

# News

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## PRODUCTIVITY AND COSTS Third Quarter 1987

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 third quarter of 1987. Based on information currently available, the seasonally-adjusted annual rates of productivity change in the third quarter were:

- 2.9 percent in the business sector,
- 2.6 percent in the nonfarm business sector,
- 4.5 percent in manufacturing,
- 4.7 percent in durable goods manufacturing, and
- 4.2 percent in nondurable goods manufacturing.

Preliminary third-quarter measures are summarized in table A and appear in detail in tables 1 through 5.

For business and nonfarm business, the third-quarter productivity measures showed an acceleration over the increases reported for the second quarter. Output growth also speeded up in both sectors. Manufacturing productivity grew more slowly than during the second quarter, but third-quarter growth in both output and hours was more rapid.

### Business

Productivity increased at a 2.9 percent annual rate during the third quarter of 1987 in the business sector, as output rose 4.2 percent and hours of all persons engaged in the sector increased 1.3 percent (seasonally adjusted annual rates). During the second quarter of 1987, productivity had increased 1.4 percent, as output grew 3.0 percent and hours increased 1.6 percent. The third-quarter productivity increase was the largest in 6 quarters (table 1). Between the third quarter of 1987 and the third quarter of 1986, productivity rose 1.2 percent.

Table A. Productivity and costs: Preliminary third-quarter 1987 measures (Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	2.9	4.2	1.3	4.2	0.3	1.3
Nonfarm business	2.6	4.4	1.7	4.0	0.1	1.3
Manufacturing	4.5	8.2	3.5	1.4	-2.4	-3.0
Durable	4.7	7.9	3.1	1.0	-2.8	-3.5
Nondurable	4.2	8.6	4.2	2.1	-1.8	-2.1
Percent change from same quarter a year ago						
Business	1.2	3.4	2.2	3.1	-1.0	1.9
Nonfarm business	1.1	3.6	2.4	3.0	-1.1	1.9
Manufacturing	3.9	5.1	1.1	1.2	-2.8	-2.6
Durable	4.3	4.7	0.4	1.0	-3.0	-3.1
Nondurable	3.6	5.8	2.2	1.8	-2.3	-1.7

Hourly compensation increased at a 4.2 percent annual rate during the third quarter of 1987, compared with a 3.3 percent rise during the second 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 1.3 percent annual rate during the third quarter, compared with a 1.8 percent gain in the May-June period.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), increased at a 0.3 percent annual rate in the third quarter, compared with a 1.6 percent decline in the second quarter of 1987. This marked the first quarter during which real hourly compensation increased this year.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 1.7 percent in the third quarter, the smallest quarterly gain this year.

#### Nonfarm business

Productivity increased 2.6 percent in the nonfarm business sector during the third quarter of 1987, as output rose 4.4 percent and hours of all persons--employees, proprietors, and unpaid family workers--increased 1.7 percent. During the second quarter of 1987, nonfarm productivity had risen 1.4 percent. As in the more comprehensive business sector, the third-quarter increase in nonfarm business productivity was the largest in more than a year (table 2).

Hourly compensation rose 4.0 percent in the third quarter, but gained only 0.1 percent when the change in the CPI-U was taken into account. This was the first quarter in this year that real hourly compensation did not decline. Unit labor costs increased 1.3 percent, compared with a 1.5 percent rise during the second quarter of 1987.

The implicit price deflator for nonfarm business output rose 2.0 percent in the third quarter, compared with a 2.6 percent increase one quarter earlier.

### Manufacturing

Productivity increased at a 4.5 percent seasonally adjusted annual rate in manufacturing in the third quarter of 1987, as output rose 8.2 percent and hours of all persons increased 3.5 percent. This was the largest output increase since the first quarter of 1984 (when it rose 17.5 percent) and the increase in hours was the greatest since the second quarter of 1984 (when it rose 4.6 percent). During the second quarter of 1987, productivity had risen 6.4 percent, as output rose 4.7 percent and hours fell 1.6 percent (table 3).

Hourly compensation of manufacturing workers rose 1.4 percent during the third quarter, but fell 2.4 percent when the increase in consumer prices was taken into account. Real hourly compensation has not increased for 5 quarters; the cumulative drop was 2.9 percent. Unit labor costs fell again in the third quarter (at a 3.0 percent annual rate), the sixth decline in 7 quarters. Manufacturing unit labor costs were 3.4 percent lower in the third quarter of 1987 than in the fourth quarter of 1985.

Both durable and nondurable goods industries experienced productivity increases in the third quarter (tables 4 and 5). Output and hours increased strongly in both subsectors. Output and hours grew more rapidly in nondurable-goods manufacturing firms where a 4.2 percent productivity gain reflected an 8.6 percent gain in output and a 4.2 percent increase in hours.

