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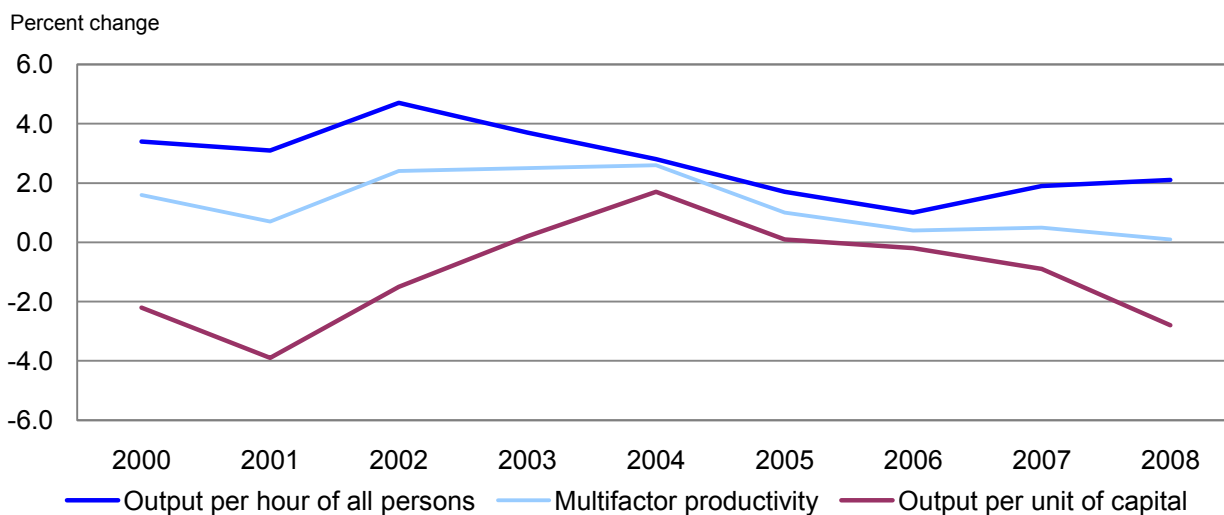
MULTIFACTOR PRODUCTIVITY TRENDS - 2008

Private nonfarm business sector multifactor productivity increased at a 0.1 percent annual rate in 2008, the U.S. Bureau of Labor Statistics reported today. (See chart 1, table A.) This was the slowest gain in multifactor productivity since 1995. (See table 1.) Multifactor productivity measures the change in output per unit of combined inputs of labor and capital. Multifactor productivity is designed to measure the joint influences on economic growth of technological change, efficiency improvements, returns to scale, reallocation of resources, and other factors, allowing for the effects of capital and labor. Multifactor productivity, therefore, differs from labor productivity (output per hour worked) measures that are published quarterly by BLS since it includes information on capital services and other data that are not available on a quarterly basis. Additionally, multifactor productivity measures for the private business and private nonfarm business sectors account for shifts in the composition of labor. Estimates of labor composition are not included in the quarterly labor productivity measures.

The modest multifactor productivity gain in 2008 reflected a 0.2 percent decrease in output and a 0.3 percent decrease in the combined inputs of capital and labor. Capital services grew by 2.8 percent, the slowest rate of growth since 2004. Labor input fell 1.7 percent, the largest decline since 2002.

Private business sector multifactor productivity grew 0.1 percent in 2008, the slowest annual growth rate since 1995. The multifactor productivity gain in 2008 reflected no change in the growth rate of output and a 0.1 percent decrease in the combined inputs of capital and labor.

Chart 1. Output per hour of all persons, multifactor productivity, and output per unit of capital in the private nonfarm business sector, 2000-2008



Multifactor productivity measures are now developed from data based on the 2002 North American Industry Classification System (NAICS). Previous measures were on a 1997 NAICS basis. Additionally, the index series have been rebased from 2000=100 to 2005=100.

