

State and Area Employment in the Post-World War II Period



PART II

This is the last of a series of two articles (the first appeared in the November issue) on Post-World War II trends in employment, hours and earnings for States and major metropolitan areas. The article is based on statistics gathered by the Bureau of Labor Statistics and cooperating State agencies, and is extracted from a recently published 90-page volume under the title "Employment, Hours, and Earnings--State and Area Data, 1947-51."

EMPLOYMENT TRENDS

The post-World War II period was characterized by a lack of "normality" which tended to obscure seasonal and cyclical trends.

Beginning in 1947 and continuing through most of 1948, the trend of employment reflected intense efforts to produce goods and services to fill deferred needs created by war-imposed restrictions and scarcities. Nonfarm employment in those 2 years expanded by almost 7 percent to an all-time yearly high of 44.2 million.

Although minor setbacks, particularly in the so-called "luxury" lines, took place during 1947 and 1948, it was not until 1949 that the first serious postwar adjustment occurred. Excessive accumulation of inventories caused

manufacturing employment to fall precipitously. The drop of 1.1 million in manufacturing between 1948 and 1949 accounted for virtually the entire decline in nonfarm employment between those years.

Employment recovered sharply in early 1950, however, and seemed well on its way to recoup previous losses. The advent of the Korean War touched off a boom resulting in a nonfarm employment average of 45.5 million during the last half of 1950 and 46.1 million during 1951, each a successive all-time high.

The increase of 7 percent in nonfarm employment for the country as a whole between 1947 and 1951 resulted from widely diverse changes in the individual States, underlining the importance of

gathering data on other than a national basis. Although all States for which data are available showed gains, the increases ranged from 1 percent in Vermont to 31 percent in New Mexico (chart II). Among the nine States with nonfarm employment of more than 1 million, the largest gains--20 percent and 14 percent--occurred in Texas and California respectively. On the other hand, Pennsylvania and Illinois each reported modest increases of only 2 percent. The New England and Middle Atlantic States consistently reported gains which were less than the national average. With the exception of the Great Lakes States in which the pattern was mixed, the gains in all other regions were just as consistently above the national average.

Manufacturing

Manufacturing employment for the country as a whole reached a new post-World War II high in 1951. The new peak, which reached 16 million for several months during the year, was the immediate outgrowth of the outbreak of Korean hostilities and reflected the expansion in defense-related industries. By mid-1951, consumer-goods industries began to show a weakness which characterized their status for the rest of the year. Although over-all manufacturing employment in 1951 was only 700,000, or 4.5 percent, above 1947, it was fully 1.8 million, or 12.6 percent higher than the "inventory recession" year of 1949.

The largest employment gains, in general, were recorded outside the industrial East and Great Lakes States. Eight States re-

ported employment expansions of 15 percent or more; only three--Kansas, Texas, and California--had relatively large numbers of manufacturing workers. In Kansas, the increase was almost wholly in aircraft. In California and Texas, however, the gains were spread more evenly. In California, for example, lumber increased 33 percent, primary metals 36 percent, fabricated metals 23 percent, electrical machinery 112 percent, and transportation equipment (mostly aircraft) 45 percent. In Texas, gains of more than 30 percent were reported in chemicals, primary metals, fabricated metals, and transportation equipment (also aircraft).

For 10 States, manufacturing employment expanded by 10 to 15 percent. Included in this group, as well as in the group of States with the largest category of increases, were virtually all the Mountain States. Twenty-one other States had gains of less than 10 percent.

Some of the largest industrial States, on the other hand, had fewer manufacturing workers in 1951 than in 1947. In this group were New Jersey, Pennsylvania, and Illinois, each with losses of between 1 and 2 percent. Although strikes affected these declines in some instances, their effect was minimal. The employment losses were widespread, particularly in textiles, leather products, and machinery. Of the nine States in which declines occurred, none exceeded 3 percent.

