

UNITED STATES DEPARTMENT OF LABOR

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BUREAU OF LABOR STATISTICS

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Trends in Urban Wage Rates

April–October 1944



Bulletin No. 809

[Reprinted from the MONTHLY LABOR REVIEW, February 1945]

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., February 13, 1945.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the trend in urban wage rates, April–October 1944. This report was prepared in the Bureau's Division of Wage Analysis by Harry Ober and Lily Mary David, assisted by Margaret L. Hammond.

A. F. HINRICHS, *Acting Commissioner.*

HON. FRANCES PERKINS,
Secretary of Labor.



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Bulletin No. 809 of the

United States Bureau of Labor Statistics

[Reprinted from the MONTHLY LABOR REVIEW, February 1945]

Trends in Urban Wages Rates, April–October 1944¹

Summary

Urban wage rates in manufacturing rose 2.2 percent during the 6-month period, April to October 1944, thus bringing the increase for the period since January 1941 to approximately 30 percent. Gross hourly earnings rose 51 percent during this period and gross weekly earnings 76 percent. The increase in urban factory wage rates amounted to eight-tenths of 1 percent per month during the 21 months prior to the Wage Stabilization Act of October 1942, but was reduced to six-tenths of 1 percent in the first year of wage stabilization and to three-tenths of 1 percent during the second year.

The greatest increases during the interval from April to October 1944 were found in the apparel and leather industry groups, in which incentive payments are relatively important, and in the Middle Atlantic States. General wage changes during this period accounted for an increase of about four-tenths of 1 percent; the increase in earnings during the entire period since January 1941 caused by such changes is about 16 percent.

The rise in urban wage rates in the nonmanufacturing industries studied amounted to 4.1 percent between April and October 1944. The greatest increases were found in the low-wage retail and service industries, in which wage rates rose by 5.6 and 5.4 percent, respectively. The Southeast showed the largest increase in nonmanufacturing wages, rates increasing 6.5 percent in this region. During the 1½-year period, April 1943–October 1944, wage rates in nonmanufacturing both in the Southeast and in the Southwest rose more than 20 percent.

¹ For a more complete description of the Bureau's new measure of urban wage trends see *Wartime Wage Movements and Urban Wage-Rate Changes*, in *Monthly Labor Review*, October 1944.

Nature of Study

The trend of basic wage rates, which in normal times may be inferred from the movement of hourly earnings, has been obscured in recent years by drastic wartime changes in hours of work, the relative importance of war and civilian industries, the prevalence of premium pay for late shifts, the composition of the labor force, and other factors. Since control of wage rates has been the objective of the wage-stabilization program, and because of the importance of wage rates in studies of labor cost and national income, the Bureau of Labor Statistics has recently developed an index of wage rates to supplement its long-established measures of hourly and weekly earnings. In addition to providing a dependable measure of trends in wage rates, the new index permits separate study of wage movements in major cities and in the various economic regions. The index covers manufacturing industry and selected branches of nonmanufacturing.

The wage-rate index is based on statistics gathered semiannually from about 6,600 identical establishments, by trained field representatives of the Bureau, who visit the cooperating firms and transcribe wage rates for key occupations directly from pay rolls and other basic records. The data are obtained almost exclusively from areas centering in cities of 25,000 population or more and therefore the measure applies only to urban areas. The information collected consists of hourly wage rates (average hourly earnings in the case of incentive workers) exclusive of all premium payments for overtime and for work on second or third shifts. By use of constant weights the influence of each occupation (and each sex within each occupation), industry, and area is kept the same in all periods.

The index reflects primarily the effect of general wage changes (such as a 10-cent increase across the board, or a 5-percent increase in the base rates of incentive workers) and individual wage adjustments, such as merit increases or automatic promotions within a rate range. Changes in incentive earnings resulting from changes in output also affect the index, as do certain other factors that are not ordinarily important.² The first results of the index cover the period from April 1943 to April 1944.³ The material presented in the present article extends these findings to October 1944.

Urban Wage-Rate Changes in Manufacturing Industries

Urban wage rates in manufacturing industries increased 2.2 percent between April and October 1944. This rise was slightly larger than the 1.9-percent increase recorded in the preceding 6-month period but was smaller than in the corresponding months (April–October) of 1943, when urban wage rates rose 3.8 percent.

