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PRODUCTIVITY AND COSTS

Private Business, Nonfarm Business, and Manufacturing Sectors
Third Quarter 1981

Productivity in the private business sector declined 1.9 percent at a seasonally adjusted annual rate in the third quarter of 1981, according to preliminary measures reported today by the Bureau of Labor Statistics of the U.S. Department of Labor. This was the first falloff in productivity in this sector since the 1.1 percent decline during the fourth quarter of 1980, and the largest decrease since the 2.3 percent drop during the first quarter of 1978. The decline during the third quarter of 1981 followed a 3.5 percent increase during the second quarter. In the third quarter, output fell 1.2 percent, and hours of all persons engaged in the sector increased 0.7 percent (seasonally adjusted annual rates).

In the nonfarm business sector, productivity declined 2.2 percent in the third quarter, as output declined 1.9 percent and hours edged up 0.3 percent. One quarter earlier, productivity gained 1.4 percent, as output fell 1.1 percent and hours dropped 2.5 percent (seasonally adjusted annual rates).

NOTE: The productivity and cost measures for manufacturing contained in this press release are based on the latest industrial production data compiled by the Federal Reserve Board (FRB) and are consistent with the revised seasonal factors released by the FRB on October 16, 1981. Data prior to the fourth quarter of 1978 were not affected. See appendix tables 1-3.

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 or 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 skill, 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
<u>PRELIMINARY</u>						
Second Quarter 1981 to third quarter 1981						
Private business	-1.9	9.3	11.4	-2.4	-1.2	0.7
Nonfarm business	-2.2	9.4	11.9	-2.2	-1.9	0.3
Manufacturing	1.4	10.0	8.4	-1.7	0.2	-1.3
Durable	1.1	10.5	9.2	-1.3	-0.7	-1.8
Nondurable	1.9	9.3	7.2	-2.4	1.5	-0.4
<u>REVISED</u>						
First quarter 1981 to second quarter 1981						
Nonfinancial corporations	2.2	9.3	7.0	2.1	0.1	-2.0
<u>PRELIMINARY</u>						
Third quarter 1980 to third quarter 1981						
Private business	1.3	10.0	8.6	-0.7	3.3	2.0
Nonfarm business	0.8	10.1	9.3	-0.6	2.9	2.1
Manufacturing	4.8	10.6	5.5	-0.2	8.1	3.1
Durable	5.7	10.9	4.9	0.1	9.7	3.7
Nondurable	3.4	9.8	6.2	-0.9	5.7	2.2
<u>REVISED</u>						
Second quarter 1980 to second quarter 1981						
Nonfinancial corporations	3.8	10.1	6.1	0.3	5.6	1.8

In manufacturing, productivity increased 1.4 percent in the third quarter, as output increased 0.2 percent and hours of all persons declined 1.3 percent (annual rates). During the second quarter productivity increased 4.1 percent in this sector, as output increased 3.3 percent and hours declined 0.7 percent.

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

Private business sector

The 1.9 percent productivity decline in the third quarter of 1981 came after 2 quarters of growth in the measure. The 4.6 percent and 3.5 percent advances in the first and second quarters of the year were the strongest gain since 1977. Although output declined 1.2 percent in the third quarter of 1981, hours increased slightly, reflecting employment growth and with some drop in average weekly hours.

Hourly compensation increased 9.3 percent in the third quarter, compared with a 10.4 percent increase during the second quarter. Hourly compensation includes wages and salaries, supplements, employer contributions to employee benefit plans and taxes, and all other fringe benefits. Unit labor cost, which reflects both changes in hourly compensation and productivity, increased 11.4 percent in the third quarter, compared with a 6.6 percent increase during the preceding period. This was the largest quarterly increase in unit labor costs since the 14.4 percent gain during the second quarter of 1980.

Real hourly compensation--hourly compensation adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U)--decreased 2.4 percent in the third quarter (annual rate), the first decline this year.

The implicit price deflator, which shows the effects of changes in unit labor costs and unit nonlabor payments combined, increased 9.9 percent in the third quarter, compared with a 6.2 percent gain during the second quarter.

