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PRODUCTIVITY AND COSTS

Revised Second-Quarter Measures 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 second quarter of 1988. Based on information now available, the seasonally-adjusted annual rates of productivity change in the second quarter were:

- 2.5 percent in the business sector,
- 1.4 percent in the nonfarm business sector,
- 3.6 percent in manufacturing,
- 3.9 percent in durable goods manufacturing, and
- 2.8 percent in nondurable goods manufacturing.

Revised second-quarter measures are summarized in table A and appear in detail in tables 1 through 5. For nonfinancial corporations, productivity rose 0.4 percent in the second quarter, as output and hours rose 5.2 percent and 4.7 percent, respectively (tables B and 6).

For the business sector, the revised productivity measure shows a larger decline than reported on August 4, based on preliminary information then available. In the nonfarm business sector, output grew more and productivity declined less than originally reported. Manufacturing productivity and output showed increases similar to those reported earlier (table C).

Business

Productivity declined at a 2.5 percent annual rate during the second quarter of 1988 in the business sector, as output rose 3.4 percent and hours of all persons engaged in the sector increased 6.0 percent (seasonally adjusted annual rates). During the first quarter of 1988, productivity had increased 3.5 percent, as output grew more than hours (table 1).

Table A. Productivity and costs: Revised second-quarter 1988 measures
(Seasonally adjusted annual rates)

| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|
| Percent change from preceding quarter | | | | | | |
| Business | -2.5 | 3.4 | 6.0 | 4.8 | 0.0 | 7.5 |
| Nonfarm business | -1.4 | 5.2 | 6.6 | 4.2 | -0.6 | 5.7 |
| Manufacturing | 3.6 | 5.7 | 2.0 | 3.0 | -1.7 | -0.6 |
| Durable | 3.9 | 7.7 | 3.7 | 1.5 | -3.1 | -2.3 |
| Nondurable | 2.8 | 2.4 | -0.4 | 5.2 | 0.4 | 2.3 |
| Percent change from same quarter a year ago | | | | | | |
| Business | 1.3 | 5.3 | 3.9 | 4.8 | 0.9 | 3.4 |
| Nonfarm business | 1.6 | 5.8 | 4.1 | 4.6 | 0.7 | 2.9 |
| Manufacturing | 2.8 | 6.4 | 3.4 | 3.2 | -0.7 | 0.3 |
| Durable | 3.3 | 7.3 | 3.8 | 3.1 | -0.8 | -0.2 |
| Nondurable | 1.9 | 4.9 | 2.9 | 3.2 | -0.7 | 1.2 |

Hourly compensation increased at a 4.8 percent annual rate during the second quarter of 1988, compared with a 3.7 percent rise during the first 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 7.5 percent annual rate during the second quarter, compared with a 0.2 percent gain in the January-March period. The 7.5 percent rate was the largest since the first quarter of 1982, when it increased 10.6 percent.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), was unchanged in the second quarter, compared with a 0.3 percent increase in the first quarter of 1988.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 5.0 percent in the second quarter, compared with 1.0 percent in the previous quarter. The second-quarter increase was the largest quarterly gain since the third quarter of 1986, when it also increased 5.0 percent.

Nonfarm business

Productivity decreased 1.4 percent in the nonfarm business sector during the second quarter of 1988, as output rose 5.2 percent and hours of all persons--employees, proprietors, and unpaid family workers--increased 6.6 percent. During the first quarter of 1988, nonfarm productivity rose 3.4

percent (table 2). The second-quarter decrease in nonfarm business productivity was the largest in more than a year; a decline of 1.5 percent occurred in the third quarter of 1986.

Hourly compensation rose 4.2 percent in the second quarter, but fell 0.6 percent when the change in the CPI-U was taken into account. The decline in real hourly compensation was the first since the second quarter of 1987. Unit labor costs increased 5.7 percent, compared with a 0.1 percent rise during the first quarter of 1988. The April-June increase was the largest since the fourth quarter of 1986, when unit labor costs grew 6.1 percent.

The implicit price deflator for nonfarm business output rose 3.7 percent in the second quarter, compared with a 0.6 percent increase one quarter earlier.

