

A 1966 amendment to the MDTA which permits adequate allowances for employed persons taking part-time training should help meet these manpower demands, by enabling persons to upgrade their skills while employed.

There has been a large increase in on-the-job training, so that it now takes equal rank with institutional training. Such on-the-job training has the advantages of lower average cost per trainee, greater specificity in learning content, the earnings it offers during the learning process, and a 90 percent job placement record.

Most of the OJT programs have been generated by industry and labor organizations which have served both as prime contractors and as providers of opportunities for this kind of training on their own sites.

WAGES

Hourly labor costs, including expenditures on supplementary benefits, rose more rapidly in 1966 than during recent years. Yet production and nonsupervisory workers' real take-home pay was lower at the end of 1966 than at the end of 1965 in most majority industry divisions.

The increase in hourly earnings and hourly labor costs in 1966 resulted from wage and fringe increases, a more rapid growth of unemployment in some of the higher wage manufacturing industries than in lower wage activities, and the increase in social security taxes (affecting employers' hourly labor costs).

The fall in real spendable weekly earnings was due to a decline in weekly hours worked, the rise in the consumer prices, and the employees' part of the increase in social security taxes effective in January 1966.

Analysis of major collective bargaining agreements concluded during 1966 indicates—for other than construction industries—we have given you the fairest figures—

(1) For key contracts, a median package (wages plus benefits) increase of 4.1 percent a year, assuming equal spacing of changes over the life of the contract. This compares with 3.3 percent last year.¹ (table 2).

(2) Considering wage rates alone, an increase of 3.7 percent a year as measured over the life of the contract, compared with 3.3 percent in 1965 and 3 percent in 1964.

(3) A median first-year wage adjustment of 4.4 percent, compared with 3.8 percent in 1965 and 3.2 percent in 1964. Negotiated adjustments were the largest since 1957. Despite the fact that the rate of unemployment in 1955, 1956, and 1957 was slightly higher than in 1966, first-year rate adjustments were larger in those years than in 1966. (See chart 4, p. 255.)

During 1966, settlements in the construction industry continued to be larger than those in other industries (table 3).

An unusually high proportion of workers in nonunion establishments received increases in 1966—about 80 percent as compared with a previous record (before 1965) of between 50 and 60 percent. About

¹ Limited to contracts of 5,000 or more in 1966 and 10,000 or more in 1965; other information refers to contracts affecting 1,000 or more.