Compared with the third quarter of 1980, productivity increased 1.3 percent, as output rose 3.3 percent and hours increased 2.0 percent. Hourly compensation rose 10.0 percent and unit labor costs increased 8.6 percent. Real hourly compensation declined 0.7 percent over the 12 month period, and the implicit price deflator rose 9.0 percent.

Nonfarm business sector

Productivity in the nonfarm business sector declined 2.2 percent in the third quarter of 1981, as output declined 1.9 percent and hours increased 0.3 percent (annual rates). This was the first decline in productivity since the 0.2 percent fall during the fourth quarter of 1980, and the largest drop since the 2.9 percent decline during the second quarter of 1980.

Hourly compensation increased 9.4 percent in the third quarter, down slightly from the 9.6 percent increase during the second quarter. Unit labor costs rose 11.9 percent, the largest increase in this series since the 14.6 percent jump in the second quarter of 1980. During the second quarter of 1981, unit labor costs rose 8.1 percent.

Real hourly compensation declined at a 2.2 percent annual rate, compared with a 2.4 percent gain during the second quarter. This was the first decline in real hourly compensation since the 2.7 percent decline in the fourth quarter of 1980.

Compared with the third quarter of 1980, productivity in the nonfarm business sector increased 0.8 percent as output rose 2.9 percent and hours increased 2.1 percent. Hourly compensation increased 10.1 percent and unit labor costs increased 9.3 percent. Real hourly compensation was 0.6 percent lower than it had been 12 months earlier, and the implicit price deflator went up 9.6 percent.

Manufacturing

Productivity in the manufacturing sector increased 1.4 percent during the third quarter of 1981, compared with a 4.1 percent gain during the second quarter. The third quarter advance reflected a 0.2 percent increase in output coupled with a 1.3 percent decline in hours. Although manufacturing employment grew in the third quarter, the shortening of the average work week more than offset the employment growth.

Hourly compensation increased 10.0 percent in the third quarter, compared with a 10.8 percent rise during the second quarter. Unit labor costs rose 8.4 percent, and real hourly compensation fell 1.7 percent (annual rates).

Compared with the third quarter of 1980, manufacturing productivity increased 4.8 percent, as output grew 8.1 percent and hours of all persons increased 3.1 percent. Hourly compensation rose 10.6 percent and unit labor costs went up 5.5 percent.

Nonfinancial corporations

The Bureau of Labor Statistics also reported 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 2.2 percent increase in productivity during the second quarter as output increased 0.1 percent and hours declined 2.0 percent. Previously, productivity was reported to have increased 0.9 percent, as output fell 1.3 percent and hours dropped 2.2 percent, based on preliminary results. Table B compares the preliminary and revised measures.

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	0.9	2.2
Output	-1.3	0.1
Hours	2.2	-2.0
Hourly compensation	9.2	9.3
Real hourly compensation	2.1	2.1
Unit labor costs	8.3	7.0
Unit profits	-19.4	-13.9
Implicit price deflator	7.1	6.2

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 the fourth quarter of 1978 forward. This release contains all the quarters affected by this revision.

