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Spendable Earnings of Factory Workers

1941-43

By

N. ARNOLD TOLLES

of the

Bureau of Labor Statistics



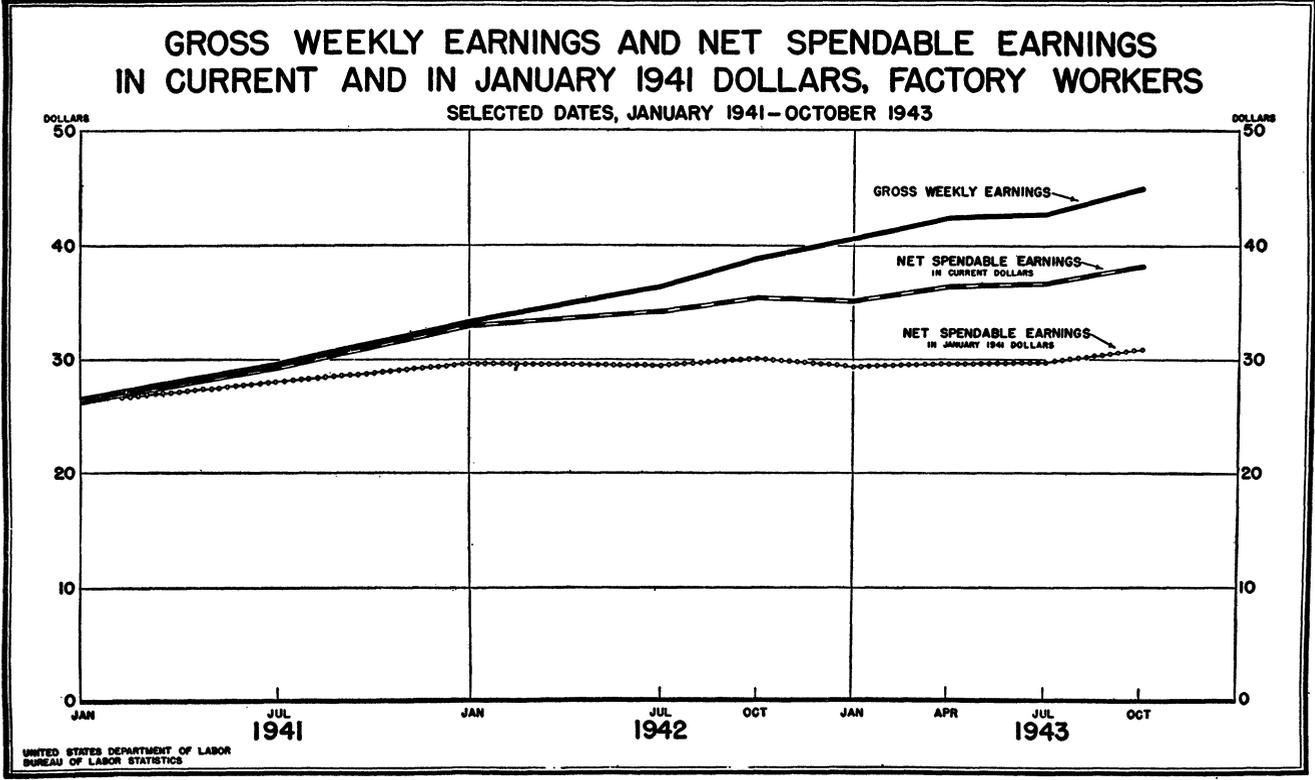
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Spendable Earnings of Factory Workers, 1941-43

Summary

The phrase "take-home wages" has been used very frequently to describe the averages of weekly earnings published by the Bureau of Labor Statistics. This popular description was never entirely accurate, because the published averages relate to gross weekly earnings before deductions have been made. Some workers always have been subject to deductions for such items as group insurance, occupational supplies, and union dues. The cash sum "taken home" was somewhat less than the gross weekly pay. Until recently, however, these deductions were small in aggregate amount and were seldom subject to violent change. The published averages of weekly earnings were therefore satisfactory as a measure of the trends of spendable income.

Two recent developments have depressed the level of currently spendable earnings: The widespread sale of war bonds, beginning in 1942, and the extension of personal taxes down to the income levels of wage earners, beginning in 1943. Thus, the comparison between the 68.4-percent rise in gross factory earnings and the 23.4-percent rise in the Bureau's cost-of-living index, since January 1941, is misleading. The appropriate comparison to show current levels of living would appear to be between living costs and spendable earnings.

The gross earnings of workers in the United States no longer represent their currently spendable income. For factory workers as a whole, the average of gross weekly earnings rose 68.4 percent between January 1941 and October 1943. The corresponding increase in the average of spendable income, after taxes and a 10-percent bond subscription, was 44.8 percent for a worker supporting a family of 4 and 24.2 percent for a worker without dependents. During the same period the cost of a standard budget rose by an average of 23.4 percent.

The worker who earned the average factory wage of \$26.64 in January 1941 had \$26.37 to spend on current living. By October 1943, price increases had raised the cost of this standard from \$26.37 to \$32.54. Average weekly earnings actually advanced to \$44.86 by October 1943. However, out of this \$44.86, the average factory worker with a family of four had a currently spendable income, as defined above, of \$38.19, while the worker without dependents had a net of \$32.76 per week. Thus, the net addition to spendable earnings over this period amounted to \$5.65 per week in the case of the married

worker used as an example and to 22 cents per week in the case of a worker without dependents.

Among the various manufacturing industries, sharp differences are evident in the trends of both gross and spendable earnings. At one extreme, the worker in the newspaper and periodical industry experienced an average rise in gross earnings, even before bonds and taxes, of only 21.4 percent, or less than the rise in living costs. At the other extreme is the fertilizer industry where gross earnings rose by more than 80 percent and net spendable earnings rose by 62 and by 40 percent, respectively, for married and single workers. Shipyard workers experienced about the average percentage rise in gross earnings (66.9 percent) to the unusually high level of \$62.91 per week in October 1943. However, a shipbuilding worker without dependents who earned the average gross amount per week was left with net spendable earnings in October 1943 of \$44.70 or \$1.34 less than the amount required to meet the current cost of the average living standard for such a worker in January 1941. A shipbuilding worker supporting a wife and two children would have spendable earnings of \$50.58 under the same circumstances, or \$4.54 more than the amount required to maintain his former plane of living.

