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PRODUCTIVITY AND COSTS

Nonfinancial Corporate Sector
Third Quarter 1980

Productivity in nonfinancial corporations increased 4.7 percent in the third quarter of 1980 at a seasonally adjusted annual rate, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The increase reflected a 0.6 percent increase in output and a 3.9 percent decline in hours of all persons. This was the first quarter that productivity increased in this sector since the fourth quarter of 1978, and the largest increase since 1975. In the first 2 quarters, output per all-employee hour dropped 0.1 percent and 1.9 percent, respectively. The nonfinancial corporate sector includes all corporations doing business in the United States with the exception of banks, stock and commodity brokers, and finance and insurance companies and accounts for about two-thirds of the private business sector.

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
PRELIMINARY						
Second quarter 1980 to third quarter 1980						
Nonfinancial corporations	4.7	9.6	4.7	2.3	0.6	-3.9
REVISED						
Private business	0.3	8.7	8.4	1.5	-0.8	-1.0
Nonfarm business	1.5	8.8	7.2	1.6	0.1	-1.4
Manufacturing	-0.7	12.1	12.9	4.6	-8.6	-7.9
Durable	-3.0	12.2	15.7	4.7	-11.9	-9.2
Nondurable	2.4	12.3	9.6	4.8	-3.7	-6.0
PRELIMINARY						
Third Quarter 1979 to Third Quarter 1980						
Nonfinancial corporations	0.6	10.0	9.4	-2.4	-2.2	-2.8
REVISED						
Private business	-0.8	9.9	10.8	-2.5	-2.6	-1.9
Nonfarm business	-0.7	9.9	10.7	-2.5	-2.5	-1.9
Manufacturing	-2.4	11.6	14.4	-1.0	-8.7	-6.5
Durable	-3.0	12.2	15.7	-0.5	-11.1	-8.4
Nondurable	-1.9	11.2	13.3	-1.4	-5.2	-3.4

Revised third-quarter measures were also reported today for the private business, nonfarm business, and manufacturing sectors. The productivity gains reported October 27 for the private business and nonfarm business sectors have been revised downward almost entirely as a result of revisions in the output measures; in the private business sector productivity increased 0.3 percent, and, in the nonfarm business sector, the gain was 1.5 percent. Preliminary measures had shown gains of 1.4 percent and 2.6 percent, respectively. In manufacturing, the productivity decline was revised to 0.7 percent, rather than the 2.7 percent drop reported earlier. A summary of third-quarter productivity and cost measures appears in table A; details are found 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 a 9.6 percent annual rate in the nonfinancial corporate sector in the third quarter of 1980 (seasonally adjusted). One quarter earlier, compensation increased 11.1 percent. Real hourly compensation--which is adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--increased 2.3 percent in the third quarter of 1980.

Unit labor cost, which is influenced by changes in hourly compensation and productivity, increased 4.7 percent in the third quarter, compared with a 13.2 percent increase during the second quarter. This was the smallest increase in this series since the second quarter of 1978 when a 2.9 percent gain was recorded.

Unit profits increased 27.5 percent in the third quarter, compared with a 34.7 percent decline during the second quarter. This marked the first increase in profit per unit of output since the fourth quarter of 1978, when a 19.5 percent gain occurred.

The implicit price deflator, which shows the effects of changes in unit labor cost, unit nonlabor cost, and unit profits, increased 9.6 percent in the third quarter, compared with a 12.1 percent increase one quarter earlier.

Compared with the third quarter of last year, productivity increased 0.6 percent, as output declined 2.2 percent and hours fell 2.8 percent. Hourly compensation increased 10.0 percent, and unit labor cost rose 9.4 percent. Real hourly compensation declined 2.4 percent, and unit profits fell 9.7 percent.

Revised measures

Revised third-quarter productivity and cost measures for the private business, nonfarm business, and manufacturing sectors released today incorporate 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 increased 0.3 percent in the private business sector, 1.5 percent in the nonfarm business sector, and declined 0.7 percent in manufacturing. Previously, these movements had been reported at 1.4 percent, 2.6 percent, and -2.7 percent, respectively. As can be seen in table B, the revisions stem mainly from changes in the estimates of third-quarter output. Table B compares preliminary and revised third-quarter measures.