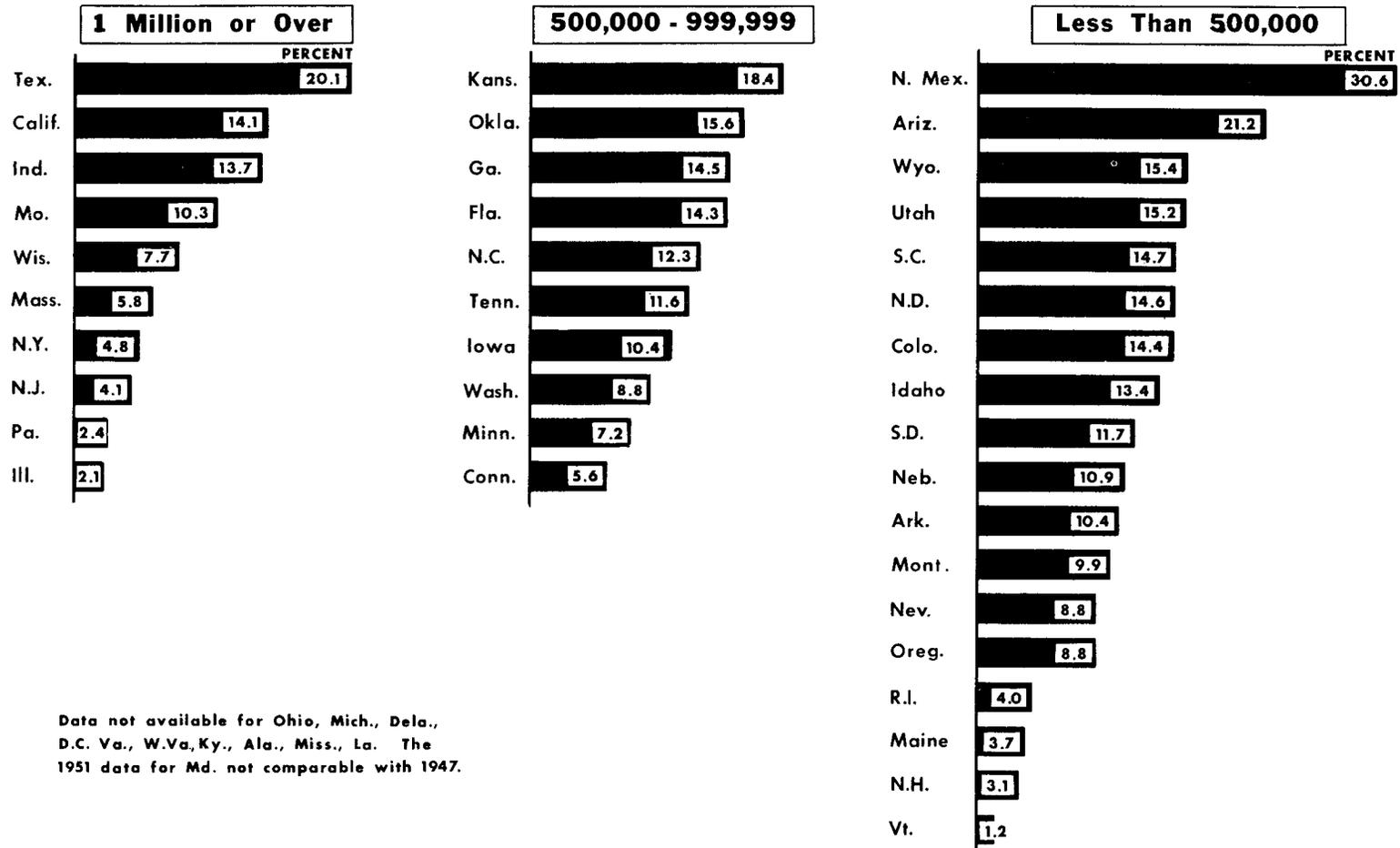
Movement to South and West

Manufacturing activity over the past 5 years, as measured by

Chart II.

PERCENT INCREASE IN NONAGRICULTURAL EMPLOYMENT By State, 1947-51

STATES WITH NONAGRICULTURAL EMPLOYMENT IN 1951 OF:



Data not available for Ohio, Mich., Dela.,
D.C. Va., W.Va., Ky., Ala., Miss., La. The
1951 data for Md. not comparable with 1947.

