

the other years, up until 1956-57, the increase in real hourly earnings greatly exceeded the rise in output per unit of labor and capital combined. These on the whole were prosperous years, with the exception of 1953-54, and though productivity varied considerably, the general trend of real hourly earnings in manufacturing was distinctly upward. Here wages and inflationary policies undoubtedly played a part.

In a table published by Professor Fabricant based on work by Mr. Kendrick, of the National Bureau of Economic Research, the author presents some interesting trends from 1899 to 1953 on output, input, output per unit of total input, real hourly earnings, and price of product. I have analyzed this table and have brought together some excerpts from it in an attempt to look further into the relationship between real hourly earnings and output, productivity, and prices.

First, it is important to note the large differences among different industries—for example, manufacturing industries; and all these figures relate to 1899=100, and the figures are for 1953.

The extremes in manufacturing output were a rise in lumber, 128 percent, and electrical machinery, 6,264.

The extremes in productivity, that is, output per unit of input, were also large, though the differences were not nearly so large as in the total output.

Rubber, with output of 878, had the largest rise of productivity; namely, 778 percent; and lumber, with 177, a rise of 77 percent, had the smallest.

As might be expected, the prices of the product might reflect the varying increases of productivity. Rubber had declined in price during this period by 42 percent, whereas the price of lumber had increased by 961 percent. Actually, rubber had experienced an increase of output of 4,853 percent and a rise in productivity of 778 percent. A small increase in both output and of productivity in lumber is reflected in a relatively large rise of prices, just as the great increase of output and productivity in rubber is reflected in a very small increase in prices, or rather a net decline in prices.

In contrast to the large differences between the lowest and highest industry in the census classification for manufacturing, for price of product and productivity, the extremes of real hourly earnings in manufacturing were only from a 123-percent rise for miscellaneous manufacturing to a 305-percent rise for paper. Of course, these figures do suggest that wages in each industry are not primarily determined by productivity, for if they were the differences in real hourly earnings, or rather in the increase in real hourly earnings, would be much greater than is suggested by this table.

This table does suggest very large rises in real hourly earnings in 54 years. That means, of course, that hourly earnings rose much more than the price level. For the whole economy, there is a moderately close relationship between the rise of real hourly earnings and the output per unit of total input. But this relationship is anything but close among industries. I list a number of industries in the order of their increase in output from 1899 to 1953. The differences in the rise of real hourly earnings are substantial, but nowhere near as large as those in output per unit of input. Nor is there any evident relationship between the trends of prices of products and those of real hourly earnings by industries. The electric light and power industry experi-