The burdens of the war have been borne by nearly all factory workers, in the form either of a reduced scale of living or of harder work without material improvement in current living. Because most factory wage earners are working more intensely and for longer hours, they have been able to maintain their spendable earnings and to save. Any gains made in spendable earnings have been small, quite different from those implied by comparing the gross average of earnings with average living costs. Neither widespread deprivation nor widespread inflationary spending can be found among the factory population.

Subtractions From Gross Earnings

In January 1941, the basic period of the so-called "Little Steel" formula, the only Nation-wide deduction from gross weekly pay was the social-security tax of 1 percent. Certain workers had additional deductions for such items as union dues, tools and supplies, private group insurance, and unemployment-compensation taxes.

Early in 1942 everyone was urged to subscribe at least 10 percent of his gross earnings to war bonds. Workers throughout the country have responded very generally to this appeal and have arranged for voluntary deductions from their pay envelopes for this purpose. This part of the worker's gross earnings is not available for current spending. It is true that war bonds may be redeemed after they have been held for 60 days, but in fact the amount of cash obtained by such redemption is only a small fraction of the amount subscribed. Nearly three-quarters of the workers have arranged for regular pay-roll deductions for the purchase of war bonds and, by the end of 1943, these deductions averaged 9 percent of the gross pay of the participants. Bond deductions for industry as a whole amounted to about 7 percent of total pay rolls, including the pay of nonparticipants. In addition, many workers subscribed for war bonds directly.

No attempt is made in this article to adopt the average percentage of bond deductions as a basis for calculating spendable earnings. Rather, the calculations are made for the usual case of the worker who meets the quota of the pay-roll savings plan by subscribing 10 per-

cent of his gross earnings. The 10-percent net subscription is assumed for January 1943 and thereafter. Purely for purposes of illustration, a subscription of 5 percent was adopted for July 1942 and a subscription of 7½ percent for October 1942. Bond redemption may be ignored, since it has not occurred in the usual case.

The deduction of war-bond subscriptions from gross earnings entails no implication that the individual workers were faced with any loss for this reason or that the deductions were compulsory. The term "net spendable earnings," as here used refers to the cash a worker has to spend, regardless of any change in his capital position. To the extent that the factory worker responded to the war-bond drives as expected, his spendable earnings were correspondingly reduced.

Beginning in 1943 the mass of factory workers became liable for personal income taxes for the first time in the history of this country. Moreover, the approximate amount of this liability was deducted from the worker's pay check by the employer. During the first half of 1943 the income tax applicable to the mass of wage earners was the "victory tax," amounting to 5 percent of taxable income. Income exempted from the victory tax was limited to \$624 per year or \$12 per week. This exemption is the same for all persons. Since July 1943 a new income tax has been added to the victory tax. The sliding scale of rates under the new tax begins at 6 percent on the first \$2,000 of taxable income.¹ Under the income tax a single person is allowed a personal exemption of \$500 and an earned-income credit of 10 percent. These two personal income taxes reduced the spendable earnings of nearly all wage earners. The amount of tax liability depends, of course, on the number of dependents supported by the worker as well as on the level of his gross income. Hence, it would be somewhat unrealistic to speak of an average amount of income tax per wage earner. It has seemed preferable to compute the tax liability for two contrasting types of income-receivers: (1) A worker who is the sole support of an adult and two children and (2) a single person with no dependents. The tax computations provided are based on the final tax liability rather than the estimated amounts which have been withheld. It has been assumed that the worker had no tax liability in 1942 and, therefore, is not involved in the "forgiveness" feature of the current tax law. It is assumed further that all of the worker's income is obtained from earnings and that he has tax deductions amounting to 6 percent of gross earnings.

For wage-earning families as a whole, average spendable earnings have been raised since 1941, by the employment of additional family members and by the decline in single-worker families. These influences are necessarily excluded from the present inquiry into the spendable earnings of two constant family types. Neither the family of 4 nor the worker without dependents is presented as an average family unit.

Trends of Gross and Net Spendable Earnings

From January 1941 to October 1943, the average weekly earnings of factory workers rose by 68.4 percent—from \$26.64 to \$44.86. In the earlier period, nearly all of these gross weekly earnings were cur-

¹ The normal tax is 6 percent on all taxable income (after deductions, earned income credit, and personal exemptions). The surtax sliding scale begins with 13 percent on the first \$2,000 of surtax net income (i. e., after deductions and personal exemptions). Since there is no earned income credit on the surtax, an individual might pay a surtax and no normal tax. In this case, the beginning rate would be 13 percent.

rently spendable. After deducting the social-security tax of 1 percent (27 cents), a sum of \$26.37 remained. By October 1943 the social-security deduction, still at 1 percent, amounted to 45 cents. Income and victory taxes in the case of a worker with a wife and two children, who had average earnings of \$44.86, amounted to \$1.73 per week.² The worker who subscribed 10 percent to war bonds, as he was expected to do, would have a further deduction of \$4.49. These three deductions totaled \$6.67 per week and the remaining spendable earnings amounted to \$38.19. Thus, although the average gross earnings rose by 68.4 percent, the average net spendable earnings for the worker supporting a family of four rose by only 44.8 percent. The corresponding increase in the prices of goods customarily purchased by workers in large cities was 23.4 percent during this whole period. Table 1 provides similar figures for nine selected months between January 1941 and October 1943. It will be seen that the most rapid advance in spendable earnings occurred during the year 1941, prior to the deductions for taxes and bonds. The results shown for the year 1942 should be understood as being approximate only, because of the factor of bond purchases. At any time during this period, the factory worker might have responded by subscribing the full 10 percent for bonds and if he did so he would have suffered a decline in his spendable earnings. On the other hand, his spendable earnings would have continued to rise with his gross earnings if he postponed his bond subscription. By 1943 the deduction of 10 percent for bonds corresponded with the common experience. Average spendable earnings moved very little above the levels of 1942 until the last quarter of 1943; whereas gross earnings rose by an average of \$7.22 per week from January 1942 to January 1943, the net spendable earnings rose by only \$2.14. (See chart, p. 4.)

