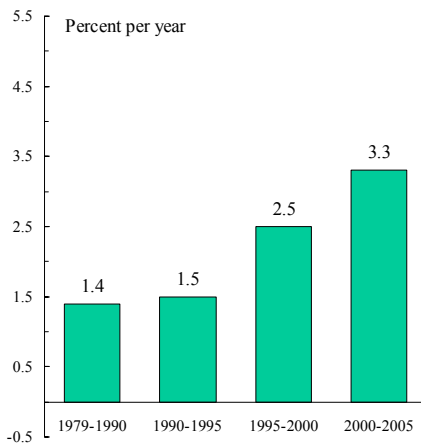
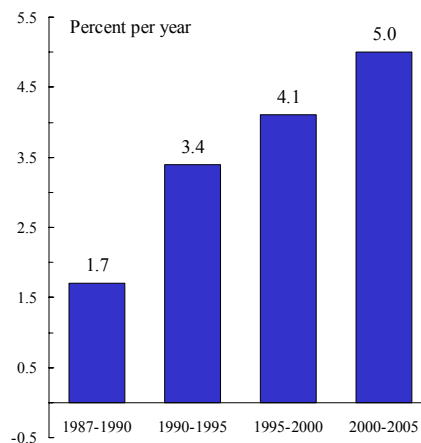


## Chart 1-18. Labor productivity began to accelerate in the 1990s, led by gains in manufacturing

Output per hour of all persons, nonfarm business sector, 1979-2005



Output per hour of all persons, manufacturing sector, 1987-2005



SOURCE: Bureau of Labor Statistics

## Chart 1-18. Labor productivity began to accelerate in the 1990s, led by gains in manufacturing

- Labor productivity relates changes in the real production of goods and services to changes in the hours of all persons working in a sector.
- Since 1990, labor productivity growth has averaged 2.5 percent per year in the total nonfarm business sector and 4.2 percent per year in manufacturing.
- In contrast to earlier long economic expansions, the expansion of the 1990s was marked by higher productivity growth in the latter part of the cycle. Nonfarm business productivity grew by 1.5 percent per year from 1990 to 1995 and by 2.5 percent in the 1995 to 2000 period.
- Higher rates of productivity growth have continued into the current period. Between the first quarter of 2001 and the fourth quarter of 2005, labor productivity grew by 3.4 percent in nonfarm businesses and by 5.4 percent in manufacturing (seasonally adjusted annual rates).