### Revised data

Second-quarter productivity and cost measures for business, nonfarm business, and nonfinancial corporations (tables 1, 2 and 6) were revised to reflect changes in the national income and product accounts since the last publication of Productivity and Costs. Also, new seasonal factors introduced by the Federal Reserve Board affected output measures used in computing productivity movements in manufacturing (tables 3 through 5).

### Next release date

The next issue of Productivity and Costs is scheduled for release at 10:00 AM EST, Thursday, December 3, 1987, and will contain preliminary third-quarter measures for nonfinancial corporations and revised measures for 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 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, 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 nonprofit institutions, output of paid employees of private households, 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 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									
1986	I	109.5	127.3	116.3	180.7	100.1	165.0	163.1	164.3
	II	109.7	127.5	116.3	182.2	101.3	166.2	163.9	165.4
	III	109.6	128.1	116.9	183.6	101.4	167.5	165.7	166.9
	IV	109.6	129.0	117.8	185.2	101.6	169.0	162.4	166.7
	ANNUAL	109.5	128.0	116.9	182.8	101.0	166.9	163.8	165.8
1987	I	109.7	130.2	118.7	185.8	100.7	169.4	166.0	168.2
	II	r110.1	131.1	119.1	187.3	100.3	r170.2	r168.6	r169.6
	III	p110.9	p132.5	p119.5	p189.3	p100.4	p170.7	p169.7	p170.3
Percent change from previous quarter at annual rate(5)									
1986	I	5.8	6.4	0.5	3.2	1.6	-2.5	7.5	0.9
	II	0.6	0.7	0.1	3.5	4.8	2.8	2.1	2.6
	III	-0.3	1.8	2.1	3.0	0.5	3.3	4.5	3.7
	IV	-0.1	3.0	3.1	3.6	0.9	3.7	-7.7	-0.5
	ANNUAL	1.9	3.3	1.4	3.9	2.0	2.0	2.2	2.1
1987	I	0.5	3.5	3.0	1.4	-3.7	0.9	9.0	3.7
	II	r1.4	3.0	1.6	3.3	r-1.6	r1.8	r6.4	r3.4
	III	p2.9	p4.2	p1.3	p4.2	p0.3	p1.3	p2.6	p1.7
Percent change from corresponding quarter of previous year									
1986	I	2.8	4.2	1.3	4.8	1.7	1.9	2.8	2.2
	II	2.3	3.4	1.1	4.4	2.7	2.1	2.2	2.1
	III	1.3	2.7	1.5	3.7	2.0	2.4	2.4	2.4
	IV	1.5	2.9	1.4	3.3	1.9	1.8	1.4	1.7
	ANNUAL	1.9	3.3	1.4	3.9	2.0	2.0	2.2	2.1
1987	I	0.2	2.3	2.1	2.8	0.6	2.7	1.8	2.3
	II	0.4	2.8	2.5	2.8	-1.0	2.4	r2.8	r2.6
	III	p1.2	p3.4	p2.2	p3.1	p-1.0	p1.9	p2.4	p2.1

See footnotes following table 6.

r=revised

p=preliminary

November 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)
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Indexes 1977=100									
1986	I	107.7	126.9	117.9	180.0	99.7	167.2	164.7	166.4
	II	107.7	127.1	118.0	181.3	100.8	168.4	165.2	167.3
	III	107.5	127.6	118.7	182.6	100.9	169.8	167.0	168.8
	IV	107.5	128.5	119.6	184.4	101.2	171.5	163.9	168.8
	ANNUAL	107.5	127.5	118.6	182.0	100.6	169.3	165.2	167.8
1987	I	107.6	129.7	120.6	184.9	100.2	171.8	167.4	170.3
	II	r108.0	130.7	121.1	186.3	99.7	r172.5	r169.2	171.4
	III	p108.7	p132.1	p121.6	p188.1	p99.7	p173.1	p170.6	p172.2
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Percent change from previous quarter at annual rate(5)									
1986	I	6.6	6.4	-0.2	3.9	2.3	-2.6	10.0	1.6
	II	0.1	0.6	0.6	2.9	4.2	2.8	1.3	2.3
	III	-0.6	1.7	2.3	2.8	0.4	3.5	4.2	3.7
	IV	0.0	2.9	2.9	4.0	1.3	4.0	-7.2	0.0
	ANNUAL	1.6	3.2	1.6	3.9	1.9	2.2	2.4	2.3
1987	I	0.4	3.8	3.4	1.1	-3.9	0.8	8.8	3.4
	II	r1.4	r3.2	1.7	3.0	-1.8	r1.5	r4.6	r2.6
	III	p2.6	p4.4	p1.7	p4.0	p0.1	p1.3	p3.1	p2.0
-----									
Percent change from corresponding quarter of previous year									
1986	I	2.3	4.0	1.7	4.5	1.4	2.2	3.2	2.6
	II	1.9	3.3	1.4	4.1	2.5	2.2	2.3	2.3
	III	1.1	2.6	1.6	3.6	1.9	2.5	2.2	2.4
	IV	1.5	2.9	1.4	3.4	2.0	1.9	1.9	1.9
	ANNUAL	1.6	3.2	1.6	3.9	1.9	2.2	2.4	2.3
1987	I	-0.1	2.2	2.3	2.7	0.5	2.8	1.6	2.4
	II	0.3	r2.9	2.6	2.7	-1.0	r2.4	r2.4	r2.4
	III	p1.1	p3.6	p2.4	p3.0	p-1.1	p1.9	p2.2	p2.0
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See footnotes following table 6.  
r=revised  
p=preliminary

