

# News

U.S. Department of Labor  
Bureau of Labor Statistics  
Washington, D.C. 20212



LIBRARY

technical  
Information: (202) 523-9261  
Current data: (202) 523-1221 or 1208  
Media contact: (202) 523-1913

USDL 84-243  
For Release: 10:00 AM EDT  
Tuesday, May 29, 1984

## PRODUCTIVITY AND COSTS

First Quarter 1984

Revised Data for Business, Nonfarm Business, and Manufacturing Sectors and Preliminary Measures for Nonfinancial Corporations

Productivity, as measured by output per hour of all persons, increased at a 4.1 percent seasonally adjusted annual rate in the first quarter of 1984 in the business sector, according to revised measures announced today by the Bureau of Labor Statistics of the U.S. Department of Labor (table A). This increase in productivity reflected an 11.8 percent gain in output and a 7.3 percent rise in hours of all persons engaged in the sector. Productivity increased 2.0 percent in nonfinancial corporations, according to preliminary measures announced today for this sector (table B).

The following tabulation shows the annual rates of productivity increase in the first quarter in major sectors:

- 4.1 percent in the business sector,
- 3.5 percent in the nonfarm business sector,
- 2.9 percent in manufacturing,
- 5.3 percent in durable goods manufacturing,
- 0.6 percent in nondurables goods manufacturing, and
- 2.0 percent in nonfinancial corporations.

The first-quarter measures are summarized in tables A and B and appear in greater detail in tables 1 through 6.

### Business sector

First-quarter productivity advanced 4.1 percent in the business sector, as output rose 11.8 percent and hours increased 7.3 percent (seasonally adjusted annual rates). Although the increase in productivity was somewhat smaller than the gain during the fourth quarter of 1983 (4.2 percent), output and hours both grew substantially faster in the first quarter of 1984 (table 1). The first-quarter increase in output was the largest since the second quarter of 1983 (when it rose 12.7 percent) and the gain in hours was the largest since 1978 (when it increased 10.5 percent in the second quarter). Moreover, both employment and average weekly hours grew faster in the first quarter of 1984 than in the fourth quarter of 1983. The increase in average weekly hours (3.0 percent) was the largest quarterly gain in this series, which begins with 1947.

Hourly compensation, which includes wages, salaries, and employer contributions to employee benefit plans, increased at a 5.9 percent annual rate, compared with a 6.9 percent increase during the fourth quarter of last year. Real hourly compensation, which is adjusted for changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose only 0.9 percent in the first quarter, reflecting both the somewhat smaller gain in hourly compensation and the larger gain in the CPI-U than in the fourth quarter.



Centennial  
of Labor  
Statistics

Table A. Productivity and cost: Revised first quarter 1984 measures (Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	4.1	11.8	7.3	5.9	0.9	1.7
Nonfarm business	3.5	11.1	7.3	6.0	1.0	2.4
Manufacturing	2.9	13.2	10.1	6.3	1.3	3.3
Durable	5.3	19.3	13.4	6.7	1.6	1.3
Nondurable	-0.6	4.7	5.3	5.0	0.0	5.5
Percent change from same quarter a year ago						
Business	3.9	10.0	5.9	5.0	0.5	1.1
Nonfarm business	3.9	10.4	6.3	4.6	0.1	0.7
Manufacturing	6.7	16.6	9.3	3.8	-0.7	-2.7
Durable	7.9	20.6	11.8	3.5	-0.9	-4.1
Nondurable	5.0	10.9	5.6	3.6	-0.8	-1.3

Unit labor costs--which reflect the interaction of changes in productivity and hourly compensation--increased less in the first quarter of 1984 (1.7 percent) than in the fourth quarter of 1983 (2.5 percent) mainly because hourly compensation rose less than in the previous quarter.

The implicit price deflator--which shows the effects of changes in unit labor costs and unit nonlabor payments--increased at a 3.0 percent annual rate during the first quarter of 1984. One quarter earlier, it increased 3.7 percent.

