

# News

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## PRODUCTIVITY AND COSTS

Third Quarter 1989

Business, Nonfarm Business, Manufacturing, and  
Nonfinancial Corporations

The Bureau of Labor Statistics of the U.S. Department of Labor today reported productivity results--as measured by output per hour of all persons--for the third quarter of 1989. Based on revised information now available, the seasonally-adjusted annual rates of productivity change in the third quarter were:

- 1.7 percent in the business sector,
- 2.5 percent in the nonfarm business sector,
- 1.0 percent in manufacturing,
- 1.7 percent in durable goods manufacturing, and
- 0.2 percent in nondurable goods manufacturing.

Third-quarter measures are summarized in table A and appear in detail in tables 1 through 6. In business and nonfarm business, productivity rose more rapidly than in the previous quarter, and unit labor costs grew more slowly. In manufacturing, productivity growth was slower in the third quarter than in the more comprehensive business sectors, while hourly compensation and unit labor costs grew more rapidly.

Among nonfinancial corporations, productivity rose strongly at a 2.9 percent annual rate in the third quarter, as output rose 4.2 percent and hours at work increased 1.3 percent (tables B and 6). Unit labor costs increased 2.4 percent.

For business and nonfarm business, the revised productivity and output measures show larger increases than had been reported on November 2, based on preliminary information then available (table C). The revisions reflect higher measures of output and hours growth during the third quarter of 1989. In manufacturing, productivity growth is slower in the revised measures, as the gain in hours was greater than previously reported.

### Business

Productivity increased at a 1.7 percent annual rate during the third quarter of 1989 in the business sector, as output rose 3.6 percent and hours at work of all persons engaged in the sector increased 1.9 percent (seasonally adjusted annual rates). During the second quarter of 1989, business productivity had increased 1.6 percent, with gains in output and hours of 2.3 percent and 0.6 percent, respectively (table 1).

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	1.7	3.6	1.9	4.7	2.3	3.0
Nonfarm business	2.5	3.7	1.3	5.3	2.8	2.8
Manufacturing	1.0	1.2	0.2	5.9	3.5	4.9
Durable	1.7	0.4	-1.3	6.4	4.0	4.7
Nondurable	0.2	2.6	2.4	5.4	2.9	5.2
Percent change from same quarter a year ago						
Business	1.1	3.5	2.4	5.4	0.7	4.2
Nonfarm business	1.0	3.4	2.4	5.4	0.7	4.3
Manufacturing	2.3	3.2	0.9	4.4	-0.2	2.1
Durable	2.7	2.8	0.0	4.5	-0.1	1.8
Nondurable	1.8	4.0	2.2	4.5	-0.2	2.6

Hourly compensation increased at a 4.7 percent annual rate during the third quarter of 1989, significantly slower than the 6.8 percent increase 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 3.0 percent annual rate during the third quarter, compared with a 5.1 percent increase one quarter earlier.

Real hourly compensation, which takes into account changes in the Consumer Price Index for All Urban Consumers (CPI-U), rose 2.3 percent in the third quarter, compared with a 0.4 percent increase in the second quarter.

The implicit price deflator for business output, which reflects changes in unit labor costs and unit nonlabor payments, increased 2.4 percent in the third quarter. During the second quarter, prices rose 4.6 percent in the business sector.

#### Nonfarm business

Productivity increased 2.5 percent in the nonfarm business sector during the third quarter of 1989, as the growth rate of output increased to 3.7 percent and hours at work of all persons--employees, proprietors, and unpaid family workers--slowed to a 1.3 percent increase. During the second quarter, nonfarm productivity had increased 1.1 percent (table 2).

Hourly compensation rose 5.3 percent in the third quarter, and real compensation per hour rose 2.8 percent when the increase in the CPI-U was taken into account. The third-quarter increase in real hourly compensation was the first rise this year. Unit labor costs increased 2.8 percent, compared with a 4.5 percent rise during the second quarter.

The implicit price deflator for nonfarm business output rose 2.9 percent in the third quarter, compared with a 4.4 percent increase one quarter earlier.

### **Manufacturing**

Uncharacteristically, manufacturing productivity increased less rapidly than in the more comprehensive business sectors reported above. Labor productivity increased at a 1.0 percent seasonally adjusted annual rate in the third quarter of 1989. Output rose only 1.2 percent and hours at work of all persons edged up 0.2 percent (table 3). The increase in output was the smallest since 1986, when a 0.2 percent decline occurred in the second quarter. Most of the productivity gain in the third quarter of 1989 occurred in durable goods industries, where output increased slightly and hours and employment declined (table 4). During the second quarter, productivity in all of manufacturing had increased 3.7 percent as output increased 3.5 percent and hours declined 0.2 percent (table 3).