November 2, 1987  
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 -----						
1986	I	127.6	125.2	98.1	181.0	141.9
	II	r128.4	r125.3	97.5	182.1	r141.8
	III	r129.3	r126.0	97.5	183.1	r141.7
	IV	r129.8	r127.1	97.9	184.3	r142.0
	ANNUAL	128.8	125.9	97.8	182.7	141.8
1987	I	r130.8	r128.4	98.1	183.9	r140.5
	II	r132.9	r129.9	r97.7	r184.8	r139.0
	III	p134.4	p132.5	p98.6	p185.4	p138.0
----- Percent change from previous quarter at annual rate(5) -----						
1986	I	r4.8	r3.5	-1.3	1.8	r-2.8
	II	r2.6	r0.2	-2.3	2.5	r-0.1
	III	r2.7	r2.3	-0.4	2.2	r-0.5
	IV	r1.7	r3.7	2.0	2.7	r0.9
	ANNUAL	3.7	2.8	-0.9	3.3	-0.4
1987	I	r3.2	r4.0	0.8	-1.0	r-4.1
	II	r6.4	r4.7	r-1.6	2.0	r-4.2
	III	p4.5	p8.2	p3.5	p1.4	p-3.0
----- Percent change from corresponding quarter of previous year -----						
1986	I	r5.2	r3.8	-1.3	4.4	r-0.7
	II	r3.5	2.5	-0.9	3.4	r-0.1
	III	r3.2	r2.3	-0.9	2.9	r-0.3
	IV	r2.9	r2.4	-0.5	2.3	r-0.6
	ANNUAL	3.7	2.8	-0.9	3.3	-0.4
1987	I	r2.5	r2.5	0.0	1.6	r-1.0
	II	r3.5	r3.7	0.2	r1.5	r-2.0
	III	p3.9	p5.1	p1.1	p1.2	p-2.6

See footnotes following table 6.  
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p=preliminary

November 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 person	Compensation per hour(1)	Real compensation per hour(2)	Unit labor cost
indexes 1977=100						
1986 I	r136.3	r133.6	98.8	179.9	99.7	r133.0
II	r136.0	r133.2	98.0	180.8	100.5	r132.8
III	r137.5	r134.1	97.5	181.6	100.3	r132.1
IV	r138.4	r135.3	97.8	183.1	100.5	r132.3
ANNUAL	136.8	134.1	98.0	181.4	100.2	132.6
1987 I	r139.9	r136.9	97.8	182.2	98.7	r130.2
II	r141.7	r137.8	r97.2	182.9	97.9	r129.1
III	p143.4	p140.5	p98.0	p183.4	p97.3	p127.9
Percent change from previous quarter at annual rate(5)						
1986 I	r6.7	r4.1	-2.4	1.2	-0.4	r-5.2
II	r2.1	r-1.1	-3.2	1.9	3.3	r-0.2
III	r4.4	r2.7	-1.7	1.7	-0.7	r-2.6
IV	2.6	3.8	1.1	3.4	0.7	0.8
ANNUAL	5.2	3.2	-1.8	3.4	1.4	-1.7
1987 I	r4.5	r4.5	0.0	-1.9	-6.8	r-6.1
II	r5.3	r2.8	r-2.4	r1.6	r-3.1	r-3.5
III	p4.7	p7.9	p3.1	p1.0	p-2.8	p-3.5
Percent change from corresponding quarter of previous year						
1986 I	r7.3	r5.2	-2.0	4.9	1.8	r-2.2
II	4.9	3.0	-1.8	3.6	2.0	-1.2
III	r4.5	r2.5	-1.9	2.8	1.1	r-1.6
IV	4.0	2.4	-1.5	2.1	0.7	r-1.8
ANNUAL	5.2	3.2	-1.8	3.4	1.4	-1.7
1987 I	r3.4	r2.4	-0.9	1.3	-0.9	r-2.1
II	r4.2	r3.4	-0.7	1.2	-2.5	r-2.9
III	p4.3	p4.7	p0.4	p1.0	p-3.0	p-3.1

See footnotes following table 6.

