

News

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PRODUCTIVITY AND COSTS Fourth Quarter and Annual Averages, 1986

The Bureau of Labor Statistics of the U.S. Department of Labor today reported preliminary productivity data—as measured by output per hour of all persons—for the fourth quarter and year of 1986. Based on information now available, productivity changes were:

	Fourth quarter	1985- 1986
Business sector.....	-2.3	0.7
Nonfarm business sector.....	-1.7	0.7
Manufacturing.....	0.2	2.7
Durable goods manufacturing.....	0.7	2.7
Nondurable goods manufacturing..	-0.5	2.9

Productivity advanced slowly in the business and nonfarm business sectors when 1986 is compared with 1985, reflecting moderate growth during the first half of the year and declines in the third and fourth quarters. Productivity growth in these 2 sectors in 1986 was similar to the 1985 experience. In manufacturing, productivity growth was more rapid than in the broader sectors, but was nonetheless smaller than the preceding year's increase.

Fourth-quarter measures are summarized in table A and appear in detail in tables 1 through 5. Annual changes in productivity and related measures appear in tables B and C.

THIRD TO FOURTH QUARTER CHANGES, 1986

Business

Productivity fell at a 2.3 percent annual rate during the fourth quarter of 1986 in the business sector, the second consecutive quarter of decline. Output rose 2.1 percent but hours of all persons engaged in the sector increased 4.5 percent (seasonally adjusted annual rates). The increase in hours reflected the largest gain in business employment and the only increase in average weekly hours of the year. During the third quarter of 1986, productivity fell 0.4 percent as output increased 2.0 percent and hours of all persons increased 2.4 percent (table 1).

Table A. Productivity and costs: Preliminary fourth quarter 1986 measures (Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	-2.3	2.1	4.5	2.4	-0.4	4.9
Nonfarm business	-1.7	2.4	4.2	3.1	0.2	4.9
Manufacturing	0.2	3.8	3.7	2.1	-0.7	1.9
Durable	0.7	3.7	3.0	3.1	0.2	2.4
Nondurable	-0.5	4.0	4.6	0.6	-2.2	1.1
Percent change from same quarter a year ago						
Business	0.3	2.3	2.0	2.7	1.4	2.4
Nonfarm business	0.7	2.7	2.0	2.7	1.4	2.0
Manufacturing	2.4	2.3	-0.1	2.3	1.0	-0.1
Durable	1.9	0.8	-1.1	2.6	1.3	0.8
Nondurable	3.4	4.9	1.5	2.1	0.8	-1.2

Hourly compensation increased at a 2.4 percent annual rate during the fourth quarter of 1986, compared with a 2.9 percent gain during the third quarter. This measure includes wages and salaries, supplements, employer contributions to employee-benefit plans, and taxes. Unit labor costs, which reflect changes in hourly compensation and productivity, increased at a 4.9 percent annual rate during the fourth quarter, compared with a 3.3 percent increase during the third quarter.

Real hourly compensation, which takes into account the increase in the Consumer Price Index for All Urban Consumers (CPI-U), declined 0.4 percent in the fourth quarter. Real hourly compensation increased 0.3 percent in the third quarter of 1986, partly reflecting slowly rising consumer prices.

The implicit price deflator for the business sector, which reflects changes in unit labor costs and unit nonlabor payments, declined 0.2 percent in the fourth quarter, the first drop in nearly 20 years.

Nonfarm business

Productivity also declined in the second half of 1986 in the nonfarm business sector, dropping 1.7 percent during the fourth quarter. Output rose 2.4 percent during the quarter and hours of all persons—employees,

proprietors, and unpaid family workers--increased 4.2 percent (table 2). As in the more comprehensive business sector, nonfarm employment and average weekly hours posted their best performance of 1986 during the October-December period.

Hourly compensation increased 3.1 percent in the fourth quarter, but only 0.2 percent when the increase in the CPI-U is taken into account. Unit labor costs increased 4.9 percent in the fourth quarter.

The implicit price deflator for nonfarm business output was unchanged in the fourth quarter, compared with a 3.6 percent increase one quarter earlier. This was the first quarter these prices failed to rise since 1967.

