If supported in further surveys, this would reinforce the point of view that the difficulties shared by those living in these neighborhoods affect more than a single racial or ethnic group.

3. While low earnings characterize the residents of these areas, a sizeable proportion reported earnings well above the poverty level. Almost half of the men and one-fifth of the women earned $100 or more weekly for full-time work. Few women earned $150 a week at a full-time job, but about one-fifth of the men did. About 20 percent of the families with 4 persons or more reported incomes of less than $3,500 during the previous 12 months. On the other hand, nearly one-third of these families had incomes of $8,000 or more. This finding can be quite helpful in making clear that all slum residents are not mired in poverty but rather that many of them already have been able to raise themselves and their families to a decent level of living.

The current low national unemployment rates thus, while highly encouraging, do not permit complacency. Instead, they point to the necessity of a variety of manpower programs to create work opportunities, especially in an economy which might be growing at a less hectic pace than that of recent years.

Wage, Price and Productivity Changes

Turning first to wages and earnings, we see a picture with two sides—wages as a cost of production and wages as income from work. Looking first at the cost side—i.e., not taking into account the deterioration of purchasing power as a result of inflation—we find, as in the case of prices, a steady uptrend in the rate of increase. Average hourly compensation—including social security and various supplements—of all persons in the private economy rose 7.5 percent in 1968, compared with 6.1 percent the previous year and an average of about 5 percent annually between 1947 and 1966.

The 7.5 percent rate was the highest since 1950–51. It was the product not only of collective bargaining but also of decisions of employers in nonunion establishments to raise wages. Increases in statutory minimum wage rates and social security taxes also raised hourly labor costs.

The key determinant of how much of a wage increase gets into costs is, of course, productivity. In 1968, output per man-hour for all persons in the private economy rose 3.3 percent—returning to its long-term rate of advance. This was in sharp contrast to the previous year when productivity rose by only 1.6 percent. As production increased during the year, capital and labor resources tended to be utilized more efficiently with a resultant improvement in output per man-hour. Nevertheless, unit labor costs (i.e., compensation per unit of output) rose about 4 percent in the private economy. Although this was less than the rise for the previous year, it was the third consecutive year in which these costs have risen more than 3 percent. The yearly increment from 1947 to 1966 averaged 1.7 percent.

Compensation is income from employment as well as a cost of production. As such, the trend in compensation per man-hour, adjusted to reflect real purchasing power, can be compared with the trend in out-put per man-hour to determine whether increases in real earnings have kept pace with productivity gains. If this were the case then labor's share of total income would not change.

During the first 5 years of this decade (1960–65), real hourly compensation did not keep pace with the advances in productivity, so that labor's share of total product was reduced from 63 percent in 1960 to 61 percent in 1965. The uncommonly large increases in hourly compensation during the past three years have served to restore labor's share to approximately the 1960 level. It is important to note that over the postwar period real compensation per man-hour and productivity have kept up with each other.

Turning now to collective bargaining, a record number—about 6.1 million workers covered by major collective bargaining contracts—will receive deferred wage increases averaging 4.1 percent. In consequence, the average of *all* wage increases going into effect as a result of collective bargaining will be dampened as compared with 1968, though the pattern for new 1969 contracts has started at a high level.

Increases in the Consumer Price Index will have a limited direct impact on wages since most cost-of-living clauses have limits on the increases. Apart from this direct impact, however, there is an obvious influence of recent price increases upon this year's wage demands.

Prices of services, many of which have limited potential for productivity increases, are likely to continue on their rapidly rising trend. The Department of Agriculture anticipates an increase of 2 to 2½ percent in food prices in 1969