

UNITED STATES DEPARTMENT OF LABOR
L. B. SCHWELLENBACH, *Secretary*
BUREAU OF LABOR STATISTICS
A. F. Hinrichs, *Acting Commissioner*

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Trends in Urban Wage Rates

April to October

1945



Bulletin No. 860

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., March 1, 1946.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the trend in urban wage rates, April to October 1945. This report was prepared in the Bureau's Wage Analysis Branch under the direction of Frances M. Jones and Eleanor K. Buschman.

A. F. HINRICHS, *Acting Commissioner.*

Hon. L. B. SCHWELLENBACH,
Secretary of Labor.

(III)

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Trends in Urban Wage Rates, April to October 1945¹

Summary

BASIC wage rates in urban manufacturing and selected urban non-manufacturing industries in October 1945 showed small increases over April 1945 levels. The major portion of these increases occurred subsequent to the relaxation of wage controls by Executive order of August 18, 1945. More than a fourth of some 2,600 establishments studied by the Bureau of Labor Statistics had granted general increases in wage scales, and two-thirds of these were postwar changes. The greatest advances were observed in the consumer industries and in certain nonmanufacturing groups which had shown relatively slight wartime change. Rates in the metalworking industries remained essentially unchanged.

These observations are based on estimates developed from a study of wage trends in 18 of the 69 cities that are represented in the Bureau of Labor Statistics indexes of urban wage rates. These indexes are affected by changes in basic wage rates resulting from general changes in pay scales and by individual wage-rate adjustments within occupational classifications. They exclude the effect of such factors as premium pay for overtime and late-shift work, the shifting of employment among regions, industries, and occupations, and most of the changes in the composition of the labor force. The indexes cover manufacturing industry and selected branches of nonmanufacturing in urban areas.

The data developed from the present partial survey, corrected statistically for differences in sample coverage, are believed to yield sufficiently accurate results for use in the industry and area indexes discussed in this article. Data have been omitted from the series for industry groups and areas where coverage was inadequate for stable results.

¹ For a more complete description of the Bureau's measure of urban wage trends and the findings of previous surveys, see Monthly Labor Review, October 1944 (p. 684) or Serial No. R. 1684, February 1945 (p. 379) or Bulletin No. 809, and September 1945 (p. 519) or Bulletin No. 846.

Urban wage-rate trends should not be confused with trends of factory earnings, published monthly by the Bureau (see p. 295, Monthly Labor Review, February 1946). The latter series is based on gross earnings of all wage earners and thus reflects such factors as hours of work, premium pay for overtime and late-shift work, and shifting of employment among regions, industries, and occupations. The estimated straight-time average hourly earnings are computed by applying a correction factor to gross average earnings to eliminate the effect of overtime premiums but not of night-shift premiums or other factors affecting gross earnings.

Wage Movements in Manufacturing Industries

An increase of 1.0 percent was registered by wage rates in urban manufacturing industry as a whole between April and October 1945, bringing the total advance in wage rates since January 1941 to almost 34 percent.

The April-October 1945 period saw gross weekly earnings in manufacturing industry decline by 12.9 percent, and gross hourly earnings decline by 5.7 percent, which reduced these respective measures of wages to 54 and 44 percent above the January 1941 level. The reduction shown in gross earnings was the consequence of a shorter workweek generally, of less overtime and late-shift work with the accompanying premium pay, and of shifts in weight of employment from war industries to generally lower-wage consumer and service industries—all a part of the process of industrial reconversion to a peacetime basis. These factors do not affect the index of wage rates.

When gross hourly earnings are "adjusted" to eliminate most premium overtime pay and the effect of interindustry shifts in employment, they show a trend similar to that shown by the urban wage-rate index, but indicate a higher rate of increase (1.7 percent) in "straight-time" earnings than the recent 1-percent advance in wage rates. Gross hourly earnings are influenced by changes in the importance of individual regions or localities and changes in occupational structure, which do not affect the urban wage rate series. It also reflects wage changes in nonurban areas, and changes in the rate of pay for overtime and extra-shift work and in the extent of extra-shift work at premium pay. Table 1 gives a comparison of various measures of wage movements since January 1941.

