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## PRODUCTIVITY AND COSTS

Private Business, Nonfarm Business, and Manufacturing Sectors  
First Quarter 1981  
(and data for Nonfinancial Corporations, Fourth Quarter 1980)

Productivity, defined as output per hour of all persons, increased 3.9 percent in the private business sector in the first quarter of 1981, according to preliminary measures announced today by the Bureau of Labor Statistics of the U.S. Department of Labor. During the fourth quarter of 1980, productivity declined 1.2 percent. The productivity gain in the first quarter reflected a 7.2 percent increase in output and a 3.2 percent increase in hours.

In the nonfarm business sector, productivity increased 3.6 percent, as output rose 7.3 percent and hours of all persons increased 3.6 percent. During the fourth quarter of 1980, productivity declined 0.4 percent in this sector.

In manufacturing, productivity increased at a 1.6 percent annual rate; output increased 6.1 percent while hours increased 4.4 percent. During the fourth quarter, productivity rose 11.4 percent in this sector, as output increased 24.0 percent and hours increased 11.2 percent.

First quarter measures are summarized in table A; details are given in tables 1-6. Revised annual measures for nonfinancial corporations and measures for the fourth quarter of 1980 were also released today. (See table B.)

Note: Revised seasonal factors for the Consumer Price Index for all Urban Consumers (CPI-U) introduced in this press release affect measures of real hourly compensation from 1967 forward.

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.

-2-

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						
Fourth Quarter 1980 to First Quarter 1981						
Private business	3.9	11.5	7.4	0.1	7.2	3.2
Nonfarm business	3.6	11.3	7.5	-0.1	7.3	3.6
Manufacturing	1.6	10.6	8.8	-0.8	6.1	4.4
Durable	2.6	10.7	7.8	-0.7	7.1	4.4
Nondurable	0.1	10.4	10.2	-0.9	4.6	4.4
First Quarter 1980 to First Quarter 1981						
Private business	0.5	10.5	9.9	-0.7	0.6	0.1
Nonfarm business	1.0	10.3	9.3	-0.8	1.0	0.0
Manufacturing	1.4	12.2	10.7	0.8	-1.4	-2.8
Durable	1.8	12.9	10.9	1.4	-2.2	-3.9
Nondurable	0.7	11.5	10.7	0.2	-0.2	-0.9

## Private business sector

Productivity increased 3.9 percent in the private business sector, compared with a 1.2 percent decline in the fourth quarter of 1980. This was the largest increase since the 5.1 percent gain in the third quarter of 1977. Output growth accelerated from the previous quarter--increasing 7.2 percent in the first quarter of 1981 compared with a 6.9 percent gain during the fourth quarter of 1980 (annual rates). Growth in hours slowed--from an 8.3 percent annual rate in the fourth quarter to a 3.2 percent increase during the first quarter of 1981.

Hourly compensation--which includes wages and salaries, supplements, and employer payments for social security and other employee-benefit plans--increased 11.5 percent in the first quarter of 1981, compared with an 8.4 percent increase during the fourth quarter of 1980. This was the largest increase in hourly compensation since the 12.2 percent rise during the second quarter of 1980, and partly reflected increases in the minimum wage and social security contributions.

Real hourly compensation--which adjusts for increases in the Consumer Price Index for All Urban Consumers (CPI-U)--increased 0.1 percent in the first quarter of 1981, compared with a 4.0 percent decline during the fourth quarter of 1980.

Unit labor cost--which shows the effect of changes in hourly compensation and productivity--increased 7.4 percent in the first quarter of 1981, compared with a 9.7 percent increase during the fourth quarter of 1980. This was the smallest gain in these costs since the 7.2 percent rise during the second quarter of 1978. Unit nonlabor payments--which consist of indirect business taxes, depreciation, net interest, and profits--increased 8.2 percent in the first quarter, down from a 10.3 percent rate of increase during the fourth quarter of 1980.

The implicit price deflator--which measures price increases in a specific sector and reflects changes in unit labor cost and unit nonlabor cost combined--increased 7.6 percent in the first quarter, compared with a 9.9 percent increase during the fourth quarter of 1980. This was the smallest rise in the deflator since the 7.4 percent increase during the fourth quarter of 1979.

