

TABLE 6.—*Regression equation*

[Average annual wage change, all employees, industry i , 1949-56= B_1 (average annual real output change),
 $+B_2$ (average annual change output per unit labor), $+B_3$ (average annual change, all employment), $+B_4$ (average wholesale price index), i]

Independent variable	Regression coefficient	Partial correlation coefficient	Beta coefficient	Standard error of Beta coefficient
Average annual output change, i	0.0060	0.0429	0.0399	0.1242
Average annual output/labor change, i	-.0128	-.1162	-.1090	.1244
Average annual employment change, i	-.0427	-.1322	-.1252	.1254
Average wholesale price index, i	.0401	.3486	.3484	.1252
Regression constant= 1	105.46			
Standard error of estimate	1.72449			
Multiple correlation coefficient.....	.3695			
Coefficient of multiple determination, R^2	.1365			

NOTES

Degrees of freedom= $n-5=56$.

Industries included in sample: 205, 211, 212, 213, 224, 226, 234, 235, 241, 261, 264, 265, 266, 267, 271, 272, 276, 277, 291, 301, 302, 303, 309, 311, 312, 313, 316, 321, 322, 323, 324, 327, 328, 331, 332, 334, 335, 336, 339, 341, 347, 352, 353, 355, 362, 363, 364, 374, 379, 381, 382, 383, 385, 386, 397, 375.

The coefficient of multiple determination for wage changes was $R^2=0.1365$, almost all of which was contributed by the addition of the mean price index to the regression. The multiple correlation coefficient was $R=0.3695$. The wage changes are negatively, though weakly related to changes in output per unit labor and employment. The negative coefficient between wages and employment implies that wages have continued to rise even when employment has fallen behind in a given sector. The negative coefficient when changes in output per unit labor is the independent variable means that specific industry unit labor improvements count for less in terms of wage gains than the maximum improvement or at least the average improvement. This is not, by any stretch of the imagination or will to believe, a result to support the demand-pull hypothesis as an explanation of wage increases in inflation.

35. The second equation (table 7) used the same variables, ordered somewhat differently, in an attempt to relate the rate of specific price increase in the three-digit industries, first, to the wage change and then to the demand variables, taking productivity into account again. The coefficient of determination for prices upon wage changes was $R^2=0.1093$. Addition of real output change and productivity change added virtually nothing; the addition of annual employment change to the independent variables brought the coefficient of multiple determination up to $R^2=0.1359$. Among the partial correlation coefficients, that is, the measures of relationship between the dependent and single independent variables when the other independent variables are fixed, only the price-wage relationship ($_{12\ 345}=0.3486$) and the price-employment change relationship ($_{15\ 234}=0.1635$) approach economic significance.