TABLE 1.—Comparative Summary of Changes in Earnings and Wage Rates in Manufacturing, January 1941-October 1945

Period	Percent of change in specified period				
	Gross weekly earnings	Gross hourly earnings	Adjusted hourly earnings ¹	Urban wage rates	General wage changes
Total period (January 1941-October 1945).....	+54.0	+44.2	+41.7	² +33.7	² +18.0
Prestabilization period (January 1941-October 1942)...	+46.0	+30.7	+21.5	² +17.0	² +12.6
Stabilization period (October 1942-October 1945).....	+5.5	+10.3	+16.6	² +14.2	² +4.8
October 1942-April 1943.....	+9.2	+5.7	+3.2	+3.0	+1.1
April 1943-October 1943.....	+5.6	+4.7	+3.6	+3.8	+5
October 1943-April 1944.....	+1.5	+2.5	+3.0	+1.9	+5
April 1944-October 1944.....	³ +3.1	+1.8	+2.1	+2.2	+4
October 1944-April 1945.....	⁴ +4	⁴ +1.3	+1.9	+1.6	+5
April 1945-October 1945.....	-12.9	-5.7	+1.7	⁴ +1.0	⁴ +1.6

¹ Hourly earnings excluding premium payments for overtime, and with industries weighted in proportion to their 1941 employment.

² Partially estimated.

³ Revision of previously published data.

⁴ Estimated.

CAUSES OF WAGE-RATE CHANGES

The increase that took place in manufacturing wage rates between April and October 1945 was due primarily to changes in wage scales affecting all or substantial segments of individual-establishment employment. Such general wage increases had been a relatively unimportant factor contributing to advances in manufacturing wage

rates since October 1942. They had not accounted for more than one-half of 1 percent increase per 6 months since the "hold-the-line" order was issued early in 1943 (table 2).

TABLE 2.—Percent of Increase in Urban Wage Rates in Manufacturing Industries, Caused Exclusively by General Wage Increases, April 1943–October 1945

Industry group	Percent of increase from—					
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945 ¹	April 1943 to October 1945 ²
All industries.....	0.5	0.5	0.4	0.5	1.6	3.5
Food and kindred products.....	.6	.3	.9	.5	2.5	4.9
Tobacco manufactures.....	1.9	1.2	1.1	.9	(³)	⁴ 5.1
Textile-mill products.....	.1	1.4	.9	.7	4.1	7.3
Apparel and allied products.....	.8	.4	.4	.6	.7	2.9
Lumber and timber basic products.....	(⁵)	(⁵)				
Furniture and finished lumber products.....	.7	1.1	.3	.6	3.7	6.5
Paper and allied products.....	2.2	.4	.7	.5	4.2	8.2
Printing, publishing, and allied products.....	.9	.3	.9	.8	1.6	4.5
Chemicals and allied products.....	2.0	.1	1.0	.9	(⁵)	⁴ 4.0
Products of petroleum and coal.....	.7	(⁵)	.1	.2	(⁵)	⁴ 1.0
Rubber products.....	.2	.5	.1	.4	(⁵)	1.2
Leather and leather products.....	.8	.2	.1	.3	.4	1.8
Stone, clay, and glass products.....	(⁵)	(⁵)				
Metalworking (except basic iron and steel and shipbuilding).....	.4	.5	.3	.4	1.2	2.8

¹ Estimated.

² Partially estimated.

³ Data not available for October 1945.

⁴ October 1943 to April 1945.

⁵ Representation inadequate to show percent of change.

⁶ Less than a tenth of 1 percent.