Historical trends in private nonfarm business

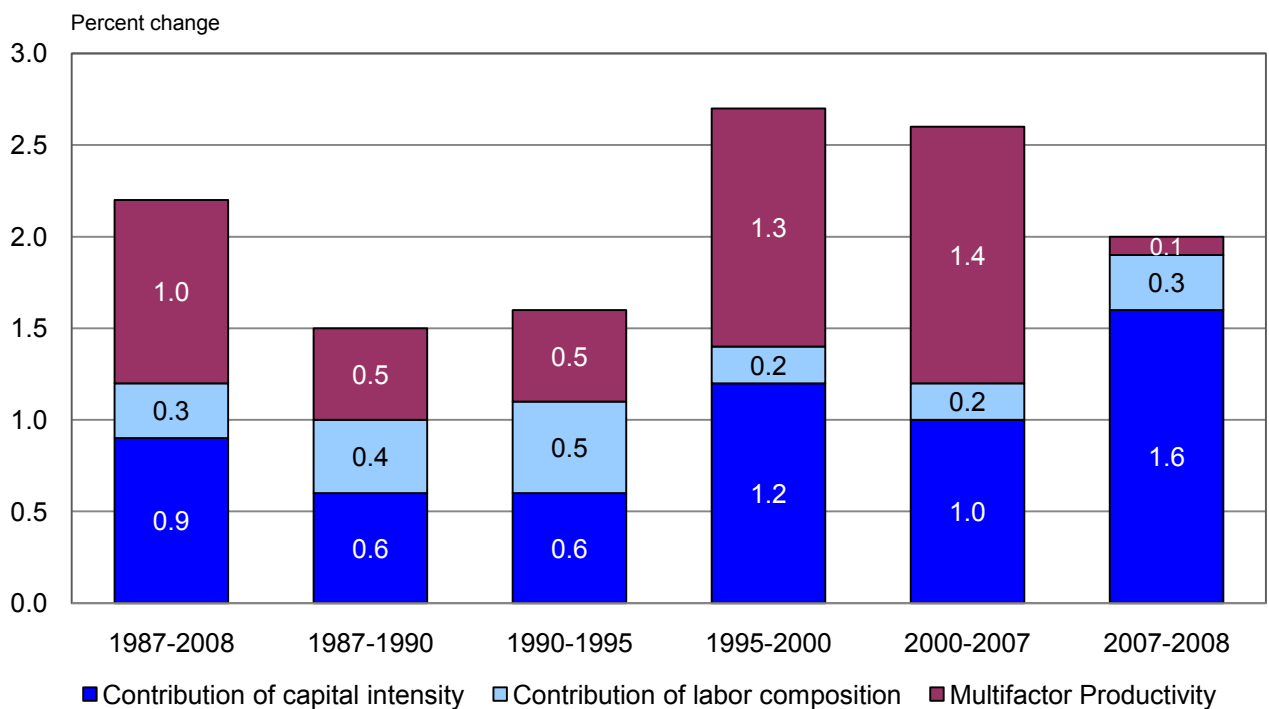
Multifactor productivity in private nonfarm business grew 1.0 percent annually between 1987 (the starting year of the series) and 2008. (See table A.) Output increased at a 3.2 percent annual rate over that period and combined inputs of labor and capital rose an average of 2.2 percent per year. Output per hour worked (labor productivity) grew at a 2.2 percent rate. For the 2000-2007 period, multifactor productivity in private nonfarm business rose more rapidly than in previous periods, averaging 1.4 percent per year, slightly outpacing the 1.3 percent growth rate during the 1995-2000 period.

Historical trends in labor productivity growth can be viewed as the sum of three components: multifactor productivity growth, the contribution of increased capital intensity, and the contribution of shifts in labor composition. The relationship between labor productivity growth and these three components can be seen in table B and chart 2. Chart 2 shows how relative to output per hour, contributions of multifactor productivity and of capital intensity increased during the latter half of the 1990s. These contributions have continued to be relatively high over the 2000-2007 period.

Of the 2.2 percent growth rate in labor productivity for the 1987-2008 period, 1.0 percent can be attributed to increases in multifactor productivity, 0.9 percent to the contribution of capital intensity, and 0.3 percent to changes in labor composition. (See table B.)

