

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Historical, technical

information: (202) 523-9261

Current data: (202) 523-1221 or 1208

Media contact: (202) 523-1913

USDL 85-520

For Release: 10:00 AM EST

Monday, December 2, 1985

PRODUCTIVITY AND COSTS

Third Quarter 1985

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

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data—as measured by output per hour of all persons—for the third quarter of 1985. The seasonally adjusted annual rates of productivity increase were:

- 3.7 percent in the business sector,
- 2.1 percent in the nonfarm business sector,
- 3.7 percent in manufacturing,
- 3.5 percent in durable goods manufacturing, and
- 3.9 percent in nondurable goods manufacturing.

Revised third-quarter measures are summarized in table A and appear in detail in tables 1 through 5. Preliminary measures announced today indicate that productivity in nonfinancial corporations increased 4.5 percent in the third quarter (tables B and 6).

Business

Productivity advanced 3.7 percent in the third quarter of 1985, as output rose 3.9 percent and hours of all persons engaged in the sector increased 0.2 percent (seasonally adjusted annual rates). During the second quarter, productivity, output, and hours increased 1.5 percent, 2.7 percent, and 1.2 percent, respectively. The third-quarter productivity gain was the largest in more than a year, and the increase in hours was the smallest since the recovery began in the first quarter of 1983 (table 1).

Hourly compensation measures the cost to employers of wages and salaries, supplements, payments to employee-benefit plans, and taxes. During the third quarter, these costs rose 5.4 percent, compared with a 3.3 percent gain during the second quarter. After allowing for the increase in the Consumer Price Index for All Urban Consumers (CPI-U), real hourly compensation increased 3.0 percent in the third quarter, compared with a 0.9 percent decline during the second quarter. Unit labor costs (compensation per unit of output) increased 1.6 percent in the third quarter.

The price deflator for business output increased 1.5 percent in the third quarter, compared with a 1.8 percent rise during the second quarter.

Table A. Productivity and costs: Percent change at annual rates
(Seasonally adjusted)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
REVISED						
Second quarter to third quarter 1985						
Business	3.7	3.9	0.2	5.4	3.0	1.6
Nonfarm business	2.1	3.9	1.8	3.7	1.3	1.6
Manufacturing	3.7	3.3	-0.3	3.0	0.6	-0.7
Durable	3.5	2.3	-1.2	3.8	1.4	0.3
Nondurable	3.9	4.9	0.9	1.7	-0.7	-2.1
Third quarter 1984 to third quarter 1985						
Business	1.1	2.9	1.8	4.5	1.1	3.3
Nonfarm business	0.6	2.9	2.3	3.9	0.6	3.3
Manufacturing	2.5	1.5	-1.0	4.6	1.2	2.1
Durable	2.3	1.1	-1.2	5.1	1.7	2.7
Nondurable	2.8	2.2	-0.6	3.9	0.5	1.0

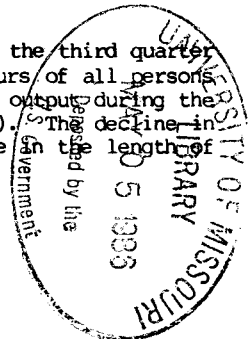
Nonfarm business

Nonfarm business productivity increased at a 2.1 percent annual rate during the third quarter, as output and hours increased 3.9 percent and 1.8 percent, respectively (table 2). Although output growth was the same in both the business and nonfarm business sectors, differences in hours movements resulted in faster productivity gains in the business sector, which includes the effects of declines in farm hours during the third quarter.

Hourly compensation increased 3.7 percent in the third quarter (1.3 percent when the effect of the CPI-U is included), and unit labor costs increased 1.6 percent. The implicit price deflator for the nonfarm business sector increased 2.1 percent in the third quarter (seasonally adjusted annual rate).

Manufacturing

Productivity increased at a 3.7 percent annual rate in the third quarter in manufacturing, as output increased 3.3 percent while hours of all persons engaged in the sector slipped 0.3 percent. The increase in output during the July-September period was the strongest in a year (table 3). The decline in payroll hours reflected a drop in employment and an increase in the length of the manufacturing work week.



Hourly compensation expenditures of manufacturing establishments increased at a 3.0 percent annual rate during the third quarter, compared with a 4.8 percent gain during the second period. After allowing for the change in the CPI-U, real hourly compensation increased 0.6 percent in both the second and third quarters of 1985. Unit labor costs declined at a 0.7 percent annual rate in the third quarter, the second consecutive decline in this series.

