to the trend in manufacturing as a whole. The resulting ratios are included in appendix C.

While these indexes are probably indicative of general trends in manufacturing industries, their limitations should be carefully noted. It has already been pointed out that the scope and method of classifying these various series differ, depending largely upon the nature and availability of the data involved. Thus profits are on a corporate basis, earnings, employment, and output are on an establishment basis, and prices on a product basis. In addition, the series included are not exhaustive, i.e., they do not reflect all the costs (including profits) which go to make up the final price. In particular, no data are available on the costs of materials; also, indirect taxes may be an important element of price in a few instances, as in tobacco products. Finally, the indexes of direct labor costs per unit of output very probably understate the actual rate of increase in labor costs, since they are based on the trend in gross hourly earnings of production workers only; no figures are available to show average hourly labor costs of both production and nonproduction workers. The resulting indexes probably understate the rate of increase in labor costs because (1) the rate of increase of employment of nonproduction workers has considerably exceeded that of production workers; in fact, the total number of production workers employed in manufacturing in 1958 was considerably lower than in 1947, whereas employment of nonproduction workers had risen by over 50 percent, and (2) because the average level of hourly compensation for nonproduction workers very probably exceeded the average hourly earnings of production workers. Thus, the shift in "employee mix" would result in a greater rate of increase in labor costs than would be reflected in the trend of earnings for production workers alone.

Since the following data is presented in terms of basic trends relative to manufacturing as a whole, some preliminary discussion of the underlying movement of prices, costs, and profits in all manufacturing may be helpful. These figures are presented in table 13. It is clear that the manufacturing price level has risen steadily since 1947, with the exception of a fairly substantial reduction of 3.2 percent in the 1949 recession and a smaller downward readjustment after the sharp speculative rise which accompanied the outbreak of the Korean war in mid-1951.

TABLE 13.—*Basic trends in manufacturing, 1947–58*

[1947–49=100]

Year	Wholesale price index: All manufactures	Direct labor costs per unit of output	Profits plus depreciation and depletion as percent of sales	Materials and components for manufacturing	Production worker employment	Nonproduction worker employment
1947	95.9	96.3	102.3	96.4	103.4	97.4
1948	103.8	101.6	105.0	104.0	102.8	101.8
1949	100.3	101.6	92.7	99.6	93.8	100.8
1950	104.1	99.8	119.0	104.5	99.6	103.5
1951	115.5	109.2	114.6	118.4	106.4	115.2
1952	112.9	111.6	99.7	113.4	106.3	124.6
1953	112.8	114.6	100.6	115.2	111.8	133.0
1954	113.7	114.5	98.0	115.4	101.8	133.0
1955	115.0	112.1	112.8	118.2	105.6	136.8
1956	119.5	115.8	109.3	123.7	106.7	144.8
1957	123.2	118.8	102.3	126.9	104.4	151.2
1958	124.5	120.4	92.7	127.2	94.2	148.8

Sources: See app. A. The "Materials and components" index is from the Economic Report of the President, January 1959, p. 198.