

# News

United States  
Department  
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Historical, technical  
information: (202) 523-9261  
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USDL 89-523  
Wire embargo until 10:00 AM EST  
Thursday, November 2, 1989

## PRODUCTIVITY AND COSTS Third Quarter 1989

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 1989. The data show that productivity advanced modestly in business and manufacturing, while a larger productivity increase occurred, in the nonfarm sector, partly reflecting smaller gains in hours than in the more comprehensive business sector. The preliminary seasonally-adjusted annual rates of productivity change in the third quarter were:

- 1.2 percent in the business sector,
- 2.1 percent in the nonfarm business sector,
- 1.4 percent in manufacturing,
- 1.7 percent in durable goods manufacturing, and
- 1.2 percent in nondurable goods manufacturing.

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

### Business

Productivity increased at a 1.2 percent annual rate during the third quarter of 1989 in the business sector, as output rose 3.0 percent and hours of all persons engaged in the sector increased 1.7 percent (seasonally adjusted annual rates). The hours increase partly reflects a strong rebound in farming during the July-September period. During the second quarter of 1989, productivity had increased 1.6 percent (table 1). In the third quarter of 1989, business employment rose 1.6 percent and average weekly hours increased 0.1 percent, the first lengthening in the average workweek this year.

Hourly compensation increased at a 4.8 percent annual rate during the third quarter of 1989, significantly slower than the 6.8 percent gain during the previous 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 3.5 percent annual rate during the third quarter, compared with a 5.1 percent increase during the second quarter.

Table A. Productivity and costs: Third-quarter 1989 measures  
(Seasonally adjusted annual rates)

Sector	Productivity	Output	Hours	Hourly compensation	Real	
					hourly compensation	Unit labor costs
Percent change from preceding quarter						
Business	1.2	3.0	1.7	4.8	2.3	3.5
Nonfarm business	2.1	3.1	1.0	5.3	2.9	3.2
Manufacturing	1.4	1.3	-0.1	6.0	3.5	4.5
Durable	1.7	0.1	-1.6	6.6	4.1	4.7
Nondurable	1.2	3.3	2.1	5.5	3.0	4.2
Percent change from same quarter a year ago						
Business	1.0	3.4	2.3	5.4	0.7	4.3
Nonfarm business	0.9	3.3	2.3	5.4	0.7	4.4
Manufacturing	2.4	3.3	0.8	4.5	-0.2	2.0
Durable	2.7	2.7	0.0	4.6	-0.1	1.8
Nondurable	2.1	4.2	2.1	4.5	-0.2	2.3

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), increased at a 2.3 percent annual rate during the third quarter. This was the largest increase in this measure since the 3.4-percent increase during the fourth quarter of 1987. During the second quarter of 1989, it had increased at a 0.4 percent annual rate.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 2.1 percent in the third quarter, compared with a 4.6 percent rise in the second quarter.

#### Nonfarm business

Productivity increased 2.1 percent in the nonfarm business sector during the third quarter of 1989, as output rose 3.1 percent and hours of all persons--employees, proprietors, and unpaid family workers--increased 1.0 percent. During the second quarter of 1989, productivity had increased 1.1 percent in this sector. Quarterly output gains have accelerated during 1989, while hours increases have slowed in this sector (table 2). The third-quarter increase in hours was the smallest gain in any quarter since the second quarter of 1986 (when hours fell 0.6 percent).

Hourly compensation increased 5.3 percent in the third quarter, or 2.9 percent when the increase in the CPI-U was taken into account. During the second quarter, the comparable changes were 5.6 percent and -0.7 percent, respectively. The third-quarter increase in real hourly compensation was the largest gain since 1987 (when it rose 3.4 percent in the fourth quarter). Unit labor costs increased 3.2 percent, compared with a 4.5 percent rise during the second quarter of 1989.

The implicit price deflator for nonfarm business output rose 2.6 percent in the third quarter, compared with a 4.4 percent increase one quarter earlier.

#### **Manufacturing**

Productivity increased at a 1.4 percent seasonally adjusted annual rate in manufacturing in the third quarter of 1989, compared with a 3.7 percent gain during the second quarter. The third-quarter gain was the smallest since 1987 (when it grew 1.3 percent in the fourth quarter). In the third quarter, output increased 1.3 percent (the smallest gain since 1986) and hours of all persons decreased 0.1 percent. The growth in both output and hours was much faster in nondurables than in durables (tables 4, 5).