Table B. Productivity and costs in nonfinancial corporations:
Percent change at annual rate
(Seasonally adjusted)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits
PRELIMINARY							
Second quarter 1985 to third quarter 1985							
Nonfinancial corporations	4.5	5.2	0.7	3.3	0.9	-1.1	33.7
Third quarter 1984 to third quarter 1985							
Nonfinancial corporations	1.0	3.2	2.2	3.5	0.1	2.5	10.2

Nonfinancial corporations

Productivity of employees of nonfinancial corporations increased at a 4.5 percent annual rate in the third quarter, according to preliminary measures also announced today (table B). Productivity had declined in three of the four preceding quarters in this sector, which includes all corporations doing business in the United States, with the exception of banks, credit and insurance agencies, and stock and commodity brokers (table 6). Hourly compensation increased 3.3 percent in the third quarter, but rose only 0.9 percent when the increase in the CPI-U was taken into account. Unit labor costs declined at a 1.1 percent annual rate in the third quarter, compared with a 3.3 percent increase one quarter earlier. Unit profits rose at a 33.7 percent annual rate during the third period, compared with small declines in the first 2 quarters of 1985. The implicit price deflator for nonfinancial corporate output increased 1.9 percent.

Table C. Preliminary and revised productivity and related measures. third quarter 1985

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

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business:						
Preliminary	3.0	3.3	0.3	5.6	3.1	2.6
Revised	3.7	3.9	0.2	5.4	3.0	1.6
Nonfarm business:						
Preliminary	1.2	3.2	2.0	3.9	1.4	2.7
Revised	2.1	3.9	1.8	3.7	1.3	1.6
Manufacturing:						
Preliminary	2.4	2.3	-0.1	2.9	0.5	0.5
Revised	3.7	3.3	-0.3	3.0	0.6	-0.7

Revised measures

The latest productivity and cost measures for the third quarter of 1985 show larger productivity gains than had been reported on October 28, based on information then available. Upward revisions in output and small downward revisions in hours of all persons contributed to the faster productivity gains reported in the revised measures. Table C compares preliminary and revised productivity and cost measures for the third quarter.

Productivity and Costs measures for the fourth quarter of 1985 will be released on Wednesday, January 29, 1986, at 10:00 A.M. (EST). Tentative release dates for 1986 are:

Reference period	Preliminary measures	Revised measures
1985:		
Fourth quarter	January 29	February 27
1986:		
First quarter	April 24	May 28
Second quarter	July 29	August 26
Third quarter	October 28	November 25

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 these 2-digit SIC industries: Textile mill products, apparel products, leather and leather products, printing and publishing, chemical 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									
1984	I	105.7	117.8	111.4	166.7	98.6	157.7	151.6	155.6
	II	107.0	121.0	113.0	167.5	98.2	156.5	157.2	156.7
	III	107.2	121.5	113.4	169.3	98.3	158.0	158.5	158.1
	IV	108.0	123.0	113.9	171.1	98.5	158.4	160.2	159.0
	ANNUAL	107.0	120.8	112.9	168.6	98.4	157.6	157.0	157.4
1985	I	106.9	123.0	115.0	173.1	98.9	161.9	159.1	160.9
	II	107.3	123.8	115.4	174.5	98.6	162.6	159.9	161.7
	III	108.3r	125.0r	115.4r	176.8r	99.4	163.2r	160.5r	162.3r
Percent change from previous quarter at annual rate(5)									
1984	I	4.0	11.4	7.2	6.2	0.8	2.1	7.0	3.7
	II	4.9	11.2	6.0	1.9	-1.8	-2.9	15.4	2.9
	III	0.6	1.8	1.2	4.4	0.7	3.7	3.4	3.6
	IV	3.1	5.0	1.8	4.4	0.8	1.2	4.3	2.2
	ANNUAL	3.2	8.8	5.4	4.2	0.0	1.0	7.9	3.2
1985	I	-3.9	0.0	4.1	4.8	1.4	9.1	-2.6	5.0
	II	1.5	2.7	1.2	3.3	-0.9	1.7	2.1	1.8
	III	3.7r	3.9r	0.2r	5.4r	3.0r	1.6r	1.4r	1.5r
Percent change from corresponding quarter of previous year									
1984	I	3.5	10.2	6.5	4.1	-0.4	0.6	8.4	3.0
	II	3.3	9.9	6.4	4.0	-0.3	0.7	8.7	3.3
	III	2.7	8.0	5.1	4.6	0.4	1.9	7.1	3.6
	IV	3.2	7.3	4.0	4.2	0.1	1.0	7.4	3.1
	ANNUAL	3.2	8.8	5.4	4.2	0.0	1.0	7.9	3.2
1985	I	1.1	4.4	3.2	3.8	0.3	2.7	4.9	3.4
	II	0.3	2.4	2.1	4.2	0.5	3.9	1.8	3.2
	III	1.1r	2.9r	1.8	4.5	1.1	3.3r	1.2r	2.6r