Manufacturing

Productivity increased at a 0.2 percent seasonally-adjusted annual rate in manufacturing in the final quarter of 1986, compared with a 3.6-percent increase during the third quarter. Output rose 3.8 percent and hours of all persons increased 3.7 percent. Although the productivity gain was the smallest all year, increases in output and hours were the largest of 1986. During the third quarter of 1986, output rose 2.9 percent but hours declined 0.6 percent (table 3).

Productivity grew in durables while declining in nondurables, but output and hours increased in both subsectors (nearly half again as many jobs produce durable as nondurable goods). Output grew more slowly among durable goods industries (tables 4, 5).

Hourly compensation of all manufacturing workers increased 2.1 percent during the fourth quarter, but most of the gain was attributable to durables. When the increase in consumer prices is taken into account, real hourly compensation declined 0.7 percent. Unit labor costs increased at a 1.9 percent annual rate, compared with a 1.1 percent decrease during the third quarter of 1986. This was the first quarter during which manufacturing unit labor costs rose this year.

ANNUAL CHANGES, 1985-1986

Business

Business productivity for 1986 was 0.7 percent higher than in 1985, as output advanced 2.5 percent and hours of all persons rose 1.9 percent (table B). During 1985, productivity rose 1.0 percent. Hourly compensation increased 3.2 percent in 1986, compared with a 4.3 percent gain during 1985. The increase in 1986 was the smallest since 1955, when a 2.5 percent increase was recorded. Unit labor costs increased 2.5 percent during 1986, compared with a 3.2 percent increase during 1985.

Real hourly compensation increased 1.3 percent in 1986, compared with a 0.7 percent rise in 1985. The implicit price deflator for the business sector increased 2.1 percent in 1986, down from the 2.9 percent gain of 1985.

Table B. Productivity and costs: Preliminary 1986 measures

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change in annual averages, 1985 - 1986						
Business	0.7	2.5	1.9	3.2	1.3	2.5
Nonfarm business	0.7	2.8	2.0	3.0	1.1	2.3
Manufacturing	2.7	2.5	-0.2	3.0	1.0	0.2
Durable	2.7	1.5	-1.1	3.3	1.4	0.7
Nondurable	2.9	4.1	1.2	2.5	0.6	-0.4

Annual changes in productivity and related measures for the 1977-1986 decade are shown in table C. These values were computed by comparing annual average values for adjacent years.

Nonfarm business

Productivity also increased 0.7 percent in the nonfarm business sector during 1986. Output rose 2.8 percent and hours of all persons increased 2.0 percent (table 2).

Hourly compensation increased a modest 3.0 percent in 1986, the smallest rise since 1949. Unit labor costs increased 2.3 percent in 1986, compared with a 3.5 percent rise in these costs a year earlier. The implicit price deflator for the nonfarm business sector rose 2.2 percent in 1986, compared with a 3.3 percent rise in 1985. The 1986 increase was the smallest since 1965 (when these prices rose only 2.0 percent).

Manufacturing

Productivity increased 2.7 percent in manufacturing in 1986, compared with a 4.4 percent increase during 1985. Output rose 2.5 percent and hours of all persons decreased 0.2 percent (table 3). Hours declined in both 1985 and 1986, reflecting a loss of nearly 200,000 manufacturing jobs over the 2-year period. Productivity grew in both durables and nondurables, but hours of all persons increased only in the nondurable subsector. Output grew more slowly among durable goods industries (tables 4, 5).

Hourly compensation of all manufacturing sector workers increased 3.0 percent during 1986, or 1.0 percent when the increase in consumer prices is taken into account. The 1986 compensation gain was the least since the 2.0 percent rise of 1965. Unit labor costs rose 0.2 percent, compared with a 0.6 percent rise during 1985.

Table C. Annual changes in productivity and related measures, 1977-1986.

