

**Wage Trends  
and Wage Policies:  
Various Foreign Countries**

**Bulletin No. 934**

**UNITED STATES DEPARTMENT OF LABOR**

**L. B. Schwellenbach, *Secretary***

**BUREAU OF LABOR STATISTICS**

**Ewan Clague, *Commissioner***



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## Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
*Washington, D. C. March 4, 1948.*

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a series of reports on Wage Trends and Wage Policies 1938-48 in eight foreign countries. These were prepared by members of the Staff on Foreign Labor Conditions under the direction of Faith M. Williams.

The close economic ties between these countries and the United States make it important for the public in this country to have as much information as possible about their wage policies and the wages paid in their principal industries. The countries included here are, with the exception of Canada, members of the Committee on European Economic Cooperation: Great Britain, France, Sweden, Denmark, Belgium, Austria, and Switzerland.

Within the limits of the available data, this bulletin presents the most important facts on the current wage situation in these countries, and indicates what other information can be gathered from the original sources.

EWAN CLAGUE,  
*Commissioner.*

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



# Great Britain: Wage Trends and Policies, 1938-47

JEAN A. FLEXNER<sup>1</sup>

WAGES AND PRICES in Great Britain were relatively stable during the World War II and postwar periods, compared to the many-fold increases in wages and prices in France<sup>2</sup> and other countries of Europe.

Although Great Britain had succeeded in maintaining the stability of the wage earners' income and purchasing power up to the late summer of 1947, her economy was being subjected to its greatest strain; her long-standing policies in regard to wage determinations were being put to the severest test thus far.

British weekly wage rates rose about 66 percent from September 1939 to May 1947. Weekly earnings in October 1946 were 90 percent higher than in October 1938.<sup>3</sup> Prices also rose; according to the official cost-of-living index, retail prices both in October 1946 and in May 1947 were 31 percent above 1938 and 1939 levels. Even allowing for a considerable understatement in the cost-of-living

<sup>1</sup> Of the Bureau's Staff on Foreign Labor Conditions. This study is based on official British sources, and on trade-union and other publications.

<sup>2</sup> See August 1947 issue of *Monthly Labor Review* (pp. 149-157).

<sup>3</sup> The percentage increase in rates of wages for a full week's work, is estimated each month by the Ministry of Labor for industries, occupations, and localities in which changes are regulated by collective agreements, arbitration awards, or statutory orders. In combining these percentage increases into a general average the various components are weighted according to the employment distribution in 1939. The average percentages are considered to be rough approximations only.

The Ministry of Labor also obtains returns from employers, at approximately 6-month intervals showing number of wage earners actually at work, aggregate earnings, and total number of man-hours worked, for the following groups: the principal manufacturing industries; mining, except coal; public-utility services; building; transport, except railways; and government industrial establishments. The returns cover almost 6 million workers. The averages for individual industries are weighted on the basis of total numbers employed at the time in each industry. Two part-time women workers are counted as one full-time worker. The index of weekly earnings is based on national averages of these returns as calculated by the Ministry of Labor.

index (recently discontinued by the Government because of its deficiencies) real wages in 1947 were probably near or even slightly above prewar levels.

The wage structure in Great Britain did, however, undergo changes that were similar to those occurring in many other countries. There was a tendency toward the narrowing of differentials between male and female, skilled and unskilled workers, and between various industries.

Wage policies as well as wage trends differed in Great Britain from those of many continental countries. Government concentrated upon price controls for necessary foods and provision of a greater supply of "utility" goods in the clothing and housefurnishing categories, leaving wages subject to voluntary controls, and thus sought to minimize one of the main sources of demands for higher wages—the rising cost of living.

In spite of the relative stability of wages and prices in Great Britain, even a moderate wage-price spiral can further impair her ability to export enough to pay for necessary imports, in view of her loss of overseas investments, shipping, and other assets during the war. To provide both for exports and for home consumption, Britain must pay close attention to productivity, labor costs, and total output. In this critical postwar period, a Labor Government came to office, committed to a program of sweeping social and economic reforms. Moreover, full employment of the available labor force and manpower shortages have enhanced the bargaining power of the trade-unions, and while moderate in demands for wage increases, they have vigorously and successfully pushed demands for shorter hours without loss of pay, for longer paid vacations and more paid holidays. The Government has tried to reconcile trade-union demands and social reforms with Britain's acute need for more exports at steady costs by a variety of measures designed to improve industrial efficiency. The Government has also warned that Britain cannot afford the luxury of shorter hours unless it can be shown that total output will not suffer.

