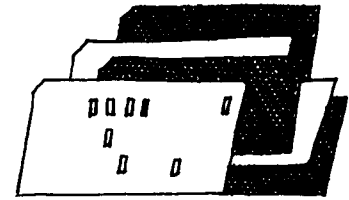


Research Summaries



Marital and family patterns of the labor force

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Married persons continue to dominate the work force, but their share has been declining steadily. From March 1970 to March 1980, the proportion fell from 69 to 61 percent, while the share who had never married or were divorced rose from 24 to 33 percent. (See table 1.)

This gradual change in the marital composition of the labor force reflects several of the decade's major demographic and social developments. For example, half of the more than 20-million increase in the labor force during the decade was among persons 25 to 34 years old, who now account for more than 1 of every 4 workers. Many of these workers, born during the post-World War II "baby boom," tended either to postpone marriage or not to marry. Those who did marry were more than twice as likely to become divorced than were workers of a similar age 10 years ago. As a result, only 65 percent of workers 25 to 34 in March 1980, were married—down from 79 percent a decade earlier. (See table 2.)

This information is based on data obtained each March as part of a monthly sample survey of U.S. households.¹ Other selected findings include the decline in the rate of labor force participation among husbands, the record-high levels of participation among wives, especially those with young children, and the consequent increase in the number of multi-earner families.

Husbands. Continuing a long-term trend, the proportion of all husbands in the labor force declined from 87 percent in 1970 to 81 percent in 1980.² This decrease, however, did not occur among husbands under age 55—more than 90 percent of whom were working or looking for work throughout the decade. For husbands aged 55 to 64, the participation rate dropped from 86 to 75 percent. This decline coincided with the increased availability of early retirement benefits and a broadening of the

eligibility regulations covering work-related disability payments.³ The participation rate for men 65 years and older also dropped—from about 30 to 22 percent. A good deal of this reduction was attributable to general improvements in retirement income, including private pensions, social security, and asset income. In addition, both age groups suffered some degree of market-related age discrimination.⁴

Wives. The number of married women (husband present) in the labor force rose by nearly 6 million over the 1970's—the largest increase for wives in any decade in U.S. history. By March 1980, 24.4 million wives—half of all wives 16 years and over—were working or looking for work. Through age 54, well over half of the wives were in the labor force, with the proportion moving past the 60-percent mark for those aged 20 to 24 and 35 to 44. Labor force participation rates for women 55 to 64 and 65 and over were essentially unchanged over the decade, averaging 36 and 7 1/2 percent, respectively. Thus the decade's changes in social security and private pension benefits could have had only a minimal effect on the participation rates of older wives. The main reason for the limited effect is that the older women were considerably more likely than older men to have had interruptions in their work lives and to have worked part time or part year—conditions that reduce pension coverage. Even when covered under social secu-

Table 1. Changes in civilian labor force, by sex and marital status, March 1970, 1979, and 1980

Marital status and sex	March 1970	March 1979	March 1980	Change from March 1970 to 1980	
				Number (thousands)	Percent
Both sexes, total:					
Number (in thousands)	82,058	101,579	103,339	21,281
Percent	100.0	100.0	100.0	100.0
Men, total	61.7	57.7	57.5	8,767	41.2
Never married	11.4	14.7	14.6	5,778	27.2
Married, wife present	46.8	38.2	37.7	597	2.8
Married, wife absent	1.3	1.6	1.6	601	2.8
Widowed	0.8	0.6	0.5	-120	-0.6
Divorced	1.4	2.7	3.0	1,912	9.0
Women, total	38.3	42.3	42.5	12,514	58.8
Never married	8.5	10.8	10.6	3,925	18.4
Married, husband present	22.6	23.5	23.7	5,922	27.8
Married, husband absent	1.8	1.8	1.8	443	2.1
Widowed	3.1	2.3	2.3	-196	-0.9
Divorced	2.3	3.9	4.2	2,421	11.4

NOTE: Data for March 1980 are revised and may differ from those published previously.

