

News

United States
Department
of Labor



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FOR RELEASE: 10:00 A.M. E.S.T.
Wednesday, February 28, 1979

EMPLOYMENT COST INDEX--DECEMBER 1978

Wage and salary rates measured by the Employment Cost Index (ECI) rose 1.5 percent for the 3 months ended in December 1978, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Because the ECI is a relatively new statistical series, the data are not seasonally adjusted. The 1.5 percent fourth quarter increase compares with a 1.7 percent increase in the same quarter a year earlier. The wage and salary rise was 7.7 percent for the 12 months ended in December 1978.

The Employment Cost Index measures changes in straight-time average hourly earnings. These changes represent wage and salary decisions made during the period measured, such as negotiated settlements and other pay changes, as well as changes resulting from past decisions such as deferred wage increases and cost-of-living escalators. The ECI currently measures only changes in wages and salaries. With the inclusion of employee benefit costs in 1980, the series will also measure total compensation changes.

September 1978-December 1978

Increases in the rate of pay in construction, retail trade, and service industries were well below the national average. The fourth quarter increase in manufacturing led all other industry sectors.

The relatively smaller 1.1 percent increase in construction reflects the seasonal pattern of collective bargaining which concentrates settlements and deferred pay increases in the spring and summer. Earnings for workers in service industries went up 0.7 percent, following a pattern of smaller fourth quarter increases over the past 3 years. The smaller pay increases in construction and services, combined with a decline in earnings in finance, insurance, and real estate, held down the rate of increase in nonmanufacturing to 0.8 percent.

Pay gains for workers in manufacturing plants--up 2.7 percent--were distributed relatively uniformly between durable and nondurable industries--up 2.7 and 2.5 percent, respectively--and among union and nonunion workers--up 2.7 and 2.6 percent, respectively.

Pay for white-collar workers as a group rose 1.2 percent. The rate of pay for sales workers was virtually unchanged during the fourth quarter, following consecutive quarters of substantial gains. Among other white-collar groups, pay increases were smallest for clerical workers--1.3 percent. The sales worker group--where pay is most heavily influenced by commission earnings, particularly for stock brokers, which fluctuate with the volume of sales--tends to show the most volatile changes among ECI occupational series. The ECI is computed from wage and salary rates, where available, or straight-time average hourly earnings for workers paid under incentive or commission pay systems. The average hourly earnings are affected by fluctuations in the volume of output and sales, as well as changes in the rate structure.

Pay increases were 1.9 percent for blue-collar workers and 0.6 percent for service workers. Pay for workers covered by collective bargaining agreements advanced at a faster rate than for workers not covered by agreements. Workers in the Northeast recorded the largest regional pay gains. Pay for workers in metropolitan areas rose 1.6 percent compared with 1.3 percent in other areas.

December 1977-December 1978

Over the 12 months ended in September 1978, service workers' pay increases (8.7 percent) outpaced those for blue-collar (8.2 percent) and white-collar workers (7.2 percent); and pay gains in manufacturing (8.3 percent) were above those in nonmanufacturing (7.4 percent). Pay for union workers also advanced at a faster rate than for nonunion workers, 8.0 compared with 7.6 percent. Regionally, pay gains ranged from 6.9 percent in the North Central to 9.3 percent in the South. Workers in nonmetropolitan areas had a higher rate of increase (9.0 percent) than those in metropolitan areas (7.5 percent).

Explanatory Note

Statistics presented in the following table and chart are percent changes in straight-time average hourly earnings over the period indicated. The statistics are not annualized, nor are they adjusted for seasonal influences. For example, the 1.5 percent change, shown in the table, for the "all private nonfarm workers" series in the fourth quarter of 1978 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of the survey month of September 1978 to the comparable pay period in December 1978. The 28.1 percent change, shown in the chart, for the "manufacturing" series is the cumulative quarterly percent change in straight-time average hourly earnings from the pay period including the 12th day of the survey month of September 1975 to the comparable pay period in December 1978. The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. In actual practice, the compounding calculations are made to the fifth decimal place.

The "union" series includes those occupations covered by collective bargaining agreements. The "nonunion" series includes occupations not covered. Beginning with the September 1978 quarter, wage and salary data for Alaska and Hawaii are included in the ECI.

