

The ratio including 1967 lends no support to the earlier conjecture that the end of guideposts could be discerned in last year's wage developments. For the present, I have no interpretation of this evidence. The impact of guideposts no doubt died somewhat and slowly, not all at once on January 1. Apart from this, the statistics reflect wage changes from bargains struck earlier. Nonetheless, one would expect to see some effect if the data were not thrown off by other factors. This may be the case—1967 was a year in which overtime pay changed sharply in some industries and part of the answer may lie in a differential impact of this change among the two industry groups. Their employment experience in 1967 suggests it could. (Because satisfactory data on straight-time wages are not available for the mid-1950's, they could not be used in this part of the analysis, although the equations explaining total manufacturing wages do deal with straight-time earnings).

TABLE 2—R*: RATIOS OF WAGE CHANGES IN THE 1950'S TO WAGE CHANGES IN THE 1960'S¹

Industry	Periods used for ratios			
	1954 to 1957 1963 to 1966	1954 to 1956 1964 to 1966	1955 to 1957 1965 to 1967	1954 to 1955 1964 to 1964
Visible group:				
Ordnance and accessories.....	1.025	1.023	1.049	0.999
Primary metals.....	1.033	1.033	1.031	1.043
Fabricated metal products.....	1.016	1.009	1.012	1.009
Machinery.....	1.011	1.013	1.011	1.009
Electrical equipment.....	1.020	1.016	1.016	1.000
Transportation equipment.....	1.008	1.004	1.006	1.008
Chemicals and allied products.....	1.020	1.019	1.020	1.010
Petroleum and related products.....	1.024	1.019	1.014	1.007
Rubber and plastic products.....	1.020	1.024	1.013	1.036
Mean.....	1.020	1.018	1.019	1.013
Invisible group:				
Lumber and wood products.....	1.002	1.005	.990	1.004
Furniture and fixtures.....	1.003	1.000	.994	.998
Stone, clay, and glass products.....	1.018	1.015	1.011	1.014
Tobacco manufacturers.....	1.011	1.000	1.023	.967
Textile mill products.....	.988	.983	.990	.971
Paper and allied products.....	1.017	1.016	1.015	1.011
Leather and leather products.....	1.005	1.011	.996	.989
Mean.....	1.006	1.004	1.003	.993

¹ The ratio shown in the table, R*, is defined as follows for any time interval:

$$R^* = (W_t / W_{t-1})_{1950's} \div (W_t / W_{t-1})_{1960's},$$

where W_t is the level of wage rates in a given year and W_{t-1} is the level a year earlier. The ratios were actually calculated using different years in the 1950's and 1960's as shown in the column headings. Where more than 1 year is spanned, R* has been formed as the average of the (W_t / W_{t-1}) 's for each year in the interval.

It is possible to clear up some remaining misgivings about whether guideposts accounted for the differential wage behavior just reported by looking at the employment experience for these same industries in a way parallel to what was used in comparing the wage experience. In the absence of important effects from guideposts, we would expect the industries with larger increases in the demand for their output to experience larger employment gains and faster wage increases. Thus if the visible industries experience a relatively smaller growth in labor demand in the 1960's compared with the 1950's—that is, smaller relative to the experience of the invisible industries—this fact itself could explain what we have observed for wages without recourse to guideposts. On the other hand, if employment experience does not parallel wage experience, it would support the hypothesis that guideposts are