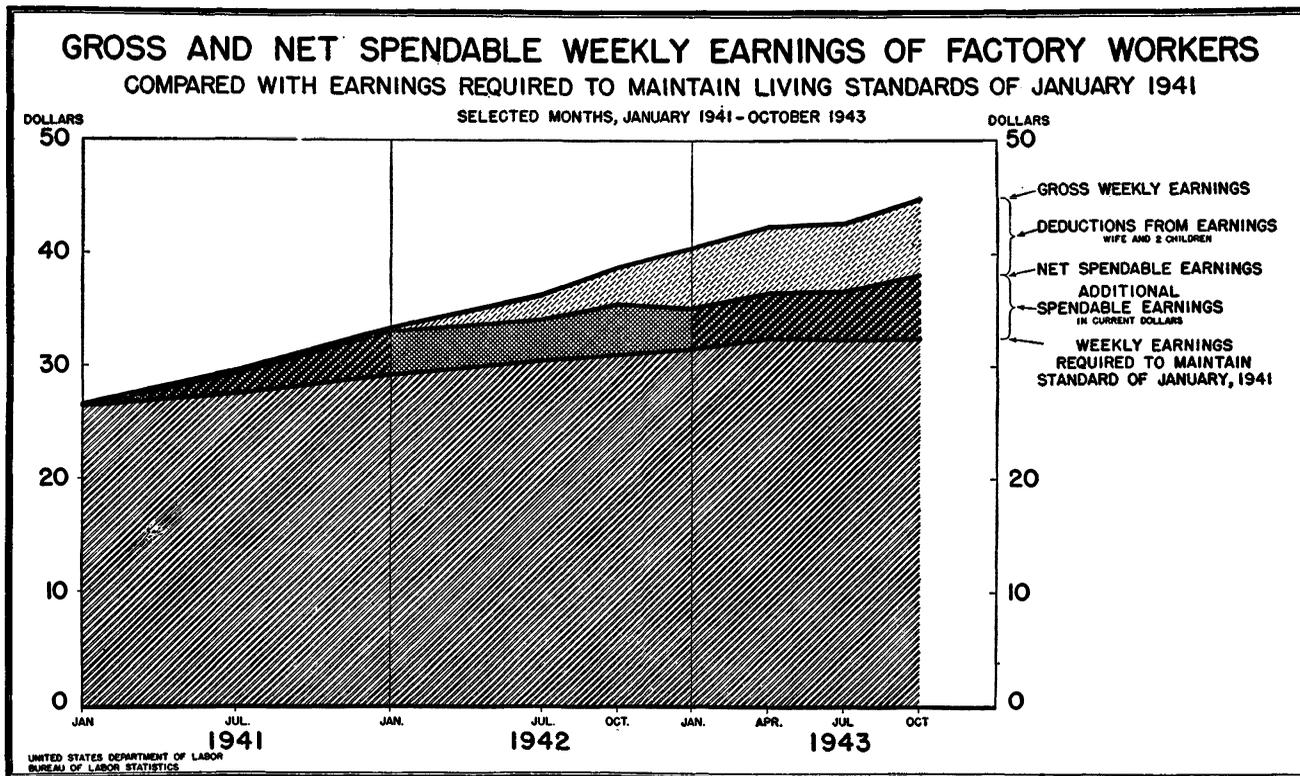
TABLE 1.—Gross Earnings, Deductions, and Spendable Earnings of Factory Worker Supporting Adult and 2 Children, Compared With Cost of Living, January 1941–October 1943

Period	Average gross weekly earnings		Deductions from earnings			Average net spendable earnings		Cost-of-living index (January 1941=100)
	Amount (in current dollars)	Index (January 1941=100)	Social-security tax	Income and victory taxes	Bond purchases ¹	Amount (in current dollars)	Index (January 1941=100)	
1941: January	\$26.64	100.0	\$0.27	-----	-----	\$26.37	100.0	100.0
July	29.62	111.2	.30	-----	-----	29.32	111.2	104.5
1942: January	33.40	125.4	.33	-----	-----	33.07	125.4	111.1
July	36.43	136.7	.36	-----	\$1.82	34.25	129.9	116.1
October	38.89	146.0	.39	-----	2.92	35.58	134.9	118.1
1943: January	40.62	152.5	.41	\$0.94	4.06	35.21	133.5	119.7
April	42.48	159.5	.42	1.26	4.25	36.55	138.6	123.1
July	42.76	160.5	.43	1.34	4.28	36.71	139.2	122.9
October	44.86	168.4	.45	1.73	4.49	38.19	144.8	123.4

¹ Computed at 5 percent in July 1942, 7½ percent in October 1942, and 10 percent in January 1943 and thereafter.