During the second full year of wage stabilization, ending in October 1944, the increase in urban wage rates amounted to three-tenths of 1 percent per month. This may be contrasted with an average increase of six-tenths of 1 percent monthly during the first year of wage

² See *Wartime Wage Movements and Urban Wage-Rate Changes*, in *Monthly Labor Review*, October 1944 (pp. 684–704), especially table 1.

³ By means of additional material and estimates, the figures for manufacturing industry have been extended back to January 1941 for the country as a whole and for broad regions.

stabilization, and of eight-tenths of 1 percent during the period from January 1941 to the passage of the Wage Stabilization Act (table 1).

TABLE 1.—Comparative Summary of Changes in Earnings and Wage Rates in Manufacturing, January 1941–October 1944

Period	Number of months	Percent of increase				Percent of increase per month ¹			
		Gross weekly earnings	Gross hourly earnings	Adjusted hourly earnings ²	Urban wage rates	Gross weekly earnings	Gross hourly earnings	Adjusted hourly earnings ²	Urban wage rates
Total period (January 1941–October 1944).....	45	76.2	51.0	36.1	30.2	1.3	0.9	0.7	0.6
Prestabilization period (January 1941–October 1942).....	21	46.0	30.7	20.7	17.0	1.8	1.3	.9	.8
Stabilization period (October 1942–October 1944).....	24	20.7	15.5	12.8	11.3	.8	.6	.5	.4
October 1942–April 1943.....	6	9.2	5.7	3.3	3.0	1.5	.9	.5	.5
April 1943–October 1943.....	6	5.6	4.7	3.5	3.8	.9	.8	.6	.6
October 1943–April 1944.....	6	1.6	2.4	3.1	1.9	.3	.4	.5	.3
April 1944–October 1944.....	6	3.0	1.9	2.3	2.2	.5	.3	.4	.4

¹ In obtaining these monthly averages it has been assumed that the increase for each month is computed as a percentage of the rate at the beginning of that month. In most cases, therefore, the monthly figures are slightly lower than those computed by dividing the percentage for an entire period by the number of months in the period.

² Hourly earnings excluding premium payments for overtime, and with industries weighted in proportion to their 1939 employment.

³ Partly estimated.

Over the entire period from January 1941 to October 1944, urban wage rates rose 30.2 percent, at a rate of six-tenths of 1 percent a month. Gross weekly earnings rose 76.2 percent during this period, and gross hourly earnings increased 51.0 percent. "Adjusted" hourly earnings, corrected for premium overtime payments and inter-industry employment shifts, rose 36.1 percent.

FACTORS RESPONSIBLE FOR WAGE-RATE CHANGES

Most of the increase in manufacturing wage rates between April and October 1944 was the result of merit increases and other individual wage adjustments. General wage changes affecting all or a substantial proportion of the workers in an establishment constituted a relatively minor factor, as they have since the advent of wage stabilization; they amounted to four-tenths of 1 percent, or about a fifth of the entire increase in urban wage rates. The rise during the entire period since January 1941 resulting from general wage increases amounted to about 16 percent, of which the major part (about 13 percent) took place before passage of the Stabilization Act in October 1942. A sixth of the establishments surveyed reported general wage changes during the period from April to October 1944. Such wage changes were, however, relatively greater in certain industries, notably, chemicals and tobacco. They were also relatively important in some individual cities, for example, Minneapolis and St. Louis.

Increased incentive earnings were partly responsible for the rise in wage rates, but still remained a relatively minor factor. Rates for time workers increased 1.8 percent, as compared with 2.2 percent for time and incentive workers combined. Incentive workers, it should be noted, comprise about a third of all manufacturing employees. Substantial increases in incentive straight-time earnings in some estab-

ishments were partly offset by decreases in others. Apparently, simplification of incentive tasks and standardization of production without changes in rates contributed to the rise in incentive earnings, as did actual changes in piece rates. Part of the increase in earnings in the boot and shoe industry, for example, was due to introduction of simpler styles and to a steadier flow of work without reduction of piece rates. Substitutions of incentive for hourly methods of payment were fairly numerous, but their net effect on the index was apparently negligible.