Previous and revised multifactor productivity data for 1987-2008 for the private nonfarm business sector are displayed in table C. The differences in 2008 are largely due to the fact that previous results were based on preliminary information. The 0.1-percent change in multifactor productivity growth for the private nonfarm business sector is much lower than the 1.1-percent change reported on May 6, 2009, based on preliminary information. This downward revision was due to output being revised down to a decline of 0.2 percent from an increase of 0.8 percent.

Chart 2. Percentage point contributions to growth in output per hour in the private nonfarm business sector, 1987-2008



Multifactor productivity plus contribution of capital intensity and labor composition may not sum to output per hour due to independent rounding.

Table A. Compound average growth rates for productivity, output, and inputs in the private nonfarm business and private business sectors for selected periods, 1987-2008

In percent

	1987-2008	1987-1990	1990-1995	1995-2000	2000-2007	2007-2008
<u>Private nonfarm business¹</u>						
Productivity						
Multifactor Productivity ²	1.0	0.5	0.5	1.3	1.4	0.1
Output per hour of all persons	2.2	1.5	1.6	2.8	2.7	2.1
Output per unit of capital services	-0.8	-0.4	-0.5	-1.1	-0.6	-2.8
Output	3.2	3.2	2.9	5.0	2.7	-0.2
Inputs						
Combined inputs ³	2.2	2.7	2.4	3.6	1.3	-0.3
Labor Input ⁴	1.4	2.3	2.0	2.5	0.4	-1.7
Hours	1.0	1.7	1.3	2.2	0.0	-2.2
Labor composition ⁵	0.5	0.6	0.7	0.3	0.3	0.5
Capital services	4.1	3.7	3.4	6.2	3.4	2.8
Analytic ratio						
Capital services per hour of all persons	3.0	1.9	2.0	3.9	3.4	5.1
<u>Private business¹</u>						
Productivity						
Multifactor Productivity ²	1.1	0.6	0.4	1.5	1.5	0.1
Output per hour of all persons	2.3	1.6	1.5	2.9	2.7	2.1
Output per unit of capital services	-0.7	-0.4	-0.3	-0.9	-0.5	-2.6
Output	3.2	3.2	2.9	5.0	2.7	0.0
Inputs						
Combined inputs ³	2.2	2.6	2.4	3.4	1.2	-0.1
Labor Input ⁴	1.4	2.1	2.0	2.3	0.3	-1.5
Hours	0.9	1.6	1.3	2.0	0.0	-2.1
Labor composition ⁵	0.5	0.6	0.7	0.3	0.3	0.6
Capital services	3.9	3.6	3.2	6.0	3.3	2.7
Analytic ratio						
Capital services per hour of all persons	3.0	2.0	1.8	3.9	3.3	4.9

1 Excludes government enterprises.

2 Output per unit of combined labor and capital inputs.

3 The growth rate of each input is weighted by its share of nominal costs..

4 Index of hours at work; hours at work by age, education, and gender group are weighted by each group's share of labor compensation.

5 Ratio of labor input to hours.

Table B. Compound annual growth rates in output per hour of all persons and the contributions of capital intensity, labor composition, and multifactor productivity in the private nonfarm business and private business sectors for selected periods, 1987-2008

In percent

	1987-2008	1987-1990	1990-1995	1995-2000	2000-2007	2007-2008
<u>Private nonfarm business¹</u>						
Output per hour of all persons	2.2	1.5	1.6	2.8	2.7	2.1
Contribution of capital intensity ²	0.9	0.6	0.6	1.2	1.0	1.6
Contribution of information processing equipment and software ³	0.6	0.5	0.5	0.9	0.6	0.7
Contribution of all other capital services	0.3	0.1	0.1	0.2	0.4	1.0
Contribution of labor composition ⁴	0.3	0.4	0.5	0.2	0.2	0.3
Multifactor productivity ⁵	1.0	0.5	0.5	1.3	1.4	0.1
Contribution of R&D to multifactor productivity	0.2	0.2	0.2	0.2	0.2	0.2
<u>Private business¹</u>						
Output per hour of all persons	2.3	1.6	1.5	2.9	2.7	2.1
Contribution of capital intensity ²	0.9	0.6	0.6	1.2	1.0	1.6
Contribution of information processing equipment and software ³	0.6	0.5	0.5	0.9	0.6	0.6
Contribution of all other capital services	0.3	0.1	0.1	0.2	0.4	1.0
Contribution of labor composition ⁴	0.3	0.4	0.5	0.2	0.2	0.4
Multifactor productivity ⁵	1.1	0.6	0.4	1.5	1.5	0.1