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	99.5	108.7	109.2	126.4	96.7	127.0	115.2	123.0
	II	99.1	105.4	106.4	130.1	96.5	131.3	116.0	126.1
	III	99.4	105.7	106.3	133.1	96.9	133.9	119.7	129.1
	IV	99.1	107.5	108.4	135.9	96.0	137.0	122.7	132.2
	ANNUAL	99.3	106.8	107.5	131.5R	96.7R	132.4R	118.3R	127.6
1981	I	100.3	109.5	109.2	139.7	96.1	139.4	127.6	135.4
	II	101.1R	109.5R	108.3R	143.2	96.8	141.6R	129.3R	137.5R
	III	100.7P	109.2P	108.4P	146.4P	96.3P	145.5P	131.5P	140.7P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1980	I	1.6	1.8	0.2	10.7	-5.0	9.0	11.2	9.7
	II	-1.8	-11.5	-9.9	12.3	-0.7	14.4	2.6	10.5
	III	1.3	1.1	-0.2	9.5	1.6	8.1	13.7	9.8
	IV	-1.1	6.9	8.1	8.6	-3.8	9.8	10.2	9.9
	ANNUAL	-0.2	-0.8	-0.6	10.2R	-3.0	10.4R	6.6R	9.2
1981	I	4.6	7.9	3.1	11.8	0.4	6.9	17.2	10.0
	II	3.5R	-0.1R	-3.5R	10.4	3.2R	6.6R	5.3R	6.2R
	III	-1.9P	-1.2P	0.7P	9.3P	-2.4P	11.4P	6.8P	9.9P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1980	I	-0.1	0.9	1.0	9.9	-3.8	10.0	5.1	8.4
	II	-0.6	-1.6	-1.0	10.1	-3.8	10.8	5.1	9.0
	III	0.0	-1.9	-1.9	10.3	-2.3	10.3	7.4	9.4
	IV	0.0	-0.7	-0.7	10.3	-2.0	10.3	9.3	10.0
	ANNUAL	-0.2	-0.8	-0.6	10.2R	-3.0	10.4R	6.6R	9.2
1981	I	0.7	0.8	0.0	10.5	-0.7	9.7	10.8	10.1
	II	2.1R	3.9R	1.8R	10.1	0.3	7.8R	11.5R	9.0R
	III	1.3P	3.3P	2.0P	10.0P	-0.7P	8.6P	9.8P	9.0P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 29, 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 CCMPENSA- TION PER HOUR(2)	UNIT LABOR COST	UNIT NON- LABOR PAY- MENTS(3)	IMPLICIT PRICE DEFLATOR
INDEXES 1977=100									
1980	I	98.9	108.5	109.8	126.0	96.4	127.4	113.9	122.9
	II	98.2	105.1	107.1	129.4	96.0	131.8	115.1	126.3
	III	99.0	105.8	106.9	132.3	96.3	133.6	119.2	128.8
	IV	99.0	107.7	108.8	135.4	95.6	136.8	122.0	131.9
	ANNUAL	98.8	106.8	108.1	130.8	96.2	132.4	117.6R	127.4
1981	I	100.0	109.7	109.7	139.1	95.7	139.1	127.8	135.3
	II	100.4R	109.4R	109.0	142.4	96.3	141.9R	128.7R	137.5R
	III	99.8P	108.9P	109.1P	145.6P	95.7P	145.9P	131.3P	141.1P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)									
1980	I	0.3	1.4	1.1	10.2	-5.4	9.9	14.6	11.3
	II	-2.9	-12.1	-9.5	11.3	-1.6	14.6	4.2	11.3
	III	3.6	2.9	-0.7	9.0	1.2	5.3	15.0	8.2
	IV	-0.2	7.1	7.3	9.8	-2.7	10.1	9.9	10.0
	ANNUAL	-0.3	-0.9	-0.6	9.9	-3.2	10.3	8.4R	9.7
1981	I	4.3	7.9	3.5	11.6	0.2	7.0	20.3	11.0
	II	1.4R	-1.1R	-2.5R	9.6	2.4	8.1R	3.0R	6.5R
	III	-2.2P	-1.9P	0.3P	9.4P	-2.2P	11.9P	8.5P	10.8P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)									
1980	I	-0.7	0.6	1.3	9.7	-4.0	10.4	6.4	9.1
	II	-1.0	-1.9	-0.9	9.9	-4.0	11.0	6.9	9.7
	III	0.1	-1.8	-1.9	10.1	-2.5	9.9	9.1	9.6
	IV	0.1	-0.5	-0.6	10.1	-2.2	9.9	10.8	10.2
	ANNUAL	-0.3	-0.9	-0.6	9.9	-3.2	10.3	8.4R	9.7
1981	I	1.1	1.1	0.0	10.4	-0.8	9.2	12.2	10.1
	II	2.2R	4.1R	1.9R	10.0	0.2	7.6R	11.8	8.9R
	III	0.8P	2.9P	2.1P	10.1P	-0.6P	9.3P	10.2P	9.6P

SEE FOOTNOTES FOLLOWING TABLE 6.