Table 3: Regional employment in manufacturing, by total and percent distribution, 1947-51

Region	Employment (in thousands)					Percentage distribution					Percent change 1947-51
	1947	1948	1949	1950	1951	1947	1948	1949	1950	1951	
Total	-	-	-	-	-	100.0	100.0	100.0	100.0	100.0	-
New England	1,527.9	1,510.7	1,372.4	1,447.6	1,541.3	10.0	9.9	9.7	9.7	9.7	+ 0.9
Middle Atlantic	4,203.5	4,183.2	3,824.2	3,956.4	4,193.5	27.6	27.4	27.1	26.7	26.3	- 0.2
East North Central ..	4,511.5	4,503.3	4,128.8	4,403.6	4,679.8	29.6	29.5	29.2	29.6	29.3	+ 3.7
West North Central ..	846.1	851.0	821.1	854.2	936.8	5.6	5.6	5.8	5.7	5.9	+10.7
South Atlantic	1,644.9	1,670.3	1,567.0	1,655.8	1,763.8	10.8	10.9	11.1	11.1	11.1	+ 7.2
East South Central ..	705.9	715.9	650.8	688.9	735.5	4.6	4.7	4.6	4.6	4.6	+ 4.2
West South Central ..	612.1	634.8	608.9	634.7	697.7	4.0	4.2	4.3	4.3	4.3	+14.0
Mountain	156.2	159.7	153.6	162.6	179.7	1.0	1.0	1.1	1.1	1.1	+15.0
Pacific	1,028.1	1,046.1	996.2	1,069.1	1,227.0	6.8	6.8	7.1	7.2	7.7	+19.3

employment, has shown a steady shift to the South Atlantic, West South Central, and Pacific regions (table 3). The shift is not measured in actual losses of workers from one region to another, since all regions, with the exception of the Middle Atlantic States, reported gains for manufacturing employment between 1947 and 1951. Rather, the shift is measured in the faster rate of growth in some regions than in others. Although the outbreak of Korean hostilities and the attendant defense production hastened the movement, the shift was well under way before the start of hostilities.

The sharpest 1947-1951 employment gain--19 percent-- was reported on the Pacific Coast. As a result of this improvement, the region increased its proportion of the Nation's manufacturing workers from 6.8 percent in 1947 to 7.7 percent in 1951. Almost as large were the gains recorded in the West North Central, West South Central, South Atlantic, and Mountain regions.

The relative employment shift was at the expense of the heavy industrialized States of the New England, Middle Atlantic, and East North Central regions. Losses in the East were especially severe considering the short period of time involved. In 1951 New England had 9.7 percent of the Nation's manufacturing employment compared with 10 percent in 1947. The proportion in the Middle Atlantic States dropped from 27.6 to 26.3 percent.

The defense program has obviously had a greater impact on some areas than others. The scope of this impact can be measured best by the trend in manufacturing employment for the country as a whole. Between 1949 and 1951--the period for which most areas have continuous data--the Nation's factory employment increased 12.6 percent. Largely because of the aircraft program, however, Wichita reported a gain of 90 percent, Nassau and Suffolk Counties of New York 52 percent, and San Diego 65 percent. The slowdown in textiles and

apparel, on the other hand, kept the employment gain below 5 percent in such areas as New York City, Lancaster, and Reading. In evaluating trends between 1949 and 1951, it should be recalled that the substantial gains recorded by most areas reflect a calculation from a deflated base caused by the "inventory recession" to a very high level influenced by Korean rearmament and civilian "scare" buying.

Mining

Between 1947 and 1951 this industry reported a decline of 2 percent, a continuation of the long-term down-trend which has characterized it for many years. Even the unparalleled demands of World War II and the great industrial needs in the postwar period were unable to arrest the cyclical trend. Technological advances were the chief factors in the employment contraction.

Most of the postwar decline was centered in anthracite and bituminous-coal, and States such as Pennsylvania, Illinois, Indiana, and Alabama reported employment losses ranging up to 33 percent. Employment in the production of crude petroleum and natural gas, and nonmetallic mining recorded substantial gains, however, thus accounting for employment increases in Texas and Oklahoma.

