APPENDIX A

Chart 1

The average annual unemployment rate was computed from Department of Labor estimates of unemployment and civilian labor force. It is the official rate carried to two decimal places.

The unemployment and labor force estimates have undergone some changes over the period covered. One has been carried all the way back, the exclusion of 14- and 15-year olds from the figures. Others—the inclusion of Alaska and Hawaii in 1960, and the 1962 adjustment to the 1960 census—have been of negligible effect. One, however, has been more significant. A change of definitions in 1967—carried back to 1966—reduced the then unemployment figure by about 100,000, and the rate by about 0.12 percentage points. The rates for years before 1966 are presumably a shade high by present definitions.

The intrayear changes in compensation per man-hour were figured by dividing quarterly Department of Labor estimates of man-hours worked by all private nonfarm employees into quarterly Department of Commerce estimates of the total compensation of these employees. Opening values for each year were derived by averaging the figures for the fourth quarter of the prior year and the first quarter of the current year; closing values, by averaging the fourth quarter of the current year and the first quarter of the following year. The figures for 1968 are the change from the fourth quarter of 1967 to the fourth quarter of 1968. To reduce distortions due to shifts of employment—man-hours—from high- to low-wage industries, and vice versa, we have factored out such shifts among seven major areas: mining, manufacturing, construction; transportation and public utilities, trade, finance, insurance, and real estate, and services.

APPENDIX B

Chart 3

The procedure described in appendix A for deriving intrayear changes in the average hourly compensation of all private nonfarm employees (chart 1) was employed in the present instance for deriving similar changes for two components of the total: heavily unionized industries—mining, manufacturing, construction, and transportation and public utilities—and lightly unionized industries—trade, services, and finance, insurance, and real estate. An opening value for compensation per man-hour in 1947 required an extrapolation of quarterly data back to the fourth quarter of 1946 since Government sources did not permit a direct estimate for that quarter. Again the effect of employment shifts among the listed subgroups was excluded.

The figures for 1968 are the change from the fourth quarter of 1967 to the fourth quarter of 1968.

APPENDIX C

Chart 5

For the purpose of chart 5, we computed intrayear changes in profit margins as differences between successive end-of-year estimates, these