Manufacturing

Productivity increased at a 3.6 percent seasonally adjusted annual rate in manufacturing in the second quarter of 1988, as output rose 5.7 percent and hours of all persons grew 2.0 percent. During the first quarter of 1988, productivity rose 3.2 percent, as output and hours rose 4.6 percent and 1.3 percent, respectively (table 3).

Hourly compensation of manufacturing workers rose 3.0 percent during the second quarter, but fell 1.7 percent when the increase in consumer prices was taken into account. Real hourly compensation has declined in 5 of the last 6 quarters; the increase in the first quarter of 1988 was 2.0 percent. Unit labor costs fell at a 0.6 percent annual rate, compared with a 2.2 percent increase during the first quarter of 1988. Manufacturing unit labor costs have declined in 4 of the past 6 quarters.

Both durable and nondurable goods industries experienced productivity increases in the second quarter (tables 4 and 5). In the durables subsector, productivity increased 3.9 percent as both output and hours rose--7.7 and 3.7 percent, respectively. For nondurable manufacturing firms, productivity and output increased 2.8 and 2.4 percent, respectively, but hours of all persons declined slightly, 0.4 percent.

Nonfinancial corporations

Preliminary second-quarter 1988 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Output per all-employee hour increased 0.4 percent from the first to the second quarters of 1988, as output and hours increased 5.2 percent and 4.7 percent, respectively (table 6). During the first quarter, productivity rose 4.3 percent. The sector includes all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies.

Table B. Nonfinancial corporations: Preliminary second-quarter productivity and cost measures
Quarterly percent change at seasonally adjusted annual rates

| Period | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
|--------------------|--------------|--------|-------|---------------------|--------------------------|------------------|--------------|-------------------------|
| 1988 I to 1988 II | 0.4 | 5.2 | 4.7 | 4.2 | -0.6 | 3.7 | 4.1 | 3.1 |
| 1987 II to 1988 II | 2.3 | 6.5 | 4.1 | 4.1 | 0.2 | 1.8 | 3.2 | 1.7 |

Hourly compensation increased 4.2 percent, but dropped 0.6 percent when the rise in the CPI-U was taken into account. Real hourly compensation has declined in the past 2 quarters. Unit labor costs rose 3.7 percent, unit nonlabor costs increased 1.2 percent, and unit profits rose 4.1 percent (table 6). The implicit deflator for nonfinancial corporate output increased 3.1 percent in the second quarter.

Revised measures

Previous and revised productivity and cost measures for the second quarter are compared in table C for business, nonfarm business, and manufacturing. There was little change in reported productivity measures for manufacturing, but the revisions in business and nonfarm business productivity reflected the availability of more complete information on output movements.

Table C. Previous and revised productivity and related measures, second-quarter 1988
Quarterly percent change at seasonally adjusted annual rates

| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
|--------------------------|--------------|--------|-------|---------------------|--------------------------|------------------|
| Business: | | | | | | |
| Previous | -2.2 | 3.5 | 5.9 | 4.7 | -0.1 | 7.0 |
| Revised | -2.5 | 3.4 | 6.0 | 4.8 | 0.0 | 7.5 |
| Nonfarm business: | | | | | | |
| Previous | -1.7 | 4.7 | 6.5 | 4.1 | -0.6 | 5.9 |
| Revised | -1.4 | 5.2 | 6.6 | 4.2 | -0.6 | 5.7 |
| Manufacturing: | | | | | | |
| Previous | 3.5 | 5.4 | 1.8 | 2.9 | -1.8 | -0.6 |
| Revised | 3.6 | 5.7 | 2.0 | 3.0 | -1.7 | -0.6 |

Next release date

The next news release, Multifactor Productivity Measures, 1987, will report 1987 measures of multifactor productivity--output per unit of combined inputs of capital and labor--and revised measures for earlier years. The next issue of Productivity and Costs will present preliminary third-quarter measures of output per hour for business, nonfarm business, and manufacturing and is scheduled for release at 10:00 AM EST, **Wednesday, November 2, 1988.**

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 accounted for 80 percent of gross national product in 1987. The nonfarm business sector, which also excludes farming, accounted for about 78 percent of gross national product in 1987.

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 accounted for about 22 percent of gross national product in 1987.

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 accounted for about 59 percent of gross national product in 1987.

