Income increases for families headed by managers and officials were far greater than for families of other groups of nonfarm employees, white collar and blue collar.

Occupation of family head	Percent increase from 1960 to 1964 in—	
	Median income	Income at third quartile point [1]
Managers, officials	31	88
Clerical, sales	14	4
Craftsmen, foremen	21	22
Operatives	18	25
Laborers, service workers	11	15

[1] Lowest income received by any family in the 25 percent of the group with the highest incomes.

Property income undoubtedly played a significant part in the sharp increases in incomes of managers' and officials' families. Disproportionately large increases in their salaries, quite likely, helped to heighten the contrast with the lesser gains of other nonfarm employees.

8. From December 1965 to December 1966 the Consumer Price Index rose 3.3 percent with the result that workers limited to 3.2 percent guidepost wage increases suffered declining living standards in the face of rising productivity.

During the months from January to August 1966, the Consumer Price Index rose at an annual rate of more than 4 percent. It was only after August that wage rates (as reflected in the index of hourly earnings in manufacturing excluding overtime and inter-industry shifts) began to accelerate their previously creeping rate of increase.

9. Contrary to widespread impression, prices charged for manufactured goods have contributed substantially to the increase in living costs.

The Council of Economic Advisers, in its September 12, 1966, statement and elsewhere, has fostered the impression that prices of manufactured goods have had little to do with rising living costs. It has put major emphasis on increases in farm income and on the wage gains of workers in the low-wage service industries and in other nonmanufacturing industries where unions exercised "market power." However, wholesale prices of finished manufactured goods other than foods increased 3.1 percent from the second quarter of 1960 to the same quarter of 1966. This increase in wholesale prices contributed materially to the rise in living costs, directly and indirectly, although increases in retail markups may also bear part of the responsibility. (Consumer prices of all commodities except food, which consist overwhelmingly if not entirely of manufactured goods, increased 4.1 percent during the same period.[1]) Manufactured goods, excluding food, accounted for 43.5 percent of the total weight in the CPI as of December 1963, when the index was last revised.

10. The increase in wholesale prices of manufactured goods occurred despite a decrease in unit labor costs which, under the guideposts, should have led to price reductions.

As late as July 1966, unit labor costs in manufacturing industry were still below the 1960 average. Had the decrease in unit labor costs been reflected in price reductions, a significant proportion of the rise in the Consumer Price Index would not have occurred. If, in addition, excessive prices had been reduced, the rise in the CPI would have been even smaller.

11. Rising prices of manufactured goods in the face of declining unit labor costs raised the ratio of wholesale prices to unit labor costs to the highest level since the speculative inflationary boom set off by the Korean war.

The index of that ratio (1957–58=100) rose almost steadily from 100.4 in November 1963 to 105.8 in July 1966, the highest level reached since June 1951. This index shows indisputably that labor costs provided no excuse for price increases.

[1] Information obtained by telephone from BLS; the published CPI figures for "Commodities Less Food" include home purchase costs since 1964. Such costs were excluded in computing the above figure.