1 Excludes government enterprises.

2 Growth rate in capital services per hour multiplied by capital's share of current dollar costs.

3 Growth rate of information processing equipment and software per hour multiplied by its share of current dollar costs.

4 Growth rate of labor composition (the growth rate of labor input less the growth rate of the hours of all persons) multiplied by labor's share of current dollar costs.

5 Output per unit of combined labor and capital inputs.

Multifactor productivity plus contribution of capital intensity and labor composition may not sum to output per hour due to independent rounding. Contribution of information processing equipment and all other capital may not sum to the contribution of capital intensity due to independent rounding.

Table C. Annual growth rates of the preliminary and revised multifactor productivity measures in the private nonfarm business sector for the 1987-2008 period

Percent change from previous year

Year	Multifactor Productivity	
	Preliminary	Revised
1988	1.0	1.0
1989	0.0	0.1
1990	0.4	0.4
1991	-0.8	-0.9
1992	2.4	2.3
1993	0.2	0.3
1994	0.8	0.7
1995	0.1	0.0
1996	1.4	1.4
1997	0.7	0.6
1998	1.3	1.5
1999	1.3	1.6
2000	1.1	1.6
2001	0.4	0.7
2002	2.1	2.4
2003	2.6	2.5
2004	2.6	2.6
2005	1.3	1.0
2006	0.5	0.4
2007	0.2	0.5
2008	1.1	0.1

TECHNICAL NOTES

Capital Input: Capital input measures the services derived from the stock of physical assets and software. The assets included are fixed business equipment, structures, inventories, and land. Among equipment, BLS provides additional detail for information processing equipment and software (IPES). IPES is composed of four broad classes of assets: computers and related equipment, software, communications equipment, and other IPES equipment. Computers and related equipment includes mainframe computers, personal computers, printers, terminals, tape drives, storage devices, and integrated systems. Software is comprised of pre-packaged, custom, and own-account software. Communications equipment is not further differentiated. Other IPES includes medical equipment and related instruments, electromedical instruments, nonmedical instruments, photocopying and related equipment, and office and accounting machinery. Structures include nonresidential structures and residential capital that are rented out by profit-making firms or persons.

Financial assets are excluded from capital input measures, as are owner-occupied residential structures. The aggregate capital input measures are obtained by Tornqvist aggregation of the capital stocks for each asset type within each of 60 NAICS industry groupings using estimated rental prices for each asset type. Each rental price reflects the nominal rate of return to all assets within the industry and rates of economic depreciation and revaluation for the specific asset; rental prices are adjusted for the effects of taxes. Current-dollar capital costs can be defined as each asset's rental price multiplied by its constant-dollar stock, adjusting for capital composition effects. Data on investments in physical assets are obtained from BEA. Data on inventories are obtained from BEA using additional information from IRS Corporation Income Returns. Estimates for land in the farm sector are obtained from USDA. Nonfarm industry detail is based on IRS book value data. Current-dollar gross product originating (GPO) data, obtained from BEA, are used in estimating capital rental prices.

Labor Input: Labor input in private business and private nonfarm business is obtained by chained superlative (Tornqvist) aggregation of the hours at work by all persons, classified by age, education, and gender with weights determined by their shares of labor compensation. Hours paid of employees are largely obtained from the Current Employment Statistics program (CES). These hours of employees are then converted to an at-work basis by using information from the Employment Cost Index (ECI) of the National Compensation Survey (NCS) and the Hours at Work Survey. Hours at work for nonproduction and supervisory workers are derived using data from the CPS, the CES, and the NCS. The hours at work of proprietors, unpaid family workers, and farm employees are derived from the Current Population Survey. Hours at work data reflect Productivity and Costs data as of the June 3, 2010 news release. The growth rate of labor composition is defined as the difference between the growth rate of weighted labor input and the growth rate of the hours of all persons. Additional information concerning data sources and methods of measuring labor composition can be found in Cindy Zoghi, 2007, *Measuring Labor Composition: A Comparison of Alternate Methodologies* <http://www.bls.gov/bls/fesacp1121407.pdf>.