Construction

The post-World War II construction boom achieved a magnitude in 1950 and 1951 unparalleled in the Nation's history. Not even the crest in wartime construction in 1942 could approach the high levels of either 1950 or 1951 in the number of building

workers employed. Construction employment in 1951 averaged 2.6 million, almost one-third higher than in 1947, and more than double the 1939 level.

Industrial expansion for both civilian and defense needs and the series of 1-million-plus home-building years were noticeable in virtually all the States. With the over-all increase in employment of almost 30 percent between 1947 and 1951, individual State increases reached more than 50 percent in many instances. The only exceptions to this trend were New Hampshire, Vermont, and Nevada, where construction employment approximated only 5,000 workers in each State.

Government

The liquidation of many Federal establishments in the immediate postwar period was offset by increasing employment in State and local government agencies, as thousands of school employees were added to public payrolls. The Korean hostilities expanded government activity, particularly in arsenals, navy yards, and atomic energy installations. As a result, Federal employment expanded 22 percent between 1947 and 1951. State and local governments increased their employment by 15 percent in the same period.

Every State reported a postwar increase in government employment. Some of the largest increases occurred in those States where the United States navy yards are located, for example, in California, Washington, and Massachusetts. Other large increases were in States such as

New Mexico, Tennessee, and South Carolina where atomic energy installations are located, and in such States as Indiana, Alabama, and Georgia with their large arsenals. Despite the presence at Washington of the Naval Gun Factory and the huge Federal civilian establishment, the District of Columbia reported a gain of only 16 percent, slightly below the national average.

Trade

During 1951 employment in trade was at an all-time high, and workers in wholesale and retail trade numbered 9.8 million or 600,000 (7 percent) over 1947 and about one-half again as great as in 1939.

Within States, the heaviest increases in employment occurred outside the established centers of trade. For example, the largest States (300,000 or more workers in trade in 1951) reported small gains which did not exceed 6 percent over the 5-year period. In this group were Massachusetts, New York, Pennsylvania, Illinois, and California (data for Michigan and Ohio not available). The two major exceptions to this generalization were Texas and Missouri with expansions of 20 and 14 percent, respectively.

Among the intermediate-size States (between 100,000 and 300,000 in trade employment), the heaviest gain occurred in Maryland where a vast new suburban trading area serves the increased needs of workers employed in the metropolitan Washington, D. C., area. Other States reporting substantial increases were Arizona, the Carolinas,

Indiana, New Mexico, Oklahoma, and Tennessee.

Transportation and Public Utilities

This group showed virtually no employment change between 1947 and 1951. The figures in combination, however, concealed the downward trend in interstate railroads on the one hand, and expansion in communication and other public utilities on the other. Seven of the nine New England and Middle Atlantic States reported postwar declines; most of the remaining States outside these regions had moderate expansions.

Finance and Service

All States for which data were available showed substantial postwar increases in the finance group, attributed mostly to accelerated growth in banks and insurance companies. Increases in service employment were considerably more modest.