Nonfarm business

Output per hour of all persons in the nonfarm business sector rose at a 3.5 percent annual rate in the first quarter of 1984, as output increased 11.1 percent and hours rose 7.3 percent. Productivity, output, and hours all grew more in the first quarter than during the fourth quarter of last year (table 2). As in the more comprehensive business sector, the increase in nonfarm output was the largest since the second quarter of last year (when it rose 13.7 percent), and the increase in hours (the largest since 1978) reflected strong gains in both employment and average weekly hours. The increase in the length of the average workweek of 2.7 percent was the largest since a 2.9 percent gain occurred in 1978.

Hourly compensation increased at a 6.0 percent annual rate during the first quarter, compared with a 4.3 percent increase during the fourth quarter of 1983. After allowing for the increase in the CPI-U, real hourly compensation rose 1.0 percent in the first quarter, the first increase in this measure in a year (table 2). Unit labor costs rose more rapidly in the first quarter than in the fourth quarter of last year despite of the faster increase in productivity. The 2.4 percent gain in the first quarter was the largest in a year. The implicit price deflator for the nonfarm business sector increased 2.1 percent in the first quarter, compared with a 3.7 percent gain in the fourth quarter. The first-quarter price increase was the smallest for the goods and services which make up the output of the nonfarm business sector since 1972 (when a 1.0 percent increase was recorded in the third quarter).

#### Manufacturing

Productivity rose at a 2.9 percent annual rate in the first quarter in manufacturing, reflecting an output increase of 13.2 percent and an increase in hours of 10.1 percent. Although productivity grew more slowly than in the previous quarter, output and hours both increased faster (table 3). Hourly compensation rose 6.3 percent (the largest increase in a year), and real hourly compensation increased 1.3 percent--the first increase in real hourly compensation in a year. Unit labor costs moved up at a 3.3 percent annual rate, compared with a 0.2 percent rise during the fourth quarter of last year.

Productivity moved in opposite directions in the durable- and nondurable-goods sectors during the first quarter of 1984. While output per hour of all persons increased 5.3 percent in the durable-goods industries (reflecting steep increases in both output and hours), it declined 0.6 percent in nondurables where increases in output and hours were more modest (tables 4 and 5). These divergent productivity movements are reflected in the rate of increase in unit labor costs; for durables unit labor costs rose only 1.3 percent, while among nondurables, they went up at a 5.5 percent annual rate.

#### Nonfinancial corporations

Productivity increased 2.0 percent in the nonfinancial corporate sector during the first quarter of 1984, according to preliminary measures. This sector, which includes all corporations doing business in the United States with the exception of financial institutions, stock and commodity brokers, and insurance agencies, showed a 9.6 percent increase in output and a 7.5 percent gain in employee-hours. Although the productivity gain was smaller than the increase during the fourth quarter of 1983 (3.4 percent), it resulted from larger increases in output and hours (table 6). The increase in employee hours reflected gains both employment and average weekly hours. The rise in employment (5.7 percent) was the largest since the second quarter of 1978 (when it rose at an 8.7 percent annual rate).

Table B. Productivity and cost in nonfinancial corporations:  
 Preliminary first quarter 1984 measures  
 (Seasonally adjusted annual rate)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profit
PRELIMINARY							
Fourth-quarter 1983 to first-quarter 1984							
Nonfinancial corporations	2.0	9.6	7.5	4.5	-0.5	2.5	9.6
First-quarter 1983 to first-quarter 1984							
Nonfinancial corporations	4.0	11.1	6.8	3.8	-0.7	-0.2	52.9

Hourly compensation increased 4.5 percent in the first quarter, about the same as the increase during the fourth quarter. However, owing partly to the slower gains in productivity, unit labor costs moved up faster in the first quarter (2.5 percent) than in the fourth quarter of last year (1.2 percent). Real hourly compensation declined at a 0.5 percent annual rate. The implicit price deflator for nonfinancial corporations, which reflects changes in unit labor costs, unit nonlabor costs, and unit profits, increased 1.9 percent in the first quarter, the smallest increase since 1982 (when it rose 1.9 percent in the third quarter). Unit nonlabor costs fell 2.7 percent, and unit profits increased 9.6 percent in the first quarter. Table C compares changes in the implicit price deflator and its components from 1979 on. The first quarter increase in unit profits was the smallest since 1982 (when a 31.4 percent decline occurred in the fourth quarter).