See footnotes following table 6.

r=revised
p=preliminaryDecember 2, 1985
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									
1984	I	105.2	118.0	112.3	166.5	98.4	158.3	152.2	156.3
	II	106.6	121.0	113.6	168.0	98.4	157.6	156.8	157.3
	III	106.3	121.3	114.1	169.5	98.4	159.5	158.0	159.0
	IV	106.9	122.7	114.8	171.0	98.5	160.0	160.3	160.1
	ANNUAL	106.2	120.7	113.6	168.7	98.4	158.8	156.9	158.2
1985	I	106.0	122.8	115.8	173.1	98.9	163.3	160.3	162.3
	II	106.3	123.6	116.2	174.6	98.7	164.1	161.8	163.4
	III	106.9r	124.8r	116.7r	176.2	99.0	164.8r	163.0r	164.2r
Percent change from previous quarter at annual rate(5)									
1984	I	2.9	10.3	7.2	6.1	0.7	3.1	2.3	2.8
	II	5.5	10.6	4.8	3.7	0.0	-1.7	12.5	2.8
	III	-1.1	0.7	1.8	3.6	-0.1	4.7	3.1	4.2
	IV	2.2	4.7	2.4	3.7	0.1	1.4	5.9	2.9
	ANNUAL	2.7	8.5	5.7	4.1	-0.1	1.4	6.7	3.1
1985	I	-3.1	0.5	3.7	5.0	1.7	8.4	0.1	5.5
	II	1.2	2.5	1.3	3.4	-0.8	2.1	3.7	2.7
	III	2.1r	3.9r	1.8r	3.7r	1.3r	1.6r	3.1r	2.1r
Percent change from corresponding quarter of previous year									
1984	I	3.5	10.6	6.9	4.0	-0.5	0.4	8.3	2.9
	II	2.9	9.7	6.6	4.0	-0.3	1.1	7.1	3.0
	III	2.1	7.6	5.4	4.4	0.2	2.3	5.7	3.4
	IV	2.4	6.5	4.0	4.3	0.2	1.9	5.9	3.2
	ANNUAL	2.7	8.5	5.7	4.1	-0.1	1.4	6.7	3.1
1985	I	0.8	4.0	3.2	4.0	0.4	3.1	5.3	3.8
	II	-0.2	2.1	2.3	3.9	0.2	4.1	3.2	3.8
	III	0.6r	2.9r	2.3	3.9r	0.6	3.3r	3.2r	3.3r

See footnotes following table 6.

r=revised

p=preliminary

December 2, 1985

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 (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100							
1984	I	114.2	113.0	98.9	167.1	98.8	146.3
	II	114.8	114.9	100.1	168.3	98.6	146.6
	III	116.7	116.7	100.0	169.9	98.7	145.5
	IV	116.5	116.7	100.2	172.1	99.1	147.7
	ANNUAL	115.6	115.3	99.8	169.4	98.8	146.5
1985	I	116.7	117.0	100.3	174.4	99.6	149.5
	II	118.6	117.6	99.1	176.5	99.7	148.8
	III	119.7r	118.5r	99.1	177.8	99.9	148.6r
Percent change from previous quarter at annual rate(5)							
1984	I	5.5	14.8	8.8	6.2	0.8	0.6
	II	2.2	6.9	4.6	2.9	-0.8	0.7
	III	6.8	6.5	-0.2	3.7	0.1	-2.8
	IV	-0.6	0.0	0.7	5.2	1.6	5.9
	ANNUAL	3.5	10.5	6.7	3.6	-0.6	0.1
1985	I	0.4	0.9	0.4	5.6	2.2	5.1
	II	6.8	2.0	-4.5	4.8	0.6	-1.9
	III	3.7r	3.3r	-0.3r	3.0r	0.6r	-0.7r
Percent change from corresponding quarter of previous year							
1984	I	3.8	13.9	9.7	2.7	-1.7	-1.0
	II	3.6	12.2	8.3	3.3	-1.0	-0.3
	III	3.3	9.3	5.8	3.9	-0.3	0.6
	IV	3.4	7.0	3.4	4.5	0.4	1.0
	ANNUAL	3.5	10.5	6.7	3.6	-0.6	0.1
1985	I	2.1	3.5	1.4	4.4	0.8	2.2
	II	3.3	2.3	-0.9	4.8	1.1	1.5
	III	2.5r	1.5r	-1.0r	4.6	1.2	2.1r