Hourly compensation of manufacturing workers increased 5.9 percent during the third quarter, and real hourly compensation rose 3.5 percent when the increase in consumer prices was taken into account. This increase in real hourly compensation was the first this year and the largest since the second quarter of 1986, when a 4.3 percent increase occurred. Unit labor costs rose at a 4.9 percent annual rate in the third quarter of 1989, compared with a 1.0 percent decrease during the second quarter. The third-quarter increase was the largest rise since 1982, when a 9.7 percent increase was recorded in the first quarter.

### **Nonfinancial corporations**

Preliminary third-quarter 1989 measures of productivity and costs also were announced today for nonfinancial corporations (tables B and 6). Output per all-employee hour increased 2.9 percent from the second quarter to the third quarter of 1989, as output and hours at work increased 4.2 percent and 1.3 percent, respectively, at annual rates. The sector includes all corporations doing business in the United States, except banks, stock and commodity brokers, and finance and insurance agencies. Although hours grew as rapidly as in the more comprehensive nonfarm business sector reported above, output rose faster.

Hourly compensation increased 5.3 percent, and real hourly compensation rose 2.9 percent when the rise in the CPI-U was taken into account (table 6). Unit labor costs rose 2.4 percent in the third quarter, unit nonlabor costs rose 8.0 percent (their largest increase since 1986), and unit profits fell 11.6 percent (their third decline in succession). The implicit deflator for nonfinancial corporate output rose 2.6 percent in the third quarter.

Table B. Nonfinancial corporations: Preliminary third-quarter productivity and cost measures  
Seasonally adjusted annual rates

Period	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs	Unit profits	Implicit price deflator
Percent change from preceding quarter								
1989 III	2.9	4.2	1.3	5.3	2.9	2.4	-11.6	2.6
Percent change from preceding year								
1989 III	0.2	2.6	2.3	5.1	0.4	4.9	-11.3	3.9

#### Revised measures

Previous and current productivity and cost measures for the third quarter are compared in table C for business, nonfarm business, and manufacturing. In business and nonfarm business, measures of both output and hours were revised upward, but the larger revision to output led to a greater increase in productivity than had been reported November 2. On the other hand, in manufacturing, a upward revision in hours was reflected in a slower productivity gain than previously reported.

Table C. Previous and current productivity and related measures, third-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	1.2	3.0	1.7	4.8	2.3	3.5
Current	1.7	3.6	1.9	4.7	2.3	3.0
<b>Nonfarm business:</b>						
Previous	2.1	3.1	1.0	5.3	2.9	3.2
Current	2.5	3.7	1.3	5.3	2.8	2.8
<b>Manufacturing:</b>						
Previous	1.4	1.3	-0.1	6.0	3.5	4.5
Current	1.0	1.2	0.2	5.9	3.5	4.9

**Next release date**

The next issue of Productivity and Costs is scheduled for release at 10:00 AM EST, Monday, February 5, 1990, and will contain fourth-quarter and annual 1989 measures for business, nonfarm business, and manufacturing.

Tentative release dates for productivity and cost measures for major sectors of the U.S. economy in 1990 are:

Reference period	Initial measures	Revised measures
<b>1989:</b>		
Fourth Qtr.,		
Annual	February 5	March 7*
<b>1990:</b>		
First Qtr.	May 7	June 4
Second Qtr.	August 6	September 4
Third Qtr.	November 6	December 5

\* For nonfinancial corporations, 1989 annuals only; fourth quarter results included in May 7 edition.

The dates in this tabulation are based on presently available schedules for the release of underlying source data in the coming year. Each edition of Productivity and Costs contains a "Next release date" paragraph which readers should use to confirm the tentative dates above.

### TECHNICAL NOTES

**Labor Input:** The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on total employment and average weekly hours of production and nonsupervisory workers in nonagricultural establishments. Jobs rather than persons are counted. Weekly hours are adjusted to the hours at work definition using the BLS Hours at Work survey, conducted for this purpose.

Data from the BLS Current Population Survey (CPS) are used for farm labor; in the nonfarm sector, the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis of the Department of Commerce and the CPS are used to measure labor input for government enterprises, proprietors, unpaid family workers, and paid employees of private households.

**Output:** Business sector output is equal to gross national product (GNP) 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 NIPA. Corresponding exclusions are also made in labor inputs. Business output was about 81 percent of GNP in 1988. Nonfarm business, which also excludes farming, was about 79 percent of GNP in 1988.