Hourly compensation of all manufacturing workers increased 6.0 percent during the third quarter, a large increase over the 2.7 percent rise during the second quarter and the largest gain since 1985. Real hourly compensation rose 3.5 percent in the third quarter when the increase in consumer prices was taken into account, the largest gain since a 4.3 percent increase occurred in the second quarter of 1986. Unit labor costs rose at a rapid 4.5 percent annual rate in the third quarter, compared with a 1.0 percent decline during the second quarter of 1989, and was the largest quarterly increase since a 9.7 percent gain was recorded in the first quarter of 1982.

#### **Revised measures**

Previous and revised productivity and cost measures for the second quarter are compared in table B for business, nonfarm business, manufacturing, and nonfinancial corporations. The revised movements are based on more complete information than was available on September 6 when the previous values were announced. In addition, tables 1-6 show revisions in hours which reflect the incorporation of the 1988 Hours at Work Survey. Also affected are series which depend on the hours measure--productivity, hourly compensation, real hourly compensation, and, to a lesser extent, unit labor costs and unit nonlabor payments.

Table B. Previous and revised productivity and related measures,  
second-quarter 1989  
Quarterly percent change at seasonally adjusted annual rate

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
<b>Business:</b>						
Previous	1.3	1.9	0.6	6.8	0.4	5.5
Revised	1.6	2.3	0.6	6.8	0.4	5.1
<b>Nonfarm business:</b>						
Previous	0.7	2.4	1.7	5.6	-0.7	4.9
Revised	1.1	2.8	1.7	5.6	-0.7	4.5
<b>Manufacturing:</b>						
Previous	2.9	2.9	0.0	2.4	-3.7	-0.4
Revised	3.7	3.5	-0.2	2.7	-3.5	-1.0
<b>Nonfinancial corporations:</b>						
Previous	-0.2	1.7	1.9	5.3	-1.0	5.6
Revised	0.1	2.0	1.8	5.4	-0.9	5.3

**Next release date**

The next release of productivity and cost measures is scheduled for 10:00 AM EST, Wednesday, December 6, 1989. Third-quarter measures for nonfinancial corporations will be released at that time.

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 81 percent of gross national product in 1988. The nonfarm business sector, which also excludes farming, accounted for about 79 percent of gross national product in 1988.

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, chemicals and chemical products, petroleum products, rubber and plastic products, food, and tobacco products. Manufacturing accounted for about 22 percent of gross national product in 1988.

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 60 percent of gross national product in 1988.

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									
1988	I	r113.2	138.2	r122.1	r196.4	102.3	173.5	168.9	171.9
	II	r112.6	139.3	r123.8	r199.1	r102.5	176.9	168.8	174.1
	III	r113.4	140.7	r124.0	r201.9	r102.8	r178.0	r171.8	175.8
	IV	r113.5	141.9	r125.0	r204.5	r103.0	180.2	r173.7	177.9
	ANNUAL	r113.0	140.0	r123.9	r200.2	r102.5	r177.1	r170.9	174.9
1989	I	r113.8	143.6	r126.2	r206.9	r102.8	181.9	174.7	179.4
	II	r114.2	r144.4	r126.4	r210.4	r102.9	r184.1	r176.3	181.4
	III	114.6	145.4	126.9	212.8	103.5	185.7	176.1	182.3
Percent change from previous quarter at annual rate(5)									
1988	I	r2.5	4.4	r1.9	r2.6	r-1.0	0.1	4.2	1.5
	II	r-2.1	3.3	r5.5	r5.7	r1.1	r8.0	r-0.2	5.1
	III	3.1	4.0	0.9	5.8	1.0	2.6	7.1	4.1
	IV	0.2	3.4	3.2	5.2	0.7	5.0	4.6	4.8
	ANNUAL	r1.7	4.9	r3.2	r4.8	r0.6	r3.0	2.7	2.9
1989	I	r1.1	4.8	r3.7	4.8	-0.6	3.7	2.4	3.3
	II	r1.6	r2.3	0.6	6.8	0.4	r5.1	r3.5	4.6
	III	1.2	3.0	1.7	4.8	2.3	3.5	-0.4	2.1
Percent change from corresponding quarter of previous year									
1988	I	r2.9	5.9	r2.9	r4.3	r0.3	1.3	3.9	2.2
	II	r1.7	5.4	r3.6	r5.1	r1.1	3.3	1.4	2.6
	III	r1.5	4.7	r3.1	r5.3	r1.1	3.7	1.7	3.0
	IV	r0.9	3.8	r2.9	r4.8	r0.4	3.9	3.9	3.9
	ANNUAL	r1.7	4.9	r3.2	r4.8	r0.6	r3.0	2.7	2.9
1989	I	r0.5	3.9	3.3	5.4	0.6	4.8	3.4	4.3
	II	r1.5	r3.6	2.1	r5.6	0.4	r4.1	r4.4	4.2
	III	1.0	3.4	2.3	5.4	0.7	4.3	2.5	3.7