Measure	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Business:										
Productivity.....	1.7	0.8	-1.2	-0.3	1.4	-0.4	2.7	2.3	1.0	0.7
Output.....	5.8	5.8	2.0	-1.1	2.1	-3.1	4.2	8.1	3.3	2.5
Hours.....	4.0	4.9	3.2	-0.8	0.7	-2.8	1.5	5.7	2.2	1.9
Hourly compensation..	7.8	8.5	9.7	10.5	9.2	7.8	4.2	4.1	4.3	3.2
Real hourly comp.....	1.3	0.8	-1.4	-2.7	-1.0	1.6	1.0	-0.1	0.7	1.3
Unit labor costs.....	6.0	7.6	11.1	10.9	7.7	8.3	1.5	1.8	3.2	2.5
Implicit price def...	6.4	7.3	9.0	9.0	9.6	5.9	3.3	3.5	2.9	2.1
Nonfarm business:										
Productivity.....	1.6	0.8	-1.6	-0.4	1.0	-0.6	3.3	1.8	0.5	0.7
Output.....	5.9	6.0	1.9	-1.2	1.7	-3.3	4.9	8.0	3.0	2.8
Hours.....	4.3	5.1	3.5	-0.7	0.7	-2.7	1.6	6.0	2.6	2.0
Hourly compensation..	7.7	8.6	9.5	10.5	9.4	7.8	4.3	4.0	4.0	3.0
Real hourly comp.....	1.2	0.9	-1.6	-2.7	-0.9	1.5	1.1	-0.3	0.4	1.1
Unit labor costs.....	6.1	7.7	11.2	11.0	8.3	8.4	1.1	2.1	3.5	2.3
Implicit price def...	6.6	7.0	8.9	9.7	9.7	6.3	3.5	3.2	3.3	2.2
Manufacturing:										
Productivity.....	3.0	1.5	-0.1	0.0	2.2	2.2	5.8	4.1	4.4	2.7
Output.....	7.4	6.0	2.0	-4.5	1.6	-6.1	6.4	10.8	3.8	2.5
Hours.....	4.3	4.4	2.1	-4.5	-0.6	-8.1	0.6	6.4	-0.5	-0.2
Hourly compensation..	8.6	8.2	9.7	11.6	9.6	8.5	3.1	3.6	5.0	3.0
Real hourly comp.....	2.0	0.5	-1.4	-1.7	-0.7	2.2	-0.1	-0.7	1.4	1.0
Unit labor costs.....	5.4	6.6	9.7	11.7	7.3	6.2	-2.5	-0.5	0.6	0.2
Implicit price def...	5.9	5.2	6.2	8.4	8.9	5.1	1.1	1.3	-0.1	n.a.

REVISED THIRD QUARTER 1986 MEASURES

The Bureau of Labor Statistics also reported revised measures for the third quarter of 1986 for nonfinancial corporations (table D). Productivity increased somewhat less rapidly in the third quarter than had been reported on December 2, 1986, based on preliminary information then available.

Previous and revised productivity and cost measures for the third quarter are compared in table E for the business and manufacturing sectors. The revisions mainly reflect revisions in the underlying output measures since December.

Table C. Preliminary and revised measures for nonfinancial corporations, third quarter 1986
Percent change from previous quarter
(Seasonally-adjusted annual rates)

Item	Productivity	Output	Hours	Hourly compensation	hourly compensation	Unit labor costs	Unit nonlabor costs	Unit profits
Preliminary	0.3	1.4	1.1	1.8	-0.7	1.5	6.4	3.2
Revised	0.2	1.3	1.2	1.8	-0.8	1.6	6.1	11.0

Table D. Previous and revised productivity and related measures, third quarter 1986
Percent change from previous quarter
(Seasonally-adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business:						
Previous	0.2	2.5	2.3	2.9	0.3	2.7
Revised	-0.4	2.0	2.4	2.9	0.3	3.3
Nonfarm business:						
Previous	0.2	3.0	2.8	2.3	-0.2	2.2
Revised	-0.3	2.6	2.9	2.3	-0.2	2.6
Manufacturing:						
Previous	3.7	3.0	-0.6	2.4	-0.2	-1.3
Revised	3.6	2.9	-0.6	2.4	-0.1	-1.1

Next release date

The next issue of Productivity and Costs is scheduled for release at **10:00 AM EST, Monday, March 2, 1987**, and will contain measures for nonfinancial corporations, business, nonfarm business, and manufacturing.