Table 2 shows trends of spendable earnings and living costs in dollar values rather than indexes (see charts, frontispiece and p. 6). Here again, the data cover the worker who supported an adult and two children. The gross weekly earnings, the deductions, and the net spendable earnings are identical with those shown in table 1. In place of a cost-of-living index, however, table 2 provides a com-

² The average amount of tax actually paid by the workers will exceed the amounts indicated, since the lowest-paid workers will pay no income tax while the highest-paid will be liable for tax rates considerably above those applying to average earnings.



putation of the earnings which a worker would have needed in each period to support his level of living as it was in January 1941. This computation results from a simple application of the cost-of-living index to the net spendable earnings of \$26.37 in the base period. By October 1943, after the cost of living had risen by 23.4 percent, a worker needed to spend \$32.54 in order to purchase the goods which could have been bought in January 1941 with \$26.37. The average of net spendable earnings did rise faster than the cost of living, but the additional spending power of the factory worker was much less than has very frequently been supposed. While the average of gross earnings advanced by \$18.22 (from \$26.64 to \$44.86), net spendable earnings left after deduction for taxes and bonds advanced by only \$11.82. At the same time the money cost of a January 1941 level of living rose by \$6.17. Thus, the worker with gross earnings of \$44.86 had improved his position to the extent of only \$5.65 per week. Moreover, the additional earnings which the worker was free to spend had, like all other income, a lower purchasing power than before. The \$5.65 in October 1943 would command no more goods and services than could have been obtained by \$4.58 in January 1941.

TABLE 2.—*Spendable Earnings of Factory Worker Supporting Adult and 2 Children, and Earnings Required to Maintain January 1941 Standard, January 1941–October 1943*

Period	Gross weekly earnings	Deductions from earnings	Net spendable earnings		Earnings required to maintain standards of January 1941	Addition to spendable earnings	
			In current dollars	In January 1941 dollars		In current dollars	In January 1941 dollars
1941: January.....	\$26.64	\$0.27	\$26.37	\$26.37	\$26.37	\$0.00	\$0.00
July.....	29.62	.30	29.32	28.06	27.56	1.76	1.68
1942: January.....	33.40	.33	33.07	29.77	29.30	3.77	3.39
July.....	36.43	2.18	34.25	29.50	30.62	3.63	3.13
October.....	38.89	3.31	35.58	30.13	31.14	4.44	3.76
1943: January.....	40.62	5.41	35.21	29.42	31.56	3.65	3.05
April.....	42.48	5.93	36.55	29.69	32.46	4.09	3.32
July.....	42.76	6.05	36.71	29.87	32.41	4.30	3.50
October.....	44.86	6.67	38.19	30.95	32.54	5.65	4.58

Spendable Earnings in Individual Industries

The general average of the earnings of all factory workers, although useful for some purposes, is too abstract to have much meaning for individual workers. It would be difficult to find an actual worker whose gross earnings advanced from \$26.64 to \$44.86 and whose spendable earnings advanced from \$26.37 to \$38.19. Such a worker would have had to take advantage of the average opportunity for improvement, not only from wage-rate increases and overtime work, but possibly also by changing his job, his employer, and his place of residence. The actual experiences of individual workers in the wartime period have been very diverse. This diversity is illustrated by the figures of gross and net earnings shown in table 3.³

³ As noted previously, all the results shown are for workers who did devote 10 percent of their pay to war-bond purchases. In some, but not all, of the industries with the least favorable trends of spendable earnings, actual pay-roll deductions for bonds were less than the general average. Thus, as compared with average deductions of 9 percent of the participants' pay rolls, the recent percentages for the newspaper, rayon, machine-tool, and the baking industries have been 7, 9, 10, and 8, respectively. Against a general ratio of 7 percent of all pay rolls, including nonparticipants, these industry percentages were 3½, 6, 8, and 5. In the extreme case of newspapers, a 3½-percent bond subscription would leave a 12- rather than 4-percent rise in spendable earnings for the married worker and a 3- rather than 10-percent decline for the single worker (January 1941 to October 1943; compare columns 7 and 8 of table 3).

SPENDABLE EARNINGS OF WORKERS WITH DEPENDENTS

The gross earnings of workers in the newspaper and periodical industry increased by only 21.4 percent from January 1941 to October 1943; those in the baking industry increased by 37.7 percent; those in steel mills by 57.4 percent; and those in the fertilizer industry by 83.7 percent (table 3, column 6). Even greater diversity appears in the movement of net spendable earnings. Here, as has been seen, the average result in the case of a worker with a family of four is a 44.8-percent increase. A similar worker in the newspaper industry had no significant increase in net spendable earnings, whereas the average increase in the fertilizer industry was 62.2 percent. Increases of 30 to 40 percent were typical of such large industries as hosiery, meat packing, steel, cotton manufacturing, automobiles, and shipbuilding.

TABLE 3.—Changes in Gross and Net Spendable Earnings of Factory Worker Supporting Adult and 2 Children and of Single Worker Without Dependents, by Industries