See footnotes following table 6.  
r=revised

November 2, 1989  
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									
1988	I	r111.0	138.0	124.3	r195.0	r101.5	175.7	r170.3	173.8
	II	r110.5	139.5	r126.2	r197.5	r101.7	178.7	169.8	175.6
	III	r111.5	141.1	r126.6	r200.2	r101.9	179.6	r172.1	177.0
	IV	r112.0	142.8	r127.5	r203.0	r102.3	181.3	r176.3	179.6
	ANNUAL	r111.1	140.3	r126.3	r198.7	r101.8	178.8	172.2	176.5
1989	I	r111.6	143.6	r128.6	r205.5	r102.1	184.1	174.6	180.8
	II	r111.9	r144.6	r129.2	r208.3	r101.9	r186.1	r176.5	182.8
	III	112.5	145.7	129.5	211.0	102.7	187.6	177.2	184.0
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Percent change from previous quarter at annual rate(5)									
1988	I	r2.8	4.8	r2.0	r2.5	r-1.1	-0.3	3.6	1.0
	II	r-1.6	4.4	r6.1	r5.4	r0.8	7.1	-1.0	4.3
	III	r3.3	4.6	1.2	r5.4	r0.7	2.0	5.4	3.2
	IV	1.9	4.8	2.8	5.9	1.4	r3.8	10.1	5.9
	ANNUAL	r2.0	5.4	r3.4	r4.7	r0.5	2.7	r2.7	2.7
1989	I	-1.3	2.4	r3.7	r4.9	r-0.5	6.2	-3.7	2.8
	II	r1.1	r2.8	1.7	5.6	-0.7	r4.5	r4.2	r4.4
	III	2.1	3.1	1.0	5.3	2.9	3.2	1.6	2.6
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Percent change from corresponding quarter of previous year									
1988	I	r3.0	6.1	r3.0	r4.2	r0.3	1.2	3.7	2.0
	II	r1.8	5.7	r3.8	r4.9	r1.0	3.1	1.3	2.5
	III	r1.7	5.2	r3.4	r5.1	r0.9	3.3	r1.1	2.5
	IV	r1.6	4.7	r3.0	r4.8	r0.4	3.1	r4.5	3.6
	ANNUAL	r2.0	5.4	r3.4	r4.7	r0.5	2.7	r2.7	2.7
1989	I	0.6	4.1	r3.5	5.4	0.6	4.8	2.6	4.0
	II	r1.3	r3.7	2.4	5.5	0.2	r4.1	r3.9	4.1
	III	0.9	3.3	2.3	5.4	0.7	4.4	2.9	3.9
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See footnotes following table 6.  
r=revised