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Table 2. Labor force participation of men and women 25-34 years old, by marital status, March 1970 and March 1980

[Numbers in thousands]

Marital status and sex	1970			1980		
	Labor force		Labor force participation rate	Labor force		Labor force participation rate
	Number	Percent		Number	Percent	
Total age 25-34	17,394	100.0	70.0	27,923	100.0	80.1
Men, total	11,605	66.7	95.2	16,106	57.7	95.0
Never married	1,546	8.9	86.4	3,729	13.4	88.7
Married, wife present	9,565	55.0	98.3	10,770	38.6	97.4
Married, wife absent	226	1.3	66.9	536	1.9	94.2
Widowed	11	(¹)	(²)	19	(¹)	(²)
Divorced	257	1.5	82.1	1,052	3.8	94.3
Women, total	5,789	33.3	45.7	11,817	42.3	66.0
Never married	873	5.0	80.8	2,320	8.3	84.2
Married, husband present	4,104	23.6	39.7	7,296	26.1	59.3
Married, husband absent	327	1.9	53.6	644	2.3	66.0
Widowed	28	0.2	(²)	90	0.3	66.4
Divorced	458	2.6	79.7	1,467	5.3	84.0

¹ Less than 0.05 percent.

² Rate not shown where base is less than 75,000.

NOTE: Data for 1980 are revised and may differ from those published previously.

ity, the great majority of older retired wives receive their husbands higher benefits rather than their own.⁵

About 13.4 million or 54 percent of all wives with children under 18 were in the labor force in March 1980. Although the mothers of school age children remain much more likely to be in the work force (62 percent) than those with children under 6 (45 percent), the proportion of mothers with preschoolers has risen a dramatic 15 percentage points since 1970. (See table 3.)

Another notable change was the reversal in the longstanding relationship between the participation rates of the mothers and those of wives without children under 18 in the home.

Prior to the late 1960's and early 1970's, the wives without children under 18 had a considerably higher participation rate than the mothers. In 1960, for example, their rate was 35 percent compared with only 28

Table 3. Labor force participation rates of married women, 16 years and over, by presence and age of children, March 1960, 1970, 1975, and 1980

Wives	March			
	1960	1970	1975	1980
Wives, total	30.5	40.8	44.4	50.2
No children under 18 years	34.7	42.2	43.9	46.1
With children under 18 years:				
Total	27.6	39.7	44.9	54.2
Youngest 6 to 17 years	39.0	49.2	52.3	61.8
Youngest under 6 years	18.6	30.3	36.6	45.0

NOTE: Labor force as percent of population.

Table 4. Number of earners in families during 1969 and 1979, by type of family in March 1970 and March 1980

[Numbers in thousands]

Characteristic	March 1970		March 1980	
	Number	Percent	Number	Percent
Total	51,237	100.0	58,774	100.0
Husband-wife families, total	44,436	100.0	48,199	100.0
No earners	3,022	6.8	5,420	11.2
1 earner	16,268	36.6	13,598	28.2
Husband only	15,133	34.1	11,667	24.2
Wife only	797	1.8	1,463	3.0
Other relative only	339	.8	468	1.0
2 earners or more	25,145	56.6	29,180	60.5
Husband and wife	20,327	45.7	25,148	52.2
Husband and other, not wife	4,517	10.2	3,448	7.2
Husband non-earner	302	.7	585	1.2
Other families, total	6,812	...	10,576	...
Maintained by women, ¹ total	5,573	100.0	8,834	100.0
No earners	1,194	21.4	2,041	23.1
1 earner	2,468	44.2	4,290	48.6
2 earners or more	1,911	34.3	2,503	28.3
Maintained by men, ¹ total	1,239	100.0	1,742	100.0
No earners	121	9.7	219	12.6
1 earner	520	41.9	778	44.7
2 earners or more	598	48.2	745	42.8

¹ Includes divorced, separated, widowed, or never-married persons.

NOTE: Because of rounding, sums of individual items may not equal totals. Data for March 1980 are revised and may differ from those published previously.

percent for the mothers. Although the participation rate for both groups kept rising, the pace was much faster for the mothers. By the mid-1970's, the mothers' rate was only 1 percentage point lower than that for the other group; by 1980, the relationship had reversed and mothers were much more likely to be the labor force participants.

Multiearner families

Annual increases in the number and proportions of working wives were almost entirely responsible for the rising number of multiearner families. By March 1980, 29.2 million married-couple families reported that at least two family members were earners during the previous year. Since 1970, this number has increased by about 4 million. (See table 4.) Multiearner families now account for 61 percent of all married couples, and most of the time, both the husband and wife are earners.

About two-thirds of the wives in multiearner families worked 40 weeks or more during the year, mostly full time. Median earnings for all wives were about \$6,300 in 1979, or \$10,200 if they worked year round, full time. For families in which both the husband and wife were earners, median income in 1979 was \$25,300, compared with \$18,900 where the husband was the only earner. □

FOOTNOTES

¹ This report is the latest from an annual series based primarily on information from supplementary questions in the March 1980 Current Population Survey. The most recent report on this subject, containing

data for March 1979, was published in the *Monthly Labor Review*, April 1980, pp. 48–52, and reprinted as Special Labor Force Report 237.