Compared with the first quarter of 1980, productivity increased 0.5 percent as output rose 0.6 percent and hours increased 0.1 percent. Hourly compensation increased 10.5 percent over the 4-quarter span, while real hourly compensation decreased 0.7 percent. Unit labor cost rose 9.9 percent, and the implicit price deflator rose 9.5 percent.

#### Nonfarm business sector

Productivity gains in the nonfarm business sector in the first quarter of 1981 were smaller than the gains in the more comprehensive private business sector, since the farm sector is not included in the former measure. In the nonfarm business sector, productivity increased 3.6 percent, reflecting a 7.3 percent increase in output and a 3.6 percent rise in hours. During the fourth quarter of 1980, productivity declined 0.4 percent.

Hourly compensation increased 11.3 percent (the largest gain since the 12.3 percent rise in the second quarter of 1974), and unit labor cost rose 7.5 percent. Real hourly compensation declined 0.1 percent, and the implicit price deflator rose 8.4 percent.

Compared with the first quarter of 1980, productivity increased 1.0 percent as output rose 1.0 percent and hours remained unchanged. Hourly compensation increased 10.3 percent, and real hourly compensation decreased 0.8 percent. Unit labor cost rose 9.3 percent, and the implicit price deflator rose 9.5 percent over the 4-quarter span.

#### Manufacturing

Productivity in the manufacturing sector moved up 1.6 percent, after leaping 11.4 percent during the fourth quarter of 1980. Output grew 6.1 percent, and hours rose 4.4 percent. During the fourth quarter of 1980, output increased 24.0 percent and hours increased 11.2 percent (annual rates).

Hourly compensation in manufacturing rose 10.6 percent in the first quarter of 1981, compared with a 10.2 percent increase one quarter earlier. Real hourly compensation declined 0.8 percent. Unit labor cost rose 8.8 percent, after falling 1.1 percent during the fourth quarter of 1980.

Among durables, productivity increased 2.6 percent as output rose 7.1 percent and hours increased 4.4 percent. In nondurables, the productivity gain was smaller—a 0.1 percent rise resulting from a 4.6 percent increase in output and a 4.4 percent rise in hours.

Compared with the first quarter of 1980, productivity increased 1.4 percent in all of manufacturing, as output declined 1.4 percent and hours fell 2.8 percent. Hourly compensation increased 12.2 percent, and unit labor cost rose 10.7 percent. Real hourly compensation increased 0.8 percent.

#### Fourth quarter measures for nonfinancial corporations

Fourth quarter 1980 productivity and cost measures were also announced today for the nonfinancial corporate sector, together with revised annual movements. (See table B.) Output per all-employee hour decreased 0.1 percent in the fourth quarter of 1980, as output rose 7.9 percent while hours of all employees increased 8.1 percent. Hourly compensation increased 9.2 percent, but dropped 3.2 percent when the rise in the CPI-U was taken into account. Unit labor cost went up 9.4 percent, and unit profit increased 15.7 percent (annual rates). See table 3.

Table B. Nonfinancial Corporations  
Percent change in productivity and costs at annual rates seasonally adjusted

ITEM	3rd quarter 1980 to 4th quarter 1980 PRELIMINARY	4th quarter 1979 to 4th quarter 1980 PRELIMINARY	1980 Annual REVISED
Output per all-employee hour	-0.1	1.8	0.5
Hourly compensation	9.2	10.3	10.0
Unit labor cost	9.4	8.4	9.5
Real hourly compensation	-3.2	-2.0	-3.1
Output	7.9	0.4	-0.7
Hours	8.1	-1.4	-1.2
Unit profits	15.7	0.3	-8.9

#### Revisions to fourth quarter measures for the business sectors

The productivity and cost measures announced today include revised fourth quarter 1980 output measures which incorporate the latest information prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce for the national income and product accounts. A comparison of the measures announced by BLS on February 26 and the most recent revision appears in table C.