Industry	Gross weekly earnings		Net spendable earnings			Percent of change, January 1941 to October 1943 in—			Employment December 1941 (in thousands)
	January 1941	October 1943	January 1941	October 1943		Gross earnings	Net spendable earnings		
				Family of 4	Single worker		Family of 4	Single worker	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All manufacturing.....	\$26.64	\$44.86	\$26.37	\$38.19	\$32.76	68.4	44.8	24.2	13,870
Durable goods.....	30.43	51.26	30.18	42.68	37.25	68.2	41.4	23.4	8,397
Nondurable goods.....	22.75	36.18	22.52	30.66	26.15	54.6	36.1	16.1	5,473
<i>#8 selected manufacturing industries¹</i>									
Newspapers.....	38.15	46.33	37.77	39.21	33.75	21.4	3.8	-10.5	113
Rayon and allied products.....	27.40	37.22	27.13	32.42	27.57	35.8	19.5	1.6	53
Machine tools.....	40.15	55.34	39.75	45.41	39.72	37.8	14.2	-1	92
Baking.....	26.46	36.43	26.20	31.74	27.03	37.7	21.1	3.3	263
Boots and shoes.....	19.58	28.33	19.38	24.75	21.56	44.7	27.7	11.2	176
Electrical equipment.....	33.18	48.75	32.85	40.88	35.40	46.9	24.4	7.8	(²)
Paints.....	29.86	44.17	29.56	37.68	32.32	47.9	27.5	9.3	30
Paper boxes.....	22.26	33.00	22.04	28.74	24.68	48.0	30.4	12.0	86
Carpets and rugs.....	25.18	37.61	24.93	32.75	27.83	49.4	31.4	11.6	21
Hosiery.....	18.51	27.99	18.32	24.48	21.29	51.3	33.6	16.2	113
Chemicals, not elsewhere classified ³	33.10	50.34	32.77	42.00	36.50	52.1	28.2	11.4	121
Meat packing.....	26.84	41.94	26.57	36.16	30.76	56.3	36.1	15.8	171
Woolen textiles.....	21.73	34.24	21.56	29.85	25.53	57.2	38.5	18.4	160
Blast furnaces, steel works.....	33.60	52.88	33.26	43.68	38.20	57.4	31.3	14.9	503
Cotton textiles.....	15.60	24.57	15.44	21.52	18.94	57.5	39.4	22.7	473
Automobiles.....	37.69	59.50	37.31	48.32	42.48	57.9	29.5	13.9	762
Castings, gray iron.....	30.45	49.50	30.15	41.38	35.96	62.6	37.2	19.3	78
Shirts, etc., men's.....	14.22	23.01	14.08	20.17	17.95	61.8	43.3	27.5	56
Planing and plywood.....	22.51	36.87	22.28	32.04	27.26	63.4	43.8	22.4	79
Shipbuilding.....	37.69	62.91	37.31	50.58	44.70	66.9	35.6	19.8	(²)
Cars.....	29.57	49.92	29.27	41.64	36.22	68.8	42.3	23.7	(²)
Women's clothing, not elsewhere classified ⁴	19.47	32.91	19.28	26.69	24.62	69.0	48.8	27.7	230
Underwear.....	14.85	25.44	14.70	22.26	19.60	71.3	51.4	33.3	13
Agricultural machinery.....	29.92	51.91	29.62	43.00	37.47	73.5	45.2	26.5	43
Castings, malleable.....	28.42	50.04	28.14	41.87	36.33	76.1	48.8	29.1	26
Typewriters.....	26.40	48.14	26.14	40.42	34.95	82.3	54.6	33.7	13
Locomotives.....	34.79	63.51	34.44	51.02	44.44	82.6	48.1	29.0	(²)
Fertilizers.....	⁵ 15.71	28.86	⁵ 15.55	25.22	21.85	83.7	62.2	40.5	22

¹ In ascending order of percent of increase in gross weekly earnings (column 6).

² Not available for publication.

³ Excludes paints, drugs, perfumes, soap, rayon, gases, cottonseed oil, and fertilizers.

⁴ Excludes corsets and millinery.

⁵ October 1940 substituted for January 1941, to avoid seasonal distortion.

As might be expected, industries showing the greatest increases in gross earnings tended also to show the larger increases in net spendable earnings. This relationship is not uniform, however, because of the operation of the income tax. Since income-tax rates are on a sliding scale, the amount of tax liability varies sharply with the level of income. Thus, the shipbuilding industry, where gross earnings rose by 67 percent, yielded an increase of only 36 percent in net spendable earnings per week. The explanation lies in the relatively high absolute level of gross earnings at the end of the period. The married worker in shipbuilding with average gross weekly earnings of \$62.91 was liable for income taxes of \$5.41 a week; the cotton-textile worker, on the other hand, with gross earnings of \$24.57, had a tax liability of only 60 cents per week. This factor explains the relatively favorable movement of spendable earnings in the lower-wage industries such as shoes, paper boxes, carpets, hosiery, woolens, shirts, women's clothing, underwear, and fertilizer.

SPENDABLE EARNINGS OF WORKERS WITHOUT DEPENDENTS

For the wage earner without dependents, the income-tax liability at any given level of income is considerably greater and the current levels of spendable earnings consequently are smaller than those of a worker supporting a family of four. At the factory average of gross earnings in October 1943 of \$44.86 per week, the worker without dependents is liable for \$7.17 in taxes while the worker supporting a wife and 2 children pays only \$1.73. This contrast in tax liability has a decisive effect on the net spendable earnings. Out of the factory average wage of \$44.86 in October 1943, workers without dependents had only \$32.76, after deducting for bonds and taxes, whereas the head of a family of 4 had \$38.19 (table 3).

During the period since January 1941 the net spendable earnings of single workers who earned the average factory wage advanced by 24.2 percent, or just about as much as the rise in living costs.⁴

Among the 5½ million workers in the nondurable-goods industries, average net spendable income rose less than 18 percent; on the average, these workers could not maintain their levels of living at their January 1941 standards while devoting as much as 10 percent of their gross earnings to war-bond purchases. A number of well-known factors account for the relatively poor showing of the nondurable-goods industries. In wartime the pressure of demand for labor is much less severe in the nondurable- than in the durable-goods industries. Consequently, the hours of work are not extended so rapidly and wage rates are not raised to the same extent for the purpose of attracting labor. A fact that is, at first glance, more puzzling is that the advance of net spendable earnings for both the durable- and the nondurable-goods industries (23 and 18 percent) was less than the advance that occurred for manufacturing as a whole (24 percent). The explanation lies in the shift of employment toward the higher-wage, durable-goods industries. Factory workers taken altogether have gained more than the average of their gains in the separate industries, simply because a larger proportion than before are at work in the industries with the higher wage levels. The industries shown in table 3 are well distributed through the field of manufacturing,

⁴ The official cost-of-living index which shows a rise of 23.4 percent during this period applies to family living rather than to the cost for single individuals. No adequate information is available as to the prices of room, board, and restaurant items that are important in the budgets of single persons.

yet only 8 of these 28 industries provided a rise of net spendable earnings as great as the average rise of 24.2 percent.

