

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

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**Date:** July 7, 1993  
**To:** Federal Open Market Committee  
**From:** Mike Prell  
**Subject:** Trend in relative costs of capital and labor

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Attached is a chart extending back the time series on the capital-labor cost ratio. In the process of creating this, we caught a glitch in the earlier calculation--but it does not change the 1988-94 picture greatly.

### Cost of Capital (Total) divided by ECI Compensation (Quarterly, 1988:Q1=1)