Table B.
Preliminary and revised third 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	1.4	0.3	2.6	1.5	-2.7	-0.7
Compensation per hour	8.3	8.7	8.4	8.8	12.0	12.1
Unit labor cost	6.8	8.4	5.7	7.2	15.1	12.9
Real compensation per hour	1.0	1.5	1.1	1.6	4.5	4.6
Output	0.3	-0.8	1.1	0.1	-10.1	-8.6
Hours	-1.1	-1.0	-1.4	-1.4	-8.3	-7.9

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	118.9	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	116.8	140.3	120.0	275.3	112.5	235.6	192.3	220.6
	III	116.9R	140.0R	119.7	281.1R	112.9R	240.4R	200.0R	226.4R
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	-2.7	-12.0	-9.6	12.0	-1.5	15.1	4.9	11.9
	III	0.3R	-0.8R	-1.0R	8.7R	1.5R	8.4R	17.0R	11.0R
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	-1.2	-2.2	-1.0	9.9	-3.9	11.3	4.7	9.2
	III	-0.8R	-2.6R	-1.9	9.9R	-2.5R	10.8R	7.8R	9.9R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 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	113.8	140.9	123.8	269.0	109.9	236.3	190.0	220.4
	III	114.3R	140.9R	123.3	274.7R	110.3R	240.5R	197.5R	225.8R
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	-3.7	-12.3	-8.9	10.8	-2.6	15.0	9.1	13.2
	III	1.5R	0.1R	-1.4	8.8R	1.6R	7.2R	16.8R	10.0R
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	-1.4	-2.3	-0.9	9.8	-4.0	11.4	7.0	10.0
	III	-0.7R	-2.5R	-1.9	9.9R	-2.5R	10.7R	9.4R	10.3R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 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 COMPEN- TION (1)	REAL HOURLY COMPEN- SATION(2)	UNIT LABOR COST	UNIT NON- LABOR COST(3)	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
	II	117.3	154.1	131.4	242.1	113.1	206.4	213.2	208.0	129.2
	III	117.2	154.3	131.7	247.1	111.9	210.8	220.5	213.2	127.5
	IV	117.1	155.1	132.4	252.1	110.6	215.3	226.1	218.0	124.0
	ANNUAL	117.5	154.7	131.6	244.9	112.7	208.4	216.6	210.4	127.8
1980	I	117.1	155.4	132.7	258.8	109.2	221.1	234.4	224.3	120.5
	II	116.5	150.7	129.4	265.7	108.5	228.0	250.8	233.6	108.3
	III	117.9P	150.9P	128.1P	271.8P	109.1P	230.7P	261.7P	238.2P	115.1P
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
	II	-2.7	-2.6	0.1	8.3	-4.1	11.2	13.5	11.8	-3.4
	III	-0.3	0.6	0.9	8.5	-4.3	8.8	14.6	10.2	-5.3
	IV	-0.4	1.9	2.3	8.4	-4.5	8.9	10.6	9.3	-10.4
	ANNUAL	-0.4	3.1	3.5	8.9	-2.2	9.3	7.3	8.8	0.4
1980	I	-0.1	0.8	0.9	11.0	-5.1	11.1	15.4	12.2	-10.9
	II	-1.9	-11.5	-9.8	11.1	-2.3	13.2	31.1	17.6	-34.7
	III	4.7P	0.6P	-3.9P	9.6P	2.3P	4.7P	18.6P	8.2P	27.5P
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
	II	-0.6	2.9	3.6	8.7	-1.8	9.4	6.2	8.6	0.0
	III	-1.1	1.9	3.1	8.9	-2.6	10.1	9.4	9.9	-3.9
	IV	-1.4	0.6	2.0	9.0	-3.3	10.6	11.3	10.8	-10.6
	ANNUAL	-0.4	3.1	3.5	8.9	-2.2	9.3	7.3	8.8	0.4
1980	I	-0.9	0.2	1.0	9.0	-4.5	10.0	13.5	10.9	-7.6
	II	-0.7	-2.2	-1.5	9.7	-4.1	10.5	17.7	12.3	-16.2
	III	0.6P	-2.2P	-2.8P	10.0P	-2.4P	9.4P	18.7P	11.7P	-9.7P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 1980

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 4. MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY

