100.2	269.1	109.9	191.7R
	III	139.9P	138.1P	98.7P	277.2P	111.3P	198.2P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-0.5R	3.7R	4.2	10.2	-0.9	10.7R
	II	0.5R	-0.4R	-0.9	10.3	-2.2	9.7R
	III	7.8R	3.5R	-4.0	7.9	-4.8	0.2R
	IV	-2.1R	-0.8R	1.3	10.3	-2.9	12.6R
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	0.0R	1.2R	1.2	6.7	-8.8	6.7R
	II	-7.5R	-16.4R	-9.6R	15.5	1.6	24.9R
	III	-1.3P	-7.3P	-6.1P	12.6P	5.1P	14.1P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	2.5R	4.5R	1.9	8.1	-1.5	5.5R
	II	2.2R	2.7R	0.5	9.1	-1.4	6.7
	III	2.3R	2.6R	0.3	9.0	-2.4	6.5R
	IV	1.4R	1.5R	0.1	9.7	-2.7	8.2R
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	1.5R	0.9R	-0.6	8.8	-4.7	7.2R
	II	-0.6R	-3.4R	-2.9	10.0R	-3.8	10.7R
	III	-2.8P	-6.1P	-3.4P	11.2P	-1.4P	14.4P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 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.

RELIABILITY: THE AVERAGE OF THE REVISIONS IN THE INDEX OF PRODUCTIVITY IN THE PRIVATE BUSINESS SECTOR, WITHOUT REGARD TO SIGN, BETWEEN THE FIRST AND THIRD PUBLISHED ESTIMATES IS 0.63 INDEX POINTS (0.53 PER CENT); THAT IS, IN ABOUT HALF OF THE CASES, THE ABSOLUTE VALUE OF THE REVISION FROM THE FIRST TO THE THIRD ESTIMATE OF THE INDEX--ABOUT 90 DAYS--WAS LESS THAN 0.63 POINTS (0.53 PERCENT). (CALCULATED ON THE BASIS OF DATA FOR THE JANUARY 1977 TO JULY 1980 PERIOD.)

- (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 INCLUDES 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 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 MEASURES. 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 EFFECTS OF MANY INFLUENCES, INCLUDING 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. *

APPENDIX TABLE 1. 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							
1977	I	125.8	124.2	98.7	207.1	116.8	164.6
	II	127.7	128.0	100.3	210.5	116.7	164.8
	III	128.9	129.9	100.8	214.8	117.4	166.7
	IV	128.4	130.9	102.0	218.3	117.6	170.1
	ANNUAL	127.7	128.2	100.4	212.7	117.2	166.6
1978	I	126.4	130.3	103.1	223.9	118.4	177.2
	II	127.7	133.6	104.6	227.1	117.5	177.8
	III	129.3	135.8	105.0	231.7	117.2	179.1
	IV	129.4	138.1	106.7	236.6	117.0	182.8
	ANNUAL	128.2	134.5	104.9	229.9	117.6	179.4
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1977	I	1.9	10.2	8.2	9.6	1.5	7.5
	II	6.2	13.1	6.5	6.6	-0.5	0.4
	III	3.6	5.9	2.2	8.5	2.5	4.7
	IV	-1.6	3.1	4.8	6.6	0.8	8.3
	ANNUAL	3.0	7.3	4.2	8.4	1.9	5.3
1978	I	-6.0	-1.7	4.5	10.7	2.8	17.7
	II	4.3	10.4	5.9	5.9	-3.3	1.6
	III	5.1	6.9	1.7	8.2	-0.9	2.9
	IV	0.3	6.8	6.4	8.8	-0.7	8.4
	ANNUAL	0.4	4.8	4.4	8.1	0.4	7.7
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1977	I	2.8	5.6	2.7	9.1	3.1	6.2
	II	3.3	7.8	4.3	8.2	1.4	4.8
	III	3.5	8.2	4.6	8.5	1.7	4.8
	IV	2.5	8.0	5.4	7.8	1.1	5.2
	ANNUAL	3.0	7.3	4.2	8.4	1.9	5.3
1978	I	0.5	5.0	4.5	8.1	1.4	7.6
	II	0.0	4.3	4.3	7.9	0.7	7.9
	III	0.4	4.6	4.2	7.8	-0.2	7.4
	IV	0.8	5.5	4.6	8.4	-0.5	7.5
	ANNUAL	0.4	4.8	4.4	8.1	0.4	7.7