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OCTOBER 29, 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											
1980	I	100.2	109.9	109.6	125.7	96.2	125.4	120.9	124.2	95.5	121.0
	II	100.1	106.8	106.7	129.3	95.9	129.1	129.3	129.2	83.4	124.1
	III	101.8	107.7	105.8	132.5	96.5	130.2	133.8	131.1	89.1	126.4
	IV	101.8	109.7	107.8	135.5	95.7	133.1	136.9	134.1	92.4	129.5
	ANNUAL	101.0	108.5	107.5	130.7	96.2	129.4	130.2	129.7	90.2	125.2
1981	I	103.3	112.8	109.1	139.2	95.7	134.7	139.5	136.0	106.8	132.7
	II	103.9R	112.8R	108.6R	142.3	96.2	137.0R	143.6R	138.7R	102.8R	134.7R
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)											
1980	I	1.5	2.2	0.7	10.2	-5.4	8.6	13.5	9.8	15.3	10.3
	II	-0.5	-10.9	-10.5	12.0	-1.0	12.6	30.6	17.0	-41.9	10.5
	III	6.7	3.4	-3.1	10.2	2.2	3.2	14.7	6.2	30.3	7.9
	IV	0.0	7.9	7.9	9.4	-3.1	9.4	9.5	9.4	15.7	9.9
	ANNUAL	0.6	-0.7	-1.3	10.1	-3.0	9.5	15.6	11.0	-8.9	9.1
1981	I	6.3	11.5	4.8	11.4	0.0	4.8	7.9	5.6	77.9	10.4
	II	2.2R	0.1R	-2.0R	9.3R	2.1	7.0R	12.3R	8.4R	-13.9R	6.2R
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)											
1980	I	-0.3	0.4	0.7	9.8	-3.9	10.1	12.2	10.6	-9.5	8.5
	II	-0.5	-2.0	-1.5	9.9	-3.9	10.5	16.3	12.0	-17.2	9.1
	III	1.3	-1.6	-2.8	10.3	-2.2	8.9	16.8	11.0	-8.6	9.1
	IV	1.9	0.4	-1.5	10.4	-1.9	8.4	16.8	10.5	0.3	9.6
	ANNUAL	0.6	-0.7	-1.3	10.1	-3.0	9.5	15.6	11.0	-8.9	9.1
1981	I	3.1	2.6	-0.5	10.8	-0.5	7.4	15.4	9.5	11.8	9.7
	II	3.8R	5.6R	1.8R	10.1	0.3	6.1R	11.1R	7.4R	23.3R	8.6R

SEE FOOTNOTES FOLLOWING TABLE 6.

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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	102.0	108.0	105.9	125.4	95.9	122.9
	II	100.7R	101.6R	100.9	130.0	96.4	129.1R
	III	100.7R	99.9R	99.2	133.9	97.5	133.0R
	IV	103.2R	105.1R	101.8	137.3	97.0	133.0R
	ANNUAL	101.7	103.6	101.9	131.6	96.7R	129.4
1981	I	104.1R	107.0R	102.8	140.9	96.9	135.4R
	II	105.1R	107.9R	102.6	144.6R	97.8R	137.5R
	III	105.5P	107.9P	102.3P	148.1P	97.3P	140.3P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	-0.4R	-1.0	-0.6	10.4	-5.3	10.9
	II	-4.9R	-21.6R	-17.6	15.5	2.1	21.4R
	III	0.0R	-6.6R	-6.5	12.7	4.5	12.7R
	IV	10.4R	22.5R	11.0	10.5	-2.2	0.1R
	ANNUAL	-0.3	-4.6	-4.3	10.7	-2.5	11.0R
1981	I	3.3R	7.5R	4.0	11.1	-0.3	7.5R
	II	4.1R	3.3R	-0.7R	10.8R	3.5R	6.4R
	III	1.4P	0.2P	-1.3P	10.0P	-1.7P	8.4P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	0.5	-1.2	-1.7	9.4	-4.2	8.9
	II	-1.6R	-6.4R	-4.9	9.6	-4.3	11.3
	III	-1.3R	-7.9R	-6.7	11.7	-1.0	13.2R
	IV	1.1R	-2.9R	-4.0	12.2	-0.3	11.0R
	ANNUAL	-0.3	-4.6	-4.3	10.7	-2.5	11.0R
1981	I	2.1R	-0.9R	-2.9	12.4	1.0	10.2R
	II	4.4R	6.2R	1.7	11.3R	1.4R	6.6R
	III	4.8P	8.1P	3.1P	10.6P	-0.2P	5.5P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