November 2, 1989  
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
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Indexes 1977=100							
1988	I	r135.5	135.0	r99.7	r194.3	r101.2	r143.4
	II	r136.3	136.9	r100.5	r195.3	r100.6	143.3
	III	r137.8	139.3	r101.1	r197.4	r100.5	143.2
	IV	r138.6	141.1	r101.8	r200.2	r100.8	r144.4
	ANNUAL	r136.5	138.1	r101.2	r196.0	r100.4	143.6
1989	I	r139.4	142.2	r102.0	r201.9	r100.3	144.8
	II	r140.7	r143.4	r101.9	r203.2	r99.4	r144.4
	III	141.2	143.9	101.9	206.2	100.3	146.0
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Percent change from previous quarter at annual rate(5)							
1988	I	r2.2	4.6	r2.3	r5.6	r1.9	3.3
	II	r2.5	5.8	r3.2	r2.2	r-2.3	-0.3
	III	r4.7	7.1	r2.4	r4.3	r-0.4	-0.3
	IV	r2.2	5.1	r2.9	r5.7	r1.2	3.5
	ANNUAL	r2.7	6.1	r3.3	r3.6	r-0.5	0.9
1989	I	r2.4	3.1	r0.7	r3.5	r-1.9	1.0
	II	r3.7	r3.5	r-0.2	r2.7	r-3.5	r-1.0
	III	1.4	1.3	-0.1	6.0	3.5	4.5
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Percent change from corresponding quarter of previous year							
1988	I	r3.0	6.2	r3.1	r2.9	r-1.0	-0.1
	II	r2.3	6.4	r4.0	r3.4	r-0.5	1.1
	III	r2.7	6.2	r3.5	r3.7	r-0.4	1.0
	IV	r2.9	5.6	r2.7	r4.4	r0.1	1.5
	ANNUAL	r2.7	6.1	r3.3	r3.6	r-0.5	0.9
1989	I	r2.9	5.3	r2.3	r3.9	r-0.8	1.0
	II	r3.2	r4.7	1.4	r4.0	-1.1	r0.8
	III	2.4	3.3	0.8	4.5	-0.2	2.0
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See footnotes following table 6.  
r=revised

November 2, 1989  
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	
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Indexes 1977=100							
1988	I	r142.5	141.3	r99.2	r192.6	r100.3	135.2
	II	r143.3	144.0	r100.5	r192.4	r99.1	134.3
	III	r144.4	146.4	r101.4	r193.9	r98.7	r134.3
	IV	r144.9	148.3	r102.3	r196.9	r99.2	135.9
	ANNUAL	r142.8	145.0	r101.5	r192.6	r98.7	134.9
1989	I	r145.6	149.1	r102.4	r198.8	r98.8	r136.5
	II	r147.7	r150.3	r101.7	r199.6	r97.7	r135.1
	III	148.4	150.3	101.3	202.8	98.7	136.7
-----							
Percent change from previous quarter at annual rate(5)							
1988	I	r1.9	4.3	r2.3	r6.0	r2.3	r4.0
	II	r2.3	7.7	r5.3	r-0.4	r-4.8	-2.6
	III	r3.2	6.8	r3.4	r3.3	r-1.3	0.1
	IV	r1.5	5.3	r3.8	r6.3	r1.8	4.8
	ANNUAL	r2.3	6.6	r4.2	r2.8	r-1.3	r0.4
1989	I	r1.9	2.2	r0.3	r3.8	r-1.5	1.8
	II	r5.9	r3.2	r-2.5	r1.7	r-4.4	r-4.0
	III	1.7	0.1	-1.6	6.6	4.1	4.7
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Percent change from corresponding quarter of previous year							
1988	I	r2.7	6.0	r3.2	r2.3	r-1.6	r-0.5
	II	r2.1	7.3	r5.0	r2.4	r-1.4	0.3
	III	r2.3	7.2	r4.8	r2.6	r-1.4	r0.3
	IV	r2.2	6.0	r3.7	r3.8	r-0.5	r1.5
	ANNUAL	r2.3	6.6	r4.2	r2.8	r-1.3	r0.4
1989	I	r2.2	5.5	r3.2	r3.2	r-1.5	1.0
	II	r3.1	r4.4	1.2	3.8	-1.4	r0.6
	III	2.7	2.7	0.0	4.6	-0.1	1.8
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See footnotes following table 6.  
r=revised