A description of the survey design is provided in the chapter on the Employment Cost Index in the BLS Handbook of Methods, BLS Bulletin 1910. A general description of the Employment Cost Index is available upon request.

Rate of wage and salary changes in Employment Cost Index

(Percent changes)	3 months ended					12 months ended			
	Series					March 1978	June 1978	September 1978	December 1978
	December 1977	March 1978	June 1978	September 1978	December 1978	March 1978	June 1978	September 1978	December 1978
All private nonfarm workers	1.7	1.9	2.1	2.0	1.5	7.5	7.8	8.0	7.7
<u>Workers, by occupational group</u>									
White-collar workers	1.8	1.8	2.1	1.9	1.2	7.1	7.6	7.8	7.2
Professional and technical workers	1.7	1.6	1.3	2.1	1.5	6.8	6.6	6.9	6.7
Managers and administrators	0.7	2.4	1.8	1.4	1.5	6.5	6.3	6.4	7.2
Sales workers	4.0	0.3	5.4	2.5	0.1	7.9	11.8	12.7	8.5
Clerical workers	1.7	2.4	1.4	1.8	1.3	7.5	7.7	7.4	7.0
Blue-collar workers	1.8	1.8	2.2	2.0	1.9	7.8	7.9	8.0	8.2
Craft and kindred workers	1.7	1.3	2.3	2.2	1.6	7.4	7.9	7.8	7.7
Operatives, except transport	2.2	2.5	1.4	2.0	2.3	8.2	7.8	8.3	8.4
Transport equipment operatives	1.0	1.3	4.5	1.4	1.7	8.4	8.6	8.3	9.2
Nonfarm laborers	1.5	2.4	2.1	1.7	2.4	8.3	7.4	7.8	8.8
Service workers	1.0	3.6	1.9	2.3	0.6	8.7	8.4	9.1	8.7
<u>Workers, by industry division</u>									
Manufacturing	1.8	2.0	1.6	1.8	2.7	8.0	7.8	7.4	8.3
Durables	2.0	1.8	1.7	1.9	2.7	7.8	7.9	7.6	8.4
Nondurables	1.5	2.3	1.5	1.6	2.5	8.3	7.6	7.1	8.2
Nonmanufacturing	1.7	1.9	2.4	2.1	0.8	7.2	7.8	8.3	7.4
Construction	1.4	1.2	2.9	2.4	1.1	6.9	7.5	8.1	7.8
Transportation and public utilities.....	2.1	1.4	2.1	2.0	1.9	8.7	7.9	7.9	7.6
Wholesale and retail trade	1.5	3.1	2.7	1.2	1.1	7.4	8.5	8.7	8.3
Wholesale trade	2.6	2.5	1.8	1.1	2.0	*	6.8	8.2	7.5
Retail trade	1.1	3.3	3.1	1.2	0.8	7.8	9.1	8.9	8.6
Services	0.7	1.7	1.7	2.4	0.7	6.1	6.0	6.7	6.7
<u>Workers, by region</u>									
Northeast	1.5	1.8	1.6	1.8	1.8	7.2	6.8	6.8	7.1
South	1.2	3.0	2.2	2.3	1.6	8.5	8.4	8.8	9.3
North Central	2.4	1.3	2.3	1.6	1.5	7.4	8.2	7.8	6.9
West	1.8	1.9	2.2	2.0	1.5	7.1	7.6	8.1	7.8
<u>Workers, by bargaining status</u>									
Union	2.0	1.6	2.0	2.1	2.0	7.8	7.6	7.9	8.0
Manufacturing	2.2	1.7	1.7	2.4	2.7	8.4	8.1	8.2	8.7
Nonmanufacturing	1.8	1.5	2.3	1.9	1.4	7.2	7.2	7.6	7.3
Nonunion	1.6	2.2	2.2	1.9	1.1	7.3	7.9	8.0	7.6
Manufacturing	1.5	2.2	1.6	1.3	2.6	7.6	7.5	6.8	7.9
Nonmanufacturing	1.6	2.1	2.5	2.1	0.5	7.2	8.0	8.6	7.5
<u>Workers, by area</u>									
Metropolitan areas	1.9	1.7	2.1	2.0	1.6	7.2	7.6	7.8	7.5
Other areas	1.1	3.4	2.3	1.7	1.3	8.6	8.8	8.7	9.0

* Not available

ECI cumulative quarterly percent changes, September 1975–December 1978