HOURS AND EARNINGS

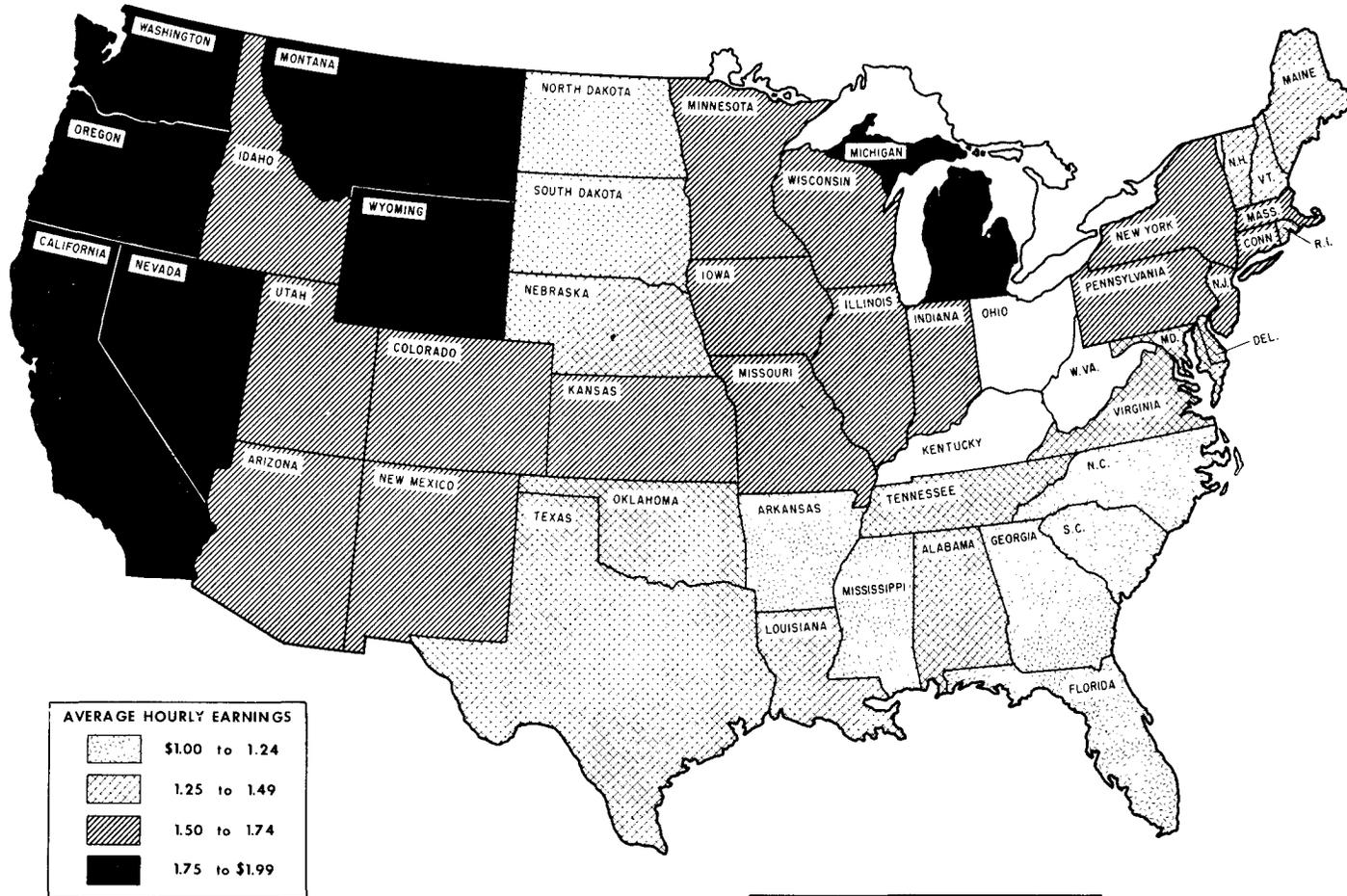
Hourly Earnings Up 29 Percent in 5 Years

The level of average hourly earnings for manufacturing workers in a State and locality is determined largely by the complexity of industrial composition, occupational structure, degree of unionization, and previously established regional patterns. In general, hourly earnings in the Northern and Western States exceeded those in the South (chart III). The highest average hourly earnings in manufacturing were reported in Oregon, where the average was \$1.94 (in 1951), almost double that in Mississippi, where

Chart III.

GROSS AVERAGE HOURLY EARNINGS IN MANUFACTURING

By State, 1951



Data not available for District of Columbia, Kentucky, Ohio and West Virginia.

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the average was the lowest in the country. In both States, lumber and wood products dominate the manufacturing employment pattern, in Oregon with 58 percent of the State's total and in Mississippi with 37 percent of the State's total.

The trend of average hourly earnings for the country as a whole went through three distinct phases in the 1947-51 period. In the first phase, 1947-48, upward pressures on wages were clearly evident as average hourly earnings increased from \$1.17 in January 1947 to \$1.40 in December 1948, a gain of about 20 percent; overtime was not a factor in the increase because the average workweek actually declined during this time.