For single workers, even more than for those with dependents, the changes in net spendable earnings have shown great diversity. In the newspaper and periodical industry single workers who bought their quota of bonds suffered an absolute loss of 10.5 percent (column 8) while in the fertilizer industry they gained 40.5 percent. The absolute level of weekly earnings has more influence on the tax liability of single workers than of workers with dependents because the single worker lacks the benefit of the dependents' exemptions. Not only is a large portion of his earnings subject to tax but the larger taxable income may subject him to a higher tax rate. A comparison of the woolen- and the cotton-goods industries illustrates the effect of the earnings average on the tax and hence on the trend of spendable earnings. In both of these industries gross weekly earnings rose by 57 percent. For workers with 3 dependents the changes in spendable income were also very similar, showing increases of between 38 and 40 percent. However, the average gross wage in woolen mills was \$34.24 in October 1943, as compared with an average of \$24.57 in cotton mills. For a single worker the income and victory tax on \$34.24 per week is about \$5; on \$24.57 it is about \$3. As a result, the average spendable income of the higher-wage woolen workers who were single advanced by only 18.4 percent while the corresponding advance in cotton mills was 22.7 percent.

The position of workers without dependents in machine-tool plants deserves special comment. The machine-tool industry was among the first to be affected acutely by the national defense program of 1940. The \$40.15 average gross weekly earnings in January 1941, 51 percent above the general factory average at that time, reflected the lengthening of hours that had already occurred, as well as the relatively high average rates of the highly skilled workers in this industry. By October 1943 the machine-tool industry had already reduced working schedules, as the tooling of war factories approached completion. Reduction of working schedules lowered the average weekly earnings, not only because fewer hours were paid for but also because a smaller proportion were paid for at premium rates for overtime. Meanwhile the wartime scale of operations had made possible, and the shortage of skilled workers had made imperative, the use of a larger proportion of routine workers. In spite of wage-rate increases, gross weekly earnings in October 1943 averaged \$55.34, only 37.8 percent above those in January 1941. Nevertheless, although gross earnings had shown a net increase much less than the average, they were high enough to make the machine-tool workers subject to relatively heavy income taxes; single workers at the average wage of October 1943 were liable for \$10.08 per week. Consequently, the spendable income of single workers in October 1943 was, on the average, no more than sufficient to meet the increased cost of the 1941 level of living.

Spendable Earnings, by Industry, Compared With Living Costs

WORKERS WITH DEPENDENTS

A married worker with two children could maintain his pre-war scale of living, pay taxes, and meet his bond quota if he had an increase in gross earnings of 40-50 percent between January 1941 and October

1943. The actual increases that occurred in gross earnings exceeded 50 percent in industries which employ the majority of factory workers; the average increase was 68.4 percent. Consequently most married factory workers could buy more goods in October 1943 than in January 1941. The average net spendable earnings of a worker with three dependents, after bonds and taxes, exceeded the cost of a January 1941 standard by \$5.65 per week. This outcome of the war is remarkable. Prior to the attack on Pearl Harbor no prospect existed for even maintaining the living standards of the mass of the workers in the event of a major war. In the case of most factory workers this has been done, and more, as a result of more intensive work for longer hours by a larger labor force.

About one-third of the factory workers are employed in industries which have provided net gains of \$4.50 or more per week in the spendable earnings of married workers who earned close to the average wage of these industries. Particularly in the war industries, the married workers have enjoyed substantial gains in spendable earnings, thus achieving a real surplus over their former cost of living even after meeting bond and tax obligations. In general, the married workers who received as much as a 65-percent increase in gross earnings from January 1941 to October 1943 retained a weekly \$5 surplus of spendable earnings after bonds and taxes. Gains of this kind occurred in the shipbuilding, car-building, agricultural-machinery, malleable castings, typewriter, and locomotive industries. All of these industries were converted to war production. Most favorably situated were the married workers in the locomotive industry, where gross earnings rose by 83 percent—from \$34.79 to \$63.51 (table 3). The average spendable income in this industry was \$34.44 in January 1941 and to meet this scale of living in October 1943 the worker needed \$42.50 (table 4). Actually the average spendable earnings of married workers in this industry rose to \$51.02, even after taxes of \$6.14 and bond purchases of \$6.35 per week. The addition to net spendable earnings of the worker with three dependents averaged \$8.52 per week.

The average net gain in shipbuilding, while smaller than in the locomotive industry, amounted to \$4.54 per week. Gross earnings rose by an average of 67 percent to a level of \$62.91 in October 1943. The cost of a 1941 scale of living was \$46.04 in October 1943. Net spendable earnings exceeded this cost by \$4.54, after taxes of \$6.04 and a bond subscription of \$6.29.

In a few of the nonwar industries the married workers scored gains in spendable income comparable to those just cited. Women's clothing was the most important of the industries showing sizable gains, although not directly involved in war production. As compared with the war industries, the women's clothing industry has had a much lower level of average wages. The cost of living in October 1943 at the scale of January 1941 amounted to only \$23.79 per week, while the net spendable earnings rose to an average of \$28.69. Thus, the married worker at the average wage level for women's clothing enjoyed a gain of nearly \$5 per week after bonds and taxes. One factor was the comparatively low level of taxes for a worker with three dependents and an income of \$33 a week; total income, victory, and social-security taxes amounted to less than \$1 a week.

Spendable Earnings of Factory Workers

Typical of the situation of married workers in many industries was that of the steel workers, whose gross weekly earnings advanced by 57.4 percent, from an average of \$33.60 in January 1941 to an average of \$52.88 in October 1943. In the latter month the cost of a January 1941 level of living was \$41.04, while the average spendable earnings had advanced to \$43.68. The average steel worker with three dependents thus had a net gain of \$2.64 per week after paying about \$4 in taxes and subscribing \$5.29 in bonds.