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OCTOBER 29, 1981

SOURCE: BUREAU OF LABOR STATISTICS

TABLE 5. DURABLE MANUFACTURING SECTOR: PRODUCTIVITY, HOURLY
COMPENSATION, UNIT LABOR COST, SEASONALLY ADJUSTED(11)

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							
1978	I	99.4	102.7	103.3	105.0	100.8	105.7
	II	101.1	106.3	105.2	106.4	100.0	105.3
	III	101.8	108.7	106.8	108.5	99.7	106.6
	IV	101.9	110.9	108.9	111.1	99.6	109.0
	ANNUAL	101.0	107.1	106.1	107.8	100.1	106.7
1979	I	100.7	111.7	110.8	114.1	99.8	113.2
	II	101.6	110.4	108.6	118.4	100.6	116.6
	III	100.1	109.5	109.4	119.3	98.1	119.2
	IV	100.3	109.1	108.7	121.5	96.6	121.1
	ANNUAL	100.7	110.2	109.3	118.4	98.8	117.5
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	I	-5.5	-1.0	4.8	8.6	1.4	14.9
	II	7.0	14.7	7.2	5.7	-3.1	-1.3
	III	3.0	9.5	6.3	8.1	-1.4	5.0
	IV	0.2	8.4	8.1	9.6	-0.4	9.4
	ANNUAL	1.0	7.1	6.1	7.8	0.1	6.7
1979	I	-4.4	2.7	7.4	11.3	0.8	16.4
	II	3.4	-4.6	-7.8	16.1	3.3	12.3
	III	-5.6	-3.0	2.7	3.1	-9.5	9.2
	IV	0.7	-1.6	-2.3	7.5	-5.9	6.7
	ANNUAL	-0.2	2.8	3.0	9.8	-1.3	10.1
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	I	0.8	7.0	6.2	8.3	1.6	7.5
	II	0.9	6.7	5.8	7.4	0.2	6.4
	III	1.2	7.0	5.8	7.3	-0.7	6.1
	IV	1.1	7.7	6.6	8.0	-0.9	6.8
	ANNUAL	1.0	7.1	6.1	7.8	0.1	6.7
1979	I	1.4	8.7	7.3	8.7	-1.0	7.2
	II	0.5	3.8	3.3	11.3	0.6	10.7
	III	-1.6	0.7	2.4	9.9	-1.6	11.8
	IV	-1.5	-1.7	-0.1	9.4	-3.0	11.1
	ANNUAL	-0.2	2.8	3.0	9.8	-1.3	10.1

SEE FOOTNOTES FOLLOWING TABLE 6.