The second phase, beginning with 1949 and ending just before the outbreak of Korean hostilities, was a period of leveling and consolidating gains; hourly earnings increased only 5 cents--to \$1.45 in June 1950. Because the workweek increased by one hour the gain would have been even smaller if overtime payments had been excluded. Not reflected in these figures, however, are the indirect but relatively substantial advances during 1949 in the form of pension and welfare benefits. The Fair Labor Standards Act in early 1950 tended to raise earnings in many Southern States.

Korean hostilities touched off a third phase in the earnings trend as hourly earnings rose to \$1.64 by the close of 1951, an increase of 19 cents per hour or 13 percent. Part of the increase was due to the somewhat larger proportion of workers employed in durable

goods production in 1951 as compared with 1950.

Wage scales are traditionally higher in the "hard-goods" industries. For example, in 1951 average hourly earnings in this group of industries averaged \$1.68 as compared with \$1.48 in the nondurables. A considerable amount of premium pay for overtime in the durables was another factor in inflating the average hourly earnings for the country as a whole.

Nevertheless, the greatest factor in the post-Korean hourly earnings trend, particularly in 1950, were bonafide wage increases provided through collective bargaining agreements. The last quarter of 1950 was characterized by unusual wage activity as both employers and unions tried to anticipate the wage stabilization deadline of January 25, 1951. During 1951, hourly wage increases in the automobile, farm equipment, electrical machinery, and similar industries reflected the effect of escalator clauses tied to the BLS Consumers' Price Index.

There were very small differences among the States in the trend of hourly earnings between 1949 and 1951. For the 29 States reporting continuous data in this period, the increase in only 4 of them fell outside the 13- to 17-percent range; the increase for the country as a whole averaged 14 percent.

Workweek Extended Through- Out 5 Year Span

Expansion in the length of the workweek was coincident with the increase in hourly earnings

and contributed to its higher level through overtime premium payments. Workers in manufacturing during 1951 were employed an average of 40.7 hours weekly, a slight increase over 1950 and the highest yearly average in the post-World War II period.

In any plant the average weekly hours per worker are likely to fall below the scheduled workweek by 1 1/2 to 2 hours because of absenteeism, turn-over, etc.; therefore, it is clear that the average scheduled workweek in each of the five years since 1946 included from 1 to 2 hours of overtime.

The State trends after 1947 reflected, in general, the high level of output in the immediate postwar period, the "inventory recession" of late 1949 and early 1950, and the post-Korean civilian buying and military output boom. The average length of the manufacturing workweek in the various States is influenced by customary practices in the different industries as well as by the changing business situation. In New York State, for example, a strong downward influence on the State average is always exercised by the apparel industry where collective bargaining agreements specify workweeks of less than 40 hours; in both 1950 and 1951, the average apparel workweek did not exceed 35 hours. In Florida, patterns in the food industry make for a high State average, somewhat irrespective of current economic conditions; the average workweek for that State after 1948, the first year data were available, was never less than 42 hours.

On the other hand, industries in many States are extremely

sensitive to the prevailing level of activity. Connecticut and Wisconsin, for example, where durable-goods production is dominant and most likely to be affected by the defense impact, show widely fluctuating workweeks in the postwar period. In Connecticut, the spread between 1949 and 1951 was as high as 3.5 hours. Depressed conditions in the textile industry in 1951 adversely affected the workweek in Rhode Island, North and South Carolina, and Georgia.

Weekly Earnings Set New Records

Average weekly earnings reached an all-time high of \$67.40 by December 1951, a gain of 15 percent over June 1950, the month Korean hostilities began. The 1951 average of \$64.88 was also a yearly record and almost a third greater than in 1947; almost the entire gain was due to an increase in hourly earnings, because the average workweek was virtually the same in 1947 and 1951. When the gain was adjusted with the increased cost of living, however, a worker with three dependents found that his weekly pay increased slightly under 10 percent in "real" purchasing power.

As in past years, the highest weekly earnings were reported for the West Coast, Rocky Mountain, and Great Lakes Areas. Manufacturing workers in Washington, Oregon, California, Nevada, Indiana, and Michigan earned between \$74 and \$80 by the close of 1951. The New England, South Atlantic, and South Central States were, with few exceptions, consistently below the national average. The chemicals and petroleum industries in Texas and Oklahoma were primarily responsible for the relatively high weekly earnings in those two South Central States.