Table C. Indexes of price, cost, and profit in nonfinancial corporations (1977=100)

Measure	1979	1980	1981	1982	1983	1983				1984
						I	II	III	IV	I
Implicit price deflator	114.1	126.4	138.3	146.1	151.4	149.7	150.7	151.8	153.2	153.9
Total unit costs	116.6	131.7	142.7	153.5	155.2	156.7	155.3	154.5	154.4	154.8
Unit labor costs	117.8	131.2	140.3	150.6	152.8	153.9	152.5	152.1	152.6	153.5
Unit nonlabor costs	113.0	133.0	149.4	161.8	162.1	164.7	163.1	161.2	159.6	158.4
Unit profits	94.5	86.0	104.1	88.9	122.1	96.1	115.0	131.5	143.6	146.9

Revised measures

The incorporation of the latest information on output and the hours of all persons engaged in a sector in the first quarter resulted in larger productivity growth rates in business, nonfarm business, and manufacturing than in the preliminary data. Table D compares the revised measures with preliminary result announced April 26.

In addition, revisions to quarterly output measures were introduced in the manufacturing sector; measures of productivity and unit labor costs were also affected. (See tables 3 through 5). Small changes in output levels occurred beginning in the fourth quarter of 1977 in manufacturing.

Table D. Preliminary and revised productivity and related measures, first quarter 1984  
Percent change from previous quarter at annual rate  
(Seasonally adjusted)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
<b>Business:</b>						
Preliminary	2.9	10.3	7.2	6.0	1.0	3.0
Revised	4.1	11.8	7.3	5.9	0.9	1.7
<b>Nonfarm business:</b>						
Preliminary	2.6	9.9	7.2	6.1	1.0	3.4
Revised	3.5	11.1	7.3	6.0	1.0	2.4
<b>Manufacturing:</b>						
Preliminary	2.5	12.7	9.9	6.3	1.3	3.7
Revised	2.9	13.2	10.1	6.3	1.3	3.3

## TECHNICAL NOTES

Business sector output is equal to gross national product, less the rest-of-the-world sector, general government, output of paid employees of private households and nonprofit institutions, rental value of owner-occupied dwellings, and the statistical discrepancy in computing the national income accounts. Corresponding exclusions are also made in labor inputs. Business output has accounted for about 77 percent of gross national product in recent years.

Total manufacturing measures are computed by summing series prepared for the durable and nondurable goods sectors.

The durable sector includes the following 2-digit SIC industries: Primary metals; fabricated metal products; nonelectrical machinery; electrical machinery; transportation equipment; instruments; lumber and lumber products; furniture and fixtures; stone, clay, and glass products; and miscellaneous manufactures. 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.

Manufacturing output has accounted for about 24 percent of gross national product in recent years.

Nonfinancial corporate output is equal to gross national product, less the rest-of-the-world sector, general government, unincorporated business, output of paid employees of private households and nonprofit institutions, rental value of owner-occupied dwellings, the output of corporations engaged in banking, finance, stock and commodity trading, and credit and insurance agencies, and the statistical discrepancy in computing the national income accounts. Nonfinancial corporate output has accounted for about 59 percent of gross national product in recent years.

The productivity and associated cost measures in this news 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 goods and services produced per hour. 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 the characteristics and effort of the work force.