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 | | | | | | | | |
| 1987 I | 109.9 | 130.5 | 118.8 | 187.3 | 101.5 | 170.5 | 165.6 | 168.7 |
| II | 110.6 | 132.2 | 119.5 | 189.0 | 101.2 | 170.8 | 168.7 | 170.1 |
| III | 111.7 | 134.3 | 120.3 | 191.1 | 101.4 | 171.1 | 171.5 | 171.2 |
| IV | 111.8 | 136.2 | 121.8 | 194.0 | 102.0 | 173.5 | 168.9 | 171.9 |
| ANNUAL | 111.0 | 133.3 | 120.1 | 190.4 | 101.5 | 171.5 | 168.7 | 170.5 |
| 1988 I | 112.8 | 138.0 | 122.3 | 195.8 | 102.1 | 173.5 | 170.0 | 172.3 |
| II | r112.1 | 139.2 | r124.2 | 198.0 | r102.1 | r176.7 | r170.2 | r174.4 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | |
| 1987 I | 0.3 | 3.7 | 3.4 | 2.5 | -2.8 | 2.2 | 4.6 | 3.0 |
| II | 2.7 | 5.3 | 2.5 | 3.6 | -1.2 | 0.8 | 7.9 | 3.2 |
| III | 3.9 | 6.6 | 2.6 | 4.6 | 0.8 | 0.7 | 6.7 | 2.8 |
| IV | 0.6 | 5.7 | 5.1 | 6.2 | 2.4 | 5.6 | -5.8 | 1.4 |
| ANNUAL | 0.8 | 3.6 | 2.8 | 4.0 | 0.3 | 3.1 | 2.3 | 2.8 |
| 1988 I | 3.5 | 5.5 | 1.9 | 3.7 | 0.3 | 0.2 | 2.5 | 1.0 |
| II | r-2.5 | r3.4 | r6.0 | r4.8 | r0.0 | r7.5 | r0.6 | r5.0 |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 1987 I | -0.6 | 1.6 | 2.2 | 3.8 | 1.5 | 4.4 | 0.7 | 3.1 |
| II | 0.2 | 3.1 | 2.9 | 3.8 | 0.0 | 3.6 | 2.1 | 3.1 |
| III | 1.5 | 4.5 | 3.0 | 3.9 | -0.3 | 2.3 | 2.9 | 2.5 |
| IV | 1.9 | 5.3 | 3.4 | 4.2 | -0.2 | 2.3 | 3.2 | 2.6 |
| ANNUAL | 0.8 | 3.6 | 2.8 | 4.0 | 0.3 | 3.1 | 2.3 | 2.8 |
| 1988 I | 2.7 | 5.8 | 3.0 | 4.5 | 0.5 | 1.8 | 2.7 | 2.1 |
| II | r1.3 | 5.3 | 3.9 | 4.8 | r0.9 | r3.4 | r0.9 | r2.5 |