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OCTOBER 29, 1981

SOURCE: BUREAU OF LABOR STATISTICS

YEAR AND QUARTER		OUTPUT PER HOUR OF ALL PERSONS	OUTPUT (7)	HOURS OF ALL PERSONS	COMPENSA- TION PER HOUR(1)	COMPENSA- TION PER HOUR(2)	UNIT LABOR COST
INDEXES 1977=100							
1980	I	99.9R	108.4R	108.5	125.1	95.7	125.3
	II	98.9R	100.7R	101.9	129.9	96.4	131.4R
	III	98.3R	98.1R	99.8	134.1	97.6	136.4R
	IV	101.1R	104.3R	103.1	137.7	97.3	136.2R
	ANNUAL	99.6	102.9	103.3	131.6R	96.8	132.1R
1981	I	102.2R	106.4R	104.1	141.4	97.2	138.3R
	II	103.7R	107.8R	104.0	145.0	98.1R	139.9R
	III	103.9P	107.6P	103.5P	148.7P	97.7P	143.0P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	-1.8R	-2.6R	-0.8	12.3	-3.7	14.4R
	II	-3.9R	-25.3R	-22.4	16.5	2.9	21.1R
	III	-2.4R	-10.2R	-8.0	13.4	5.2	16.2R
	IV	12.0R	27.8R	14.0	11.3	-1.4	-0.7R
	ANNUAL	-1.1	-6.6	-5.6	11.2	-2.1R	12.5
1981	I	4.5R	8.7R	4.0	11.1	-0.3	6.3R
	II	5.6R	5.1R	-0.5	10.7R	3.5R	4.8R
	III	1.1P	-0.7P	-1.8P	10.5P	-1.3P	9.2P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	-0.9	-3.0	-2.1	9.6	-4.1	10.6R
	II	-2.6	-8.7	-6.2	9.7	-4.1	12.7R
	III	-1.8R	-10.5R	-8.8	12.4	-0.5	14.5R
	IV	0.8R	-4.4R	-5.2	13.3	0.7	12.4R
	ANNUAL	-1.1	-6.6	-5.6	11.2	-2.1R	12.5
1981	I	2.4R	-1.8R	-4.1	13.0	1.6	10.4R
	II	4.8R	7.0R	2.1	11.6	1.7	6.5R
	III	5.7P	9.7P	3.7P	10.9P	0.1P	4.9P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 29, 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	105.3R	107.4R	101.9	125.0	95.7	118.7R
	II	103.5	102.9	99.4	129.6	96.2	125.3R
	III	104.3R	102.6R	98.4	133.3	97.1	127.8R
	IV	106.4R	106.3R	99.9	136.0	96.1	127.8R
	ANNUAL	104.9	104.8	99.9	131.0	96.3	124.8R
1981	I	106.9R	107.8	100.9	139.6	96.0	130.7
	II	107.4R	108.1	100.6	143.2	96.9R	133.4R
	III	107.9P	103.5P	100.5P	146.5P	96.3P	135.8P
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1980	I	1.7R	1.4R	-0.3	7.0	-8.2	5.2R
	II	-6.9R	-15.7R	-9.4	15.6	2.2	24.2R
	III	3.4R	-1.0R	-4.3	11.9	3.8	8.2R
	IV	8.3R	15.3R	6.4	8.2	-4.2	-0.1R
	ANNUAL	0.9	-1.5	-2.4	10.2	-2.9	9.2R
1981	I	1.7R	5.8R	4.1	11.2	-0.2	9.3R
	II	2.0R	0.8R	-1.1R	10.7R	3.5R	8.6R
	III	1.9P	1.5P	-0.4P	9.3P	-2.4P	7.2P
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1980	I	2.6R	1.6R	-1.0	9.2	-4.4	6.4R
	II	-0.1R	-2.8	-2.7	9.7	-4.1	9.8R
	III	-0.6R	-4.1R	-3.5	11.2	-1.5	11.9R
	IV	1.5	-0.6	-2.1	10.6	-1.7	9.0
	ANNUAL	0.9	-1.5	-2.4	10.2	-2.9	9.2R
1981	I	1.5R	0.4R	-1.0	11.7	0.4	10.1R
	II	3.8	5.0	1.2	10.5	0.7R	6.4
	III	3.4P	5.7P	2.2P	9.8P	-0.9P	6.2P

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 29, 1981

SOURCE: BUREAU OF LABOR STATISTICS

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:

Based on data covering the period from the first quarter of 1976 to the first quarter of 1981, the probability is 0.95 that the interval between -2.0 and 2.4 index points contains the revision of the index of productivity in the private business sector from the first to the third quarterly publication of the estimate.