Total manufacturing measures are computed by summing series prepared for the durable and nondurable goods sectors. Durables include 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. Nondurables include: 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 GNP in 1988.

Nonfinancial corporate output is equal to GNP 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, unincorporated business, the output of corporations engaged in banking, finance, stock and commodity trading, and credit and insurance agencies, and the statistical discrepancy in computing the NIPA. Nonfinancial corporations accounted for about 60 percent of GNP in 1988.

**PRODUCTIVITY:** These productivity measures describe the relationship between real output 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 at work 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	113.2	138.2	122.1	196.4	102.3	173.5	168.9	174.1
	II	112.6	139.3	123.8	199.1	102.5	176.9	168.8	175.8
	III	113.4	140.7	124.0	201.9	102.8	178.0	171.8	177.9
	IV	113.5	141.9	125.0	204.5	103.0	180.2	173.7	174.9
	ANNUAL	113.0	140.0	123.9	200.2	102.5	177.1	170.9	179.4
1989	I	113.8	143.6	126.2	206.9	102.8	181.9	174.7	181.4
	II	114.2	144.4	126.4	210.4	102.9	184.1	176.3	182.4
	III	r114.7	r145.6	r127.0	212.8	103.5	r185.5	r176.7	
	IV								
Percent change from previous quarter at annual rate(5)									
1988	I	2.5	4.4	1.9	2.6	-1.0	0.1	4.2	1.5
	II	-2.1	3.3	5.5	5.7	1.1	8.0	-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	1.7	4.9	3.2	4.8	0.6	3.0	2.7	2.9
1989	I	1.1	4.8	3.7	4.8	-0.6	3.7	2.4	3.3
	II	1.6	2.3	0.6	6.8	0.4	5.1	3.5	4.6
	III	r1.7	r3.6	r1.9	r4.7	2.3	r3.0	r1.1	r2.4
	IV								
Percent change from corresponding quarter of previous year									
1988	I	2.9	5.9	2.9	4.3	0.3	1.3	3.9	2.2
	II	1.7	5.4	3.6	5.1	1.1	3.3	1.4	2.6
	III	1.5	4.7	3.1	5.3	1.1	3.7	1.7	3.0
	IV	0.9	3.8	2.9	4.8	0.4	3.9	3.9	3.9
	ANNUAL	1.7	4.9	3.2	4.8	0.6	3.0	2.7	2.9
1989	I	0.5	3.9	3.3	5.4	0.6	4.8	3.4	4.3
	II	1.5	3.6	2.1	5.6	0.4	4.1	4.4	4.2
	III	r1.1	r3.5	r2.4	5.4	0.7	r4.2	r2.9	r3.8
	IV								

See footnotes following table 6.  
r=revised

December 6, 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 of all persons	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	111.0	138.0	124.3	195.0	101.5	175.7	170.3	173.8
	II	110.5	139.5	126.2	197.5	101.7	178.7	169.8	175.6
	III	111.5	141.1	126.6	200.2	101.9	179.6	172.1	177.0
	IV	112.0	142.8	127.5	203.0	102.3	181.3	176.3	179.6
	ANNUAL	111.1	140.3	126.3	198.7	101.8	178.8	172.2	176.5
1989	I	111.6	143.6	128.6	205.5	102.1	184.1	174.6	180.8
	II	111.9	144.6	129.2	208.3	101.9	186.1	176.5	182.8
	III	r112.6	r145.9	r129.6	211.0	102.7	r187.4	r177.9	r184.1
Percent change from previous quarter at annual rate(5)									
1988	I	2.8	4.8	2.0	2.5	-1.1	-0.3	3.6	1.0
	II	-1.6	4.4	6.1	5.4	0.8	7.1	-1.0	4.3
	III	3.3	4.6	1.2	5.4	0.7	2.0	5.4	3.2
	IV	1.9	4.8	2.8	5.9	1.4	3.8	10.1	5.9
	ANNUAL	2.0	5.4	3.4	4.7	0.5	2.7	2.7	2.7
1989	I	-1.3	2.4	3.7	4.9	-0.5	6.2	-3.7	2.8
	II	1.1	2.8	1.7	5.6	-0.7	4.5	4.2	4.4
	III	r2.5	r3.7	r1.3	5.3	r2.8	r2.8	r3.2	r2.9
Percent change from corresponding quarter of previous year									
1988	I	3.0	6.1	3.0	4.2	0.3	1.2	3.7	2.0
	II	1.8	5.7	3.8	4.9	1.0	3.1	1.3	2.5
	III	1.7	5.2	3.4	5.1	0.9	3.3	1.1	2.5
	IV	1.6	4.7	3.0	4.8	0.4	3.1	4.5	3.6
	ANNUAL	2.0	5.4	3.4	4.7	0.5	2.7	2.7	2.7
1989	I	0.6	4.1	3.5	5.4	0.6	4.8	-2.6	4.0
	II	1.3	3.7	2.4	5.5	0.2	4.1	3.9	4.1
	III	r1.0	r3.4	r2.4	5.4	0.7	r4.3	r3.4	r4.0