Combined Inputs: Labor and capital input are combined using Tornqvist aggregation, employing weights that represent each component's share of total costs. Total costs are defined as the value of output (Gross Product Originating) less a portion of taxes on production and imports. Most taxes on production and imports, such as excise taxes, are excluded from costs; however, property and motor vehicle taxes remain in total costs. The index uses changing weights: The share in each year is averaged with the preceding year's share.

Productivity: The private nonfarm business and private nonfarm business multifactor productivity measures describe the relationship between output in real terms and the inputs involved in its production. They do not measure the specific contributions of labor, capital, or any other factor of production. Rather, multifactor productivity is designed to measure the joint influences of output, capital, and labor on economic growth of technological change, efficiency improvements, returns to scale, reallocation of resources due to shifts in factor inputs across industries, and other factors.

The multifactor productivity indexes for private business and private nonfarm business are derived by dividing an output index by an index of labor input and capital services. The output indexes are computed as chained superlative indexes (Fisher Ideal indexes) of components of real output. For the years 1987 to 2008, BEA supplies the output indexes. BLS adjusts these to remove the output of government enterprises.

Output: This release presents data for the private business and private nonfarm business sectors. The private business sector, which accounted for approximately 76 percent of gross domestic product in 2005, includes all of gross domestic product except the output of general government, government enterprises, non-profit institutions, the rental value of owner-occupied real estate, and the output of paid employees of private households. Additionally, the private nonfarm business sector excludes farms from the private business sector, but includes agricultural services. Multifactor measures exclude government enterprises, while the BLS quarterly Productivity and Cost series include them. The output measures reflect the revised National Income and Product Accounts (NIPA) data released by BEA on July 31, 2009 but do not reflect the revised data released by BEA on July 30, 2010.

Research and development: The stock of research and development in private nonfarm business is derived by cumulating constant dollar measures of research and development expenditures and allowing for depreciation. Current dollar expenditures for privately financed research and development for the years 1987-2008 are obtained from annual issues of Research and Development in Industry published by the National Science Foundation. BLS develops price deflators and estimates of the rate of depreciation. Further description of these data and methods can be found in BLS Bulletin 2331 (September 1989), "The Impact of Research and Development on Productivity Growth." BLS measures of year-to-year contributions of research and development to the private nonfarm business sector and measures of the stock of research and development are available at <http://www.bls.gov/mfp/rddtable.pdf>.

Other information: Comprehensive tables containing additional data beyond the scope of this press release are available upon request at 202-691-5606 or at <http://www.bls.gov/mfp/mprdownload.htm>. More detailed information on methods, limitations, and data sources of capital and labor are provided in BLS Bulletin 2178 (September 1983), *Trends in Multifactor Productivity, 1948-81* and on the BLS Multifactor Productivity website under the title "Technical Information About the BLS Multifactor Productivity Measures" for Major Sectors and 18 NAICS 3-digit Manufacturing Industries at <http://www.bls.gov/mfp/mprtech.pdf>. General information is available on the BLS Multifactor Productivity website at <http://www.bls.gov/mfp/mprover.htm>. Additional data not contained in the release can be obtained in print or at <http://www.bls.gov/mfp>. A number of comprehensive tables set up as zip files can be obtained at <http://www.bls.gov/mfp/mprdownload.htm>. Included in the additional data available in the home page is a zip file containing selected multifactor productivity data that links 1948-87 SIC data to NAICS data from 1987 forward. This file includes data for the private business and private nonfarm business sectors.