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

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APPENDIX TABLE 2. 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							
1977	I	119.9	117.7	98.2	209.1	117.9	174.4
	II	122.1	122.2	100.1	212.5	117.8	174.1
	III	122.8	124.4	101.3	216.8	118.5	176.6
	IV	122.3	125.6	102.7	220.3	118.7	180.2
	ANNUAL	121.7	122.5	100.6	214.7	118.3	176.4
1978	I	119.6	124.6	104.2	225.4	119.2	188.5
	II	121.4	128.5	105.9	228.5	118.1	188.2
	III	122.5	131.3	107.2	232.7	117.7	189.9
	IV	122.4	134.1	109.6	237.7	117.6	194.2
	ANNUAL	121.4	129.6	106.8	231.1	118.3	190.4
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1977	I	-0.7	8.4	9.3	10.4	2.2	11.2
	II	7.4	15.9	7.9	6.7	-0.4	-0.6
	III	2.3	7.4	5.0	8.4	2.5	6.0
	IV	-1.6	4.0	5.7	6.7	0.8	8.4
	ANNUAL	2.2	7.9	5.6	8.4	1.8	6.1
1978	I	-8.5	-3.2	5.8	9.5	1.7	19.7
	II	6.2	13.2	6.5	5.5	-3.6	-0.7
	III	3.8	9.0	4.9	7.6	-1.5	3.6
	IV	-0.5	8.8	9.3	9.0	-0.5	9.5
	ANNUAL	-0.3	5.8	6.1	7.6	0.0	7.9
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1977	I	2.2	6.5	4.2	8.6	2.6	6.3
	II	2.6	8.3	5.5	8.0	1.2	5.2
	III	2.5	8.6	5.9	8.7	1.9	6.0
	IV	1.8	8.9	7.0	8.0	1.3	6.1
	ANNUAL	2.2	7.9	5.6	8.4	1.8	6.1
1978	I	-0.3	5.8	6.1	7.8	1.1	8.1
	II	-0.6	5.2	5.8	7.5	0.3	8.1
	III	-0.2	5.6	5.8	7.3	-0.7	7.5
	IV	0.1	6.8	6.6	7.9	-1.0	7.8
	ANNUAL	-0.3	5.8	6.1	7.6	0.0	7.9

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

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APPENDIX TABLE 3. 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							
1977	I	135.4	134.6	99.4	204.1	115.1	150.8
	II	136.9	137.6	100.5	207.1	114.8	151.3
	III	138.8	138.8	100.0	211.0	115.3	152.0
	IV	138.3	139.5	100.8	214.3	115.5	154.9
	ANNUAL	137.3	137.6	100.2	209.1	115.2	152.3
1978	I	137.6	139.6	101.5	220.6	116.7	160.4
	II	138.1	141.8	102.7	224.2	115.9	162.3
	III	140.6	143.2	101.9	228.7	115.7	162.7
	IV	141.2	144.5	102.4	232.9	115.2	164.9
	ANNUAL	139.3	142.3	102.1	226.7	116.0	162.7
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1977	I	5.9	12.9	6.6	7.9	-0.1	1.9
	II	4.6	9.2	4.4	6.0	-1.1	1.4
	III	5.7	3.7	-1.9	7.8	1.9	2.0
	IV	-1.4	1.8	3.2	6.3	0.5	7.8
	ANNUAL	4.2	6.5	2.2	8.2	1.6	3.8
1978	I	-2.1	0.4	2.6	12.4	4.4	14.8
	II	1.6	6.6	4.9	6.5	-2.7	4.9
	III	7.3	3.9	-3.2	8.3	-0.8	0.9
	IV	1.7	3.8	2.0	7.5	-1.8	5.7
	ANNUAL	1.5	3.4	1.9	8.4	0.7	6.8
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1977	I	3.6	4.2	0.6	9.5	3.5	5.6
	II	4.3	7.1	2.6	8.3	1.4	3.8
	III	5.0	7.8	2.6	7.8	1.1	2.6
	IV	3.7	6.8	3.0	7.0	0.3	3.2
	ANNUAL	4.2	6.5	2.2	8.2	1.6	3.8
1978	I	1.6	3.7	2.1	8.1	1.4	6.4
	II	0.9	3.1	2.2	8.2	1.0	7.3
	III	1.3	3.2	1.9	8.4	0.3	7.0
	IV	2.1	3.7	1.5	8.7	-0.3	6.5
	ANNUAL	1.5	3.4	1.9	8.4	0.7	6.8