The data in this report relate to the noninstitutional population 16 years and over, including those male members of the Armed Forces living off post or with their families on post (855,000 in March 1980). Sampling variability may be relatively large in cases where numbers are small, and small differences between estimates or percentages should be interpreted with caution. See tables 1–3, pp. A–6 and A–7, Special Labor Force Report 237.

¹ For 1970 to 1979 data, see *Handbook of Labor Statistics*, Bulletin 2070 (Bureau of Labor Statistics, 1980), pp. 108–12.

² See Philip L. Ronces, Older men—the choice between work and retirement, *Monthly Labor Review*, November 1978, pp. 3–10; and William V. Deutermann, Jr., Another look at working-age men who are not in the labor force, *Monthly Labor Review*, June 1977, pp. 9–14.

³ Ibid. Also see Philip L. Ronces, The retirement decision: a question of opportunity? *Monthly Labor Review*, November 1980, pp. 14–17.

⁴ See *Social Security and the Changing Roles of Men and Women*, U.S. Department of Health, Education, and Welfare, February 1979 pp. 1–7 and p. 11.

Investment for productivity growth subject of new congressional study

Productivity growth—the increase in goods and services produced per hour of work—slowed to a crawl in the United States during the 1970's. At the direction of the Budget Committee of the House of Representatives, the U.S. Congressional Budget Office undertook a study of the causes of, and possible remedies for, this critical economic problem. Salient conclusions from the study were published in a formal report earlier this year.¹

One focus of the project was the stock of physical capital (land, plant, and equipment) per worker as a determinant of labor productivity. The following discussion, which was excerpted from the complete report, compares trends in capital formation and productivity over the last three decades, and examines the factors which encourage business fixed investment.

Capital formation

The relationship between capital investment, or capital formation, and gains in productivity has been the subject of considerable study. This research has produced substantially different estimates of the contribution made by capital to productivity growth.² Using a combination of gross and net measures of the capital stock, Edward F. Denison has estimated that increases in the amount of capital per worker contributed about 0.34 percentage point to the annual growth in national income per worker in the nonresidential business sector during the 1948–78 period. In contrast, J. R. Norsworthy, Michael J. Harper, and Kent Kunze have calculated that increases in the net capital stock per manhour accounted for roughly 0.67 percentage point

of the average annual growth in output per manhour in the private business sector, during the same period. Still others such as Peter K. Clark have arrived at different estimates, based on somewhat different measures of capital, labor, and output.³

Despite the conceptual and methodological differences among these studies of the contribution made by capital to productivity growth, it is clear that they all attribute a significant role to capital accumulation. It is also apparent that the estimated contribution of capital has declined substantially in recent years, although there is some disagreement about when the decline began.

Variations over time in the contribution of capital to labor productivity growth primarily reflect changes in the growth rate of the capital-labor ratio. Differences in the way capital and labor are measured lead to different estimates of when the growth in this ratio began to decline. Most estimates agree that, while capital and labor in the nonfarm, nonresidential business sector both grew more slowly during the 1973–78 period, the slowdown in the rate of capital formation was more pronounced, and hence growth of the capital-labor ratio was retarded. Whether or not slower growth in the capital-labor ratio began earlier (in the 1965–1973 period) depends on how labor is measured. During that earlier period, the growth of both capital and labor accelerated, but the number of hours worked grew substantially slower than the number of full-time and part-time employees. As a result, the growth of the capital-hours ratio accelerated, while the growth of the capital-employment ratio slowed. Those who measure labor in terms of hours worked (such as Norsworthy, Harper, and Kunze) thus conclude that the contribution of capital to labor productivity did not begin to decline until the 1973–78 period.⁴ In contrast, those such as Denison, who measure labor in terms of the number of employees, report that the contribution of capital began to decline earlier. From a policymaking viewpoint, however, the issue of when capital formation began to contribute less to productivity is not as important as the observation that its contribution has diminished.

Determinants of investment

Increases in the capital stock are made through investment. The average of annual growth rates of all major components of real gross fixed investment declined between 1966–73 and 1974–79. The largest decline was in residential investment, a category especially sensitive to business cycles. Of particular importance to the productivity issue, however, is nonresidential investment. Its average rate fell from 4.2 percent in 1966–1973 to 2.4 percent in 1974–79. Within the nonresidential category, the average of annual growth rates for equipment investment fell by 2.6 percentage points,

while that of structures declined by 0.5 percentage point.