Table C. Previous and revised productivity and related measures,  
Fourth quarter 1980

Percent change from previous quarter at annual rate  
(Seasonally adjusted)

	Previous	Revised
<u>Private business sector</u>		
Output per hour of all persons	-2.8	-1.2
Compensation per hour	8.4	8.4
Unit labor cost	11.5	9.7
Real compensation per hour	-3.4	-4.0
Output	5.2	6.9
Hours	8.2	8.3
<u>Nonfarm business sector</u>		
Output per hour of all persons	-1.9	-0.4
Compensation	9.6	9.6
Unit labor cost	11.8	10.1
Real compensation per hour	-2.3	-2.9
Output	5.4	7.1
Hours	7.5	7.5

TABLE 1. PRIVATE BUSINESS SECTOR, ALL PERSONS: PRODUCTIVITY,  
HOURLY COMPENSATION, UNIT LABOR COST, AND PRICES, SEASONALLY ADJUSTED

YEAR AND QUARTER		OUTPUT PER HOUR OF ALL PERSONS	OUTPUT	HOURS OF ALL PERSONS	COMPENSA- TION PER HOUR(1)	REAL COMPENSA- TION PER HOUR(2)	UNIT LABOR COST	UNIT NON- LABOR PAY- MENTS(3)	IMPLICIT PRICE DEFLATOR
INDEXES 1977=100									
1980	I	99.3	108.7	109.5	126.0	96.5	127.0	115.3	123.0
	II	98.8	105.4	106.7	129.7	96.3R	131.3	116.0	126.1
	III	99.2	105.7	106.5	132.8	96.7R	133.9	119.8	129.1
	IV	98.9R	107.5R	108.7	135.5	95.7R	137.0R	122.8R	132.2
	ANNUAL	99.1R	106.8R	107.8	131.1	96.4	132.3R	118.4R	127.6
1981	I	99.8P	109.3P	109.5P	139.2P	95.7P	139.5P	125.2P	134.7P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1980	I	1.3	1.8	0.5	10.4	-5.2R	9.0	11.3	9.7
	II	-1.9R	-11.5	-9.9	12.2	-0.8R	14.4	2.6	10.5
	III	1.5	1.1	-0.4	9.7	1.8R	8.1	13.6	9.8
	IV	-1.2R	6.9R	8.3R	8.4	-4.0R	9.7R	10.3R	9.9
	ANNUAL	-0.3R	-0.8R	-0.5	10.0	-3.1	10.3R	6.8R	9.2
1981	I	3.9P	7.2P	3.2P	11.5P	0.1P	7.4P	8.2P	7.6P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1980	I	-0.4	0.9	1.3	9.6	-4.1R	10.0	5.2	8.4
	II	-0.8	-1.6	-0.8	9.9	-4.0R	10.8	5.1	9.0
	III	0.0	-1.9	-1.9	10.2	-2.3	10.3	7.4	9.4
	IV	-0.1R	-0.7R	-0.6	10.2	-2.1R	10.3R	9.4R	10.0
	ANNUAL	-0.3R	-0.8R	-0.5	10.0	-3.1	10.3R	6.8R	9.2
1981	I	0.5P	0.6P	0.1P	10.5P	-0.7P	9.9P	8.6P	9.5P

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

APRIL 27, 1981  
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 1977=100									
1980	I	98.6	108.5	110.0	125.6	96.2	127.4	114.0	122.9
	II	97.9	105.1	107.3	129.0	95.7	131.8	115.2	126.3
	III	98.8	105.8	107.1	131.9	96.1	133.5	119.2	128.8
	IV	98.7R	107.7R	109.1R	135.0	95.4R	136.8R	122.1R	131.9
	ANNUAL	98.6R	106.8R	108.3R	130.5R	96.0R	132.4	117.6R	127.4
1981	I	99.6P	109.6P	110.0P	138.6P	95.3P	139.2P	125.2P	134.5P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1980	I	0.0	1.4	1.4	9.9	-5.7R	9.9	14.6	11.3
	II	-3.0	-12.1	-9.4	11.2	-1.7R	14.6	4.2	11.3
	III	3.8	2.9	-0.9	9.3	1.4R	5.3	14.9	8.2
	IV	-0.4R	7.1R	7.5	9.6	-2.9R	10.1R	10.0R	10.0
	ANNUAL	-0.4R	-0.9R	-0.5R	9.8R	-3.3	10.3R	8.3R	9.7
1981	I	3.6P	7.3P	3.6P	11.3P	-0.1P	7.5P	10.5P	8.4P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1980	I	-0.9	0.6	1.5	9.4	-4.3R	10.4	6.4	9.1
	II	-1.2	-1.9	-0.7	9.7	-4.2R	11.0	6.9	9.7
	III	0.1	-1.8	-1.9	10.0	-2.5	9.9	9.1	9.6
	IV	0.1R	-0.5R	-0.5R	10.0	-2.3R	9.9R	10.8R	10.2
	ANNUAL	-0.4R	-0.9R	-0.5R	9.8R	-3.3	10.3R	8.3R	9.7
1981	I	1.0P	1.0P	0.0P	10.3P	-0.8P	9.3P	9.8P	9.5P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