Table 1. Private nonfarm business sector: productivity and related measures for the 1987-2008¹ period

Percent change from previous year

Year	Productivity			Output ³	Inputs			Capital per hour of all persons
	Output per hour of all persons	Output per unit of capital	Multifactor Productivity ²		Labor Input ⁴	Capital Services ⁵	Combined units of labor and capital ⁶	
1988	1.7	0.9	1.0	4.6	3.5	3.7	3.5	0.8
1989	0.8	-0.3	0.1	3.5	3.3	3.9	3.5	1.1
1990	1.9	-1.9	0.4	1.4	0.1	3.4	1.0	3.8
1991	1.7	-3.6	-0.9	-0.9	-1.1	2.9	0.0	5.5
1992	4.0	1.3	2.3	3.8	1.0	2.5	1.5	2.7
1993	0.7	0.4	0.3	3.6	3.3	3.2	3.3	0.3
1994	1.1	0.9	0.7	4.7	4.1	3.7	4.0	0.1
1995	0.5	-1.2	0.0	3.3	2.7	4.5	3.2	1.7
1996	2.6	-0.4	1.4	4.4	2.2	4.9	3.0	3.0
1997	1.5	-0.4	0.6	5.1	4.0	5.5	4.5	1.9
1998	3.0	-1.2	1.5	5.2	2.4	6.6	3.6	4.3
1999	3.3	-1.4	1.6	5.6	2.6	7.1	3.9	4.7
2000	3.4	-2.2	1.6	4.5	1.2	6.8	2.8	5.8
2001	3.1	-3.9	0.7	1.0	-1.6	5.1	0.3	7.3
2002	4.7	-1.5	2.4	1.9	-2.0	3.5	-0.5	6.2
2003	3.7	0.2	2.5	3.1	-0.4	2.9	0.6	3.5
2004	2.8	1.7	2.6	4.2	1.2	2.4	1.5	1.1
2005	1.7	0.1	1.0	3.4	1.9	3.3	2.4	1.5
2006	1.0	-0.2	0.4	3.2	2.5	3.4	2.8	1.2
2007	1.9	-0.9	0.5	2.4	1.2	3.3	1.9	2.8
2008	2.1	-2.8	0.1	-0.2	-1.7	2.8	-0.3	5.1

See footnotes following table 4.

Source: Bureau of Labor Statistics

Table 2. Private business sector: productivity and related measures for the 1987-2008¹ period

Percent change from previous year

Year	Productivity			Output ³	Inputs			Capital per hour of all persons
	Output per hour of all persons	Output per unit of capital	Multifactor Productivity ²		Labor Input ⁴	Capital Services ⁵	Combined units of labor and capital ⁶	
1988	1.6	0.5	0.8	4.4	3.4	3.8	3.5	1.1
1989	1.0	-0.1	0.3	3.7	3.2	3.8	3.4	1.1
1990	2.2	-1.6	0.7	1.5	-0.1	3.1	0.9	3.8
1991	1.6	-3.4	-0.9	-0.8	-1.0	2.7	0.1	5.2
1992	4.2	1.6	2.5	4.0	1.0	2.3	1.4	2.5
1993	0.6	0.3	0.2	3.3	3.1	3.1	3.1	0.4
1994	0.9	1.2	0.7	4.9	4.5	3.6	4.2	-0.3
1995	0.1	-1.4	-0.3	2.9	2.7	4.4	3.2	1.6
1996	2.9	-0.1	1.7	4.6	2.0	4.6	2.8	3.0
1997	1.7	-0.1	0.8	5.2	3.9	5.3	4.4	1.9
1998	3.0	-1.2	1.5	5.1	2.3	6.4	3.5	4.3
1999	3.5	-1.2	1.8	5.6	2.4	6.9	3.7	4.7
2000	3.5	-1.9	1.7	4.6	1.2	6.6	2.8	5.5
2001	3.2	-3.8	0.8	0.9	-1.8	5.0	0.2	7.3
2002	4.6	-1.3	2.4	2.0	-1.9	3.4	-0.4	6.0
2003	3.9	0.4	2.6	3.1	-0.5	2.8	0.5	3.5
2004	2.9	1.6	2.6	4.2	1.1	2.5	1.5	1.3
2005	1.7	0.2	1.0	3.4	1.9	3.2	2.3	1.5
2006	1.0	0.0	0.5	3.1	2.3	3.1	2.6	1.0
2007	1.8	-0.8	0.5	2.3	1.1	3.1	1.8	2.6
2008	2.1	-2.6	0.1	0.0	-1.5	2.7	-0.1	4.9

See footnotes following table 4.