TECHNICAL NOTES

Business sector output is equal to gross national product in constant 1982 dollars, less the rest-of-the-world sector, general government, output of nonprofit institutions, output of paid employees of private households, 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 nondurables 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, food, 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 in constant 1982 dollars, 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 dwelling, 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 contribution 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									
1985	I	105.7	121.3	114.8	172.3	98.4	163.1	158.3	161.4
	II	106.4	122.3	115.0	174.5	98.7	164.0	160.0	162.6
	III	107.3	123.5	115.2	176.4	99.1	164.4	161.4	163.4
	IV	106.4	123.8	116.4	178.0	99.0	167.3	159.6	164.6
	ANNUAL	106.4	122.7	115.3	175.3	98.8	164.8	159.7	163.0
1986	I	107.3	125.3	116.8	179.1	99.2	167.0	162.2	165.3
	II	107.4	125.4	116.7	180.4	100.3	168.0	161.9	165.8
	III	r107.3	rl26.0	rl17.4	rl81.7	100.4	rl69.3	rl63.4	167.2
	IV	p106.7	pl26.7	pl18.7	pl82.8	p100.3	pl71.3	pl59.5	p167.1
	ANNUAL	p107.1	pl25.8	pl17.5	pl80.9	p100.0	pl68.9	pl61.7	p166.4
Percent change from previous quarter at annual rate(5)									
1985	I	0.9	3.6	2.6	4.2	1.0	3.3	1.6	2.7
	II	2.7	3.3	0.6	5.1	1.0	2.4	4.2	3.0
	III	3.4	4.1	0.7	4.4	1.8	1.0	3.7	1.9
	IV	-3.2	1.0	4.3	3.8	-0.5	7.2	-4.3	3.0
	ANNUAL	1.0	3.3	2.2	4.3	0.7	3.2	2.2	2.9
1986	I	3.3	4.7	1.4	2.5	1.0	-0.7	6.6	1.8
	II	0.5	0.3	-0.2	2.8	4.5	2.3	-0.7	1.2
	III	r-0.4	r2.0	r2.4	2.9	0.3	r3.3	r3.7	3.4
	IV	p-2.3	p2.1	p4.5	p2.4	p-0.4	p4.9	p-9.1	p-0.2
	ANNUAL	p0.7	p2.5	pl.9	p3.2	pl.3	p2.5	pl.3	p2.1
Percent change from corresponding quarter of previous year									
1985	I	0.8	3.8	3.0	3.9	0.3	3.1	2.7	3.0
	II	0.8	2.8	2.0	4.5	0.7	3.6	2.0	3.1
	III	1.7	3.4	1.7	4.4	1.0	2.6	2.8	2.7
	IV	0.9	3.0	2.1	4.4	0.8	3.4	1.2	2.7
	ANNUAL	1.0	3.3	2.2	4.3	0.7	3.2	2.2	2.9
1986	I	1.5	3.3	1.8	3.9	0.8	2.4	2.5	2.4
	II	1.0	2.5	1.6	3.4	1.7	2.4	1.2	2.0
	III	r0.0	r2.0	2.0	3.0	1.3	r3.0	rl.2	r2.4
	IV	p0.3	p2.3	p2.0	p2.7	pl.4	p2.4	p0.0	pl.6
	ANNUAL	p0.7	p2.5	pl.9	p3.2	pl.3	p2.5	pl.3	p2.1

