TABLE 3.—*Simple time series correlation coefficients between annual changes in wages and selected variables, 1947–58* [1]

Industry	Percent change in straight-time hourly earnings on—				
	Percent change, production worker employment	Percent change, output	Rate of return on equity before taxes	Rate of return on equity after taxes	Rate of return on equity before taxes lagged 1 year
20. Food	0.165	−0.638	0.234	0.353	0.805
21. Tobacco	−.476	−.099	.040	.168	.017
22. Textiles	.408	.173	.848	.835	.709
23. Apparel	−.027	−.409	.236	.122	.395
24. Lumber	.252	.012	−.200	−.322	−.201
25. Furniture	−.050	−.290	.643	.533	.805
26. Paper	.049	−.344	.463	.529	.749
27. Printing	−.170	.098	.276	.712	.870
28. Chemicals	.266	−.005	.206	.178	.287
29. Petroleum	.681	.210	.706	.787	.317
30. Rubber	.283	−.063	.540	.072	.792
31. Leather	.192	−.145	.047	−.371	.439
32. Stone, clay, and glass	.381	.139	.177	.188	.173
33. Primary metals	.139	−.014	.204	−.009	.110
34. Fabricated metals	−.131	−.189	.399	.449	.712
35. Machinery, except electrical	.317	.214	.595	.525	.671
36. Electrical machinery	−.139	−.175	−.012	−.243	.617
37. Transportation equipment	.218	.128	−.302	−.307	−.301
38. Instruments	.362	.237	.157	.281	.167

[1] The 5-percent level of significance is 0.6021; the 1-percent level is 0.7348.

Source: See app. A.

This approach was carried one step further by testing for the partial effects of both lagged profits and employment changes; the results are shown in table 4. Lagged profits continued to be strongly correlated to wage changes, with coefficients above the 5-percent level in nine industries. By contrast, employment, while a more important variable than was indicated by simple correlation coefficients, still exceeded the 5-percent level in only two cases. Consequently, the same general conclusions were supported.