Following the issuance on August 18, 1945, of the Executive order permitting wage and salary increases without approval by the National War Labor Board in cases not involving a rise in price ceilings, and the War Labor Board's implementation of the Executive order through General Order 40, a marked upward trend occurred in the demand for and granting of general increases in wage scales. More than a fourth of all covered establishments in the Bureau's survey had granted general wage increases between April and October, and two-thirds of these establishments negotiated the action subsequent to August 18. Many of these increases being in small and medium-size establishments, their net effect on total wages had not reached a significant total by October 1945, although negotiations involving large bodies of workers were in progress or anticipated at that time. It is notable, however, that the increase in wage rates chargeable exclusively to general increases in wage scales had reached 1.6 percent by October, whereas the net change in wage rates from all causes showed an increase of only 1.0 percent.

Various influences, in addition to advances in pay scales, operated in individual establishments, during the period studied, both to increase and to reduce the general level of wage rates. A more pronounced concentration of workers at the upper limits of occupational rate ranges existed in October than in April, owing both to promotions within rate ranges and to the lay-off (during force reductions) of the less-efficient workers and those with shorter service. The effect of these factors was partially offset by the practice in other establishments of laying off the higher-rate workers and by accessions

(after reconversion) in the lower portions of rate ranges, and by a fairly general decline in the earnings of incentive workers.² During the period of strict wage stabilization the principal factors operating to increase the level of wage rates appeared to be individual-merit and length-of-service increases not offset by labor turn-over, and increases in average incentive earnings traceable, at least in part, to increased productivity resulting from simplification of incentive tasks, standardization of production, and an emotional urge related to the war effort.

WAGE-RATE CHANGES IN INDUSTRY GROUPS

The consumer industries again experienced the highest rates of increase in wage scales, as may be seen from table 3. Textile wage rates advanced 5.1 percent, and the furniture and paper industry groups, respectively, had rates 4.4 and 4.5 percent higher than in April 1945. Food, rubber products, leather, and the printing and publishing groups likewise reported higher-than-average percentage

TABLE 3.—Percent of Change in Urban Wage Rates in Manufacturing, by Industry Group, April 1943-October 1945

Industry group	Percent of change from—					
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945 ¹	April 1943 to October 1945 ²
All industries.....	+3.8	+1.9	+2.2	+1.6	+1.0	+11.0
Food and kindred products.....	+3.2	+1.1	+1.9	+1.4	+2.4	+10.3
Tobacco manufactures.....	+1.1	+2.1	+1.7	+3.7	(?)	+10.0
Textile-mill products.....	+2.7	+2.7	+2.3	+1.1	+5.1	+14.8
Apparel and allied products.....	-2	+5.0	+7.6	+6.7	-1.1	+19.1
Lumber and timber basic products.....	(?)	(?)	(?)	(?)	(?)	(?)
Furniture and finished lumber products.....	+3.4	+1.8	+2.9	+1.0	+4.4	+14.4
Paper and allied products.....	+5.2	+2	+1.7	+4	+4.5	+12.4
Printing, publishing, and allied products.....	+3.1	+1.6	+2.5	+2.1	+1.8	+11.5
Chemicals and allied products.....	+2.4	+1.3	+1.2	+8	(?)	+5.7
Products of petroleum and coal.....	-3	(?)	+3	+1	(?)	+1
Rubber products.....	+2.0	+2.5	+1.4	+2.0	+2.5	+10.8
Leather and leather products.....	+4.5	+4.0	+4.2	+4.2	+1.6	+19.9
Stone, clay, and glass products.....	(?)	(?)	(?)	(?)	(?)	(?)
Basic iron and steel.....	(?)	+7	-6	+4	(?)	+5
Shipbuilding.....	+4	+4	+5	+8	+4	+2.5
Metalworking (except basic iron and steel and shipbuilding).....	+5.4	+1.9	+2.0	+1.2	+3	+11.1

¹ Estimated.

² Partially estimated.

³ Data not available for October 1945.

⁴ April 1943 to April 1945.

⁵ Representation inadequate to show percent of change.

⁶ Less than a tenth of 1 percent.

⁷ Data not available for April 1943.