Table 1. Business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100								
1983	I	102.4	107.1	104.6	160.6	99.3	156.9	140.9
	II	103.9	110.4	106.2	162.0	99.1	156.0	145.7
	III	104.2	112.4	107.9	163.5	99.0	156.9	147.6
	IV	105.3	114.5	108.8	166.2	99.5	157.9	149.9
	ANNUAL	103.9	111.1	107.0	163.0	99.2	156.9	146.1
1984	I	106.3r	117.8r	110.7	168.6	99.8	158.6r	151.9r
Percent change from previous quarter at annual rate(5)								
1983	I	1.9	4.2	2.3	5.2	4.9	3.3	10.6
	II	5.9	12.7	6.5	3.5	-0.8	-2.2	14.4
	III	1.2	7.8	6.5	3.6	-0.6	2.3	5.4
	IV	4.2	7.6	3.3	6.9	2.3	2.5	6.2
	ANNUAL	2.7	4.2	1.4	5.1	1.9	2.4	6.7
1984	I	4.1r	11.8r	7.3r	5.9r	0.9r	1.7r	5.7r
Percent change from corresponding quarter of previous year(6)								
1983	I	1.3	-0.1	-1.3	6.0	2.3	4.7	2.8
	II	3.1	3.2	0.1	5.2	1.9	2.1	6.4
	III	3.0	5.5	2.4	4.5	1.8	1.4	8.3
	IV	3.3	8.0	4.6	4.8	1.4	1.5	9.1
	ANNUAL	2.7	4.2	1.4	5.1	1.9	2.4	6.7
1984	I	3.9r	10.0r	5.9r	5.0	0.5	1.1r	7.9r

See footnotes following table 6.

r=revised  
p=preliminary

May 29, 1984

Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor cost, and prices, seasonally adjusted

Year and quarter	Output per hour of all persons	Output	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	Unit non-labor payments(3)	Implicit price deflator(4)
Indexes 1977=100								
1983	I	101.6	106.7	105.0	160.8	99.4	158.3	140.7
	II	103.4	110.2	106.6	162.6	99.4	157.2	145.8
	III	104.0	112.5	108.2	164.1	99.3	157.8	148.3
	IV	104.7	114.8	109.6	165.9	99.3	158.4	151.3
	ANNUAL	103.4	111.1	107.4	163.4	99.4	157.9	146.6
1984	I	105.6r	117.8r	111.6r	168.3	99.6	159.4r	151.9r
Percent change from previous quarter at annual rate(5)								
1983	I	3.5	4.9	1.3	6.6	6.3	3.0	10.6
	II	7.1	13.7	6.2	4.4	0.0	-2.6	15.1
	III	2.3	8.9	6.4	3.8	-0.3	1.5	7.3
	IV	2.7	8.1	5.2	4.3	-0.1	1.6	8.3
	ANNUAL	3.2	4.5	1.3	5.6	2.3	2.3	7.0
1984	I	3.5r	11.1r	7.3r	6.0r	1.0	2.4r	1.4r
Percent change from corresponding quarter of previous year(6)								
1983	I	1.7	0.2	-1.4	6.3	2.6	4.6	3.1
	II	3.5	3.3	-0.2	5.9	2.5	2.3	5.9
	III	3.5	5.7	2.1	5.1	2.5	1.5	8.7
	IV	3.9	8.9	4.8	4.8	1.4	0.8	10.3
	ANNUAL	3.2	4.5	1.3	5.6	2.3	2.3	7.0
1984	I	3.9r	10.4r	6.3r	4.6	0.1r	0.7r	7.9r

See footnotes following table 6.