See footnotes following table 6.
r=revised

September 1, 1988
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 | | | | | | | | |
| 1987 I | 107.8 | 130.1 | 120.7 | 186.4 | 101.0 | 172.9 | 167.2 | 170.9 |
| II | 108.6 | 131.9 | 121.5 | 187.9 | 100.6 | 173.0 | 169.8 | 171.9 |
| III | 109.6 | 134.1 | 122.3 | 190.0 | 100.8 | 173.3 | 173.0 | 173.2 |
| IV | 109.9 | 136.0 | 123.8 | 192.9 | 101.4 | 175.6 | 170.9 | 174.0 |
| ANNUAL | 109.0 | 133.0 | 122.1 | 189.4 | 101.0 | 173.8 | 170.2 | 172.5 |
| 1988 I | 110.8 | 137.9 | 124.4 | 194.6 | 101.5 | 175.7 | 171.6 | 174.2 |
| II | r110.4 | r139.6 | r126.5 | 196.6 | 101.3 | r178.1 | r171.6 | 175.8 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | |
| 1987 I | 0.0 | 4.0 | 4.0 | 2.1 | -3.2 | 2.1 | 5.7 | 3.3 |
| II | 3.2 | 5.7 | 2.5 | 3.4 | -1.4 | 0.2 | 6.5 | 2.3 |
| III | 3.7 | 6.8 | 2.9 | 4.5 | 0.6 | 0.7 | 7.7 | 3.1 |
| IV | 0.9 | 5.9 | 4.9 | 6.4 | 2.6 | 5.4 | -4.8 | 1.8 |
| ANNUAL | 0.8 | 3.8 | 3.0 | 3.8 | 0.2 | 3.1 | 2.3 | 2.8 |
| 1988 I | 3.4 | 5.6 | 2.1 | 3.5 | 0.1 | 0.1 | 1.6 | 0.6 |
| II | r-1.4 | r5.2 | r6.6 | r4.2 | -0.6 | r5.7 | r0.2 | r3.7 |
| Percent change from corresponding quarter of previous year | | | | | | | | |
| 1987 I | -0.8 | 1.6 | 2.4 | 3.7 | 1.4 | 4.5 | 0.6 | 3.1 |
| II | 0.2 | 3.2 | 3.0 | 3.7 | -0.1 | 3.5 | 1.9 | 3.0 |
| III | 1.5 | 4.7 | 3.2 | 3.7 | -0.4 | 2.2 | 2.9 | 2.5 |
| IV | 1.9 | 5.6 | 3.6 | 4.1 | -0.4 | 2.1 | 3.6 | 2.6 |
| ANNUAL | 0.8 | 3.8 | 3.0 | 3.8 | 0.2 | 3.1 | 2.3 | 2.8 |
| 1988 I | 2.8 | 6.0 | 3.1 | 4.4 | 0.5 | 1.6 | 2.6 | 1.9 |
| II | 1.6 | r5.8 | 4.1 | 4.6 | 0.7 | r2.9 | r1.1 | 2.3 |

See footnotes following table 6.

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September 1, 1988

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 | | | | | | | |
| 1987 | I | 130.0 | 127.2 | 97.8 | 185.9 | 100.8 | 143.1 |
| | II | 131.7 | 128.7 | 97.7 | 186.3 | 99.7 | 141.4 |
| | III | 132.8 | 131.1 | 98.8 | 187.2 | 99.3 | 141.0 |
| | IV | 133.2 | 133.5 | 100.2 | 188.2 | 99.0 | 141.3 |
| | ANNUAL | 132.0 | 130.1 | 98.6 | 186.9 | 99.7 | 141.7 |
| 1988 | I | 134.3 | 135.0 | 100.6 | 190.7 | 99.4 | 142.1 |
| | II | r135.5 | r136.9 | r101.1 | 192.1 | 99.0 | 141.9 |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1987 | I | 3.6 | 4.1 | 0.5 | 1.4 | -3.8 | -2.1 |
| | II | 5.5 | 4.9 | -0.6 | 0.7 | -4.0 | -4.6 |
| | III | 3.2 | 7.8 | 4.4 | 2.1 | -1.7 | -1.1 |
| | IV | 1.3 | 7.5 | 6.1 | 2.1 | -1.5 | 0.8 |
| | ANNUAL | 3.4 | 4.3 | 0.9 | 2.1 | -1.5 | -1.2 |
| 1988 | I | 3.2 | 4.6 | 1.3 | 5.4 | 2.0 | 2.2 |
| | II | r3.6 | r5.7 | r2.0 | r3.0 | r-1.7 | -0.6 |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1987 | I | 2.7 | 2.4 | -0.3 | 2.7 | 0.4 | 0.0 |
| | II | 3.6 | 3.7 | 0.1 | 2.3 | -1.4 | -1.2 |
| | III | 3.7 | 5.1 | 1.4 | 2.0 | -2.1 | -1.7 |
| | IV | 3.4 | 6.0 | 2.6 | 1.6 | -2.7 | -1.8 |
| | ANNUAL | 3.4 | 4.3 | 0.9 | 2.1 | -1.5 | -1.2 |
| 1988 | I | 3.3 | 6.2 | 2.8 | 2.6 | -1.3 | -0.7 |
| | II | 2.8 | r6.4 | 3.4 | r3.2 | -0.7 | 0.3 |