VARIATIONS AMONG INDUSTRY GROUPS

There was a relatively wide variation among manufacturing industry groups in the extent to which urban wage rates rose between April and October 1944. Whereas three of the industry groups showed changes of less than 1 percent, two groups rose more than 4 percent. The two industries showing the greatest increases, apparel and leather, were both characterized by incentive-wage payments. The industries most directly connected with war production tended to show smaller increases during this period than did other industries; wage rates in basic iron and steel and shipbuilding, for example, both changed less than 1 percent during this period. The slight decrease for the former industry can be traced to decreased incentive earnings in a number of centers; the data do not reflect the effects of the "Basic Steel" award of the National War Labor Board, which was made after the period covered by the index.⁴

Examination of table 2 indicates that, on the whole, those industries with the smallest changes in urban wage rates during the 6-month period, April to October 1944, had also experienced relatively small increases during the preceding year. Over the entire period from

TABLE 2.—Percent of Increase in Urban Wage Rates in Manufacturing, by Industry Group, April 1943 to October 1944

Industry group	Percent of increase from—			
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	April 1943 to October 1944
All industries.....	3.8	1.9	2.2	8.1
Food and kindred products.....	3.2	1.1	1.9	6.3
Tobacco manufactures.....	1.1	3.1	1.7	6.1
Textile-mill products.....	2.7	2.7	2.3	8.0
Apparel and allied products.....	1.2	5.0	7.6	12.8
Lumber and timber basic products.....	(¹)	(²)	(³)	(⁴)
Furniture and finished lumber products.....	3.4	1.8	2.9	8.4
Paper and allied products.....	5.2	2.2	1.7	7.2
Printing, publishing, and allied industries.....	3.1	1.6	2.5	7.3
Chemicals and allied products.....	2.4	1.3	1.2	4.9
Products of petroleum and coal.....	1.3	(²)	.3	(⁴)
Rubber products.....	2.0	2.5	1.4	6.0
Leather and leather products.....	4.5	4.0	4.2	13.3
Stone, clay, and glass products.....	(¹)	(²)	(³)	(⁴)
Basic iron and steel.....	(¹)	.5	1.4	(⁴)
Shipbuilding.....	.4	.4	.5	1.3
Metalworking (except basic iron and steel and shipbuilding).....	5.4	1.9	2.0	9.5

¹ Decrease.

² Representation inadequate to show percent of increase.

³ Less than a tenth of 1 percent.

⁴ Data not available for April 1943.

⁴ The award was issued by the National War Labor Board on November 25, and approved by the Director of Economic Stabilization on December 30, 1944. (For summary, see Monthly Labor Review, January 1945, p. 41.)

April 1943 to October 1944, the increase in urban wage rates varied among industry groups from less than 1 percent to over 13 percent. Four of the groups showed increases equal to or above the 8.1-percent average for all manufacturing-industry groups combined. The apparel and leather industries, which showed the greatest increases during the 6-month period, also had the largest increases (about 13 percent) over the entire period.

INTERREGIONAL AND INTERCITY VARIATIONS

The rise in urban wage rates between April and October 1944 varied from 1.0 percent in the Pacific Coast States to 3.5 percent in the Middle Atlantic States. Only one region (the Mountain States) in addition to the influential Middle Atlantic region showed increases in excess of the national average. Part of the rise in the Middle Atlantic States is attributable to the large increase in earnings in the apparel industries.

TABLE 3.—Percent of Increase in Urban Wage Rates in Manufacturing, by Economic Region and Selected Area, April 1943 to October 1944

Economic region and urban area ¹	Percent of increase from—			
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	April 1943 to October 1944
All regions.....	3.8	1.9	2.2	8.1
New England.....	3.2	1.3	2.1	6.7
Boston.....			1.1	8.1
Providence.....			2.3	5.6
Middle Atlantic.....	2.6	2.9	3.5	9.2
Buffalo.....			.5	12.3
Newark.....			2.8	11.4
New York.....			6.4	12.3
Philadelphia.....			2.3	6.0
Pittsburgh.....			2.2	5.1
Border States.....	1.6	2.0	1.4	5.1
Baltimore.....			1.6	4.5
Louisville.....			3.3	8.8
Southeast.....	3.6	2.2	2.0	8.0
Atlanta.....			2.7	7.9
Birmingham.....			3.4	6.3
Memphis.....			2.0	8.5
Great Lakes.....	5.1	1.3	1.7	8.3
Chicago.....			3.0	8.1
Cleveland.....			2.7	9.4
Detroit.....			.3	6.5
Indianapolis.....			1.4	6.0
Milwaukee.....			3.1	6.2
Minneapolis.....			1.2	4.9
Middle West.....	4.8	3.3	1.1	9.4
Kansas City.....			1.7	4.9
St. Louis.....			1.0	11.8
Southwest.....	4.2	1.2	1.5	7.1
Dallas.....			1.7	11.0
Houston.....			.8	2.6
New Orleans.....			1.0	8.9
Mountain.....	3.0	2.3	2.7	8.2
Denver.....			1.8	9.5
Pacific.....	4.6	1.3	1.0	7.0
Los Angeles.....			1.3	9.6
Portland.....			.8	1.2
San Francisco.....			.8	2.1
Seattle.....			.4	3.7

¹ The data are based on observations in 69 areas. For the names of other areas within the various regions, see Monthly Labor Review, October 1944 (p. 690).

