

# News

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## EMPLOYMENT COST INDEX--MARCH 1979

Wage and salary rates measured by the Employment Cost Index (ECI) rose 2.0 percent for the 3 months ended in March 1979, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The 2.0 percent first quarter increase compares with a 1.9 percent increase in the same quarter a year earlier. The wage and salary rise was 7.8 percent for the 12 months ended in March. Because the ECI is a relatively new statistical series, the data are not seasonally adjusted.

The Employment Cost Index measures changes in straight-time average hourly earnings. These changes reflect wage and salary decisions made during the period measured, such as negotiated settlements, changes instituted by employers, minimum wage adjustments, and other pay changes. 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.

### December 1978-March 1979

On the average, pay increases were highest--3.1 percent--in finance, insurance, and real estate. This is the first quarter that data for this industry division were published. Wages rose 2.6 percent in transportation and public utilities where a settlement affecting a large number of workers was reached in the railroad industry.

The relatively smaller 1.3 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 nondurable manufacturing went up 1.5 percent, compared with a 2.3 percent rise in the first quarter of 1978.

Among occupational groups, service workers registered the highest increase, 3.2 percent compared with 3.6 percent one year earlier.

Pay gains for white-collar workers as a group were dampened by a 0.2 percent decline in earnings for sales workers. Pay for sales workers is heavily influenced by commission earnings, particularly for stock brokers, whose earnings fluctuate with the volume of sales. 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 for nonunion workers advanced at a faster rate than for workers covered by collective bargaining agreements. Pay changes for unionized workers reflect the timing of collective bargaining settlements, which were unusually light in the first quarter of 1979. Workers in the South recorded the largest regional pay gains--2.6 percent.

March 1978-March 1979

Over the 12 months ended in March 1979, service and blue-collar workers' pay was up 8.3 percent; white-collar workers' rose 7.3 percent. Pay gains in manufacturing (8.0 percent) were above those in nonmanufacturing (7.6 percent). Pay for union workers also advanced at a faster rate than for nonunion workers, 8.2 percent compared with 7.5 percent. Regionally, pay gains ranged from 6.8 percent in the Northeast to 8.8 percent in the South. Workers in metropolitan areas had a higher rate of increase (7.8 percent) than those in nonmetropolitan areas (7.6 percent).

Explanatory Note

The Employment Cost Index is designed to measure changes in the rate of compensation of a standardized mix of labor services, much like the Consumer Price Index measures changes of a fixed weight market basket. The Employment Cost Index (ECI) measures change in the price of labor. It does not measure change in the level of well-being of workers.

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 2.0 percent change, shown in the table, for the "all private nonfarm workers" series in the first quarter of 1979 is the actual percent change in straight-time average hourly earnings from the pay period including the 12th day of the survey month of December 1978 to the comparable pay period in March 1979. The 30.3 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 March 1979. 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

Series	3 months ended					12 months ended				
	March 1978	June 1978	September 1978	December 1978	March 1979	June 1978	September 1978	December 1978	March 1979	
	(Percent changes)									
All private nonfarm workers -----	1.9	2.1	2.0	1.5	2.0	7.8	8.0	7.7	7.8	
<u>Workers, by occupational group</u>										
White-collar workers -----	1.8	2.1	1.9	1.2	1.9	7.6	7.8	7.2	7.3	
Professional and technical workers -	1.6	1.3	2.1	1.5	1.9	6.6	6.9	6.7	7.1	
Managers and administrators -----	2.4	1.8	1.4	1.5	2.4	6.3	6.4	7.2	7.2	
Sales workers -----	0.3	5.4	2.5	0.1	-0.2	11.8	12.7	8.5	7.9	
Clerical workers -----	2.4	1.4	1.8	1.3	2.7	7.7	7.4	7.0	7.4	
Blue-collar workers -----	1.8	2.2	2.0	1.9	1.9	7.9	8.0	8.2	8.3	
Craft and kindred workers -----	1.3	2.3	2.2	1.6	2.1	7.9	7.8	7.7	8.5	
Operatives, except transport -----	2.5	1.4	2.0	2.3	1.9	7.8	8.3	8.4	7.8	
Transport equipment operatives -----	1.3	4.5	1.4	1.7	1.5	8.6	8.3	9.2	9.3	
Nonfarm laborers -----	2.4	2.1	1.7	2.4	1.5	7.4	7.8	8.8	7.9	
Service workers -----	3.6	1.9	2.3	0.6	3.2	8.4	9.1	8.7	8.3	
<u>Workers, by industry division</u>										
Manufacturing -----	2.0	1.6	1.8	2.7	1.7	7.8	7.4	8.3	8.0	
Durables -----	1.8	1.7	1.9	2.7	1.8	7.9	7.6	8.4	8.4	
Nondurables -----	2.3	1.5	1.6	2.5	1.5	7.6	7.1	8.2	7.4	
Nonmanufacturing -----	1.9	2.4	2.1	0.8	2.2	7.8	8.3	7.4	7.6	
Construction -----	1.2	2.9	2.4	1.1	1.3	7.5	8.1	7.8	7.9	
Transportation and public utilities -----	1.4	2.1	2.0	1.9	2.6	7.9	7.9	7.6	8.9	
Wholesale and retail trade -----	3.1	2.7	1.2	1.1	2.1	8.5	8.7	8.3	7.3	
Wholesale trade -----	2.5	1.8	1.1	2.0	1.6	6.8	8.2	7.5	6.6	
Retail trade -----	3.3	3.1	1.2	0.8	2.3	9.1	8.9	8.6	7.6	
Finance, insurance, and real estate -----	*	*	*	*	3.1	*	*	*	*	
Services -----	1.7	1.7	2.4	0.7	2.1	6.0	6.7	6.7	7.0	
<u>Workers, by region</u>										
Northeast -----	1.8	1.6	1.8	1.8	1.5	6.8	6.8	7.1	6.8	
South -----	3.0	2.2	2.3	1.6	2.6	8.4	8.8	9.3	8.8	
North Central -----	1.3	2.3	1.6	1.5	1.9	8.2	7.8	6.9	7.5	
West -----	1.9	2.2	2.0	1.5	2.0	7.6	8.1	7.8	7.9	
<u>Workers, by bargaining status</u>										
Union -----	1.6	2.0	2.1	2.0	1.8	7.6	7.9	8.0	8.2	
Manufacturing -----	1.7	1.7	2.4	2.7	1.7	8.1	8.2	8.7	8.7	
Nonmanufacturing -----	1.5	2.3	1.9	1.4	1.9	7.2	7.6	7.3	7.7	
Nonunion -----	2.2	2.2	1.9	1.1	2.1	7.9	8.0	7.6	7.5	
Manufacturing -----	2.2	1.6	1.3	2.6	1.7	7.5	6.8	7.9	7.3	
Nonmanufacturing -----	2.1	2.5	2.1	0.5	2.3	8.0	8.6	7.5	7.6	
<u>Workers, by area</u>										
Metropolitan areas -----	1.7	2.1	2.0	1.6	2.0	7.6	7.8	7.5	7.8	
Other areas -----	3.4	2.3	1.7	1.3	2.1	8.8	8.7	9.0	7.6	

\* Not available

# EI cumulative quarterly percent changes, September 1975–March 1979