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	128.4	139.4	108.6	242.3	116.7	188.8
	II	128.7	138.5	107.6	248.0	115.9	192.6
	III	129.5	138.4	106.9	252.7	114.4	195.1
	IV	129.1	138.0	106.9	258.0	113.2	199.9
	ANNUAL	129.2	138.6	107.3	250.8	115.3	194.1
1980	I	128.2	137.4	107.2	264.6	111.6	206.4
	II	126.7	129.2	102.0	274.1	112.0	216.4
	III	126.4R	126.3R	99.9R	282.1R	113.2R	223.1R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-3.2	3.9	7.3	10.1	-0.9	13.7
	II	1.1	-2.5	-3.6	9.6	-2.8	8.5
	III	2.5	-0.3	-2.7	7.8	-4.9	5.2
	IV	-1.3	-1.3	-0.1	8.8	-4.2	10.2
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	-2.8	-1.6	1.3	10.5	-5.5	13.7
	II	-4.7	-21.8	-18.0	15.2	1.4	20.9
	III	-0.7R	-8.6R	-7.9R	12.1R	4.6R	12.9R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.6	7.0	5.3	8.2	-1.5	6.6
	II	0.8	3.7	2.9	9.2	-1.3	8.3
	III	0.1	1.9	1.7	9.1	-2.4	8.9
	IV	-0.3	-0.1	0.2	9.1	-3.3	9.3
	ANNUAL	0.8	3.1	2.2	9.1	-2.0	8.2
1980	I	-0.2	-1.4	-1.3	9.2	-4.4	9.3
	II	-1.6	-6.7	-5.2	10.5	-3.4	12.4
	III	-2.4R	-8.7R	-6.5R	11.6	-1.0R	14.4R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 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	121.3	134.1	110.6	249.0	116.3	205.3
	III	121.0	133.2	110.0	253.6	114.8	209.5
	IV	120.8	132.6	109.8	258.5	113.4	214.1
	ANNUAL	121.3	133.8	110.3	251.8	115.8	207.5
1980	I	119.3	131.4	110.1	266.3	112.3	223.2
	II	118.3	122.1	103.2	276.5	112.9	233.7
	III	117.4R	118.3R	100.7R	284.6R	114.3R	242.3R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-4.8	4.0	9.3	9.8	-1.3	15.3
	II	1.3	-3.9	-5.2	9.6	-2.9	8.1
	III	-0.9	-2.7	-1.9	7.6	-5.1	8.5
	IV	-0.8	-1.7	-0.9	8.1	-4.8	9.0
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-4.7	-3.4	1.3	12.6	-3.7	18.2
	II	-3.2	-25.5	-23.0	16.2	2.2	20.1
	III	-3.0R	-11.9R	-9.2R	12.2R	4.7R	15.7R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	1.1	8.7	7.5	8.0	-1.7	6.8
	II	-0.1	4.3	4.4	9.0	-1.5	9.1
	III	-1.2	1.4	2.7	9.0	-2.5	10.3
	IV	-1.3	-1.1	0.2	8.7	-3.5	10.2
	ANNUAL	-0.1	3.2	3.3	8.9	-2.1	9.0
1980	I	-1.3	-3.0	-1.7	9.4	-4.1	10.9
	II	-2.4	-8.9	-6.7	11.1	-2.9	13.8
	III	-3.0R	-11.1R	-8.4R	12.2	-0.5R	15.7R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 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	141.0	145.9	103.4	238.6	114.9	169.2
	II	141.2	145.7	103.2	244.5	114.3	173.2
	III	143.9	147.0	102.2	249.3	112.9	173.3
	IV	143.1	146.7	102.5	255.4	112.0	178.5
	ANNUAL	142.4	146.3	102.7	247.2	113.7	173.5
1980	I	143.1	147.1	102.8	259.6	109.5	181.4
	II	140.4	140.7	100.2	269.1	109.9	191.7
	III	141.2R	139.4R	98.7	277.1R	111.2R	196.2R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1979	I	-0.5	3.7	4.2	10.2	-0.9	10.7
	II	0.5	-0.4	-0.9	10.3	-2.2	9.7
	III	7.8	3.5	-4.0	7.9	-4.8	0.2
	IV	-2.1	-0.8	1.3	10.3	-2.9	12.6
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	0.0	1.2	1.2	6.7	-8.8	6.7
	II	-7.5	-16.4	-9.6	15.5	1.6	24.9
	III	2.4R	-3.7R	-6.0R	12.3R	4.8R	9.6R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1979	I	2.5	4.5	1.9	8.1	-1.5	5.5
	II	2.2	2.7	0.5	9.1	-1.4	6.7
	III	2.3	2.6	0.3	9.0	-2.4	6.5
	IV	1.4	1.5	0.1	9.7	-2.7	8.2
	ANNUAL	2.2	2.8	0.6	9.1	-2.0	6.7
1980	I	1.5	0.9	-0.6	8.8	-4.7	7.2
	II	-0.6	-3.4	-2.9	10.0	-3.8	10.7
	III	-1.9R	-5.2R	-3.4	11.2	-1.4	13.3R