APRIL 27, 1981

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 1977=100											
1979	I	100.6	109.5	108.9	114.5	100.1	113.8	107.8	112.2	105.6	111.5
	II	100.6	109.0	108.4	117.5	99.8R	116.8	111.2	115.3	100.7	113.7
	III	100.3	109.4	109.1	119.8	98.5	119.5	114.6	118.2	97.5	115.9
	IV	99.7	109.3	109.7	122.4	97.3R	122.8	117.2	121.3	92.2	118.1
	ANNUAL	100.3	109.3	109.0	118.6	99.0	118.2	112.7	116.8	99.0	114.8
1980	I	100.0	109.9	110.0	125.3	95.9	125.4	120.9	124.2	95.5	121.0
	II	99.8	106.8	107.0	128.9	95.7R	129.1	129.3	129.2	83.4	124.1
	III	101.5	107.7	106.1	132.1	96.2	130.2	133.8	131.1	89.1	126.4
	IV	101.5P	109.7P	108.2P	135.1P	95.4P	133.1P	136.9P	134.1P	92.4P	129.5P
	ANNUAL	100.8R	108.5R	107.7R	130.4	95.9	129.4R	130.2R	129.7R	90.2R	125.2
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1979	I	0.4	5.6	5.2	11.2	0.7R	10.8	7.2	9.9	-11.8	7.3
	II	0.0	-1.8	-1.8	10.9	-1.3R	10.9	13.0	11.4	-17.2	8.1
	III	-1.1	1.6	2.8	8.2	-5.1R	9.5	12.8	10.3	-12.0	7.9
	IV	-2.4	-0.4	2.1	8.9	-4.6R	11.6	9.3	11.0	-20.2	7.8
	ANNUAL	-0.1	3.3	3.5	9.6	-1.5	9.7	8.2	9.3	-3.9	7.9
1980	I	1.2	2.2	1.0	9.8	-5.7R	8.6	13.5	9.8	15.3	10.3
	II	-0.5	-10.9	-10.5	12.0	-1.0R	12.6	30.6	17.0	-41.9	10.5
	III	6.9	3.4	-3.3	10.3	2.3R	3.2	14.7	6.2	30.3	7.9
	IV	-0.1P	7.9P	8.1P	9.2P	-3.2P	9.4P	9.5P	9.4P	15.7P	9.9P
	ANNUAL	0.5R	-0.7R	-1.2R	10.0R	-3.1R	9.5R	15.6R	11.0R	-8.9R	9.1
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1979	I	0.4	6.4	6.1	8.8	-0.9	8.4	4.7	7.5	15.8	8.3
	II	-0.2	2.9	3.1	9.8	-0.8	10.0	8.0	9.4	-4.6	7.9
	III	-0.1	2.9	3.0	9.8	-1.7	9.9	9.8	9.9	-7.9	7.9
	IV	-0.8	1.2	2.0	9.8	-2.6	10.7	10.6	10.7	-15.4	7.8
	ANNUAL	-0.1	3.3	3.5	9.6R	-1.5	9.7	8.2	9.3	-3.9	7.9
1980	I	-0.6	0.4	1.0	9.5	-4.2R	10.1	12.2	10.6	-9.5	8.5
	II	-0.7	-2.0	-1.3	9.7	-4.1	10.5	16.3	12.0	-17.2	9.1
	III	1.2	-1.6	-2.8	10.3	-2.3R	8.9	16.8	11.0	-8.6	9.1
	IV	1.8P	0.4P	-1.4P	10.3P	-2.0P	8.4P	16.8P	10.5P	0.3P	9.6P
	ANNUAL	0.5	-0.7	-1.2	10.0	-3.1	9.5	15.6	11.0	-8.9	9.1

