

tions, the individual R_i^W 's are higher for the visible industries. The indicated difference between R_V^W and R_I^W , the mean ratio for each group, is statistically significant at the one per cent level for the ratios using three-year wage changes and at the 5 per cent level for the others. Thus, when compared with the mid-1950s, wage changes in the mid-1960s have slowed down in the visible industries relative to the invisible ones. Indeed, in invisible industries, the average annual wage change from 1963 to 1966 was 3.8 per cent compared with 4.3 per cent from 1954 to 1957; in visible industries the comparable figures are 2.9 per cent and 5.0 per cent. The differential slowdown is 1.6 percentage points. It is stretching casual empiricism pretty far, but for the period spanned, such a difference between the visible and invisible industries looks quite consistent with the residuals for the aggregate manufacturing equation shown earlier, on the hypothesis that the invisibles were unaffected by guideposts and the visibles affected to the extent shown by the larger R^W ratios in Table 2 (or the 1.6 percentage point differential just cited).

Next, it is possible to clear up some misgivings about what else may be going on to yield these results by looking at employment data in the same way the wage data were examined. Employment changes are an imperfect substitute for detailed analysis of individual industries; but they may serve as a proxy for what one would like to know. Many views of aggregate wage determination, including the one expressed by the equation given earlier in this paper, are consistent with the view that short-run *relative* wage changes among industries can be identified with relative shifts in demand, and hence employment, among these industries. Other things being equal, the R^W ratios shown in Table 2 would be positively related to the corresponding ratios of employment changes. In particular, if higher employment-change ratios were observed for the visible industries, it would mean the invisibles experienced the relatively larger growth in labor demand in the 1960s compared with the 1950s, and this fact could explain what we have observed without recourse to guideposts.

Table 3 shows the employment-change ratios, designated by R^E , computed in the same way as the wage-change ratios of Table 2. Employment refers to production workers. For the three-year spans, the rank correlation between the R_i^W 's and R_i^E 's for individual industries in the invisible groups is 0.864, significant at the 5 per cent level. This supports the basic presumption that, in industries unaffected by guideposts, relative wage changes are positively related to relative employment changes. Within the visible industries subgroup, the rank correlation is only 0.200, an insignificant magnitude and perhaps not unexpected since the basic hypothesis calls for guideposts to interfere with wage changes here. (With ordnance and accessories removed the rank correlation becomes 0.648, significant at the 10 per cent.)

Alongside these results for individual industries, the telling comparison is between the mean wage-change and employment-change ratios for the two industry groups. While R_V^W exceeds R_I^W in each time span shown in Table 2 R_V^E exceeds R_I^E in each time span shown in Table 3. This is more support than the guidepost hypothesis needs: If R_V^E just equaled R_I^E it would sup-