The fraction of gross national product (GNP) devoted to investment declined to 13.8 percent during the 1974–79 period, but the ratio of equipment investment to GNP rose to 6.8 percent—the highest ratio observed for the periods discussed here. Equipment investment accounted for 49 percent of gross investment during this period, compared to a 23 percent share for nonresidential structures and a 28 percent share for residential investment. Between 1949–65 and 1974–79, the ratio of equipment investment to total fixed investment increased by 11 percentage points, while the comparable ratios for nonresidential structures and residential investment declined by 4.2 percentage points and 6.8 percentage points, respectively.

What are the major influences determining business fixed investment? The determinants of investment have been the subject of many studies. They are thought to include both nonfinancial factors, such as changes in the demand for goods and services and the rate of capacity utilization, and financial considerations, such as the rate of return on capital investments and the cost and availability of funds.

Although there is general agreement about the importance of the nonfinancial factors, there is considerable debate among economists about the magnitude of the financial influences. The issue is an empirical one that has not yet been resolved. The weight of the evidence, however, indicates that financial considerations do have a significant effect on business investment. Therefore, policy measures that reduce the cost of capital would likely be effective in stimulating productivity growth.

General agreement about the importance of nonfinancial factors for business investment decisions suggests that, during periods of economic slack, policies to promote capital accumulation might best be concentrated on returning the economy to high levels of production. In general, investment subsidies are not considered to be the most effective stabilization tools. Increased Federal purchases and personal tax cuts generally have larger and quicker impacts on output and employment. As the economy approaches high levels of unemployment, however, such policies tend to contribute more to inflation and less to real growth in demand. As a result, the positive impact on investment dissipates, and may even become negative.

Policies to raise the capital intensity of production at high-employment levels of output (or at constant levels of resource utilization) must include measures that reduce the cost of capital. In the absence of sufficient foreign sources of financing, however, the success of such policies requires either a decrease in the proportion of private saving devoted to residential investment or an increase in the national rate of savings.⁵ Without such

changes in the rate or composition of saving, interest rates are likely to rise and offset the effect of investment incentives on the overall level of business investment.⁶ The composition of investment, however, is likely to change in favor of the specific types of investment being subsidized.

Tax incentives

A variety of investment tax incentives can be used to stimulate capital formation. These include: reducing corporate tax rates, raising the existing investment tax credit, and increasing depreciation deductions either by indexing them to the rate of inflation or by shortening depreciation periods. While all these tax changes tend to stimulate investment by reducing the cost of capital, their impact on different forms of investment can vary. This is an important consideration, because policies to stimulate capital formation will not achieve the maximum effect on productivity if they divert some capital resources away from their most productive uses, by artificially raising the profitability of some investments relative to other, more productive ones. In some cases, there may be good reasons for favoring some forms of investment over others, but the biases of particular investment subsidies should be intentional rather than inadvertent.

The corporate income tax has a nonneutral influence on investment decisions. It is biased against corporations relative to unincorporated businesses, and favors debt financing over equity financing. The main reasons for these results are that corporate income is subject to “double taxation” (once at the corporate level and again at the stockholder level when paid out in dividends), and that interest costs are deductible whereas dividend payments are not.

A flat-rate investment tax credit of the type now available for most equipment purchases lowers the effective tax rate proportionately more for short-lived than for long-lived investment.⁷ Thus, it encourages investment in industries such as construction and motor vehicle manufacturing, which are heavy users of short-lived equipment, relative to industries such as primary metals, communications, and utilities. Also, the current investment tax credit favors investment in equipment rather than in structures, since the latter does not qualify.

The distorting effects of the investment tax credit are offset somewhat by the lack of an inflation adjustment for depreciation deductions. The use of historical cost depreciation discourages investment in general, but has a relatively greater impact on short-lived investments. A simplified explanation for this is that the average annual effect of inflation on depreciation costs (a factor affecting the rate of return) is greater for assets with relatively short useful lives.⁸ □

FOOTNOTES

¹ See *The Productivity Problem: Alternatives for Action* (U.S. Congressional Budget Office, 1981).

² The contribution of capital formation to productivity growth generally is calculated as the percentage change in the capital-labor ratio weighted by the share of output or income attributable to capital. Quantitative estimates of the contribution can differ because of alternative approaches to the measurement of capital, labor, and output.