November 2, 1989  
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							
1988	I	r125.1	125.6	r100.4	r197.5	r102.9	157.8
	II	r125.9	126.4	r100.4	r200.5	r103.3	159.3
	III	r128.0	128.8	r100.6	r203.4	r103.5	158.9
	IV	r129.0	130.3	r101.0	r205.7	r103.6	159.4
	ANNUAL	r127.0	127.8	r100.6	r201.8	r103.4	158.9
1989	I	r130.0	131.8	r101.3	r207.2	r103.0	159.3
	II	r130.3	r133.1	r102.2	r209.7	r102.6	r160.9
	III	130.7	134.2	102.7	212.5	103.4	162.6
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Percent change from previous quarter at annual rate(5)							
1988	I	r2.7	5.1	r2.3	r4.8	r1.2	2.1
	II	r2.5	2.7	p0.2	r6.2	r1.6	3.7
	III	r6.9	7.7	r0.8	r5.8	r1.0	-1.0
	IV	3.2	4.8	r1.6	4.6	r0.1	1.4
	ANNUAL	r3.1	5.2	r2.1	r4.8	r0.7	1.7
1989	I	r3.3	4.7	1.4	2.9	-2.4	-0.4
	II	r0.7	r4.0	3.3	4.9	-1.4	r4.2
	III	1.2	3.3	2.1	5.5	3.0	4.2
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Percent change from corresponding quarter of previous year							
1988	I	r3.4	6.4	r2.9	r4.0	r0.0	0.6
	II	r2.3	4.9	r2.6	r4.7	r0.8	2.4
	III	r2.9	4.6	r1.6	r5.2	r1.0	2.2
	IV	r3.8	5.0	r1.2	r5.4	r1.0	1.5
	ANNUAL	r3.1	5.2	r2.1	r4.8	r0.7	1.7
1989	I	r3.9	5.0	r1.0	r4.9	r0.1	0.9
	II	r3.5	r5.3	r1.8	4.6	-0.6	r1.0
	III	2.1	4.2	2.1	4.5	-0.2	2.3
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See footnotes following table 6.  
r=revised

November 2, 1989  
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)	
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Indexes 1977=100											
1988	I	r114.6	141.2	r123.2	r190.9	r99.4	166.6	187.8	171.9	127.0	166.5
	II	r114.7	142.8	r124.5	r193.1	r99.5	168.4	188.9	173.6	129.1	168.2
	III	r115.1	144.3	r125.4	r195.5	r99.5	169.9	191.0	175.2	127.5	169.5
	IV	r114.9	145.4	r126.5	r197.8	r99.6	172.1	193.3	177.5	131.6	172.0
	ANNUAL	r114.7	143.5	r125.1	r194.1	r99.4	169.3	190.3	174.6	128.8	169.1
1989	I	r114.5	145.8	r127.4	r200.2	r99.5	174.9	196.9	180.4	119.6	173.1
	II	r114.5	r146.5	r128.0	r202.8	r99.3	r177.1	r200.1	r182.9	r116.6	175.0
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Percent change from previous quarter at annual rate(5)											
1988	I	r3.9	6.8	r2.7	r2.9	r-0.7	-1.0	1.1	-0.4	17.6	1.1
	II	r0.4	4.6	r4.2	r4.9	r0.3	4.5	2.5	3.9	6.8	4.2
	III	r1.3	4.3	r2.9	r4.9	r0.2	3.6	4.6	3.9	-4.7	3.1
	IV	-0.4	3.2	3.6	4.8	0.4	5.3	4.9	5.2	13.3	5.9
	ANNUAL	r2.3	6.0	r3.6	r4.3	r0.2	1.9	2.1	2.0	4.7	2.2
1989	I	r-1.7	1.0	r2.7	r4.9	r-0.5	6.6	7.5	6.9	-31.7	2.8
	II	r0.1	r2.0	r1.8	r5.4	r-0.9	r5.3	r6.7	r5.7	r-9.7	4.3
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Percent change from corresponding quarter of previous year											
1988	I	r3.8	7.4	r3.5	r3.9	r0.0	0.1	1.5	0.5	7.5	1.1
	II	r2.8	6.6	r3.8	r4.5	r0.6	1.7	1.4	1.6	5.4	2.0
	III	r1.8	5.4	r3.5	r4.6	r0.4	2.8	2.2	2.6	-1.3	2.2
	IV	r1.3	4.7	r3.4	r4.4	r0.0	3.1	3.3	3.1	7.9	3.5
	ANNUAL	r2.3	6.0	r3.6	r4.3	r0.2	1.9	2.1	2.0	4.7	2.2
1989	I	r-0.1	3.2	r3.4	r4.9	r0.1	5.0	4.9	5.0	-5.8	4.0
	II	r-0.2	r2.6	2.8	5.0	-0.2	r5.2	r5.9	r5.4	r-9.7	4.0

See footnotes following table 6.  
r=revised

November 2, 1989  
Source: Bureau of Labor Statistics

SOURCE: Output data from the 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 third revisions after an additional 60 days. In the business sector, the probability is 0.95 that the third publication (third revision) of a quarterly index of output per hour of all persons will differ from the initial value by between -1.8 and +2.1 index points. This interval is based on the performance of this measure between the second quarter of 1976 and the third quarter of 1988.

#### Footnotes, Tables 1-6

- (1) Wages and salaries of 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.