

unit wage and salary costs rose and the employees' share recovered slightly, at the expense of profit margins.

18. Even in this short period between 1949 and 1956, there seems to be a significant cyclical pattern: in the recession years, wage earnings lost ground and then, after a lag of about 1 year, revived and pressed on to gains clearly in excess of productivity increases. Over the decade, current wages increased more rapidly than output per unit of labor. This, given the relative stability of the profit ratio, would be sufficient to explain the pressure upon commodity prices. But it is at least doubtful that prices would have risen by as much had there not been the cyclical pattern of loss in the wage share and accelerated recoupment twice in the decade. This evidence supports an interpretation of the cost-push process in which wages and profits alternate in capturing short-run gains (with wages lagging somewhat in the recoveries), but move together when the changes are averaged over the cycle.

19. When we consider the individual manufacturing industries, the pattern appears to be more varied and it becomes possible to answer more specific questions about the relationships among wages, profits, and prices. The frequency distribution of first differences between the share of compensation of employees in 1947 and 1956, computed from the three-digit industry distributions, is shown in table 2A; corresponding data for production workers is shown in table 2B. The frequencies are given in numbers of employees and production workers, respectively.

TABLE 2.—Frequency distribution changes in share of wages and salaries in manufacturing value added, 1946-57

A. ALL EMPLOYEES

[Thousands]

$\frac{\text{Earnings (1956)} - \text{Value added}}{\text{Earnings (1947)} - \text{Value added}} =$	<-.05	(-.05) --(-.03)	(-.03) --(-.01)	(-.01) --(+.01)	(+.01) --(+.03)	(+.03) --(+.05)	>+.05
All manufacturing	2,980	1,966	1,958	3,219	1,793	2,025	2,516
Industries 20-29	507	114	1,004	1,210	751	1,580	2,359
Industries 30-39	2,473	1,852	954	2,009	1,042	446	157
Durable goods sector (24, 25, 32, 33, 34, 35, 36, 37, 38, 39)	2,455	1,474	962	2,269	1,060	424	770
Nondurables sector (20, 21, 22, 23, 26, 27, 28, 29, 30, 31)	525	492	996	950	733	1,602	1,862
Consumer durables sector (227, 251, 301, 358, 362, 366, 371)	895	212	0	762	0	54	0

B. PRODUCTION WORKERS

[Thousands]

$\frac{\text{Earnings (1956)} - \text{Value added}}{\text{earnings (1947)} - \text{value added}} =$	<-.05	(-.05) --(-.03)	(-.03) --(-.01)	(-.01) --(+.01)	(+.01) --(+.03)	>+.03
All manufacturing	4,371	2,319	2,431	1,430	561	2,104
Industries 20-29	513	519	1,414	1,189	435	2,029
Industries 30-39	3,858	1,800	1,017	241	126	75
Durable goods sector (24, 25, 32, 33, 34, 35, 36, 37, 38, 39)	3,714	1,849	1,017	327	98	445
Nondurable sector (20, 21, 22, 23, 26, 27, 28, 29, 30, 31)	657	470	1,414	1,103	463	1,659
Consumer durables sector (227, 251, 301, 358, 362, 366, 371)	893	226	371	417	0	

Source: Census of manufactures, computed at Harvard economic research project.