Source: Bureau of Labor Statistics

Table 3. Private nonfarm business sector: indexes of productivity and related measures, 1987-2008¹

Indexes 2005=100

Year	Productivity			Output ³	Inputs			Capital per hour of all persons
	Output per hour of all persons	Output per unit of capital	Multifactor Productivity ²		Labor Input ⁴	Capital Services ⁵	Combined units of labor and capital ⁶	
1987	66.1	113.6	82.1	54.2	75.6	47.7	66.0	58.2
1988	67.2	114.6	83.0	56.7	78.3	49.4	68.3	58.6
1989	67.7	114.2	83.0	58.7	80.9	51.4	70.7	59.3
1990	69.0	112.1	83.3	59.5	80.9	53.1	71.4	61.5
1991	70.2	108.1	82.6	59.0	80.0	54.6	71.4	64.9
1992	73.0	109.5	84.5	61.3	80.8	56.0	72.5	66.7
1993	73.4	109.9	84.8	63.5	83.5	57.8	74.9	66.8
1994	74.2	110.9	85.4	66.5	87.0	59.9	77.9	66.9
1995	74.6	109.6	85.4	68.6	89.3	62.6	80.4	68.1
1996	76.5	109.1	86.5	71.7	91.3	65.7	82.8	70.1
1997	77.6	108.7	87.1	75.3	94.9	69.3	86.5	71.4
1998	80.0	107.3	88.4	79.3	97.2	73.9	89.7	74.5
1999	82.6	105.9	89.9	83.7	99.8	79.1	93.2	78.0
2000	85.4	103.5	91.3	87.5	101.0	84.5	95.8	82.5
2001	88.1	99.5	91.9	88.4	99.4	88.8	96.1	88.6
2002	92.2	98.0	94.2	90.1	97.4	91.9	95.7	94.1
2003	95.7	98.2	96.5	92.8	97.0	94.5	96.2	97.4
2004	98.4	99.9	99.0	96.7	98.1	96.8	97.7	98.5
2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	101.0	99.8	100.4	103.2	102.5	103.4	102.8	101.2
2007	102.9	98.9	100.9	105.6	103.7	106.8	104.7	104.0
2008	105.0	96.1	101.0	105.5	101.9	109.7	104.4	109.3

See footnotes following table 4.

Source: Bureau of Labor Statistics

Table 4. Private business sector: indexes of productivity and related measures, 1987-2008¹

Indexes 2005=100

Year	Productivity			Output ³	Inputs			Capital per hour of all persons
	Output per hour of all persons	Output per unit of capital	Multifactor Productivity ²		Labor Input ⁴	Capital Services ⁵	Combined units of labor and capital ⁶	
1987	65.2	111.0	81.1	54.1	76.5	48.8	66.7	58.8
1988	66.3	111.6	81.8	56.5	79.0	50.6	69.0	59.4
1989	67.0	111.5	82.0	58.6	81.6	52.5	71.4	60.1
1990	68.4	109.7	82.6	59.5	81.5	54.2	72.0	62.3
1991	69.5	106.0	81.8	59.0	80.7	55.6	72.1	65.6
1992	72.5	107.8	83.9	61.4	81.5	56.9	73.1	67.2
1993	72.9	108.0	84.1	63.4	84.0	58.7	75.4	67.5
1994	73.6	109.4	84.7	66.5	87.8	60.8	78.6	67.3
1995	73.7	107.8	84.4	68.5	90.1	63.5	81.1	68.3
1996	75.8	107.8	85.9	71.6	91.9	66.4	83.4	70.3
1997	77.1	107.6	86.6	75.3	95.5	70.0	87.0	71.7
1998	79.5	106.4	87.9	79.2	97.7	74.4	90.1	74.7
1999	82.3	105.2	89.5	83.6	100.0	79.5	93.4	78.2
2000	85.2	103.1	91.0	87.4	101.2	84.8	96.0	82.6
2001	87.9	99.2	91.7	88.2	99.5	89.0	96.2	88.6
2002	91.9	97.8	93.9	90.0	97.5	92.0	95.8	94.0
2003	95.5	98.2	96.4	92.8	97.1	94.5	96.2	97.3
2004	98.3	99.8	99.0	96.7	98.1	96.9	97.7	98.5
2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006	101.0	100.0	100.5	103.1	102.3	103.1	102.6	101.0
2007	102.9	99.3	101.0	105.5	103.5	106.2	104.4	103.6
2008	105.0	96.7	101.1	105.4	102.0	109.1	104.3	108.7

See footnotes following table 4.