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

February 2, 1987
 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									
1985	I	104.4	121.1	116.0	172.1	98.2	164.8	158.9	162.7
	II	104.9	122.1	116.4	174.0	98.4	165.9	160.8	164.1
	III	105.4	123.3	116.9	175.4	98.5	166.3	163.0	165.2
	IV	104.5	123.6	118.2	177.0	98.4	169.3	160.3	166.2
	ANNUAL	104.8	122.5	116.9	174.6	98.4	166.7	160.6	164.6
1986	I	105.6	125.1	118.5	178.3	98.8	168.8	163.9	167.1
	II	105.7	125.3	118.5	179.3	99.8	169.6	163.7	167.5
	III	r105.7	r126.1	r119.4	180.4	99.7	r170.7	165.9	r169.0
	IV	p105.2	p126.9	p120.6	p181.7	p99.8	p172.7	p162.1	p169.0
	ANNUAL	p105.5	p125.8	p119.3	p179.9	p99.4	p170.5	p163.9	p168.2
Percent change from previous quarter at annual rate(5)									
1985	I	0.3	3.2	2.9	3.9	0.7	3.6	2.5	3.2
	II	1.8	3.0	1.2	4.6	0.5	2.7	4.7	3.4
	III	2.2	4.0	1.8	3.2	0.7	1.0	5.7	2.6
	IV	-3.5	1.0	4.6	3.7	-0.6	7.4	-6.6	2.4
	ANNUAL	0.5	3.0	2.6	4.0	0.4	3.5	2.9	3.3
1986	I	4.3	5.1	0.8	3.1	1.6	-1.2	9.3	2.3
	II	0.5	0.6	0.1	2.3	4.0	1.8	-0.6	1.0
	III	r-0.3	r2.6	r2.9	2.3	-0.2	r2.6	r5.5	r3.6
	IV	p-1.7	p2.4	p4.2	p3.1	p0.2	p4.9	p-8.8	p0.0
	ANNUAL	p0.7	p2.8	p2.0	p3.0	p1.1	p2.3	p2.0	p2.2
Percent change from corresponding quarter of previous year									
1985	I	0.5	3.6	3.1	3.9	0.3	3.4	3.7	3.5
	II	0.2	2.5	2.3	4.2	0.5	4.0	2.8	3.6
	III	1.0	3.1	2.1	4.0	0.6	3.0	3.7	3.2
	IV	0.2	2.8	2.6	3.9	0.3	3.7	1.5	2.9
	ANNUAL	0.5	3.0	2.6	4.0	0.4	3.5	2.9	3.3
1986	I	1.2	3.3	2.1	3.6	0.5	2.5	3.1	2.7
	II	0.8	2.7	1.8	3.1	1.4	2.2	1.8	2.1
	III	r0.2	r2.3	2.1	r2.8	1.2	r2.6	r1.7	2.3
	IV	p0.7	p2.7	p2.0	p2.7	p1.4	p2.0	p1.1	p1.7
	ANNUAL	p0.7	p2.8	p2.0	p3.0	p1.1	p2.3	p2.0	p2.2

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

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						
1985	I	119.3	118.8	99.6	173.8	145.7
	II	121.7	119.9	98.5	175.6	144.3
	III	123.0	121.2	98.5	178.1	144.8
	IV	122.9	121.9	99.1	179.3	145.8
	ANNUAL	121.7	120.4	98.9	176.7	145.1
1986	I	123.7	122.8	99.3	180.2	145.7
	II	124.7	122.7	98.4	181.4	145.5
	III	125.8	123.6	98.2	182.5	r145.1
	IV	p125.9	p124.7	p99.1	p183.5	p145.8
	ANNUAL	p125.0	p123.4	p98.7	p181.9	p145.5
----- Percent change from previous quarter at annual rate(5)						
1985	I	3.9	3.2	-0.6	5.5	1.5
	II	8.2	3.7	-4.2	4.3	-3.6
	III	4.4	4.3	-0.1	5.6	1.2
	IV	-0.3	2.4	2.7	2.8	3.0
	ANNUAL	4.4	3.8	-0.5	5.0	0.6
1986	I	2.6	3.0	0.4	2.1	-0.5
	II	3.2	-0.4	-3.5	2.7	-0.5
	III	r3.6	r2.9	-0.6	2.4	r-1.1
	IV	p0.2	p3.8	p3.7	p2.1	p-1.9
	ANNUAL	p2.7	p2.5	p-0.2	p3.0	p0.2
----- Percent change from corresponding quarter of previous year						
1985	I	4.0	4.8	0.8	5.1	1.1
	II	5.2	4.0	-1.2	5.3	0.1
	III	4.4	3.2	-1.2	5.3	0.9
	IV	4.0	3.4	-0.6	4.5	0.5
	ANNUAL	4.4	3.8	-0.5	5.0	0.6
1986	I	3.7	3.4	-0.3	3.7	0.0
	II	2.5	2.3	-0.2	3.3	0.8
	III	2.3	2.0	-0.3	2.5	0.2
	IV	p2.4	p2.3	p-0.1	p2.3	p-0.1
	ANNUAL	p2.7	p2.5	p-0.2	p3.0	p0.2