r=revised  
p=preliminary

May 29, 1984

Source: Bureau of Labor Statistics

Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted

Year and quarter	Output per hour of all persons	Output (7)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	
Indexes 1977=100							
1983	I	109.5r	99.7r	91.1	165.1	102.1	150.8r
	II	111.7r	104.5r	93.5	166.0	101.5	148.5r
	III	114.9r	110.0r	95.7	167.1	101.2	145.4r
	IV	116.0r	112.7r	97.2	168.7	101.1	145.5r
	ANNUAL	113.1	106.8	94.4	166.7	101.4	147.4
1984	I	116.8r	116.3r	99.5	171.3r	101.4	146.7r
Percent change from previous quarter at annual rate(5)							
1983	I	6.2r	11.5r	4.9	10.0	9.7	3.6r
	II	8.5r	20.6r	11.1	2.1	-2.2	-5.9r
	III	11.8r	22.8r	9.8	2.7	-1.4	-8.1r
	IV	3.8r	10.2r	6.1	4.0	-0.4	0.2r
	ANNUAL	6.2	7.7r	1.5	5.4	2.1	-0.7r
1984	I	2.9r	13.2r	10.1r	6.3	1.3	3.3r
Percent change from corresponding quarter of previous year(6)							
1983	I	4.1r	-0.6r	-4.5	6.4	2.7	2.2r
	II	6.0r	5.0r	-0.9	5.6	2.2	-0.4r
	III	6.6r	10.6r	3.7	4.7	2.0	-1.8r
	IV	7.6r	16.1r	8.0	4.7	1.3	-2.7r
	ANNUAL	6.2	7.7r	1.5	5.4	2.1	-0.7r
1984	I	6.7r	16.6r	9.3r	3.8	-0.7	-2.7r

See footnotes following table 6.  
r=revised  
p=preliminary

May 29, 1984  
Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted(11)

Year and quarter	Output per hour of all persons	Output (7)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	
Indexes 1977=100							
1983	I	108.7r	97.0r	89.3	164.9	102.0	151.8r
	II	111.2r	102.2r	91.9	165.6	101.3	148.9r
	III	114.2r	108.3r	94.9	166.8	101.0	146.1r
	IV	115.7r	112.0r	96.8	168.0	100.6	145.2r
	ANNUAL	112.5r	104.9	93.2	166.4	101.2	147.9r
1984	I	117.2r	117.0r	99.8	170.7r	101.0	145.7r
Percent change from previous quarter at annual rate(5)							
1983	I	6.7r	14.1r	6.9	10.6	10.2	3.7r
	II	9.7r	23.3r	12.4	1.6	-2.6	-7.3r
	III	11.1r	26.1r	13.5	2.8	-1.3	-7.5r
	IV	5.6r	14.1r	8.1	3.0	-1.3	-2.4r
	ANNUAL	6.7r	7.8r	1.0	5.4	2.1	-1.3
1984	I	5.3r	19.3r	13.4r	6.7r	1.6r	1.3r
Percent change from corresponding quarter of previous year(6)							
1983	I	4.7r	-2.4r	-6.7	6.6	2.9	1.9r
	II	6.6r	4.0r	-2.5	5.6	2.2	-0.9r
	III	6.9r	11.0r	3.8	4.5	1.9	-2.2r
	IV	8.2r	19.3r	10.2	4.5	1.1	-3.5r
	ANNUAL	6.7r	7.8r	1.0	5.4	2.1	-1.3
1984	I	7.9r	20.6r	11.8	3.5	-0.9	-4.1r

See footnotes following table 6.  
r=revised  
p=preliminary

May 29, 1984  
Source: Bureau of Labor Statistics



Table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor cost, seasonally adjusted(12)

Year and quarter	Output per hour of all persons	Output (7)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost	
Indexes 1977=100							
1983	I	110.7r	103.8r	93.8	166.2	102.8	150.2r
	II	112.5r	107.9r	95.9	167.3	102.3	148.6r
	III	116.0r	112.5r	97.0	168.0	101.7	144.8r
	IV	116.4r	113.9r	97.8	170.2	101.9	146.2r
	ANNUAL	113.9r	109.5r	96.1	168.0	102.2	147.4
1984	I	116.3r	115.2r	99.1	172.3r	101.9	148.2r
Percent change from previous quarter at annual rate(5)							
1983	I	5.6r	8.0r	2.2	8.6	8.2	2.8r
	II	6.9r	16.8r	9.3	2.5	-1.7	-4.1r
	III	12.9r	18.3r	4.7	1.8	-2.2	-9.8r
	IV	1.4r	4.7r	3.3	5.3	0.8	3.8r
	ANNUAL	5.3r	7.6	2.1	5.5	2.2	0.2
1984	I	-0.6r	4.7r	5.3	5.0r	0.0r	5.5r
Percent change from corresponding quarter of previous year(6)							
1983	I	3.2r	2.1r	-1.1	6.6	2.9	3.4r
	II	5.1r	6.5r	1.3	6.0	2.5	0.8r
	III	6.3r	10.1r	3.6	4.9	2.3	-1.3r
	IV	6.6r	11.8r	4.8	4.5	1.2	-2.0r
	ANNUAL	5.3r	7.6	2.1	5.5	2.2	0.2
1984	I	5.0r	10.9r	5.6	3.6	-0.8	-1.3r

