

This general situation continued through 1955-58. The textile and clothing industries, including American Viscose, and the shoe firms continued to reach agreements far below the level set in the better situated industries. Within the latter, more diversification also developed, although the bulk of settlements ranged between 40 and 50 cents per hour. The major exceptions were in industries organized by the steel union—steel, aluminum, and Atlantic coast shipbuilding (Bethlehem Steel Co.); in these sectors, wage increases were 59½, 63, and 66 cents, respectively (plus fringes), over the 4-year period.

The second point to be noted from the data is the increasing importance of automatic wage changes, incorporated into long-term contracts in the form of cost-of-living adjustments and annual improvement factors. During the 1946-50 period, this approach was introduced by General Motors, but was rarely followed elsewhere. In 1951-54, however, largely as a result of the sharp rise in the cost of living which accompanied the outbreak of the Korean war in 1950, the annual improvement factor-cost of living approach was adopted in automobiles, farm equipment, aircraft, electrical equipment, and a few others. The steel union, however, continued to follow the more traditional approach, as did several other leading companies and unions.

During 1955-58, however, most of the latter group also went over to automatic adjustments. As a result, virtually every strongly unionized company in the concentrated sectors listed in table 6 had negotiated long-term contracts in 1955 and 1956, providing for automatic annual wage increases plus automatic costs-of-living adjustments through 1957, 1958, and, in some cases, 1959. The only exceptions were rubber, shipbuilding, and oil (Sinclair). On the other hand, none of the low concentration sectors followed this policy after 1955.

The sequence of wage developments during the 1955-58 period is also of very considerable interest. In the summer of 1955, the major "key" bargain was negotiated in the automobile industry, in which sales and profits were at record or near record levels. The contract extended for 3 years to mid-1958, and included an annual improvement factor of approximately 6 cents per hour, a cost-of-living clause, and additional fringes estimated to be worth approximately 12 cents per hour. Shortly thereafter, the steel industry negotiated a straight wage increase of 15 cents, under a wage reopener clause, in a contract which expired in 1956. Output and profits in steel had also risen sharply from the 1954 recession low; the relevant data for both the automobile and steel industries are shown in table 7. Before the year was out, the leading firms in several other major industries in which market conditions and profits were adequate had negotiated similar contracts, with many adopting the 3-year approach of the automobile industry.