See footnotes following table 6.

r=revised
p=preliminary

February 2, 1987

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						
1985	I	121.4	122.6	100.9	172.0	141.6
	II	124.4	124.1	99.8	173.2	139.2
	III	126.3	125.6	99.5	176.5	139.8
	IV	126.4	126.4	100.0	178.0	140.8
	ANNUAL	124.6	124.7	100.1	174.9	140.3
1986	I	127.1	126.9	99.9	178.9	140.8
	II	127.4	125.7	98.7	180.2	141.4
	III	r128.6	r126.2	98.2	r181.3	r141.0
	IV	p128.8	p127.4	p98.9	p182.6	p141.8
	ANNUAL	p127.9	p126.6	p98.9	p180.7	p141.3
Percent change from previous quarter at annual rate(5)						
1985	I	8.2	7.2	-0.9	6.1	-1.9
	II	10.2	5.1	-4.6	3.0	-6.6
	III	6.1	4.9	-1.1	7.8	1.6
	IV	0.5	2.7	2.2	3.3	2.8
	ANNUAL	6.8	6.6	-0.2	5.0	-1.7
1986	I	2.1	1.5	-0.6	2.2	0.1
	II	1.0	-3.8	-4.8	2.8	1.7
	III	r3.7	r1.8	r-1.8	r2.5	r-1.2
	IV	p0.7	p3.7	p3.0	p3.1	p2.4
	ANNUAL	p2.7	p1.5	p-1.1	p3.3	p0.7
Percent change from corresponding quarter of previous year						
1985	I	6.5	8.7	2.0	4.8	-1.7
	II	7.9	7.4	-0.4	4.8	-2.8
	III	6.8	5.4	-1.2	5.6	-1.1
	IV	6.2	5.0	-1.1	5.0	-1.1
	ANNUAL	6.8	6.6	-0.2	5.0	-1.7
1986	I	4.7	3.5	-1.1	4.1	-0.6
	II	2.4	1.3	-1.1	4.0	1.6
	III	r1.8	r0.5	-1.3	2.7	r0.9
	IV	p1.9	p0.8	p-1.1	p2.6	p0.8
	ANNUAL	p2.7	p1.5	p-1.1	p3.3	p0.7

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

February 2, 1987
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						
1985	I	116.0	113.2	97.6	176.5	152.1
	II	117.5	113.6	96.7	179.4	152.7
	III	118.0	114.5	97.0	180.4	152.8
	IV	117.6	115.1	97.9	181.3	154.1
	ANNUAL	117.3	114.1	97.3	179.4	152.9
1986	I	118.6	116.7	98.3	182.2	153.6
	II	120.7	118.2	97.9	183.5	152.1
	III	r121.7	r119.6	98.2	r184.8	r151.8
	IV	p121.6	p120.8	p99.3	p185.0	p152.2
	ANNUAL	p120.7	p118.8	p98.5	p183.9	p152.4
Percent change from previous quarter at annual rate(5)						
1985	I	-2.6	-2.8	-0.2	4.4	7.2
	II	5.2	1.5	-3.5	6.9	1.7
	III	1.8	3.3	1.5	2.1	0.3
	IV	-1.4	1.9	3.4	1.9	3.4
	ANNUAL	0.7	-0.3	-1.0	5.0	4.3
1986	I	3.5	5.6	2.0	2.2	-1.3
	II	7.0	5.3	-1.6	2.9	-3.9
	III	r3.6	r4.8	r1.2	r2.7	r-0.9
	IV	p-0.5	p4.0	p4.6	p0.6	p1.1
	ANNUAL	p2.9	p4.1	p1.2	p2.5	p-0.4
Percent change from corresponding quarter of previous year						
1985	I	0.1	-0.9	-1.0	5.3	5.2
	II	1.2	-1.1	-2.3	6.1	4.8
	III	0.9	-0.3	-1.1	4.9	4.0
	IV	0.7	1.0	0.3	3.8	3.1
	ANNUAL	0.7	-0.3	-1.0	5.0	4.3
1986	I	2.2	3.1	0.8	3.3	1.0
	II	2.7	4.0	1.3	2.3	-0.4
	III	r3.1	r4.4	1.2	2.4	r-0.7
	IV	p3.4	p4.9	p1.5	p2.1	p-1.2
	ANNUAL	p2.9	p4.1	p1.2	p2.5	p-0.4