See footnotes following table 6.
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September 1, 1988
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 | | | | | | | |
| 1987 | I | 136.6 | 133.3 | 97.6 | 184.9 | 100.2 | 135.3 |
| | II | 138.1 | 134.2 | 97.2 | 184.4 | 98.8 | 133.5 |
| | III | 139.1 | 136.5 | 98.2 | 185.3 | 98.3 | 133.2 |
| | IV | 140.0 | 139.9 | 99.9 | 186.2 | 97.9 | 133.0 |
| | ANNUAL | 138.5 | 136.0 | 98.2 | 185.2 | 98.8 | 133.7 |
| 1988 | I | 141.3 | 141.3 | 100.0 | 189.5 | 98.8 | 134.1 |
| | II | 142.7 | r144.0 | 100.9 | r190.2 | 98.0 | 133.3 |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1987 | I | 4.7 | 4.5 | -0.2 | 1.3 | -3.9 | -3.2 |
| | II | 4.4 | 2.8 | -1.5 | -1.0 | -5.6 | -5.1 |
| | III | 2.9 | 7.0 | 4.0 | 2.0 | -1.7 | -0.9 |
| | IV | 2.6 | 10.2 | 7.3 | 1.9 | -1.7 | -0.7 |
| | ANNUAL | 3.8 | 4.0 | 0.2 | 1.8 | -1.8 | -1.9 |
| 1988 | I | 3.8 | 4.3 | 0.4 | 7.1 | 3.6 | 3.2 |
| | II | r3.9 | r7.7 | r3.7 | r1.5 | r-3.1 | -2.3 |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1987 | I | 3.3 | 2.1 | -1.2 | 2.6 | 0.3 | -0.8 |
| | II | 4.1 | 3.3 | -0.8 | 2.0 | -1.7 | -2.0 |
| | III | 3.8 | 4.5 | 0.6 | 1.7 | -2.4 | -2.1 |
| | IV | 3.7 | 6.1 | 2.3 | 1.1 | -3.2 | -2.5 |
| | ANNUAL | 3.8 | 4.0 | 0.2 | 1.8 | -1.8 | -1.9 |
| 1988 | I | 3.4 | 6.0 | 2.5 | 2.5 | -1.4 | -0.9 |
| | II | 3.3 | r7.3 | 3.8 | 3.1 | -0.8 | -0.2 |

See footnotes following table 6.
r=revised

September 1, 1988
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 | | | | | | | |
| 1987 | I | 120.1 | 118.0 | 98.2 | 188.0 | 101.9 | 156.4 |
| | II | 122.4 | 120.5 | 98.4 | 189.7 | 101.6 | 155.0 |
| | III | 123.5 | 123.1 | 99.7 | 190.8 | 101.2 | 154.5 |
| | IV | 123.2 | 124.0 | 100.7 | 191.9 | 100.9 | 155.8 |
| | ANNUAL | 122.3 | 121.4 | 99.3 | 190.1 | 101.4 | 155.4 |
| 1988 | I | 123.9 | 125.6 | 101.4 | 193.2 | 100.8 | 156.0 |
| | II | 124.7 | r126.3 | 101.3 | 195.7 | r100.8 | r156.9 |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 1987 | I | 1.9 | 3.4 | 1.5 | 1.6 | -3.6 | -0.2 |
| | II | 7.6 | 8.5 | 0.8 | 3.8 | -1.0 | -3.6 |
| | III | 3.8 | 9.0 | 5.1 | 2.4 | -1.4 | -1.3 |
| | IV | -1.1 | 3.1 | 4.2 | 2.2 | -1.4 | 3.4 |
| | ANNUAL | 2.8 | 4.9 | 2.0 | 2.8 | -0.8 | 0.0 |
| 1988 | I | 2.3 | 5.1 | 2.7 | 2.9 | -0.5 | 0.6 |
| | II | r2.8 | r2.4 | r-0.4 | 5.2 | 0.4 | r2.3 |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 1987 | I | 1.8 | 2.9 | 1.1 | 3.2 | 0.9 | 1.4 |
| | II | 2.9 | 4.4 | 1.5 | 3.1 | -0.7 | 0.2 |
| | III | 3.6 | 6.2 | 2.5 | 2.6 | -1.5 | -1.0 |
| | IV | 3.0 | 6.0 | 2.9 | 2.5 | -1.9 | -0.5 |
| | ANNUAL | 2.8 | 4.9 | 2.0 | 2.8 | -0.8 | 0.0 |
| 1988 | I | 3.1 | 6.4 | 3.2 | 2.8 | -1.1 | -0.3 |
| | II | 1.9 | r4.9 | 2.9 | 3.2 | -0.7 | r1.2 |

