24. The major declines in the share of employees' compensation occurred among the durable goods producers, and in particular, in the primary metals and automobiles sectors. Let us review the major elements of change in the shares identity for these industries. Average earnings of production workers increased about 10 percent faster in the durables than in the nondurables. Earnings in basic steel, in turn, went up about 10 percent faster than the average for all durables; earnings in the automobile industry went up a little less rapidly than the durables average. Output per production worker man-hour went up more rapidly in durables than in all manufacturing and more rapidly in basic steel than in all durables. A crude unit labor cost index shows an increase of at least 10 and probably 15 percent greater for nondurables over the decade.[8]

25. The profit margins are somewhat more complicated. Between 1947 and 1956, the ratio of net profits before taxes to sales, for 200 large manufacturing corporations, went from 13.3 percent up to a peak of 17.9 in 1950, and then down to 12.9 at the end of the period. The durable goods manufacturers in the group earned profits at generally lower rates and the nondurables rate was correspondingly higher. The rates are quoted in table 3.

TABLE 3.—*Profit margins, 200 large manufacturing corporations*

[Profits before tax as percent of sales]

Year	All	Durables	Nondurables	Year	All	Durables	Nondurables
1947	13.3	11.9	15.5	1952	13.4	12.6	16.3
1948	14.4	13.2	16.3	1953	13.2	12.5	14.6
1949	13.8	13.4	14.5	1954	12.5	12.0	13.4
1950	17.9	13.1	18.1	1955	14.7	14.7	14.8
1951	16.8	15.9	18.2	1956	12.9	12.3	14.0

Source: Board of Governors, Federal Reserve System, in "Productivity, Prices, and Incomes," tables 34, 35, 36.

26. In order to compare the basic steel and automobile margins to those for all manufacturing, it is necessary to turn to yet another set of figures. In this series, which is again net of depreciation and therefore not directly comparable to the value added shares, net profits as a proportion of sales in all manufacturing (except newspapers) went from 11 to 9.7 percent. The ratios in primary iron and steel went from 10.9 to 13.2 percent over the period and the ratio in motor vehicles manufacturing from 10.7 to 10.8 percent. There were intermediate peaks in 1950 and 1955 in all three series, but the automobile earnings in those years were significantly higher than the ratios for basic steel and all manufacturing. The automobile profit ratio was 15.1 percent in 1955.[9]

27. It seems to me to be a fair interpretation of this data to say that the decline in the share of employees compensation in durable goods production is not the combined result of unusual productivity gains,

[8] Sources: Production worker wage earnings. Bureau of Labor Statistics, tables 44, 45, Productivity, Prices, and Incomes: Production indexes, Board of Governors of the Federal Reserve System. Federal Reserve Bulletin. December 1957.

[9] Source: Federal Trade Commission—Securities and Exchange Commission, Quarterly Financial Report for Manufacturing Corporations, quoted in Productivity, Prices, and Incomes, tables 33, 149, 189.