

facturing average; productivity also increased sufficiently, however, that labor costs per unit rose by less than the average, particularly in chemicals. Also, the wholesale price index in these two sectors showed no significant relative upward movement (chemicals dropped considerably, in relative terms). The most striking figure which emerges, however, is the very considerable rise in total returns to capital; in both industries, these margins rose by very much more than in all manufacturing and by considerably more than any other individual sector.

Among the low concentration, strongly unionized industries, somewhat opposite trends are suggested. Once again, hourly earnings followed the all manufacturing trend; labor costs per unit, however, rose by quite a bit more than the average, except in apparel, and the same tendency is evident in the fact that prices in all of these sectors except apparel rose by more than in all manufacturing. Profit margins, however, tended to decline.

Finally, those industries characterized both by a considerable amount of competition in the product market and by weak union organization all showed fairly similar characteristics. In general, hourly earnings and labor costs per unit rose by somewhat less than in all manufacturing; profit margins, on the other hand, fell quite substantially behind in most instances. In addition, output in these industries increased by considerably less than in manufacturing, although it will be recalled that no significant correlation was found between output, prices, and wages on the basis of year to year changes, or changes during major subperiods.

IV. SUMMARY

The primary purpose of the preceding discussion has been to present a body of data and to describe the statistical procedures utilized in analyzing that data as part of an evaluation of the forces underlying the postwar inflation in the United States. Among the most important of the findings of this statistical analysis are the following:

1. No important relationship was found between percent changes in straight time earnings and either percent changes in output, percent changes in production worker employment, or percent changes in output per production worker man-hour. On the other hand, the data indicated a strong interrelationship, particularly after 1951, between percent changes in straight time hourly earnings, profit levels (measured as a rate of return on stockholders' equity), and 1954 concentration ratios. These general relationships were supported by both simple and multiple cross-section and time series analyses. They were also given support by an analysis of wage "patterns" during the postwar period.

2. Based on the most recent available estimates of union strength, there was no generally applicable relationship between union strength and wage increases in various industries. While these estimates are considerably outdated, it is probable that union strength has not changed greatly in most industries over the past decade.

3. One of the factors underlying the upward movement of hourly earnings during the 1956-58 period was the long-term contracts originating in the automobile and steel settlements of 1955 and 1956, which provided for automatic annual productivity increases and cost-