their value in terms of cents on the basis of available information on wage levels in the industry.

This chart excludes—

Settlements involving fewer than 1,000 workers.

Settlements in construction, the service trades, finance, and government.

Instances in which contract reopening privileges were not exercised.

Wage increases and changes in supplementary practices that went into effect during the period but that were negotiated earlier—for example, deferred wage increases, cost-of-living adjustments, or annual improvement factor increases.

Chart 1 provides a comparison of the number of employees covered by negotiated contracts who received wage increases within specified ranges in the first 6 months of 1955 and 1959. In 1955, 72 percent of employees received wage increases of 5 to 11 cents, compared to only 60 percent in early 1959. However, a full 30 percent received more than 11 cents in 1959, contrasted to only 8 percent in 1955; contrariwise, 15 percent received less than 5 cents in 1955 compared to 8 percent in 1959. An estimate of the weighted average of wage increases for 1955 was 7.6 cents; in 1959, 9.2 cents. This increase of about 20 percent approximates the rise in hourly earnings from 1955 to 1959; relatively, therefore, the 1959 increase was no greater than 1955. On the other hand, the rate of unemployment was almost one percentage point greater in the first 6 months of 1959 as compared to 1955. And finally, 69 percent of the 1959 settlements also liberalized one or more fringe benefits as contrasted to 60 percent in the first 6 months of 1955, although the costs of the 1959 fringes may well have been below those of 1955. The weight of evidence, however, indicates that the rate of advance in wage-fringe costs has not been slower during the 1959 upswing.

One final possible qualification should be noted. The data on which these comparisons are based excludes contracts which contained reopening clauses that were not utilized—that is, contracts in which no increases occurred because the union chose not to request one. They also exclude several types of settlements noted in the chart. It is doubtful that this would affect the data in any important way.

III. The Movement of Manufacturing Prices

An analysis similar to that applied to wage movements was also carried out for price movements in 16 two-digit manufacturing industries. Since the Bureau of Labor Statistics does not compute wholesale price indexes on a basis consistent with most two-digit classifications, it was necessary to construct such indexes by recombining various subgroups of the wholesale price index. The sources and methods used are described in appendix A. The resulting price indexes are shown in table 8 [9]; in all, they account for close to 80 percent of the weights in the entire wholesale price index, and for approximately 95 percent of the total weight in the "all manufactures" index. The major additional items included in the entire wholesale price index are, of course, farm products.

[9] Only 16 industrial sectors are represented because of lack of adequate price data for the remaining 3—printing and publishing, transportation equipment, and instruments. Wherever feasible in the following discussion, price and other data for the three-digit industry, motor vehicles, is used in place of transportation equipment. All of the statistical tests, however, are based only upon the 16 two-digit sectors.