r=revised  
p=preliminary

November 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							
1986	I	r116.0	r112.7	97.2	182.7	101.2	r157.5
	II	r117.0	r113.4	96.9	184.3	102.4	r157.5
	III	r117.0	r113.9	97.3	185.8	102.7	r158.8
	IV	117.1	114.9	98.1	186.5	102.4	159.3
	ANNUAL	116.8	113.7	97.4	184.8	102.1	158.3
1987	I	r117.4	r115.8	98.6	186.9	101.2	r159.1
	II	r119.9	118.1	98.5	188.2	100.7	r156.9
	III	p121.2	p120.5	p99.5	p189.1	p100.3	p156.1
-----							
Percent change from previous quarter at annual rate(5)							
1986	I	r1.8	2.3	0.5	3.2	1.6	1.4
	II	r3.6	r2.5	-1.0	3.6	5.0	r0.0
	III	r0.1	r1.7	1.6	3.4	0.9	r3.3
	IV	r0.4	r3.6	3.3	1.5	-1.1	r1.2
	ANNUAL	1.5	1.9	0.5	3.3	1.3	1.8
1987	I	r1.1	r3.1	1.9	0.7	-4.4	r-0.5
	II	r8.7	r8.2	r-0.5	r2.8	-2.0	r-5.4
	III	p4.2	p8.6	p4.2	p2.1	p-1.8	p-2.1
-----							
Percent change from corresponding quarter of previous year							
1986	I	r1.8	r1.6	-0.2	3.7	0.6	r1.9
	II	r1.3	r1.7	0.4	3.2	1.6	r1.8
	III	r1.3	r1.8	0.6	3.3	1.6	r2.0
	IV	r1.4	r2.5	1.1	2.9	1.6	r1.5
	ANNUAL	1.5	1.9	0.5	3.3	1.3	1.8
1987	I	r1.3	r2.7	1.4	2.3	0.1	r1.0
	II	2.5	r4.1	1.6	2.1	-1.6	-0.4
	III	p3.6	p5.8	p2.2	p1.8	p-2.3	p-1.7
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See footnotes following table 6.

r=revised

p=preliminary

November 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 -----											
1986	I	109.8	129.1	117.6	177.2	98.2	161.5	180.7	166.3	129.7	161.9
	II	109.7	128.8	117.4	178.4	99.1	162.6	180.6	167.2	129.5	162.7
	III	109.9	129.3	117.6	179.5	99.2	163.2	184.2	168.5	130.6	164.0
	IV	110.5	130.4	118.0	181.0	99.3	163.8	183.2	168.7	127.7	163.8
	ANNUAL	109.9	129.4	117.7	178.9	98.9	162.8	182.2	167.7	129.3	163.1
1987	I	109.7	130.9	119.3	180.8	98.0	164.8	184.1	169.7	132.2	165.2
	II	r109.9	r131.6	119.8	182.0	97.4	r165.6	r186.6	r170.9	r132.9	r166.3
----- Percent change from previous quarter at annual rate(5) -----											
1986	I	3.3	4.4	1.0	3.5	1.8	0.1	3.0	0.9	3.0	1.1
	II	-0.2	-0.9	-0.6	2.6	4.0	2.9	-0.2	2.0	-0.5	1.8
	III	0.9	1.6	0.7	2.5	0.0	1.5	8.2	3.3	3.3	3.3
	IV	2.1	3.4	1.3	3.5	0.8	1.3	-2.3	0.3	-8.5	-0.5
	ANNUAL	1.6	2.6	1.0	3.5	1.6	1.9	2.2	2.0	-3.4	1.5
1987	I	-2.9	1.5	4.6	-0.5	-5.5	2.5	2.2	2.4	14.7	3.5
	II	r0.7	r2.2	1.6	r2.6	r-2.2	r2.0	r5.4	r2.9	r2.1	r2.8
----- Percent change from corresponding quarter of previous year -----											
1986	I	2.6	4.1	1.4	4.3	1.2	1.6	1.8	1.7	-1.7	1.3
	II	1.8	2.7	0.8	3.9	2.2	2.0	1.0	1.7	-2.1	1.4
	III	0.7	1.5	0.8	3.3	1.6	2.6	3.8	2.9	-8.4	1.7
	IV	1.5	2.1	0.6	3.0	1.6	1.5	2.1	1.6	-0.8	1.4
	ANNUAL	1.6	2.6	1.0	3.5	1.6	1.9	2.2	2.0	-3.4	1.5
1987	I	0.0	1.4	1.5	2.0	-0.2	2.1	1.9	2.0	1.9	2.0
	II	r0.2	r2.2	2.0	2.0	-1.7	r1.8	r3.3	r2.2	r2.6	r2.3

See footnotes following table 6.

r=revised  
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November 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 -2.0 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 1987.

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.