See footnotes following table 6.  
r=revised  
p=preliminary

May 29, 1984  
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor cost, unit profits, and prices, seasonally adjusted

Year and quarter	Output per employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor cost	Unit non-labor cost(8)	Total unit cost (9)	Unit profits (10)	Implicit price deflator (4)	
Indexes 1977=100											
1983	I	104.2	107.6	103.3	160.3	99.1	153.9	164.7	156.7	96.1	149.7
	II	105.8	111.3	105.2	161.4	98.7	152.5	163.1	155.3	115.0	150.7
	III	106.9	114.3	105.9	162.6	98.5	152.1	161.2	154.5	131.5	151.8
	IV	107.8	116.8	108.4	164.5	98.5	152.6	159.6	154.4	143.6	153.2
	ANNUAL	106.2	112.5	105.9	162.2	98.7	152.8	162.1	155.2	122.1	151.4
1984	I	108.3p	119.5p	110.3p	166.3p	98.4p	153.5p	158.4p	154.8p	146.9p	153.9p
Percent change from previous quarter at annual rate(5)											
1983	I	3.2	4.6	1.4	5.7	5.4	2.5	-2.8	1.0	79.9	5.1
	II	6.6	14.6	7.6	2.9	-1.4	-3.4	-3.8	-3.5	104.7	2.5
	III	4.2	11.1	6.6	3.0	-1.1	-1.1	-4.7	-2.1	71.0	3.1
	IV	3.4	9.3	5.7	4.6	0.2	1.2	-4.0	-0.2	42.4	3.5
	ANNUAL	3.3	4.4	1.0	4.8	1.5	1.4	0.2	1.1	37.4	3.6
1984	I	2.0p	9.6p	7.5p	4.5p	-0.5p	2.5p	-2.7p	1.0p	9.6p	1.9p
Percent change from corresponding quarter of previous year(6)											
1983	I	1.7	-1.0	-2.6	5.7	2.0	3.9	3.7	3.8	5.8	4.0
	II	3.5	2.9	-0.5	5.0	1.7	1.5	1.2	1.4	27.3	3.3
	III	3.6	5.8	2.2	4.2	1.6	0.6	-0.1	0.4	44.2	3.6
	IV	4.3	9.8	5.3	4.1	0.7	-0.2	-3.8	-1.2	73.1	3.6
	ANNUAL	3.3	4.4	1.0	4.8	1.5	1.4	0.2	1.1	37.4	3.6
1984	I	4.0p	11.1p	6.8p	3.8p	-0.7p	-0.2p	-3.8p	-1.2p	52.9p	2.8p

See footnotes following table 6.  
r=revised  
p=preliminary

May 29, 1984  
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: Based on data covering the period from the first quarter of 1976 to the second quarter of 1983, the probability is 0.95 that the interval between -1.8 and 2.1 index points contains the revision of the index of productivity in the business sector from the first to the third quarterly publication of the estimate.

- (1) Wages and salaries of the 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) Quarterly changes: percent change compounded at annual rate from the original data rather than index numbers. Annual changes: percent change between annual average levels.
- (6) Quarterly changes: current quarter divided by comparable quarter a year ago. Annual changes: percent change between annual average levels.
- (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, and 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.