See footnotes following table 6.  
r=revised

December 6, 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
Indexes 1977=100							
1988	I	135.5	135.0	99.7	194.3	101.2	143.4
	II	136.3	136.9	100.5	195.3	100.6	143.3
	III	137.8	139.3	101.1	197.4	100.5	143.2
	IV	138.6	141.1	101.8	200.2	100.8	144.4
	ANNUAL	136.5	138.1	101.2	196.0	100.4	143.6
1989	I	139.4	142.2	102.0	201.9	100.3	144.8
	II	140.7	143.4	101.9	203.2	99.4	144.4
	III	r141.1	r143.8	r102.0	206.2	100.3	r146.2
Percent change from previous quarter at annual rate(5)							
1988	I	2.2	4.6	2.3	5.6	1.9	3.3
	II	2.5	5.8	3.2	2.2	-2.3	-0.3
	III	4.7	7.1	2.4	4.3	-0.4	-0.3
	IV	2.2	5.1	2.9	5.7	1.2	3.5
	ANNUAL	2.7	6.1	3.3	3.6	-0.5	0.9
1989	I	2.4	3.1	0.7	3.5	-1.9	1.0
	II	3.7	3.5	-0.2	2.7	-3.5	-1.0
	III	r1.0	r1.2	r0.2	r5.9	3.5	r4.9
Percent change from corresponding quarter of previous year							
1988	I	3.0	6.2	3.1	2.9	-1.0	-0.1
	II	2.3	6.4	4.0	3.4	-0.5	1.1
	III	2.7	6.2	3.5	3.7	-0.4	1.0
	IV	2.9	5.6	2.7	4.4	0.1	1.5
	ANNUAL	2.7	6.1	3.3	3.6	-0.5	0.9
1989	I	2.9	5.3	2.3	3.9	-0.8	1.0
	II	3.2	4.7	1.4	4.0	-1.1	0.8
	III	r2.3	r3.2	r0.9	r4.4	-0.2	r2.1

See footnotes following table 6.  
r=revised

December 6, 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
-----							
Indexes 1977=100							
1988	I	142.5	141.3	99.2	192.6	100.3	135.2
	II	143.3	144.0	100.5	192.4	99.1	134.3
	III	144.4	146.4	101.4	193.9	98.7	134.3
	IV	144.9	148.3	102.3	196.9	99.2	135.9
	ANNUAL	142.8	145.0	101.5	192.6	98.7	134.9
1989	I	145.6	149.1	102.4	198.8	98.8	136.5
	II	147.7	150.3	101.7	199.6	97.7	135.1
	III	r148.3	r150.4	r101.4	r202.7	r98.6	136.7
-----							
Percent change from previous quarter at annual rate(5)							
1988	I	1.9	4.3	2.3	6.0	2.3	4.0
	II	2.3	7.7	5.3	-0.4	-4.8	-2.6
	III	3.2	6.8	3.4	3.3	-1.3	0.1
	IV	1.5	5.3	3.8	6.3	1.8	4.8
	ANNUAL	2.3	6.6	4.2	2.8	-1.3	0.4
1989	I	1.9	2.2	0.3	3.8	-1.5	1.8
	II	5.9	3.2	-2.5	1.7	-4.4	-4.0
	III	1.7	r0.4	r-1.3	r6.4	r4.0	4.7
-----							
Percent change from corresponding quarter of previous year							
1988	I	2.7	6.0	3.2	2.3	-1.6	-0.5
	II	2.1	7.3	5.0	2.4	-1.4	0.3
	III	2.3	7.2	4.8	2.6	-1.4	0.3
	IV	2.2	6.0	3.7	3.8	-0.5	1.5
	ANNUAL	2.3	6.6	4.2	2.8	-1.3	0.4
1989	I	2.2	5.5	3.2	3.2	-1.5	1.0
	II	3.1	4.4	1.2	3.8	-1.4	0.6
	III	2.7	r2.8	0.0	r4.5	-0.1	1.8