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

NOVEMBER 26, 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. *

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

(percent change from preceding quarter at annual rate)

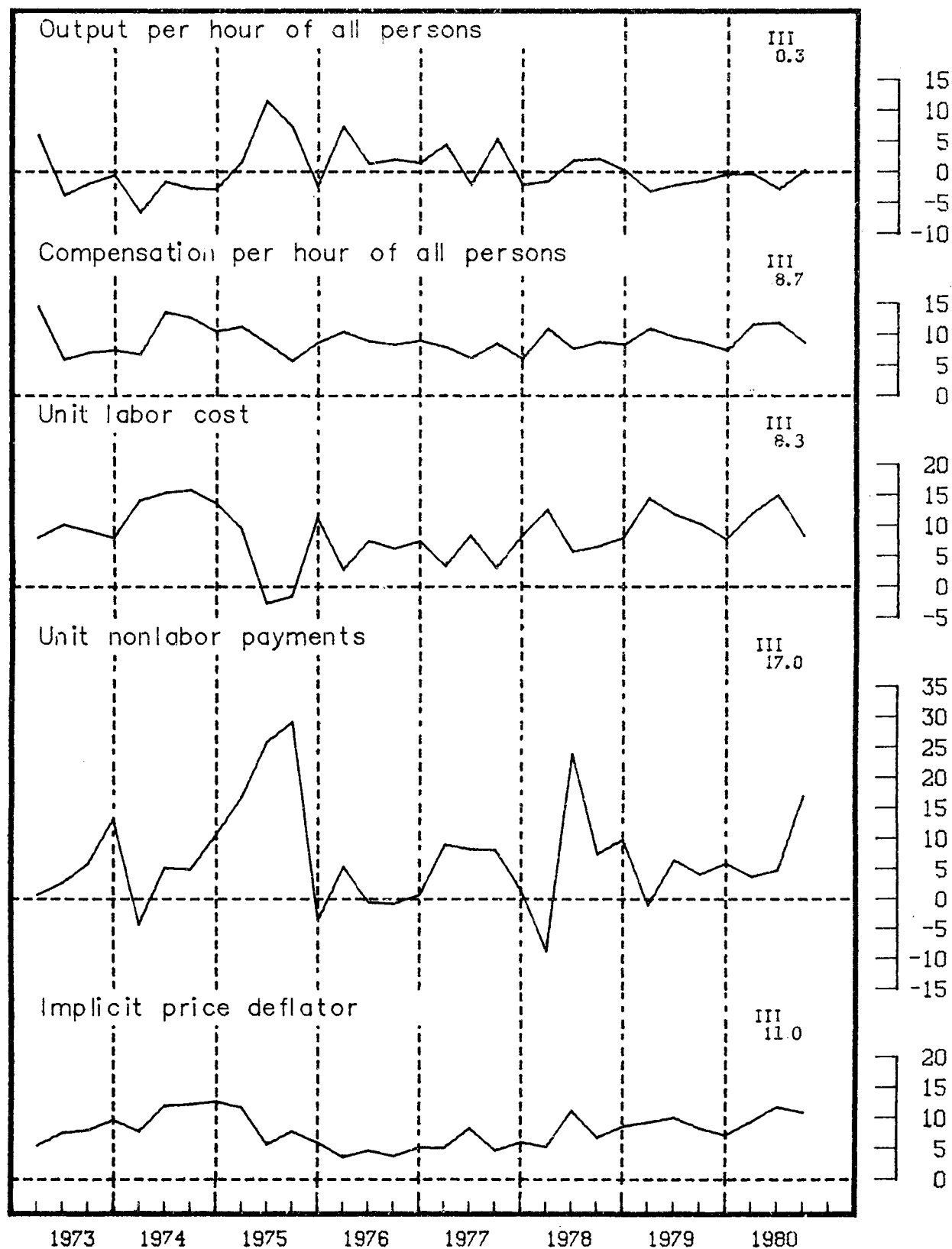


Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(percent change from preceding quarter at annual rate)