³ Edward F. Denison, *Accounting for Slower Economic Growth* (Brookings Institution, 1979); J. R. Norsworthy, Michael J. Harper, and Kent Kunze, "The Slowdown in Productivity Growth: Analysis of Some Contributing Factors," in *Brookings Papers on Economic Activity* (1979:2), pp. 387-421; and Peter K. Clark, "Capital Formation and the Recent Productivity Slowdown," *The Journal of Finance*, vol. 33, no. 3 (June 1978), pp. 965-75.

⁴ Although hours worked is the measure employed by the Bureau of Labor Statistics to calculate labor productivity, its use can result in movements of the capital-labor ratio that may not be related to labor productivity. As noted by Clark, a decline in the average workweek during the 1965-73 period caused hours to grow sufficiently less than employment so that the growth of capital per hour worked actually increased, even though the growth in the capital-employment ratio declined. Yet, a decrease in average weekly hours represents a less intensive use of available capital rather than a move to a more capital-intensive production process. See Peter K. Clark, "Issues in the Analysis of Capital Formation and Productivity Growth," in *Brookings Papers on Economic Activity* (1979:2), pp. 423-31.

⁵ National saving includes personal saving, business saving (retained earnings and capital consumption allowances), and government surpluses. The rate of saving in this discussion is the ratio of national saving to high-employment GNP.

⁶ Policies that stimulate foreign investment in the United States can, however, raise the investment-output ratio without a corresponding rise in the national saving rate at full employment, provided such investment is financed abroad.

⁷ An intuitive explanation is that the average yearly value of a credit equal to x dollars is greater for short-lived investments than for long-lived investments. The nonneutral character of the current investment tax credit and other investment subsidies is discussed more fully in Jane G. Gravelle, *Depreciation Policy Options*, Congressional Research Service, Report No. 80-182E (October 10, 1980). See also Jane G. Gravelle, *The Capital Cost Recovery System and the Corporate Income Tax*, Congressional Research Service, Report No. 79-230E (November 26, 1979).

⁸ Consider two different \$100 investments with useful lives of 1 year and 2 years, respectively. Assuming straight-line depreciation and an annual inflation rate of 10 percent, the average annual impact of inflation on depreciation costs would be \$10 for the 1-year asset and \$7.75 for the 2-year asset.

Cost of living indexes for Americans living abroad

The U.S. Department of State has prepared new indexes of living costs abroad for 21 major foreign cities. The changes in the indexes range from declines of 20 percent for Brussels and 8 to 13 percent for six other European cities—Vienna, Paris, Rome, Frankfurt, Madrid, and The Hague—to increases of 5 to 8 percent for Mexico City, Buenos Aires, and Tel Aviv, and 17 percent for Manila. The changes in the indexes for the other 10 cities were no more than 3 percent, however. The periods between price survey dates were 4 months for Johannes-

burg, 1-1/2 to 2 years for New Delhi, Manila, and Singapore, and 8 to 14 months for the other cities.

The indexes of living costs abroad are used to compute post allowances for Americans assigned to foreign posts where living costs, based on an American pattern of living, are higher than in Washington, D.C. The indexes compare the cost in dollars of representative goods and services, excluding housing and education, purchased at foreign posts and in Washington, D.C. Changes in the indexes reflect both relative changes in the prices of goods and services between survey dates and changes in foreign currency exchange rates. Table 1 presents indexes of living costs abroad for 30 cities.

The declines in the local indexes for the seven European cities reflect the improvement in the U.S. dollar exchange rate versus the European currencies, because (except for Frankfurt) local prices paid by Americans actually rose more than prices in Washington, D.C. Prices increased 15 percent more in Madrid, 9 to 12 percent more in Paris, Rome, and The Hague, 6 percent more in Brussels, and 3 percent more in Vienna. In Frankfurt, prices paid by Americans rose at the same rate as in Washington, D.C. However, the dollar gained about 15 percent versus the Austrian and German

Table 1. Indexes of living costs abroad, excluding housing and education, July 1981

[Washington, D.C. = 100]