See footnotes following table 6.  
r=revised

December 6, 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	125.1	125.6	100.4	197.5	102.9	157.8
	II	125.9	126.4	100.4	200.5	103.3	159.3
	III	128.0	128.8	100.6	203.4	103.5	158.9
	IV	129.0	130.3	101.0	205.7	103.6	159.4
	ANNUAL	127.0	127.8	100.6	201.8	103.4	158.9
1989	I	130.0	131.8	101.3	207.2	103.0	159.3
	II	130.3	133.1	102.2	209.7	102.6	160.9
	III	r130.3	r134.0	r102.8	r212.4	r103.3	r163.0
Percent change from previous quarter at annual rate(5)							
1988	I	2.7	5.1	2.3	4.8	1.2	2.1
	II	2.5	2.7	0.2	6.2	1.6	3.7
	III	6.9	7.7	0.8	5.8	1.0	-1.0
	IV	3.2	4.8	1.6	4.6	0.1	1.4
	ANNUAL	3.1	5.2	2.1	4.8	0.7	1.7
1989	I	3.3	4.7	1.4	2.9	-2.4	-0.4
	II	0.7	4.0	3.3	4.9	-1.4	4.2
	III	r0.2	r2.6	r2.4	r5.4	r2.9	r5.2
Percent change from corresponding quarter of previous year							
1988	I	3.4	6.4	2.9	4.0	0.0	0.6
	II	2.3	4.9	2.6	4.7	0.8	2.4
	III	2.9	4.6	1.6	5.2	1.0	2.2
	IV	3.8	5.0	1.2	5.4	1.0	1.5
	ANNUAL	3.1	5.2	2.1	4.8	0.7	1.7
1989	I	3.9	5.0	1.0	4.9	0.1	0.9
	II	3.5	5.3	1.8	4.6	-0.6	1.0
	III	r1.8	r4.0	r2.2	4.5	-0.2	r2.6

See footnotes following table 6.  
r=revised

December 6, 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)
Indexes 1977=100										
1988 I	114.6	141.2	123.2	190.9	99.4	166.6	187.8	171.9	127.0	166.5
II	114.7	142.8	124.5	193.1	99.5	168.4	188.9	173.6	129.1	168.2
III	115.1	144.3	125.4	195.5	99.5	169.9	191.0	175.2	127.5	169.5
IV	114.9	145.4	126.5	197.8	99.6	172.1	193.3	177.5	131.6	172.0
ANNUAL	114.7	143.5	125.1	194.1	99.4	169.3	190.3	174.6	128.8	169.1
1989 I	114.5	145.8	127.4	200.2	99.5	174.9	196.9	180.4	119.6	173.1
II	114.5	146.5	128.0	202.8	99.3	177.1	200.1	182.9	116.6	175.0
III	115.3	148.0	128.4	205.5	100.0	178.2	204.0	184.7	113.1	176.1
Percent change from previous quarter at annual rate(5)										
1988 I	3.9	6.8	2.7	2.9	-0.7	-1.0	1.1	-0.4	17.6	1.1
II	0.4	4.6	4.2	4.9	0.3	4.5	2.5	3.9	6.8	4.2
III	1.3	4.3	2.9	4.9	0.2	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	2.3	6.0	3.6	4.3	0.2	1.9	2.1	2.0	4.7	2.2
1989 I	-1.7	1.0	2.7	4.9	-0.5	6.6	7.5	6.9	-31.7	2.8
II	0.1	2.0	1.8	5.4	-0.9	5.3	6.7	5.7	-9.7	4.3
III	2.9	4.2	1.3	5.3	2.9	2.4	8.0	3.9	-11.6	2.6
Percent change from corresponding quarter of previous year										
1988 I	3.8	7.4	3.5	3.9	0.0	0.1	1.5	0.5	7.5	1.1
II	2.8	6.6	3.8	4.5	0.6	1.7	1.4	1.6	5.4	2.0
III	1.8	5.4	3.5	4.6	0.4	2.8	2.2	2.6	-1.3	2.2
IV	1.3	4.7	3.4	4.4	0.0	3.1	3.3	3.1	7.9	3.5
ANNUAL	2.3	6.0	3.6	4.3	0.2	1.9	2.1	2.0	4.7	2.2
1989 I	-0.1	3.2	3.4	4.9	0.1	5.0	4.9	5.0	-5.8	4.0
II	-0.2	2.6	2.8	5.0	-0.2	5.2	5.9	5.4	-9.7	4.0
III	0.2	2.6	2.3	5.1	0.4	4.9	6.8	5.4	-11.3	3.9

See footnotes following table 6.  
r=revised

December 6, 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.