EMPLOYMENT COST INDEX--September 1979

Wage and salary rates measured by the Employment Cost Index (ECI) rose 2.1 percent for the 3 months ended in September 1979, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. In the same quarter in 1978, the increase was 2.0 percent. For the 12 months ended in September 1979, the wage and salary rise was 7.7 percent. 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, 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.

June 1979 - September 1979

Pay advances for manufacturing as a whole averaged 1.8 percent; the rise for workers in durable manufacturing was 2.1 percent, compared with 1.2 percent in nondurables. Wages and salaries in the nonmanufacturing sector rose by 2.3 percent. Pay in transportation and public utilities rose 2.9 percent in the June-September period, with a large number of unionized workers in the communications industry receiving a scheduled deferred wage increase and a cost-of-living adjustment during the third quarter. An average increase of 2.6 percent in the services industry also helped boost wages and salaries in the nonmanufacturing sector.

Total white-collar pay rose by 2.3 percent in the third quarter. Clerical workers' wages rose by 2.9 percent, while professional and technical workers posted a 2.7 percent advance and the rise for sales workers was 0.7 percent. Sales workers' pay tends to be volatile because it is heavily influenced by commission earnings which 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.

Earnings for blue-collar workers were up 2.0 percent. Service workers' pay gains averaged 1.1 percent, well below the national average.

Wages for unionized workers advanced more rapidly (2.2 percent) than those of workers not covered by collective bargaining agreements (1.9 percent). Union gains in the nonmanufacturing sector (which includes the communications industry) amounted to 2.5 percent, compared with 1.9 percent in manufacturing.

Wage and salary increases in the West (2.5 percent) were higher than in any other region. Workers in the Northeast and South showed 1.7 percent gains, while, in the North Central region, the average was 2.0 percent.

September 1978 - September 1979

Pay gains in manufacturing (8.1 percent) were above those in nonmanufacturing (7.5 percent) in the September 1978-79 period. Pay for union workers advanced at a faster rate than for nonunion workers, 8.4 percent compared with 7.3 percent. Wages rose 8.4 percent for blue-collar workers, while white-collar workers posted a 7.4 percent gain and service workers showed a 5.9 percent increase. Regionally, pay gains ranged from 6.9 percent in the Northeast to 8.2 percent in the West and North Central regions. Workers in metropolitan areas had a higher rate of increase (7.9 percent) than those in nonmetropolitan areas (7.3 percent).

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Explanatory Note

As a measure of change in the price of labor, the Employment Cost Index (ECI) estimates movements in the rate of compensation for standardized units of labor services. The ECI is not designed to measure changes in total labor costs or the level of well-being of workers.

The published data cover workers in the private nonfarm economy. The "union" series includes those occupations covered by collective bargaining agreements. The "nonunion" series includes occupations not so covered.

Each quarter, straight-time average hourly earnings are collected for some 9,000 occupations defined by 417 occupational categories that correspond closely to those used in the 1970 Census. The establishments in the private nonfarm economy that supply these occupational data are placed in an industry group based on a two-digit Standard Industrial Classification (SIC). Sample weights are applied to these occupational earnings to calculate a weighted average for each occupation by industry.

By multiplying the SIC/occupation averages by base period employment weights from the decennial census, a total wage bill for each of these cells is produced. After summing the wage bills across cells for the various series, ratios obtained by dividing current quarter by prior quarter wage bills are used to derive quarterly percent changes.

The statistics are not annualized, nor are they adjusted for seasonal influences. For example, the 2.1 percent change, shown in the table, for the "all private nonfarm workers" series in the third 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 June 1979 to the comparable pay period in September 1979. The computation of percent changes spanning more than one survey period is accomplished by compounding successive changes for individual quarters. The 35.0 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 September 1979.

The chapter on the Employment Cost Index in the BLS Handbook of Methods (BLS Bulletin 1910) describes the survey design. A general description of the Employment Cost Index is available upon request.

ECI cumulative quarterly percent changes, September 1975–September 1979

Occupational group
- All workers
- White–collar workers
- Blue–collar workers
- Service workers

	III
All workers	33.6
White-collar workers	31.2
Blue-collar workers	36.5
Service workers	35.7

PERCENT
45 40 35 30 25 20 15 10 5 0

Industrial category
- All private nonfarm
- Manufacturing
- Nonmanufacturing

	III
All private nonfarm	33.6
Manufacturing	35.0
Nonmanufacturing	32.8

45 40 35 30 25 20 15 10 5 0

Union status
- Union occupations
- Non–union occupations

	III
Union occupations	36.6
Non-union occupations	31.9

45 40 35 30 25 20 15 10 5 0

Regions
- Northeast
- South
- North Central
- West

	III
Northeast	29.5
South	34.2
North Central	33.6
West	36.8

45 40 35 30 25 20 15 10 5 0

1975   1976   1977   1978   1979