See footnotes following table 6.
r=revised

September 1, 1988
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 | | | | | | | | | | | |
| 1987 | I | 110.1 | 131.3 | 119.3 | 182.9 | 99.1 | 166.2 | 180.8 | 169.9 | 128.5 | 164.9 |
| | II | 110.9 | 133.3 | 120.2 | 184.3 | 98.7 | 166.1 | 182.6 | 170.3 | 129.8 | 165.4 |
| | III | 112.2 | 136.1 | 121.3 | 186.1 | 98.7 | 165.9 | 183.0 | 170.2 | 136.4 | 166.1 |
| | IV | 112.2 | 137.7 | 122.8 | 188.5 | 99.1 | 168.1 | 183.6 | 172.0 | 128.3 | 166.7 |
| | ANNUAL | 111.3 | 134.6 | 120.9 | 185.5 | 98.9 | 166.6 | 182.5 | 170.6 | 130.8 | 165.8 |
| 1988 | I | 113.3 | 140.1 | 123.6 | 189.9 | 99.0 | 167.5 | 183.4 | 171.5 | 132.5 | 166.9 |
| | II | 113.5 | 141.9 | 125.1 | 191.8 | 98.9 | 169.1 | 184.0 | 172.8 | 133.9 | 168.2 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | | | |
| 1987 | I | -1.0 | 2.9 | 4.0 | 1.6 | -3.6 | 2.6 | 2.5 | 2.6 | -3.5 | 2.0 |
| | II | 3.1 | 6.1 | 2.9 | 2.9 | -1.8 | -0.2 | 4.1 | 1.0 | 3.9 | 1.2 |
| | III | 4.7 | 8.8 | 4.0 | 4.1 | 0.3 | -0.6 | 0.8 | -0.2 | 21.9 | 1.7 |
| | IV | -0.1 | 4.7 | 4.8 | 5.2 | 1.5 | 5.3 | 1.3 | 4.2 | -21.5 | 1.5 |
| | ANNUAL | 1.5 | 4.3 | 2.7 | 3.4 | -0.3 | 1.8 | 2.3 | 1.9 | -1.2 | 1.6 |
| 1988 | I | 4.3 | 7.2 | 2.8 | 3.0 | -0.4 | -1.2 | -0.3 | -1.0 | 13.8 | 0.3 |
| | II | 0.4 | 5.2 | 4.7 | 4.2 | -0.6 | 3.7 | 1.2 | 3.0 | 4.1 | 3.1 |
| Percent change from corresponding quarter of previous year | | | | | | | | | | | |
| 1987 | I | 0.5 | 2.0 | 1.5 | 3.3 | 1.0 | 2.8 | 2.3 | 2.6 | -3.8 | 2.0 |
| | II | 1.5 | 3.9 | 2.4 | 3.2 | -0.6 | 1.7 | 3.2 | 2.1 | -2.2 | 1.7 |
| | III | 2.3 | 5.6 | 3.2 | 3.3 | -0.9 | 0.9 | 1.5 | 1.1 | 2.0 | 1.2 |
| | IV | 1.6 | 5.6 | 3.9 | 3.4 | -1.0 | 1.8 | 2.2 | 1.9 | -1.1 | 1.6 |
| | ANNUAL | 1.5 | 4.3 | 2.7 | 3.4 | -0.3 | 1.8 | 2.3 | 1.9 | -1.2 | 1.6 |
| 1988 | I | 3.0 | 6.7 | 3.6 | 3.8 | -0.1 | 0.8 | 1.5 | 1.0 | 3.1 | 1.2 |
| | II | 2.3 | 6.5 | 4.1 | 4.1 | 0.2 | 1.8 | 0.7 | 1.5 | 3.2 | 1.7 |

See footnotes following table 6.
r=revised

September 1, 1988

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. The measures are first 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 initial 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. For nonfinancial corporations, rental income of persons is zero by definition.
- (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.