- (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 1977=100							
1978	I	99.4	101.9	102.5	105.4	101.2	106.0
	II	100.6	104.7	104.0	106.9	100.4	106.2
	III	101.7	106.6	104.8	109.1	100.2	107.3
	IV	102.0	108.3	106.2	111.5	100.0	109.3
	ANNUAL	100.9	105.4	104.4	108.2	100.5	107.3
1979	I	101.5	109.3	107.7	114.5	100.2	112.9
	II	102.3	108.5	106.1	118.6	100.7	115.9
	III	102.0	108.5	106.4	119.8	98.5	117.5
	IV	102.1	108.2	106.0	122.3	97.2	119.8
	ANNUAL	102.0	108.6	106.5	118.8	99.2	116.5
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	I	-4.2	-0.7	3.6	10.0	2.7	14.8
	II	4.8	11.4	6.3	5.9	-2.9	1.1
	III	4.4	7.4	2.9	8.6	-1.1	4.0
	IV	1.3	6.8	5.5	9.1	-0.8	7.8
	ANNUAL	0.9	5.4	4.4	8.2	0.5	7.3
1979	I	-2.1	3.5	5.8	11.3	0.8	13.7
	II	3.5	-2.6	-5.9	15.0	2.3	11.1
	III	-1.3	-0.2	1.2	4.2	-8.5	5.6
	IV	0.3	-0.9	-1.3	8.4	-5.1	8.1
	ANNUAL	1.1	3.1	2.0	9.8	-1.3	8.6
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	I	0.5	5.1	4.6	8.7	1.9	8.1
	II	0.5	4.9	4.3	7.9	0.7	7.3
	III	1.0	5.3	4.2	7.9	-0.2	6.7
	IV	1.5	6.1	4.6	8.4	-0.5	6.8
	ANNUAL	0.9	5.4	4.4	8.2	0.5	7.3
1979	I	2.0	7.2	5.1	8.7	-1.0	6.5
	II	1.7	3.7	2.0	11.0	0.3	9.1
	III	0.3	1.8	1.5	9.8	-1.7	9.5
	IV	0.1	-0.1	-0.1	9.7	-2.7	9.6
	ANNUAL	1.1	3.1	2.0	9.8	-1.3	8.6

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

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 1977=100							
1978	I	99.6	100.7	101.1	105.8	101.6	106.3
	II	99.9	102.3	102.4	107.4	100.9	107.5
	III	101.5	103.3	101.8	109.6	100.6	107.9
	IV	102.3	104.5	102.2	111.6	100.1	109.2
	ANNUAL	100.8	102.7	101.9	108.6	100.9	107.8
1979	I	102.7	105.7	103.0	114.5	100.1	111.5
	II	103.5	105.9	102.2	118.2	100.4	114.1
	III	105.0	107.0	101.9	119.9	98.6	114.2
	IV	104.9	107.0	102.0	122.9	97.7	117.2
	ANNUAL	104.0	106.4	102.3	118.8	99.2	114.3
PERCENT CHANGE FROM PREVIOUS QUARTER AT ANNUAL RATE(5)							
1978	I	-2.1	-0.3	1.9	12.3	4.8	14.8
	II	1.4	6.4	4.9	6.1	-2.7	4.6
	III	6.5	4.2	-2.2	8.4	-1.2	1.8
	IV	3.0	4.5	1.5	7.6	-2.2	4.5
	ANNUAL	0.8	2.7	1.9	8.6	0.9	7.8
1979	I	1.6	4.8	3.2	10.7	0.3	9.0
	II	3.5	0.6	-2.8	13.5	0.9	9.6
	III	5.7	4.4	-1.3	6.0	-7.0	0.2
	IV	-0.4	0.0	0.4	10.6	-3.2	11.0
	ANNUAL	3.2	3.6	0.4	9.4	-1.7	6.0
PERCENT CHANGE FROM CORRESPONDING QUARTER OF PREVIOUS YEAR(6)							
1978	I	0.1	2.2	2.2	8.8	2.1	8.8
	II	0.0	2.1	2.2	8.4	1.2	8.4
	III	0.8	2.7	1.9	8.4	0.3	7.5
	IV	2.1	3.7	1.5	8.6	-0.4	6.3
	ANNUAL	0.8	2.7	1.9	8.6	0.9	7.8
1979	I	3.1	5.0	1.8	8.2	-1.5	4.9
	II	3.6	3.5	-0.1	10.0	-0.6	6.2
	III	3.4	3.5	0.1	9.4	-2.1	5.8
	IV	2.6	2.4	-0.1	10.1	-2.3	7.4
	ANNUAL	3.2	3.6	0.4	9.4	-1.7	6.0

SEE FOOTNOTES FOLLOWING TABLE 6.

R=REVISED

P=PRELIMINARY

OCTOBER 29, 1981

SOURCE: BUREAU OF LABOR STATISTICS