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

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

(percent change from preceding quarter at annual rate)

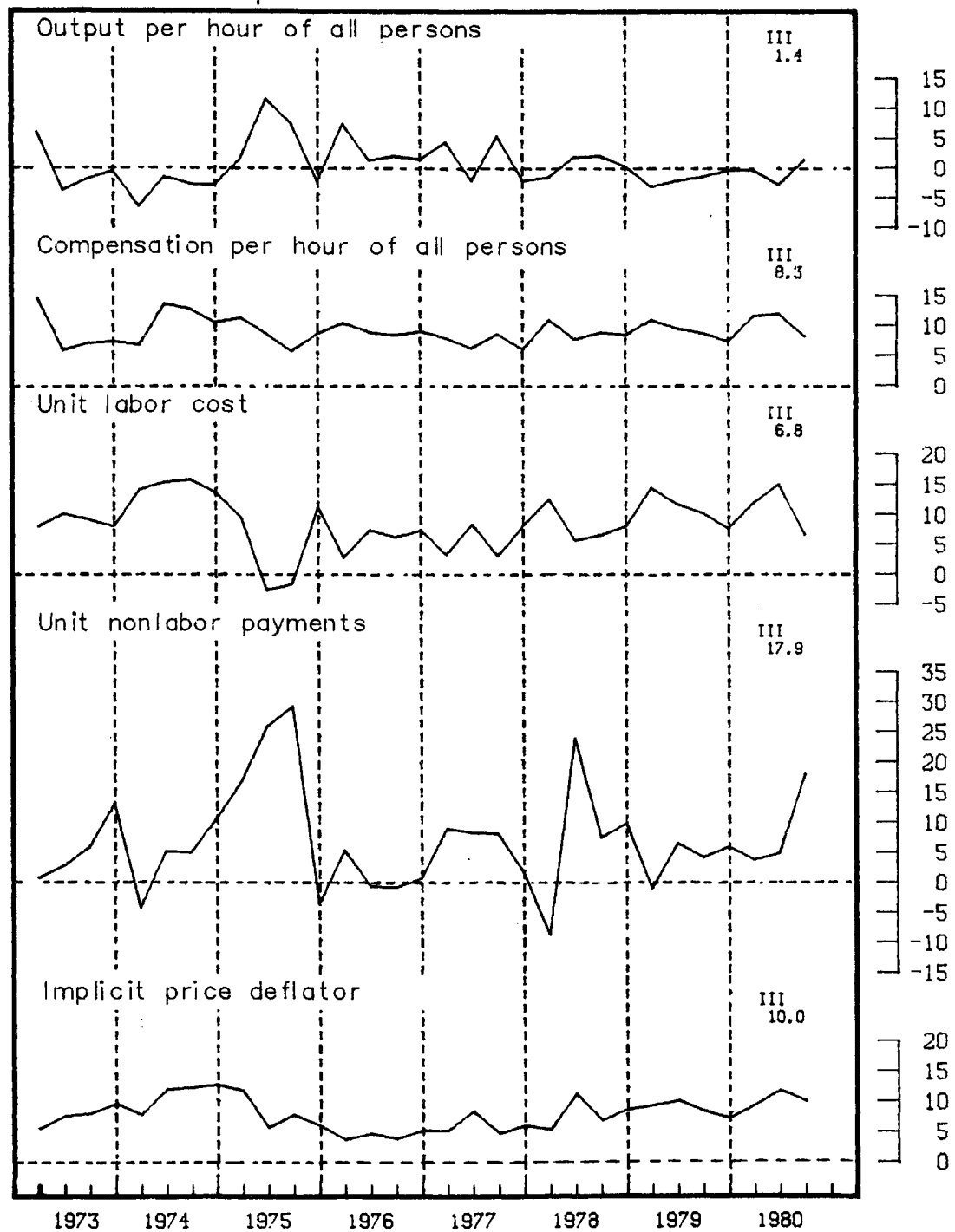


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

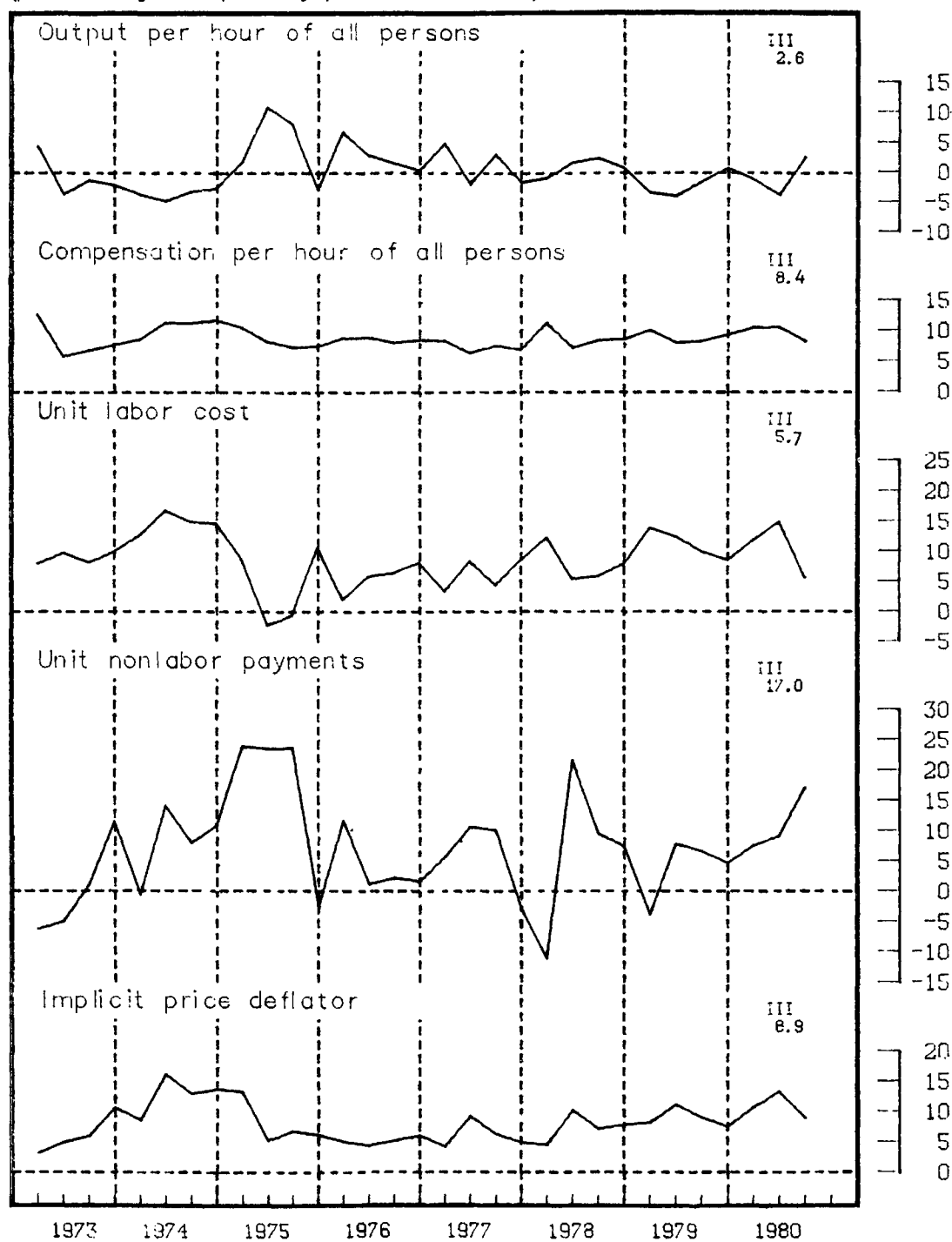