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

FEBRUARY 26, 1981

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 1977=100							
1980	I	102.0R	108.3R	106.2	125.0	95.7	122.5R
	II	100.7R	101.8R	101.2	129.6	96.2R	128.7R
	III	100.3R	99.8R	99.5	133.5	97.2R	133.1R
	IV	103.0	105.3	102.1	136.8	96.7R	132.8
	ANNUAL	101.4	103.7	102.2	131.2	96.5	129.4R
1981	I	103.5P	106.8P	103.2P	140.3P	96.5P	135.6P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	0.6R	0.3R	-0.3	10.1	-5.6R	9.5R
	II	-5.2R	-21.9R	-17.6	15.5	2.1R	21.9R
	III	-1.5R	-8.0R	-6.6	12.7	4.6R	14.5R
	IV	11.4R	24.0R	11.2	10.2R	-2.4R	-1.1R
	ANNUAL	-0.5	-4.6	-4.1	10.5	-2.7	11.0
1981	I	1.6P	6.1P	4.4P	10.6P	-0.8P	8.8P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	0.6R	-0.8R	-1.4	9.1	-4.5R	8.5R
	II	-1.6R	-6.2R	-4.7	9.3	-4.5R	11.0R
	III	-1.5R	-8.1	-6.6	11.6	-1.2R	13.3R
	IV	1.1	-2.8	-3.9	12.1	-0.4R	10.8R
	ANNUAL	-0.5	-4.6	-4.1	10.5	-2.7	11.0
1981	I	1.4P	-1.4P	-2.8P	12.2P	0.8P	10.7P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

APRIL 27, 1981

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 1977=100							
1980	I	99.8R	108.6R	108.8	124.8	95.5	125.0R
	II	98.8R	100.9R	102.1	129.6	96.2R	131.2R
	III	97.7	97.8	100.1	133.7	97.3R	136.7R
	IV	100.9	104.4	103.4	137.3	97.0R	136.0R
	ANNUAL	99.2	102.8	103.6	131.3R	96.5	132.3R
1981	I	101.6P	106.2P	104.5P	140.8P	96.8P	138.6P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	-1.4R	-1.9R	-0.5	12.0	-3.9R	13.6R
	II	-3.9R	-25.5R	-22.4	16.5	3.0R	21.3R
	III	-4.1R	-11.6R	-7.8	13.1	5.0R	18.0R
	IV	13.6R	29.6R	14.1	11.2R	-1.5R	-2.1R
	ANNUAL	-1.4	-6.7	-5.4	11.0	-2.2R	12.6R
1981	I	2.6P	7.1P	4.4P	10.7P	-0.7P	7.8P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	-1.0R	-2.8R	-1.9	9.3	-4.3R	10.4R
	II	-2.7R	-8.6R	-6.0	9.5	-4.3	12.5R
	III	-2.3	-10.7	-8.6	12.2	-0.6	14.8
	IV	0.8	-4.3	-5.1	13.2	0.6R	12.3R
	ANNUAL	-1.4	-6.7	-5.4	11.0	-2.2R	12.6R
1981	I	1.8P	-2.2P	-3.9P	12.9P	1.4P	10.9P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

