

even though it may still be basically responsible for the wage dynamism of both sectors of the market.

It can be argued that the greater relative gains of the heavily organized sector in the early postwar years (through 1952), following, as they apparently did, greater gains in the prewar period,²³ developed enough tension or pull on the lightly organized sector to bring it along thereafter in line with the leadership.²⁴ By this interpretation, the generally similar advance of the two sectors after 1952 represented such a delayed or lagged response of the lightly organized sector. The latter maintained its *relative* position, but at a lower *absolute* level of compensation.

Statistical confirmation of this theory would require at the very least a showing that union rates of compensation have been significantly higher over the period than nonunion rates. Obviously, the overall averages for the heavily organized and lightly organized sectors are not comparable, since the former consists predominantly of high-wage and the latter of low-wage industries. As for union and nonunion rates in the *same* industries, the data are sparse, but such as they are, lend at least some color to the theory.²⁵

Comparative employment growth

It can be argued also that union wage leadership was masked after 1952 by the effect of shifts in employment. From the beginning of 1953 to the end of 1968, employment in the heavily organized sector rose only 11 percent, against a rise of 58 percent in the lightly organized sector. That hourly compensation rose almost as fast for the former as for the latter notwithstanding this tremendous difference in the requirements for additional manpower may be construed as evidence of the dynamic effect of collective bargaining. If the employment growth rates had been equal, union leadership might have been more evident.

This surmise has special application to the period 1958-64, when unemployment rates were continuously high (averaging nearly 6 percent), and when union wage leadership ("wage push") was a normal expectation. That hourly compensation rose slightly faster in the lightly organized sector even under these conditions (the average annual gain being 4 percent against 3.9) may have been due to the more rapid expansion of employment in that sector (20 percent against 4 percent). Here too it may be conjectured that if the expansion rates had been equal the heavily organized sector would have made the larger gains.

Impact of the minimum wage

As to this factor, there can be little controversy. The frequent notching up of the minimum wage over the past 16 years, especially rapid recently (12 percent in 1967, 14 percent in 1968), and the progressive

²³ While there are no figures for *hourly* compensation in the two areas prior to 1947, we do have the average *annual* compensation of full-time-equivalent workers. The relative gains by this measure for the period 1935-41 were 36 percent and 15 percent for the heavily organized and lightly organized sectors, respectively. While the former apparently lost some ground during the war, this only partially offset the earlier advantage.

²⁴ Actually, the lightly organized sector made slightly larger gains after 1952 than the other, the annual averages for the period 1953-68 being 4.84 and 4.69 percent, respectively.

²⁵ Studies of 22 manufacturing industries by the U.S. Department of Labor, spread over the period 1962-67, show average straight-time hourly earnings of \$2.39 for establishments with a majority of hourly workers unionized and \$2.02 for those with a minority or none (our computation). However, since the data have not been analyzed by geographical area and size of establishment, the results are inconclusive.