TABLE 4.—Spendable Weekly Earnings of Factory Workers, October 1943, Compared With Earnings Required To Maintain January 1941 Living Standard

WAGE EARNER SUPPORTING AN ADULT AND 2 CHILDREN

Industry	Percent of increase in gross weekly earnings, January 1941-October 1943	Earnings required to maintain living level of January 1941	Net spendable earnings, October 1943	Addition (+) to or deficiency (-) of spendable earnings	Bond purchases at 10 percent of gross earnings	Taxes, income, victory, and social security	Employment (in thousands), December 1943, in—	
							Specified industry	Similar industries (a)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All manufacturing.....	68.4	\$32.54	\$38.19	+\$5.65	\$4.49	\$2.18	13,870	13,870
Durable goods.....	68.2	37.24	42.68	+5.44	5.13	3.59	8,397	8,397
Nondurable goods.....	54.6	27.79	30.66	+2.87	3.52	1.00	5,473	5,473
<i>28 selected industries</i> ¹								
Newspapers.....	21.4	46.61	39.21	-7.40	4.63	2.48	113	264
Rayon and allied products.....	35.8	33.48	32.42	-1.06	3.72	1.03	53	93
Machine tools.....	37.8	49.05	45.41	-3.64	5.53	4.40	92	512
Baking.....	37.7	32.33	31.74	-.59	3.64	1.04	263	481
Boots and shoes.....	44.7	23.91	24.75	+.84	2.83	.74	176	403
Electrical equipment.....	46.9	40.54	40.88	+.34	4.88	3.00	(2)	698
Paints.....	47.9	36.48	37.68	+1.20	4.42	2.07	30	144
Paper boxes.....	48.0	27.20	28.74	+1.54	3.30	.92	86	211
Carpets and rugs.....	49.4	30.76	32.75	+1.99	3.76	1.10	21	52
Hosiery.....	51.3	22.61	24.48	+1.87	2.80	.78	113	396
Chemicals, not elsewhere classified ²	52.1	40.44	42.00	+1.56	5.03	3.30	121	973
Meat packing.....	56.3	32.79	36.16	+3.37	4.19	1.59	171	212
Woolen textiles.....	57.2	26.61	29.85	+3.24	3.42	.96	160	160
Elast furnaces, steel works.....	57.4	41.04	43.68	+2.64	5.29	3.91	503	1,205
Cotton textiles.....	57.5	19.05	21.52	+2.47	2.46	.60	473	522
Automobiles.....	57.9	46.04	48.32	+2.28	5.95	5.25	762	803
Castings, gray iron.....	62.6	37.21	41.38	+4.17	4.95	3.18	78	255
Shirts, etc., men's.....	61.8	17.37	20.17	+2.80	2.30	.54	56	99
Planing and plywood.....	63.4	27.49	32.04	+4.55	3.68	1.06	79	119
Shipbuilding.....	66.9	46.04	50.58	+4.54	6.29	6.04	(3)	1,305
Cars.....	68.8	36.12	41.64	+5.52	4.99	3.29	(4)	427
Women's clothing, not elsewhere classified ⁴	69.0	23.79	28.69	+4.90	3.29	.92	230	701
Underwear.....	71.3	18.14	22.26	+4.12	2.54	.63	13	52
Agricultural machinery.....	73.5	36.55	43.00	+6.45	5.18	3.61	43	335
Castings, malleable.....	76.1	34.72	41.87	+7.15	5.02	3.30	26	110
Typewriters.....	82.3	32.26	40.42	+8.16	4.81	2.90	13	152
Locomotives.....	82.6	42.50	51.02	+8.52	6.35	6.14	(2)	(5)
Fertilizers.....	83.7	19.19	25.22	+6.03	2.89	.77	22	

SINGLE WAGE EARNER WITH NO DEPENDENTS

All manufacturing.....	68.4	\$32.54	\$32.76	+\$0.22	\$4.49	\$7.62	13,870	13,870
Durable goods.....	68.2	37.24	37.25	+1.02	5.13	9.03	8,397	8,397
Nondurable goods.....	54.6	27.79	26.15	-1.64	3.52	6.51	5,473	5,473
<i>28 selected industries</i> ¹								
Newspapers.....	21.4	46.61	33.75	-12.86	4.63	7.94	113	264
Rayon and allied products.....	35.8	33.48	27.57	-5.91	3.72	5.93	53	93
Machine tools.....	37.8	49.05	39.72	-9.33	5.53	10.08	92	512
Baking.....	37.7	32.33	27.06	-5.27	3.64	6.72	263	481

See footnotes at end of table.

TABLE 4.—Spendable Weekly Earnings of Factory Workers, October 1943, Compared With Earnings Required To Maintain January 1941 Living Standard—Continued

SINGLE WAGE EARNER WITH NO DEPENDENTS—Continued

Industry	Percent of increase in gross weekly earnings, January 1941–October 1943	Earnings required to maintain living level of January 1941	Net spendable earnings, October 1943	Addition (+) to or deficiency (–) of spendable earnings	Bond purchases at 10 percent of gross earnings	Taxes: Income, victory, and social security	Employment (in thousands), December 1943, in—	
							Specified industry	Similar industries*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Boots and shoes.....	44.7	\$23.91	\$21.56	–\$2.35	\$2.83	\$3.93	176	403
Electrical equipment.....	46.9	40.54	35.40	–5.14	4.88	8.48	(²)	698
Paints.....	47.9	36.48	32.32	–4.16	4.42	7.43	30	144
Paper boxes.....	48.0	27.20	24.68	–2.52	3.30	4.98	86	211
Carpets and rugs.....	49.4	30.76	27.83	–2.93	3.76	6.02	21	52
Hosiery.....	51.3	22.61	21.29	–1.32	2.80	3.92	113	396
Chemicals, not elsewhere classified ³	52.1	40.44	36.50	–3.94	5.03	8.80	121	973
Meat packing.....	56.3	32.79	30.76	–2.03	4.19	6.99	171	212
Woolen textiles.....	57.2	26.61	25.53	–1.08	3.42	5.28	160	160
Blast furnaces, steel works.....	57.4	41.04	38.20	–2.84	5.29	9.39	503	1,205
Cotton textiles.....	57.5	19.05	18.94	–.11	2.46	3.18	473	522
Automobiles.....	57.9	46.04	42.48	–3.56	5.95	11.08	763	803
Castings, gray iron.....	62.6	37.21	35.96	–1.25	4.95	8.60	78	255
Shirts, etc. men's.....	61.8	17.37	17.95	+ .58	2.30	2.76	56	99
Planing and plywood.....	63.4	27.49	27.26	–.23	3.68	5.84	79	119
Shipbuilding.....	66.9	46.04	44.70	–1.34	6.29	11.92	(²)	1,305
Cars.....	68.8	36.12	36.22	+ .10	4.99	8.71	(²)	427
Women's clothing, not elsewhere classified ⁴	69.0	23.79	24.62	+ .83	3.29	4.99	230	701
Underwear.....	71.3	18.14	19.60	+1.46	2.54	3.29	13	52
Agricultural machinery.....	73.5	36.55	37.47	+ .92	5.18	9.14	43	333
Castings, malleable.....	76.1	34.72	36.33	+1.61	5.02	8.80	26	110
Typewriters.....	82.3	32.26	34.95	+2.69	4.81	8.37	13	152
Locomotives.....	82.6	42.50	44.44	+1.94	6.35	12.08	(²)	(²) 22
Fertilizers.....	83.7	19.19	21.85	+2.66	2.89	4.13		