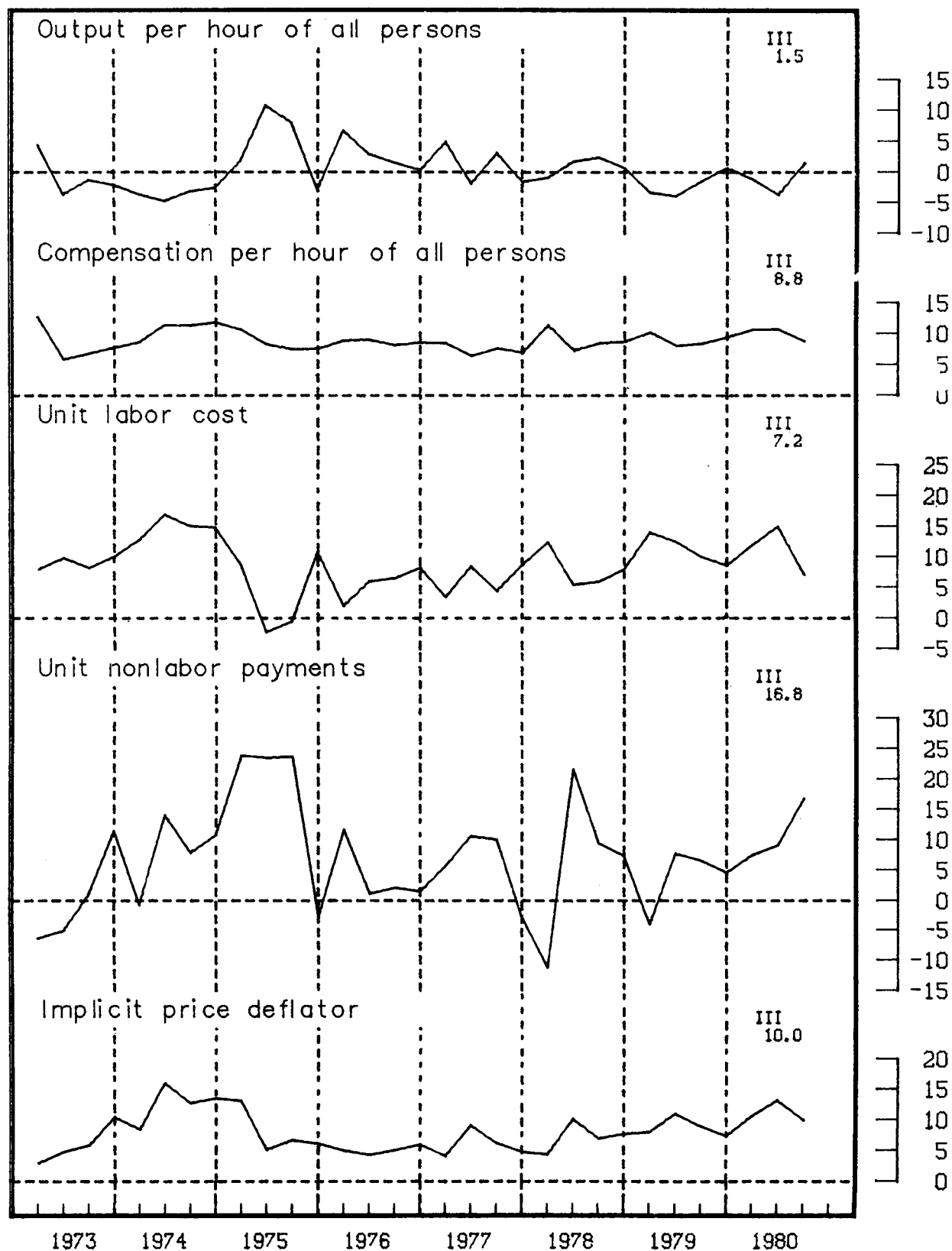


Chart 3. Productivity, hourly compensation, unit costs and prices in nonfinancial corporations

