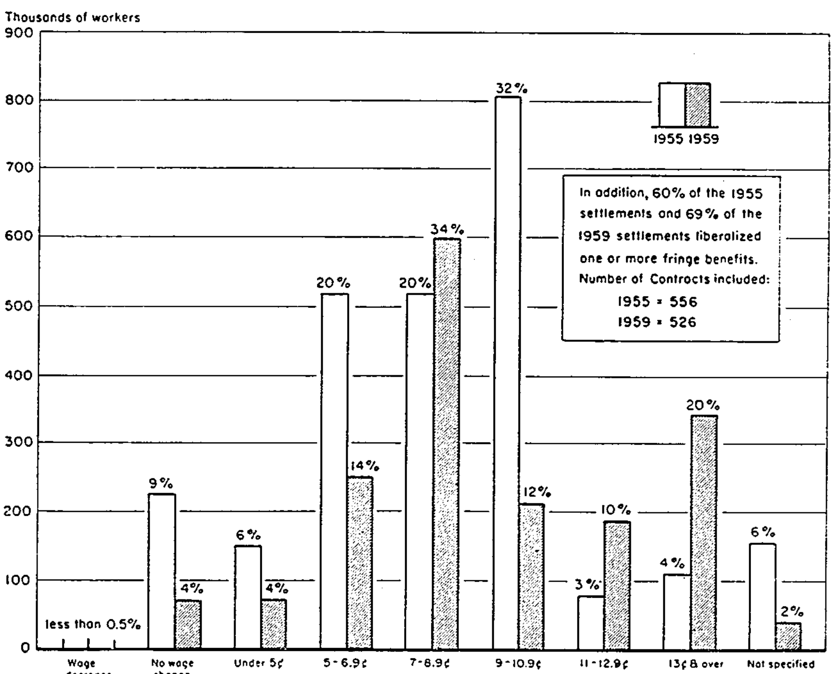
small (originating) increases in the Consumer Price Index. The automobile contract, which terminated in the midst of the sharp recession of 1958, was again renewed for a 3-year period, and again included an automatic annual improvement factor of 2½ percent per year (about 7 cents) plus cost-of-living adjustments. Thus the recession did not appear to have had any appreciable effect on the annual rate of increase in negotiated rates; the direct costs of additional fringe benefits negotiated in the 1958 automobile contract, however, were very low. And in 1959, the steel contract was again being negotiated in the context of a developing boom.

The probability that the rate of increase in wages after 1958 has not been appreciably affected by the 3-year automobile contract is given added support by a comparison of the wage-fringe increases negotiated during the first 6 months of 1959 as compared to the same period in 1955. These periods were generally comparable, since they both represented approximately the same phase of sharp recovery from previous recessions. From December 1954 to June 1955, unemployment declined from 5.0 to 4.1 percent, seasonally adjusted; in the same period, December 1958 to June 1959, the rate fell from 6.1 to 4.9 percent.

NEGOTIATED SETTLEMENTS, FIRST SIX MONTHS 1955 AND 1959



Source: Bureau of Labor Statistics.

The above chart relates to settlements involving 1,000 or more workers concluded during the 6-month period. It includes all wage changes negotiated during the January–June period that are scheduled to go into effect during the contract year—i.e., the 12-month period following the effective date of the agreement. In summarizing percentage increases, it has been necessary to estimate