* Industries were grouped on the basis of similarity of experience with respect to earnings, not with respect to product.

¹ In ascending order of percent of increase in gross weekly earnings.

² Information not available for publication.

³ Excludes paints, drugs, perfumes, soap, rayon, gases, cottonseed oil, and fertilizers.

⁴ Excludes corsets and millinery.

⁵ October 1940 substituted for January 1941, to avoid seasonal distortion.

The married workers who received less than a 40-percent increase in gross weekly earnings after January 1941 faced a net loss in spendable earnings as compared with living costs. In the rayon (chemical) industry, for example, gross weekly earnings rose by 35.8 percent, from \$27.40 to \$37.22 a week. The cost of a \$27 standard had advanced to \$33.48 by October 1943, while net spendable earnings averaged \$32.42. There was a net deficit of about \$1 a week to the average married worker, who had paid \$1.08 in taxes and subscribed \$3.72 in bonds.

WORKERS WITHOUT DEPENDENTS

The average rise in the spendable income of factory workers without dependents has been about the same, since January 1941, as the rise in living costs. The second section of table 4 shows a calculated addition of spendable earnings over the cost of a 1941 living standard, amounting to 22 cents a week, after the deduction of \$7.62 for taxes and \$4.49 for war bonds. This apparent addition to spendable earnings is within the range of error of the estimates.

A single worker without dependents could pay his taxes, buy his suggested quota of bonds, and maintain his pre-war scale of living if he had an increase of about 60 percent in his gross weekly earnings.

In cotton goods this position was approximately achieved. As a result of a 57½-percent rise in the average of gross earnings, the average of net spendable earnings rose to \$18.94 per week by October 1943, or slightly less than the current cost of the \$15.44 scale of living in January 1941. Cotton-mill workers enjoyed a relatively favorable trend of earnings from their low average level of 1941. However, only about one-fourth of the single workers who remained attached to their respective industries had a net addition to spendable earnings in October 1943 above the cost of their 1941 level of living.

The case of the newspaper workers is an extreme one, as has been noted previously. Gross earnings in this single case did not advance as rapidly as living costs, yet taxes of \$7.94 per week were due on the average earnings of \$46.33. After deducting these taxes and a bond subscription of \$4.63 per week, net spendable earnings for the single worker amounted to only \$33.75, or \$12.86 less than the current cost of the average pre-war scale of living of newspaper workers.

In the steel industry (blast furnaces, steel works, and rolling mills) the half million workers had average gross earnings of \$52.88 in October 1943, slightly above the average for factory workers generally. These gross earnings had advanced by 57.4 percent since January 1941. After taxes of \$9.39 per week and bond purchases of \$5.29 per week, the net spendable income of steel workers who had no dependents averaged only \$38.20. Meanwhile increased prices had raised the cost of the workers' former scale of living from \$33.26 in January 1941 to \$41.04 in October 1943. Spendable earnings for the single workers fell short of maintaining their pre-war scale of living by \$2.84 a week. A similar situation was faced by single workers in the textile-machinery, steel-casting, machine-shop, and rubber-tire industries which, with steel works, employed 1½ million wage earners.⁵

The experience of shipyard workers was even more remarkable in some respects than that of the steel workers. Shipyards are noted for increasing their wage scales to attract labor and for paying premium overtime rates to a considerable proportion of their workers. Hence, a substantial advance of spendable earnings might well have been expected. Actually the gross earnings of shipyard workers advanced by 66.9 percent to an average of \$62.91 in October 1943. However, earnings of \$62.91 subjected the single worker to taxes of \$11.92 and in addition he was expected to subscribe \$6.29 to war bonds. The remaining spendable income of the average shipyard worker who had no dependents was \$44.70. Meanwhile a scale of living which cost \$37.31 in January 1941 (corresponding to average spendable earnings at that time) cost \$46.04 in October 1943. Thus the spendable earnings of a shipyard worker without dependents fell short of meeting the cost of his pre-war scale by more than \$1.00 a week. The former standard of living could be maintained, of course, if the worker refused to subscribe for his whole quota of bonds. On the other hand, the cost-of-living calculation as presented cannot take account of the extra costs faced by a worker who migrated into a shipyard community from a distance.

⁵ Column 8 of table 4 shows the employment in industries which had an experience closely similar to that of the industry named in the stub of the table. A total of 104 manufacturing industries yielded information on weekly earnings which could be compared. The 28 industries listed in tables 3 and 4 illustrate the whole range of experience in the broader list of 104 industries. Detailed figures relating to the remaining industries will be supplied on request.