⁸ October 1943 to April 1945.

increases. The apparel industries were an important exception, having decreased 1.1 percent below the April level. The effect on incentive earnings of material scarcities and the change-over to civilian goods is reflected in sharp reductions in previous rates of increase experienced by both the apparel and the leather products groups. Some segments of these industries, however, showed appreciable increases ascribed to larger incentive earnings and/or general changes in rate scales.

² For incentive workers, average hourly earnings exclusive of premium overtime and late-shift pay are used in lieu of wage rates. Numerous variables affecting piece and bonus rates makes infeasible the use of such rates in the Bureau's index.

In the metalworking industries, general increases in wage scales had been granted in one out of each six establishments surveyed, but this whole group of industries showed a net increase of only 0.3 percent over April 1945 rates. The abbreviated survey made in October 1945 did not yield separate detail for several industries, including basic iron and steel, petroleum, chemicals, lumber, tobacco, and stone, clay and glass products.

AREA COMPARISONS

Among the 10 major cities for which information is available, Atlanta ranked highest in proportionate increase (4.9 percent) of manufacturing wage rates during the months April to October 1945 (table 4). With the increase registered in October, this city shows a total advance of 16.4 percent in manufacturing wage rates since April 1943. Dallas, although showing a lower rate of increase for the October 1945 period, experienced a similar total increase over the entire period covered by the index. Other cities showing higher-than-average advances for the April-October 1945 period were Boston, Denver, and Los Angeles.

TABLE 4.—Percent of Change in Urban Wage Rates in Manufacturing, by Selected Area, April 1943-October 1945

Urban area	Percent of change from—					
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945	April 1943 to October 1945
Total, United States.....	+3.8	+1.9	+2.2	+1.6	¹ +1.0	² +11.0
Atlanta.....	+3.6	+1.4	+2.7	+2.9	+4.9	+16.4
Boston.....	+5.3	+1.6	+1.1	+3.7	+1.7	+14.0
Chicago.....	+3.1	+1.8	+3.0	+2.1	+3	+10.7
Dallas.....	+7.2	+1.9	+1.7	+2.4	+2.2	+16.2
Denver.....	+4.1	+3.3	+1.8	-2.1	+2.5	+9.9
Detroit.....	+5.9	+2	+3	0	-4	+5.9
Kansas City.....	+1.4	+1.7	+1.7	+3.1	+9	+9.1
Los Angeles.....	+6.8	+1.5	+1.1	+1.2	+1.1	+12.2
New York.....	+5	+3.0	+6.4	+4.7	-3	+17.2
Seattle.....	+9	+2.4	+4	+3	+5	+4.5

¹ Estimated.

² Partially estimated.

Minor reductions below previous levels took place in October in Detroit and New York City. Detroit wage rates in manufacturing as a whole remained substantially unchanged, but general wage changes were fairly numerous in the city's food, printing, and chemical industries. Very few rate increases had been granted in Detroit metal-products establishments, however, and there was also some evidence of lower average incentive earnings during the reconversion period, as well as a slight loss in average occupational rates for time workers. In New York City minor wage increases occurred in most of its industries, but substantially lower incentive earnings in some segments of the city's important garment-manufacturing industry brought the curve of rates for all manufacturing below the April 1945 level. Primarily as a result of previous increases in the garment industry, in October 1945 New York City still showed a greater total advance in manufacturing wage rates since April 1943 than any other city included in the series.

Urban Wage-Rate Changes in Nonmanufacturing Industries

Wage rates in nonmanufacturing industries underwent increases similar to those in some of the consumer industries in manufacturing. For the nonmanufacturing groups as a whole, rates advanced 2.9 percent between April and October 1945, in comparison with a 3.7-percent increase during the previous 6-month period. The total increase in urban wage rates for the group in October stood 21.3 percent above April 1943 rates (table 5).

