

although the rise of wages was roughly similar in durable and non-durable goods industries, the increase in prices of materials was not. This may account for most of the contrasting amounts of average price increase. Hickman also claims that since labor lost some of its real income in the early postwar period when wages did not respond adequately to rising costs in the later period—that is, from 1945 to 1957—labor not only tried to make up for the losses in the earlier period but tried to increase its real income. He also claims that demand pressures were not nearly so great in 1956–57 as in the early postwar. And, rather than call the pressures a cost push, he would categorize them as bottlenecks, for then the connotation would be increased demand as well as increased costs in sectors where prices were rising rapidly.⁸³

RELATION OF PRICE MOVEMENTS AND OTHER VARIABLES

I examined the relevant variables to see if I could find any correlation, for example, between price rises and the distribution of manufacturing income. For the yearly aggregates I found no correlation, nor could I find in manufacturing any correlation between (1) compensation of employees as a percentage of manufacturing income, (2) corporate profits after taxes and unincorporated income as a percentage of income, and (3) corporate profits before taxes and unincorporated income as a percent of income in the years 1947–57 as functions of the manufacturing wholesale price level. Nor is there any clear correlation between the percentage change from year to year for the compensation of employees and price changes. Profits seem to be more clearly correlated with production level than they do with price changes, nor do we find any clear relationship in manufacturing between the excess of the percentage change in employee compensation over that of production and the percentage change in the wholesale price index for manufacturing. I also examined the percentage change from year to year of the excess of change in employee compensation over that of production and the percentage change of the wholesale price index for the years 1947–58. No close relationship is revealed, although, as might be expected, there is a very rough coincidence. We can conclude that yearly data do not indicate whether profits or wages have gained as a result of price increases. Perhaps one explanation of this fact is the cyclical nature of profits and the steady upward trend of wages and prices. In big boom years like 1947, 1950, and 1955, prices rise and profits gain relatively to wages. In more normal years like 1956, prices rise and profits decline relatively to wages.

I have also tried to compare for eight major industrial sectors of the economy the movements of compensation of employees—that is, wages, profits after taxes, and unincorporated income, profits before taxes and unincorporated income, and net interest for various periods from 1929 to 1958. This table is summarized below, and it suggests variations in the experience for different parts of the economy and also in different periods. For example, wages seem to have done very well when one compares 1929 and 1955–58, but profits seemed to do relatively well from 1938 to 1941 and from 1942 to 1945, though

⁸³ Hearings, Joint Economic Committee, "Relationship of Prices to Economic Stability and Growth," pp. 93–95.