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

February 2, 1987
 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											
1985	I	106.0	123.1	116.1	169.9	97.0	160.3	178.5	164.9	129.3	160.6
	II	106.5	124.2	116.6	171.6	97.0	161.1	179.8	165.8	130.2	161.6
	III	107.8	126.0	116.8	173.1	97.2	160.5	178.3	165.0	141.7	162.2
	IV	107.0	126.1	117.8	174.5	97.0	163.0	179.8	167.2	131.2	162.9
	ANNUAL	106.8	124.8	116.9	172.3	97.0	161.2	179.1	165.8	133.1	161.8
1986	I	106.9	126.9	118.7	175.4	97.1	164.0	181.1	168.3	131.7	164.0
	II	106.8	126.6	118.5	176.1	97.9	164.8	179.9	168.6	132.3	164.3
	III	106.9	127.0	118.8	176.8	97.7	165.4	r182.6	169.8	r135.8	r165.7
Percent change from previous quarter at annual rate(5)											
1985	I	0.8	3.2	2.4	3.8	0.6	3.0	2.2	2.8	-3.6	2.2
	II	2.2	3.7	1.4	4.2	0.2	2.0	3.0	2.3	3.0	2.3
	III	4.9	5.9	1.0	3.4	0.9	-1.4	-3.3	-1.9	40.1	1.7
	IV	-2.8	0.5	3.4	3.3	-0.9	6.3	3.3	5.5	-26.4	1.7
	ANNUAL	1.2	3.7	2.5	3.9	0.3	2.7	2.6	2.7	-0.2	2.4
1986	I	-0.5	2.6	3.1	2.0	0.5	2.5	3.1	2.7	1.3	2.5
	II	-0.3	-1.1	-0.8	1.6	3.3	1.9	-2.7	0.6	2.0	0.7
	III	r0.2	r1.3	r1.2	1.8	r-0.8	r1.6	r6.1	r2.8	r11.0	r3.6
Percent change from corresponding quarter of previous year											
1985	I	0.6	4.1	3.5	3.8	0.2	3.2	4.3	3.5	-3.8	2.7
	II	0.6	3.1	2.5	4.1	0.4	3.5	3.9	3.6	-5.9	2.6
	III	2.2	4.2	2.0	3.9	0.5	1.6	1.1	1.5	8.7	2.2
	IV	1.2	3.3	2.1	3.7	0.2	2.4	1.3	2.1	0.6	2.0
	ANNUAL	1.2	3.7	2.5	3.9	0.3	2.7	2.6	2.7	-0.2	2.4
1986	I	0.9	3.2	2.2	3.2	0.2	2.3	1.5	2.1	1.8	2.1
	II	0.3	2.0	1.7	2.6	0.9	2.3	0.0	1.7	1.6	1.7
	III	r-0.9	0.8	1.7	2.2	0.5	r3.1	r2.4	2.9	r-4.2	r2.1

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

February 2, 1987
 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: 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 -1.9 and +2.0 index points. This interval is based on the performance of this measure between the first quarter of 1976 and the second quarter of 1986

Footnotes, Tables 1-6

- (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) Unit nonlabor payments include profits, capital consumption allowances, interest, rental income of persons, 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 capital consumption allowances, interest, rental income of persons, 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.