

those industries with the largest decline in employment.¹² Between 1955 and 1957 wage rate increases in those industries with the least expansion in employment were the same, on the average, as those in industries with the most rapid expansion in employment. If the mobility of the labor force were very high, these results would call for little comment. There is, however, far from perfect mobility in the labor force, particularly in the short run, and there are substantial differences in wage rate increases among various industries. The central fact is that these differences are not at all closely related with the magnitude of increases in the employment of production workers.

TABLE 9.—*Relationship of change in employment to change in average hourly earnings of production workers*

	Percent change in production worker employment		Percent change in average hourly earnings	
	1948-57	1955-57	1948-57	1955-57
Upper quartile ¹	21	2	53	9
All industry average.....	1	-3	51	10
Lower quartile ¹	-20	-10	50	9

¹ Quartiles selected on basis of employment changes only.

Sources: Bureau of Labor Statistics.

If, however, we compare changes in wage rates, not to changes in employment, but to changes in production, there does appear to be some relationship between the two, particularly in the longer period, 1948 to 1957. The changes in wage rates appear therefore to be more closely related to changes in the demand for output rather than to the changes in the demand for labor.

TABLE 10.—*Relationship of changes in output to changes in average hourly earnings of production workers*

	[Percent change]			
	Output		Average hourly earnings	
	1948-57	1955-57	1948-57	1955-57
Upper quartile ¹	84	9	57	11
All industry average.....	39	3	51	10
Lower quartile ¹	10	-5	40	9

¹ Quartiles selected on basis of output change only.

Sources: Average hourly earnings; BLS. Output; FRB indexes of manufacturing production used in this study.

From 1948 to 1957 the average increase in hourly earnings in the five most rapidly expanding industries was 57 percent; in the five most slowly expanding industries the increase was 40 percent. From 1955 to 1957 the differences were relatively smaller; the rate of increase in wages in the most rapidly expanding industries was about 22 percent higher than in the slowly expanding industries (i.e. 11 percent

¹² The coefficient of rank correlation between increases in man-hours of production worker employment and increases in wage rates during the 1948-57 period was only 0.14.