APRIL 27, 1981

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 1977=100							
1980	I	105.6R	108.0R	102.3	124.6	95.4	118.0R
	II	103.6R	103.3R	99.7	129.3	95.9R	124.8R
	III	104.2R	102.7R	98.6	133.1	96.9R	127.8
	IV	106.3	106.6	100.2	135.5	95.8R	127.5R
	ANNUAL	104.8	105.0	100.2	130.6R	96.1R	124.6
1981	I	106.4P	107.8P	101.3P	138.9P	95.5P	130.6P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	3.6R	3.7R	0.0	6.6	-8.5R	2.9R
	II	-7.6R	-16.4R	-9.5	15.7	2.2R	25.2R
	III	2.3R	-2.5R	-4.7	12.4	4.3R	9.9R
	IV	8.6R	16.2R	7.0	7.6R	-4.7R	-1.0R
	ANNUAL	0.9	-1.3	-2.2	10.0	-3.1	9.1R
1981	I	0.1P	4.6P	4.4P	10.4P	-0.9P	10.2P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	3.0R	2.2R	-0.7	8.9	-4.7	5.7R
	II	0.1R	-2.4R	-2.5	9.4	-4.4R	9.3R
	III	-0.7	-4.1	-3.4	11.1	-1.5	11.9R
	IV	1.6	-0.4	-2.0	10.5	-1.8	8.8
	ANNUAL	0.9	-1.3	-2.2	10.0	-3.1	9.1R
1981	I	0.7P	-0.2P	-0.9P	11.5P	0.2P	10.7P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

APRIL 27, 1981

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)