TABLE 5.—Percent of Increase in Urban Wage Rates in Selected Nonmanufacturing Industries, by Industry Group, April 1943–October 1945

Industry group ¹	Percent of increase from—					
	April 1943 to October 1943	October 1943 to April 1944	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945 ²	April 1943 to October 1945 ³
Total, selected industries.....	6.4	2.5	4.2	3.7	2.9	21.3
Wholesale trade.....	2.5	2.0	2.9	1.5	5.9	15.6
Retail trade.....	9.2	2.7	5.7	4.6	2.1	26.6
Finance, insurance, and real estate.....	3.9	3.1	1.6	4.5	1.7	15.6
Local utilities.....	1.5	1.1	.3	1.5	3.1	7.7
Service trades.....	6.4	2.4	5.4	3.2	2.8	21.7

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.

² Estimated.

³ Partially estimated.

General changes in wage scales accounted for most of the advance in nonmanufacturing rates. The increase chargeable exclusively to general wage changes was 2.5 percent. In the previous period they accounted for only a 0.7-percent increase against the total advance in rates of 3.7 percent. As in manufacturing, about a fourth of the nonmanufacturing establishments granted general increases in pay scales between April and October 1945, and two-thirds of these changes occurred after August 18.

WAGE-RATE CHANGES IN INDUSTRY GROUPS

Only retail trade, wholesale trade, finance, insurance, real-estate offices, local utilities, and service industries are included in the nonmanufacturing series. During the war period, retail trade had been making the most rapid strides of the group in increasing wages. In recent months advances in wage scales have been widespread in wholesale trade, and this group showed the greatest advance (5.9 percent) in October 1945. In retail trade the increase was 2.1 percent. Local utilities likewise increased more during recent months than in any other 6-month period covered by the index, wage rates having advanced 3.1 percent. The service trades and finance group of industries registered increases of 2.8 and 1.7 percent, respectively. Table 6 shows the recent trend of nonmanufacturing wage rates chargeable exclusively to general wage changes in each industry group.

TABLE 6.—Percent of Increase in Urban Wage Rates in Selected Nonmanufacturing Industries, Caused Exclusively by General Wage Increases, April 1944–October 1945

Industry group	Percent of increase from—			
	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945	April 1944 to October 1945
*Total, selected industries.....	0.8	0.7	2.5	4.0
Wholesale trade.....	2.0	1.6	5.6	9.4
Retail trade.....	.4	.3	2.2	2.9
Finance, insurance, and real estate.....	.1	.6	.8	1.5
Local utilities.....	.2	.7	2.7	3.6
Service trades.....	1.7	1.2	2.2	5.2

AREA COMPARISONS

The end of the war period saw relatively greater advances in non-manufacturing rates in some of the more important war-production cities than in lower wage areas. Los Angeles reported an increase of 7.6 percent, Detroit 3.4 percent, and Seattle 2.8 percent. Atlanta and Dallas, which had experienced large wartime increases, showed gains of 1.3 and 1.0 percent, respectively, above April 1945 levels. New York City, which reported large increases for the previous period, likewise showed relatively small gains in October. Table 7 contains detailed information for the principal cities covered in October.

TABLE 7.—Percent of Change in Urban Wage Rates in Selected Nonmanufacturing Industries, by Selected Area, April 1943–October 1945

Urban area	Percent of change from—			
	April 1944 to October 1944	October 1944 to April 1945	April 1945 to October 1945	April 1943 to October 1945
Total, United States.....	+4.2	+3.7	¹ +2.9	² +21.3
Atlanta.....	+6.3	+5.6	+1.3	+20.3
Boston.....	+3.3	+4.1	+1.9	+15.9
Chicago.....	+6.3	+3.8	+2.6	+26.6
Dallas.....	+8	+2.1	+1.0	+26.7
Denver.....	+3.3	+4.9	+2.3	+16.7
Detroit.....	+5.5	+2.5	+3.4	+29.8
Kansas City.....	+1.1	+5.7	+5.5	+25.8
Los Angeles.....	+3.0	+2.5	+7.6	+20.8
New York.....	+3.2	+6.2	+1.9	+19.9
Seattle.....	+4.0	+4	+2.8	+9.0

¹ Estimated.

² Partially estimated.