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

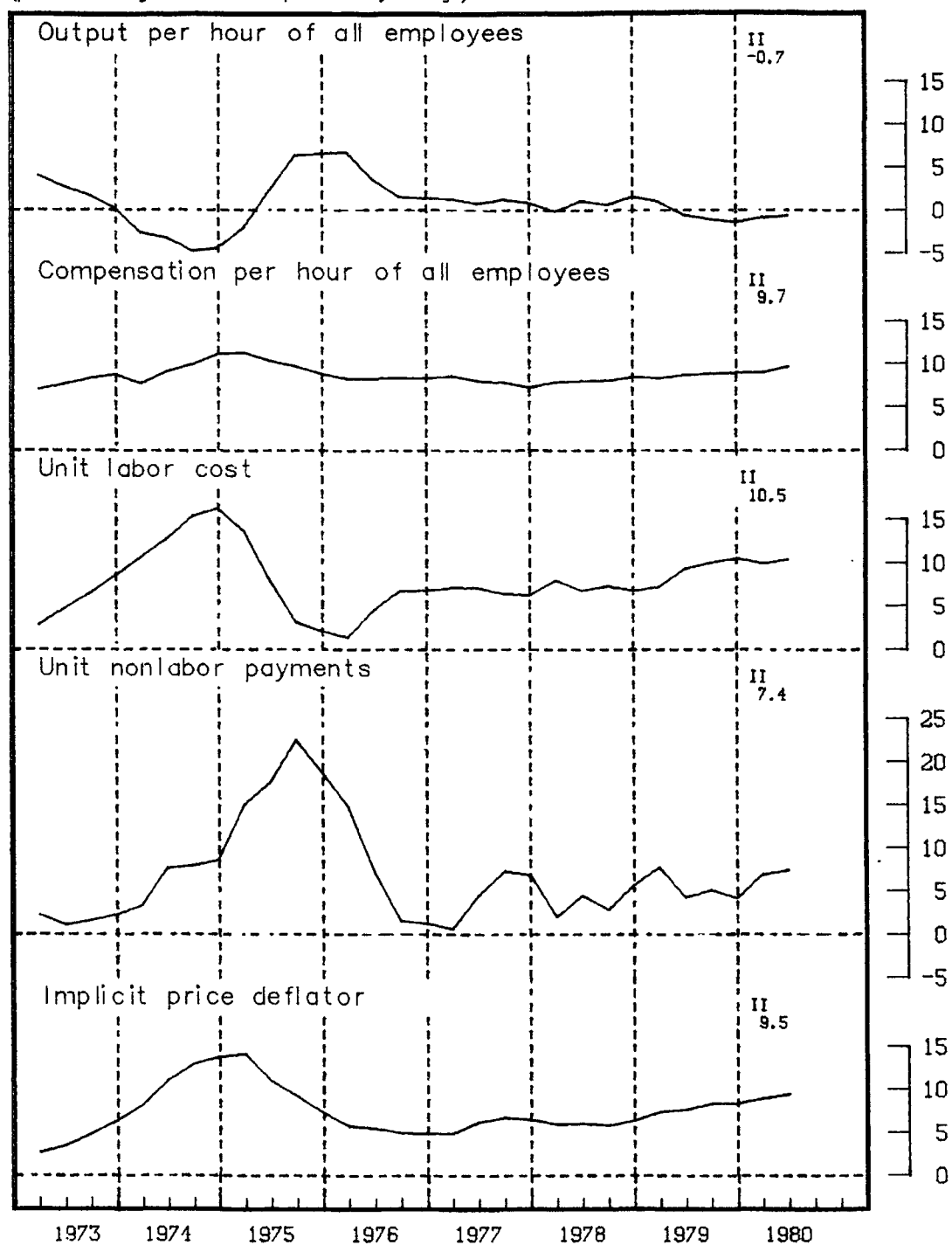


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