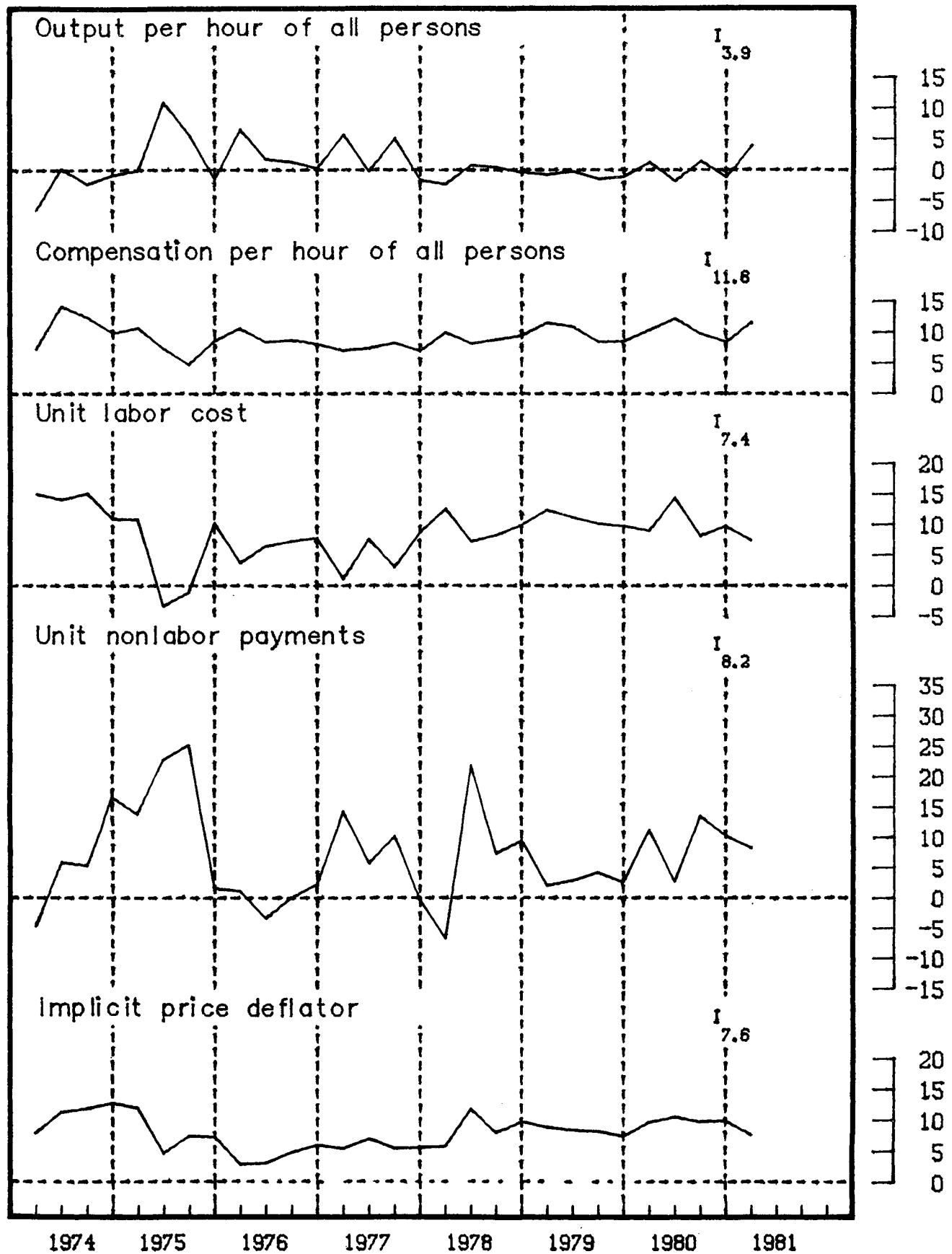
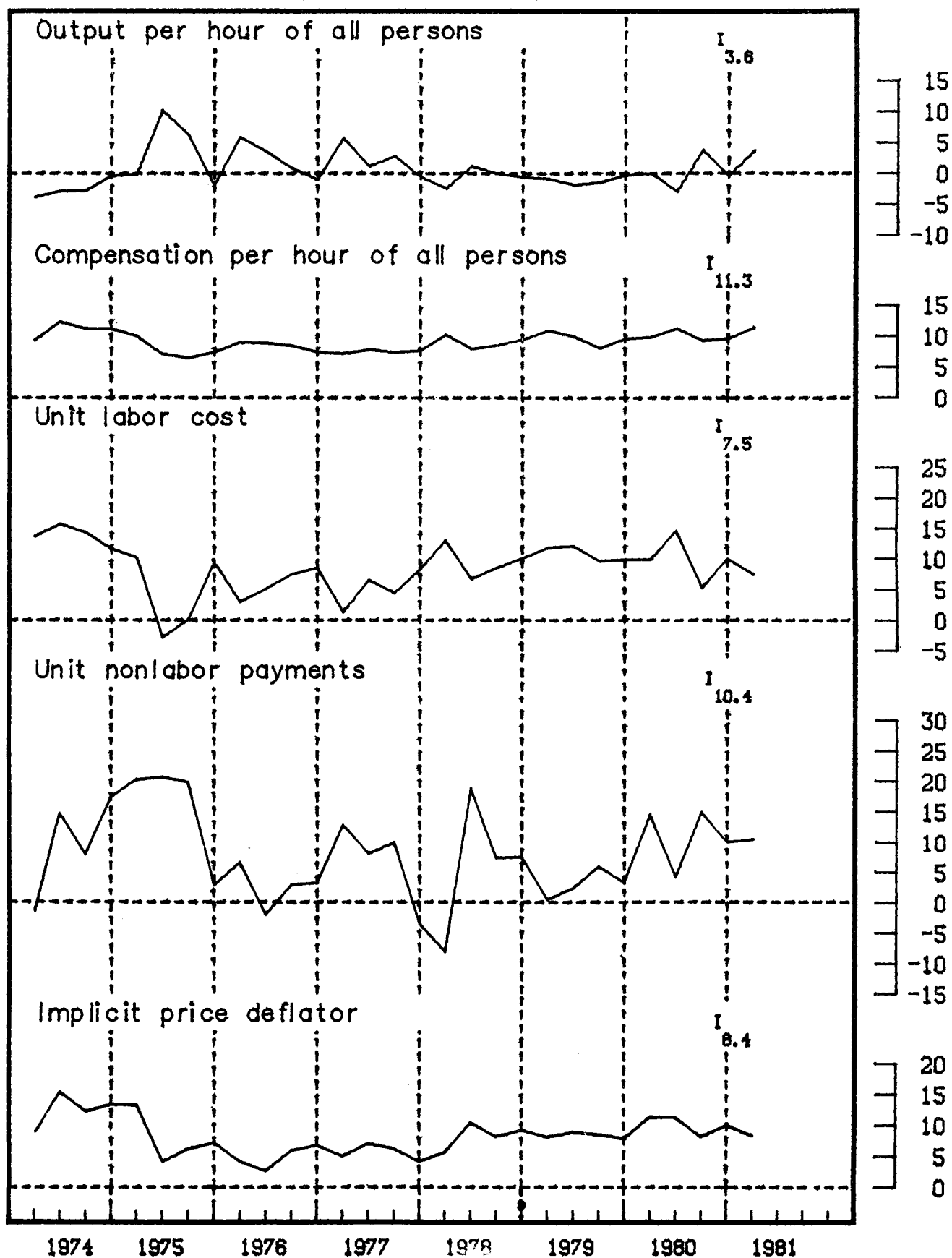