Among the 28 large cities for which individual data are available, urban wage rates rose by less than 1 percent in six cities and by 3 percent or more in five. The largest increases were reported in New York, Birmingham, Louisville, Milwaukee, Chicago, and Newark.

The importance of the apparel industries in New York City explains much of the increase in wages recorded for that city. The cities in which the smallest increases were found were mainly shipbuilding centers and were greatly influenced by the relatively stable wage structure of the shipbuilding industry.

There was apparently no correlation between the extent of the increases in wage rates in the cities or regions studied and those reported during the preceding year. Moreover there was no significant relationship between wage levels and the extent of change, in the case of either individual cities or regions.

Although individual data are shown in table 3 only for the largest cities studied, a comparison of the increases recorded for all cities of 100,000 or more with those for all smaller areas studied indicates but slight variation in the rate of increase by size of city. The increase in the larger cities amounted to 2.4 percent, that for cities of less than 100,000 to 2.1 percent.

Although there was appreciable interregional variation in movements of manufacturing wage rates during the most recent 6-month period, there was a good deal of consistency in the increase during the entire 1½-year period (April 1943–October 1944) for which urban wage-rate data are available by region. Four of the nine regions showed increases that were within 1 percentage point of the United States average, and all but one showed increases within 2 percentage points of that average.

Urban Wage-Rate Changes in Nonmanufacturing

Urban wage rates in the group of nonmanufacturing industries studied rose by 4.1 percent between April and October 1944. Under the "substandard" policy of the National War Labor Board, permitting increases in wage rates up to 50 cents an hour without Board approval, these industries were able to raise wage rates almost twice as fast as did the higher-wage manufacturing industries. The increase in nonmanufacturing wage rates during this interval was significantly higher than during the preceding 6 months, but amounted to less than two-thirds of the gain recorded during the period from April 1943 to October 1943 (table 4). The rise over the entire year and a half (April 1943 to October 1944) amounted to 13.8 percent, or seven-tenths of 1 percent a month.

TABLE 4.—Percent of Increase in Urban Wage Rates in Selected Nonmanufacturing Industries, by Industry Group, April 1943 to October 1944

Industry group ¹	Percent of increase from—			
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	April 1943 to October 1944
Total, selected industries.....	6.4	2.7	4.1	13.8
Wholesale trade.....	2.5	2.0	2.9	7.6
Retail trade.....	9.2	3.0	5.6	18.8
Finance, insurance, and real estate.....	3.9	3.1	1.6	8.8
Local utilities.....	1.5	1.1	.3	2.9
Service trades.....	6.4	2.4	5.4	14.8

¹ The specific industries selected to represent these groups in the measurement of wage-rate changes were as follows: *Wholesale trade*—general-line wholesale groceries; *retail trade*—department stores, clothing stores, and groceries; *finance, insurance, and real estate*—banks and savings and loan associations; *local utilities*—electric light and power or gas companies; *service trades*—hotels, power laundries, and auto-repair shops.

FACTORS RESPONSIBLE FOR URBAN WAGE-RATE CHANGES

As in the case of manufacturing industries, the major part of the change in nonmanufacturing wages during the 6 months (April to October 1944) may be attributed to merit and other individual increases in rates of pay. General wage changes were relatively as important as in manufacturing, amounting to about eight-tenths of 1 percent. This relationship appears to be unusual; normally, wage changes are less important as a method of wage adjustment in nonmanufacturing than in manufacturing industry. General wage changes were reported about as frequently during this period as during the preceding 6 months; about one nonmanufacturing establishment in eight reported a general wage change in this interval.

As in earlier periods, increased incentive payments also were relatively unimportant factors in the rise in nonmanufacturing wage rates; in retail trade, where incentive payment is very prevalent, rates of time workers rose by 4.9 percent, compared with the 5.6-percent rise for time and incentive workers combined.