Source: Bureau of Labor Statistics

Footnotes, Tables 1-4

Source: BLS develops productivity measures using output data published by the Bureau of Economic Analysis (BEA), compensation and hours data published by other Bureau of Labor Statistics (BLS) programs, and capital data supplied by BEA and U.S. Department of Agriculture. Also see Technical Notes in this release.

- (1) The private business sector includes all of gross domestic product except the output of general government, government enterprises, non-profit institutions, the rental value of owner-occupied real estate, and the output of paid employees of private households. The private nonfarm business sector also excludes farms but includes agricultural services.
- (2) Output per unit of combined labor and capital inputs.
- (3) Gross domestic product originating in the sector, superlative chained index.
- (4) Index of hours at work of all persons including employees, proprietors, and unpaid family workers, classified by age, education, and gender. This superlative chain index is computed by combining changes in the hours of each age, education, and gender group weighted by each group's share of labor compensation.
- (5) A measure of the flow of capital services used in the sector. Capital services measure the services derived from the stock of physical assets and software. The assets included are fixed business equipment, structures, inventories, and land.
- (6) Labor input combined with capital input are weighted with labor's and capital's share of current dollar costs to form a superlative chained index.

Table 5. Compound average annual growth rates in real capital services by asset type, private nonfarm business sector, 1987-2008

In percent

	1987-2008	1987-1990	1990-1995	1995-2000	2000-2007	2007-2008
All Assets	4.1	3.7	3.4	6.2	3.4	2.8
Equipment	6.1	4.9	5.1	9.9	5.1	3.8
All Information Processing Equipment & Software (IPES)	11.1	10.9	9.6	17.6	8.3	6.7
Computers & related equipment	21.3	19.0	16.2	40.5	14.5	13.8
Software	12.6	17.8	13.5	16.8	8.1	5.7
Communication equipment	6.9	6.1	5.3	10.3	6.3	5.1
Other IPES	4.2	3.0	4.2	3.9	4.6	5.4
All other equipment	2.2	2.2	1.9	3.2	1.9	1.6
Structures	2.0	2.8	2.0	2.2	1.5	1.9
Residential rental capital	1.5	2.1	1.2	1.7	1.5	0.5
Inventories	2.7	3.2	2.2	3.9	2.2	0.5
Land	1.6	1.8	1.3	1.7	1.5	2.4

Source: Bureau of Labor Statistics

Note: For a brief discussion of methods used in preparing these data, see Technical Notes in this release.

Table 6. Compound average annual growth rates in real capital services by asset type, private business sector, 1987-2008

In percent

	1987-2008	1987-1990	1990-1995	1995-2000	2000-2007	2007-2008
All Assets	3.9	3.6	3.2	6.0	3.3	2.7
Equipment	6.0	4.6	4.9	9.8	5.1	3.8
All Information Processing Equipment & Software (IPES)	11.1	10.9	9.6	17.6	8.3	6.7
Computers & related equipment	21.3	19.1	16.2	40.5	14.5	13.8
Software	12.6	17.8	13.5	16.7	8.1	5.7
Communication equipment	6.9	6.1	5.3	10.3	6.3	5.1
Other IPES	4.2	3.0	4.3	3.9	4.6	5.4
All other equipment	2.1	2.2	1.8	3.1	1.8	1.6
Structures	1.9	2.7	1.9	2.1	1.4	1.9
Residential rental capital	1.5	2.1	1.2	1.7	1.5	0.5
Inventories	2.5	2.8	2.2	3.8	2.1	0.4
Land	1.5	3.2	1.4	1.2	0.9	1.8

Source: Bureau of Labor Statistics

Note: For a brief discussion of methods used in preparing these data, see Technical Notes in this release.