Country and city	Survey date	Monetary unit	Rate of exchange per U.S. dollar	Local index
Argentina: Buenos Aires	Feb. 1981	Peso	2232	164
Australia: Canberra	Jan. 1981	Dollar	0.8626	123
Austria: Vienna	Feb. 1981	Shilling	15.0	141
Bahrain: Manama	Nov. 1980	Dinar	0.3774	138
Belgium: Brussels	Apr. 1981	Franc	37.0	126
Brazil: Sao Paulo	Oct. 1980	Cruzeiro	58.3	96
Canada: Ottawa	Nov. 1980	Dollar	1.18	103
China: Beijing	July 1980	Yuan	1.46	96
France: Paris	Mar. 1981	Franc	4.80	153
Germany: Frankfurt	Feb. 1981	Mark	2.00	138
Hong Kong: Hong Kong	Apr. 1981	Dollar	5.40	115
India: New Delhi	Mar. 1981	Rupee	8.25	93
Israel: Tel Aviv	Nov. 1980	Shekel	6.60	133
Italy: Rome	Jan. 1981	Lira	1032	113
Japan: Tokyo	Jan. 1981	Yen	205	155
Korea: Seoul	June 1980	Won	587	135
Mexico: Mexico, D.F.	Feb. 1981	Peso	23.5	104
Netherlands: The Hague	Feb. 1981	Guilder	2.50	132
Nigeria: Lagos	Mar. 1981	Naira	0.5774	169
Philippines: Manila	Dec. 1980	Peso	7.66	104
Saudi Arabia: Al Khobar (Dhahran)	May 1980	Riyal	3.33	139
Singapore: Singapore	Nov. 1980	Dollar	2.10	116
South Africa: Johannesburg	Oct. 1980	Rand	0.7407	114
Spain: Madrid	Feb. 1981	Peseta	86.3	109
Sweden: Stockholm	June 1980	Krona	4.18	168
Switzerland: Geneva	May 1980	Franc	1.58	176
United Arab Emirates: Abu Dhabi	Aug. 1980	Dirham	3.66	135
United Kingdom: London	Apr. 1980	Pound	0.4169	154
U.S.S.R.: Moscow	Nov. 1980	Ruble	0.6622	134
Venezuela: Caracas	Oct. 1980	Bolivar	4.28	137

SOURCE: U.S. Department of State, Allowances Staff.

marks, 20 percent against the French franc, 25 percent versus the Italian lira and the Dutch guilder, and 30 percent against the Belgian franc and the Spanish peseta. Therefore, living costs in U.S. dollars declined from 8 to 13 percent, in descending order, in Vienna, Paris, Rome, Frankfurt, Madrid, and The Hague, and costs in dollars fell 20 percent for Americans in Brussels.

On the other hand, living costs in dollars rose 5 to 8 percent in Mexico City, Buenos Aires, and Tel Aviv, and 17 percent (over 2 years) in Manila. In all cases, the appreciation of the dollar offset, in part, the effect of higher local price increases. For Americans in Mexico City, the exchange rate offset about one-third of a 9-percent higher trend in local prices. In Buenos Aires, local prices rose about 30 percent more than those in Washington, D.C., and in Manila, about 20 percent. However, the exchange rate cost of the Argentine peso was down almost 20 percent, while the Philippine peso declined only 4 percent. For Americans in Tel Aviv, a 50-percent depreciation of the shekel versus the dollar offset almost all of the local price increases, which were 115 percent higher than those in Washington, D.C.

For the other 10 cities, the changes in living costs in dollars were small. Except for Tokyo and Hong Kong, this reflects moderate changes in both relative prices and exchange rates. For Tokyo, the local index was almost unchanged, but local prices paid by Americans rose considerably less than those in Washington, D.C.,

while the foreign exchange cost of the Japanese yen increased 10 percent. (The exchange rate has since declined.) In Hong Kong, conversely, the higher local price increases were almost exactly offset by 8-percent lower exchange rate costs. For the other eight cities, both relative prices in local currency and the exchange rates were little changed. The new local indexes were down 1 to 3 percent for Tokyo, Moscow, Hong Kong, Lagos, Canberra, and Manama; unchanged for New Delhi; and up 1 to 3 percent for Singapore, Johannesburg, and Ottawa.

It is advisable to check the prevailing exchange rates whenever using the indexes of living costs abroad because the rates are subject to sudden shifts, and different rates would substantially affect living costs in dollars.

The indexes for 164 foreign cities are published in quarterly reports entitled *U.S. Department of State Indexes of Living Costs Abroad and Quarters Allowances*. Data for all cities are published in April, and subsequent revisions are published in July, October, and January. The methods of compiling and using the indexes are explained in *U.S. Department of State Indexes of Living Costs Abroad and Quarters Allowances: A Technical Description*, Report 568 (Bureau of Labor Statistics, 1980). The reports are available from the Office of Publications, Bureau of Labor Statistics, Washington, D.C. 20212. □