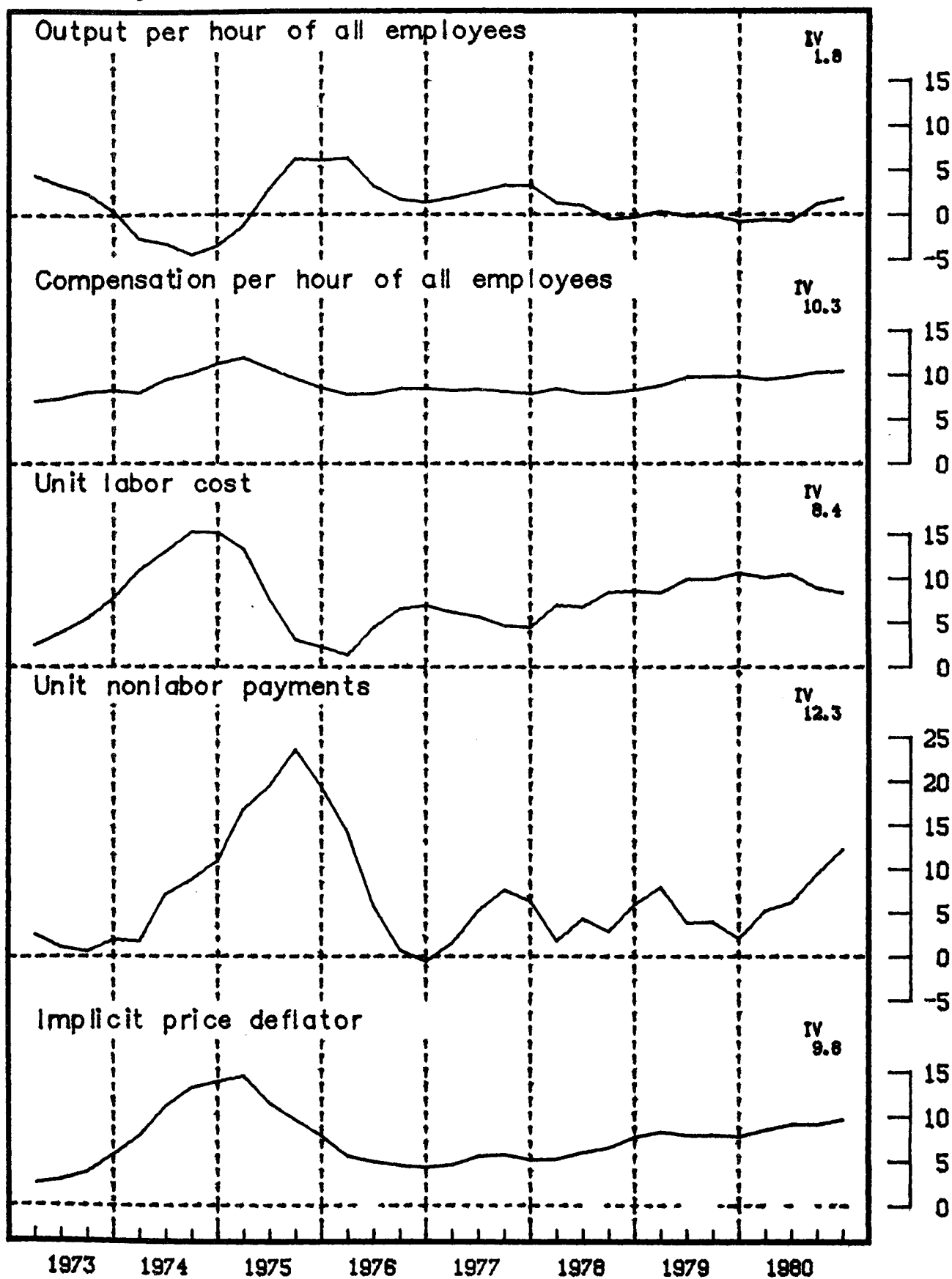
Chart 2. Productivity, hourly compensation, unit costs and prices in the nonfarm business sector

(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)