See footnotes following table 6.

r=revised

p=preliminary

December 2, 1985

Source: Bureau of Labor Statistics

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

Year and quarter		Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100							
1984	I	115.3	114.1	98.9	165.8	98.1	143.8
	II	116.1	116.6	100.4	167.0	97.8	143.8
	III	118.3	119.4	101.0	168.1	97.6	142.1
	IV	117.7	119.5	101.5	170.1	97.9	144.4
	ANNUAL	116.9	117.4	100.4	167.7	97.9	143.5
1985	I	118.2	119.8	101.4	172.9	98.7	146.3
	II	120.0	120.1	100.1	175.0	98.9	145.8
	III	121.0r	120.7r	99.8	176.7	99.3	146.0r
Percent change from previous quarter at annual rate(5)							
1984	I	8.4	20.3	10.9	6.1	0.8	-2.2
	II	2.8	9.2	6.2	2.8	-0.9	0.0
	III	7.6	9.9	2.1	2.6	-1.0	-4.6
	IV	-1.8	0.3	2.1	4.9	1.3	6.8
	ANNUAL	4.8	14.4	9.1	3.2	-1.0	-1.6
1985	I	1.5	1.2	-0.4	6.9	3.5	5.3
	II	6.2	0.7	-5.2	4.9	0.7	-1.3
	III	3.5r	2.3r	-1.2r	3.8r	1.4r	0.3r
Percent change from corresponding quarter of previous year							
1984	I	5.5	18.5	12.3	2.2	-2.2	-3.1
	II	5.1	16.7	11.1	2.9	-1.4	-2.0
	III	4.6	13.4	8.4	3.4	-0.8	-1.2
	IV	4.2	9.7	5.3	4.1	0.0	-0.1
	ANNUAL	4.8	14.4	9.1	3.2	-1.0	-1.6
1985	I	2.5	5.0	2.5	4.3	0.7	1.8
	II	3.3	2.9	-0.4	4.8	1.1	1.4
	III	2.3r	1.1r	-1.2r	5.1	1.7	2.7r

See footnotes following table 6.

r=revised

p=preliminary

December 2, 1985

Source: Bureau of Labor Statistics

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

Year and quarter	Output per hour of all persons	Output (6)	Hours of all persons	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
Indexes 1977=100						
1984 I	112.5	111.4	99.0	169.5	100.2	150.6
II	112.9	112.3	99.5	170.6	100.0	151.2
III	114.4	112.8	98.6	172.7	100.3	151.1
IV	114.7	112.7	98.2	175.1	100.8	152.7
ANNUAL	113.6	112.3	98.9	171.9	100.3	151.4
1985 I	114.3	112.8	98.7	176.6	100.8	154.5
II	116.5	113.9	97.8	178.6	101.0	153.4
III	117.6r	115.2r	98.0	179.4r	100.8r	152.6r
Percent change from previous quarter at annual rate(5)						
1984 I	1.3	7.1	5.8	5.8	0.5	4.5
II	1.2	3.6	2.4	2.7	-1.0	1.5
III	5.4	1.5	-3.7	5.1	1.4	-0.3
IV	1.1	-0.4	-1.5	5.5	1.9	4.3
ANNUAL	1.5	4.9	3.3	3.8	-0.4	2.3
1985 I	-1.3	0.4	1.7	3.5	0.2	4.9
II	7.8	3.9	-3.6	4.8	0.6	-2.8
III	3.9r	4.9r	0.9r	1.7r	-0.7r	-2.1r
Percent change from corresponding quarter of previous year						
1984 I	1.3	7.5	6.1	3.0	-1.4	1.7
II	1.3	5.9	4.5	3.3	-1.0	2.0
III	1.3	3.4	2.1	4.3	0.1	2.9
IV	2.2	2.9	0.7	4.8	0.7	2.5
ANNUAL	1.5	4.9	3.3	3.8	-0.4	2.3
1985 I	1.6	1.3	-0.3	4.2	0.6	2.6
II	3.2	1.4	-1.8	4.7	1.0	1.5
III	2.8r	2.2r	-0.6	3.9r	0.5r	1.0r