(percent change from same quarter a year ago)

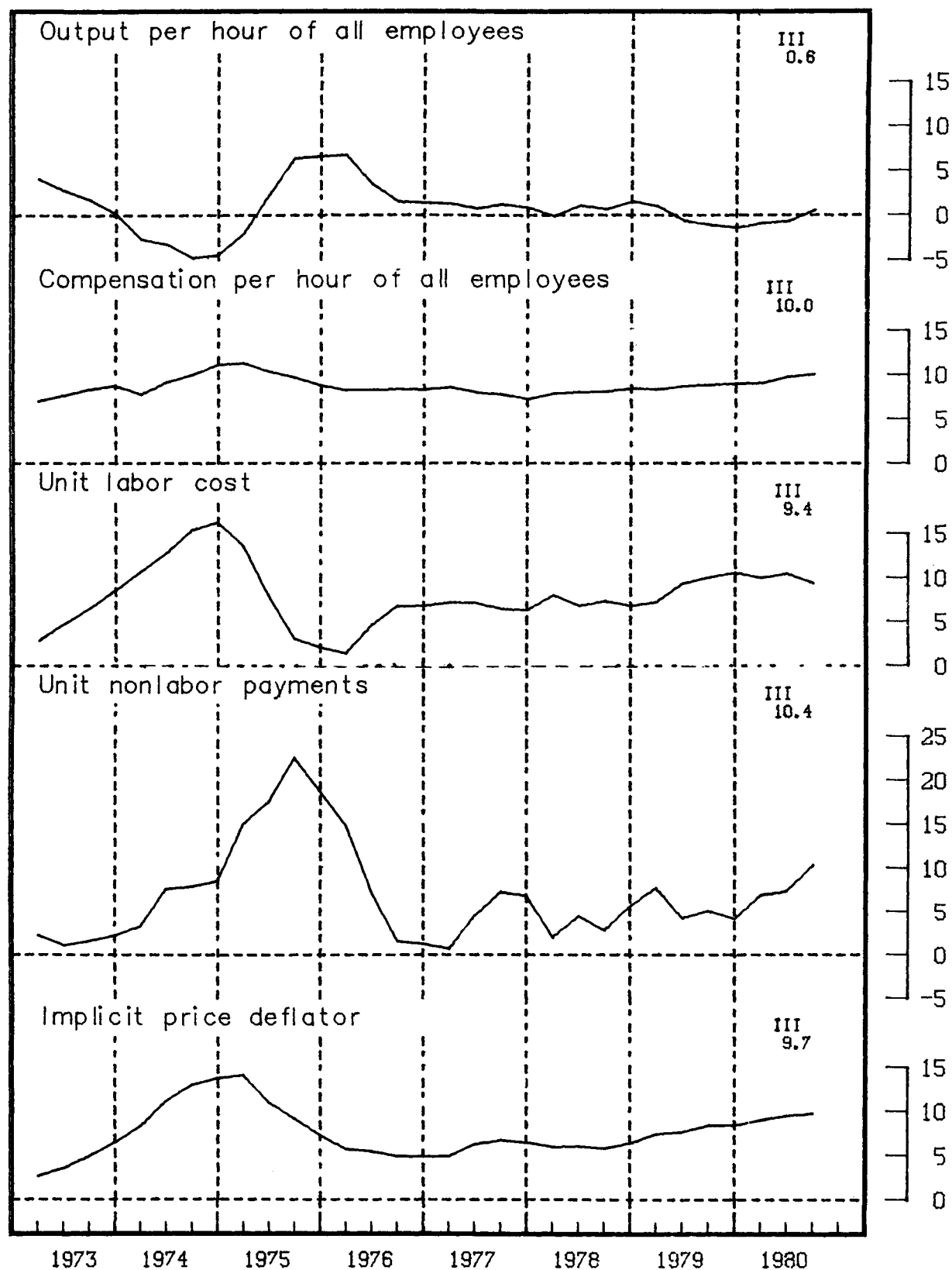


Chart 4. Unit costs, unit profits, and prices in nonfinancial corporations

(percent change from same quarter a year ago)

