

20. Recall that the wages and salaries share increased by 2.8 percent, from 0.534 to 0.552 of value added in manufacturing over the decade. The distribution of changes does not show any concentration about that figure. There is a mode in the interval of small changes—that is, less than 1 percent difference in either direction. But there are two additional peaks: one at the upper end of the scale—changes of more than 5 percentage points, and another, somewhat larger, at the negative end of the scale. When we split the distribution into two industry groups—those producing nondurable goods and those producing durables—a more significant pattern emerges. The nondurable-goods group displays a definite peak at the high positive end of the scale. The durables sector has a peak in the small-change bracket and another, larger one in the negative open-end bracket, that is, the bracket containing losses in share that were greater than 5 percentage points. There was evidently a real difference in the wage-profit relationships between the two major groups.

21. Within the durables sector, motor vehicles and iron and steel accounted for three-quarters of the frequency at the open end of the negative scale showing losses in wage share. The decline in employees' share in blast furnaces and steel mills (331) was almost 16 percentage points;⁶ the decline in motor vehicles (371) was almost 10 points. In both cases there was a fairly steady downward trend over time, with a minor revival in 1952 in the basic steel wage and earnings share, and a somewhat stronger rise in 1953 in the employees' part of the motor vehicles distribution. There was less concentration in the nondurables industry distributions, although broadwoven fabrics (223) and men's furnishings (232) are major industries that showed large gains.

22. For production workers, the wage share in value added declined from 40.7 percent to 37.3 percent. However, when the distribution of changes is considered in more detail, we find a similar pattern to that among all employees, but with a more decisive concentration at the lower ends of the scale. There is a minor peak in the frequency of gains of greater than 3 percent, contributed almost entirely by the nondurables. There was one strong gain in the production workers' share in the durable goods sector—by the lumber and basic products wage earners.

23. From the definition of the wage share given above, it would be expected that the decline in the production workers' share might be partly accounted for by some difference in the growth of salaried workers between the two sectors. There is a slight difference, in the expected direction; nonproduction workers employment increased a little more in the durables industries. The gain was from 16.3 to 23.4 percent in durables, compared with a change 16.4 to 22.7 in the nondurables (from 1947 to 1957). The gain in salaried employment the durables, however, was not concentrated in the primary metals or motor vehicles industries, where the reductions in the production wage share were heaviest, but in ordnance (which is not included in this study), aircraft, and machinery.⁷ There does not seem to be much of an explanation in this change.

⁶ If the employment costs as a percent of revenue given in the Eckstein-Fromm Study, table 11, are translated into wage costs as a share of value added, the agreement of these two estimates from different data sources becomes reassuringly clear.

⁷ Cf. Murray Wernick, "Occupational Shifts in Manufacturing Employment: Some Implications for Productivity and Unit Labor Cost Measurements." Speech before the Cleveland chapter, American Statistical Association, Mar. 4, 1953, mimeographed, table 4.