See footnotes following table 6.

r=revised

p=preliminary

December 2, 1985

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 all-employee hour	Output	Employee hours	Hourly compensation (1)	Real hourly compensation(2)	Unit labor cost	Unit non-labor cost(7)	Total unit cost (8)	Unit profits (9)	Implicit price deflator (4)
Indexes 1977=100											
1984	I	108.1	120.2	111.2	164.8	97.5	152.5	162.0	155.0	143.2	153.6
	II	108.9	123.1	113.1	165.8	97.2	152.3	162.8	155.0	151.1	154.6
	III	108.2	123.1	113.8	167.1	97.1	154.5	165.9	157.5	145.3	156.1
	IV	108.8	124.7	114.6	168.7	97.1	155.0	166.4	158.0	150.7	157.1
	ANNUAL	108.5	122.8	113.2	166.6	97.2	153.6	164.3	156.4	147.6	155.4
1985	I	108.1	124.9	115.5	170.3	97.3	157.5	168.1	160.2	150.4	159.1
	II	108.1	125.5	116.1	171.6	97.0	158.8	169.8	161.6	148.9	160.2
	III	109.2p	127.1p	116.3p	173.0p	97.2p	158.3p	168.8p	161.1p	160.1p	160.9p
Percent change from previous quarter at annual rate(5)											
1984	I	3.6	11.6	7.7	5.7	0.4	2.0	-3.2	0.6	23.4	2.7
	II	2.8	9.8	6.8	2.4	-1.3	-0.4	2.0	0.2	23.8	2.6
	III	-2.5	0.2	2.8	3.2	-0.4	5.9	8.0	6.5	-14.5	3.9
	IV	2.5	5.2	2.6	3.7	0.2	1.2	1.1	1.2	16.0	2.7
	ANNUAL	2.3	9.0	6.6	3.5	-0.8	1.1	-0.4	0.7	25.9	3.0
1985	I	-2.5	0.6	3.3	3.9	0.6	6.6	4.0	5.9	-1.0	5.1
	II	-0.3	1.9	2.2	3.0	-1.2	3.3	4.3	3.5	-3.9	2.7
	III	4.5p	5.2p	0.7p	3.3p	0.9p	-1.1p	-2.4p	-1.4p	33.7p	1.9p
Percent change from corresponding quarter of previous year											
1984	I	4.0	11.8	7.5	3.6	-0.9	-0.4	-3.0	-1.1	54.8	2.8
	II	2.9	10.5	7.5	3.3	-1.0	0.4	-1.4	-0.1	35.2	2.9
	III	0.9	7.4	6.4	3.3	-0.9	2.4	0.9	2.0	14.7	3.2
	IV	1.6	6.6	5.0	3.8	-0.3	2.2	1.9	2.1	10.9	3.0
	ANNUAL	2.3	9.0	6.6	3.5	-0.8	1.1	-0.4	0.7	25.9	3.0
1985	I	0.0	3.9	3.9	3.3	-0.2	3.3	3.8	3.4	5.0	3.6
	II	-0.7	2.0	2.7	3.5	-0.2	4.2	4.3	4.3	-1.5	3.6
	III	1.0p	3.2p	2.2p	3.5p	0.1p	2.5p	1.7p	2.3p	10.2p	3.1p

See footnotes following table 6.

r=revised

p=preliminary

December 2, 1985

Source: Bureau of Labor Statistics

Footnotes, Tables 1-6

SOURCES: 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: Productivity and cost measures are regularly revised as more complete information becomes available. Preliminary results are published 30 days after the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the probability is 0.95 that the third publication (second revision) of a quarterly index of output per hour of all persons will differ from the preliminary value by between -1.7 and +1.9 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1985.

- (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 manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve adjusted by BLS to annual manufacturing output levels (gross product originating) from the National Income and Product Accounts prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce.
- (7) Unit nonlabor cost includes depreciation, interest, rental income, and indirect taxes.
- (8) Total unit cost is the sum of labor and nonlabor costs.
- (9) Unit profits include corporate profits with inventory valuation and capital consumption adjustments.