VARIATIONS AMONG INDUSTRY GROUPS

Among the five nonmanufacturing-industry groups studied, the greatest increases were recorded in the relatively low-wage retail trade and service industries, in each of which wage rates rose by more than 5 percent. These were also the industries that had experienced the greatest increase in wage rates during the preceding year; the rise in the year and a half between April 1943 and October 1944 amounted to 18.8 percent for retail trade and 14.8 percent for the service industries. These industry groups were apparently affected more than the other nonmanufacturing industries studied by wage increases permitted under "substandard" rulings of the War Labor Board; the rise in retail trade is also explained in part by increased incentive earnings. The increases in retail trade were about 8 percent in three regions, including the relatively high-wage Great Lakes and Pacific Coast regions. Five regions showed increases of 6.5 percent or more in these service trades.

	Percent of change, April 1944- October 1944 in—	
	Retail trade	Service industries
New England.....	2.9	3.1
Middle Atlantic.....	4.5	2.6
Border States.....	1.9	6.5
Southeast.....	8.5	6.7
Great Lakes.....	7.6	7.3
Middle West.....	2.1	6.7
Southwest.....	4.2	7.4
Mountain.....	6.4	4.6
Pacific.....	7.8	5.5

INTERREGIONAL AND INTERCITY VARIATIONS

The rise in the combined nonmanufacturing industries varied among the nine economic regions from 2.4 percent in the Border States to 6.5 percent in the Southeast. Over the 1½-year period the increase in both southern regions exceeded 20 percent (table 5).

Among individual large cities, Dallas, which during the preceding year led all cities in the amount of increase, showed the smallest

change in nonmanufacturing wage rates. Houston and New Orleans had also previously shown large wage-rate increases, but reported relatively small gains from April to October 1944. Some of the largest increases were recorded in the relatively high-wage Pacific Coast cities, which had experienced little change during the preceding year. Over the entire period (April 1943 to October 1944), all six of the large Southern cities studied reported increases of more than 20 percent, while only one other city—Detroit—showed as large a rise.

TABLE 5.—Percent of Increase in Urban Wage Rates in Selected Nonmanufacturing Industries, by Economic Region and Selected Area, April 1943 to October 1944

Economic region and urban area ¹	Percent of increase from—			
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	April 1943 to October 1944
All regions.....	6.4	2.7	4.1	13.8
New England.....	3.3	2.3	3.5	9.4
Boston.....			3.3	9.3
Providence.....			1.3	3.7
Middle Atlantic.....	5.6	2.3	3.0	11.3
Buffalo.....			2.0	6.4
Newark.....			3.8	16.9
New York.....			3.2	10.9
Philadelphia.....			1.9	15.0
Pittsburgh.....			2.1	8.0
Border States.....	6.5	4.6	2.4	14.1
Baltimore.....			2.7	12.5
Louisville.....			2.6	18.3
Southeast.....	9.3	4.1	6.5	21.2
Atlanta.....			6.3	20.9
Birmingham.....			8.8	21.8
Memphis.....			9.3	23.8
Great Lakes.....	8.2	2.2	6.8	17.0
Chicago.....			6.3	18.3
Cleveland.....			3.5	15.1
Detroit.....			5.5	22.5
Indianapolis.....			5.1	14.3
Milwaukee.....			4.6	16.2
Minneapolis.....			7.6	15.7
Middle West.....	8.6	3.0	2.6	14.8
Kansas City.....			1.1	12.9
St. Louis.....			3.9	15.3
Southwest.....	11.4	5.6	3.5	21.7
Dallas.....			.8	22.8
Houston.....			3.2	20.1
New Orleans.....			1.7	21.3
Mountain.....	4.0	2.7	4.9	12.1
Denver.....			3.3	8.6
Pacific.....	2.7	1.8	4.3	9.0
Los Angeles.....			3.0	9.6
Portland.....			6.6	11.2
San Francisco.....			5.9	9.5
Seattle.....			4.0	5.6

¹ The data are based on observations in 69 areas. For the names of other areas within the various regions, see Monthly Labor Review (October 1944, p. 690).

Comparison of data for cities of 100,000 or more with those for the smaller cities studied indicates that the increase in wage rates was slightly greater in the large than in the small cities. During the preceding year the increase was about the same in cities of both size groups. The following figures present weighted averages by size of central city for the 6-month period ending in October 1944.

Size of central city:	Number of areas	Average increase (percent)
Under 100,000.....	28	3.8
100,000 and over.....	41	4.1