## Wage Trends, 1938-47<sup>4</sup>

*Money Wages:* In October 1946 (the latest date for which data are available) average weekly

<sup>4</sup> See also *Wartime Hours and Earnings in the United States and Great Britain*, *Monthly Labor Review*, July 1944. Reprinted as Serial No. R 1670.

earnings for 16 major industrial groups surveyed by the Ministry of Labor were 90 percent higher than in October 1938, and even slightly exceeded the wartime peak. Earnings declined after July 1944, but rose again sharply after January 1946 (table 1).

The rise in earnings during the war period is attributable in part to the extension of wage-incentive systems, to workers' shifting from lower-paid into higher-paid occupations, as well as to longer hours, overtime rates, and to increases in wage rates.

TABLE 1.—United Kingdom: Indexes of weekly wage rates and earnings and cost of living, 1938-47<sup>1</sup>

Dates	Cost-of-living index	Weekly wage-rate index	Weekly earnings index
1938 (October).....	100	100	100
1939 (September).....	100	100	100
1940.....	119	111-112	130
1941.....	128	121-122	142
1942.....	129	130	146-160
1943.....	128	135-136	165-176
1944.....	130	142-143	179-182
1945.....	131	149-150	176-180
1946.....	131	161-162	174-189
1946: January.....	131	153	174
February.....	131	157	174
March.....	131	157-158	174
April.....	131	158	174
May.....	132	159-160	174
June.....	131	160-161	174
July.....	132	161	189
August.....	132	163-164	189
September.....	131	163-164	189
October.....	131	164	190
November.....	131	164	190
December.....	132	165	190
1947: January.....	132	165	190
February.....	131	165	190
March.....	132	165-166	190
April.....	131	165-166	190
May.....	131	166	190
June.....	131	166-167	190
July.....	131	166-167	190

<sup>1</sup> Source: Ministry of Labor and National Service, and Central Statistical Office, London.

<sup>2</sup> This figure has been estimated from the Ministry's weekly wage-rate index based on 1924 which was 100 both in the fourth quarter of 1938 and the third quarter of 1939.

<sup>3</sup> Figure relates to July.

<sup>4</sup> Figures relate to January and July.

During the war years, hours were considerably lengthened, the weekly average reaching 50 in July 1943; they were gradually reduced to a low point of 45.8 in January 1946. In October 1946 the average (46.2) was not very different from that (46.5) for October 1938. Since VJ-day, the scheduled hours of about 5.5 million workers were reduced from 47 to 44, according to the Minister of Labor's statement in Parliament on July 3, 1947. Hours were shortened without reduction in weekly pay, and in some cases with increased pay, in a number of important industries,

including agriculture, printing, textiles, engineering trades, government industrial establishments, shipbuilding and repair, road haulage, coal mines, and finally the railroads. The National Union of Mineworkers decided in July 1947 to ask for a weekly increase of £1, following the introduction of the 5-day week on May 1. Agricultural workers obtained a second wage increase effective in August 1947.

The guaranteed workweek has also increased workers' incomes. It was introduced by Government order during the war as a safeguard for workers who were frozen in their jobs, on condition that they were willing to perform work other than their regular jobs, and was later incorporated into many postwar collective-bargaining agreements. The guaranty may cover the full workweek (e. g., 44 hours in government industrial establishments) or a portion of it. Workers are paid for a guaranteed number of hours, in spite of irregularities or interruptions in the flow of work. During the shut-downs occasioned by the fuel crisis in February and March 1947, workers covered by such agreements which did not specifically except circumstances beyond the employers' control, were paid to stand by unless they were given formal notice of lay-off. It is estimated that in 1947 about 7 million employees had at least part of their workweek guaranteed.

Wage-rate increases were an important factor in increased earnings, especially during the latter part of the period under consideration. The official weekly wage-rate index rose from 100 in October 1938 to 142-143 in 1944; the earnings index reached a wartime peak of 182 in July 1944. Thus, about half the increase in weekly earnings could be attributed to increases in rates and the remainder to the other factors mentioned and to changes in piece rates. After mid-1944, time-rate changes became even more important, since hours tended to drop and employment tended once more to shift toward the lower-paid civilian goods industries. Between 1944 and October 1946, the rise in the weekly wage-rate index again greatly exceeded the rise in earnings (see table 1). The increase in rates helped to offset a decrease in hours and cut-backs in employment in high-paying war industries.

Rate increases were in many industries tied automatically to increases in prices and living costs. Collective agreements covering 1.5 million

workers in 1939 regulated wage rates according to cost-of-living sliding scales; coverage in April 1947 was 2.5 million. A majority of these workers received additional increases in wage rates or war supplements. The industries affected by cost-of-living sliding-scale arrangements include coal mining, iron and steel, certain textile trades (including wool manufacture), boots and shoes, woodworking, building and civil engineering, and local authorities' nontrading services.

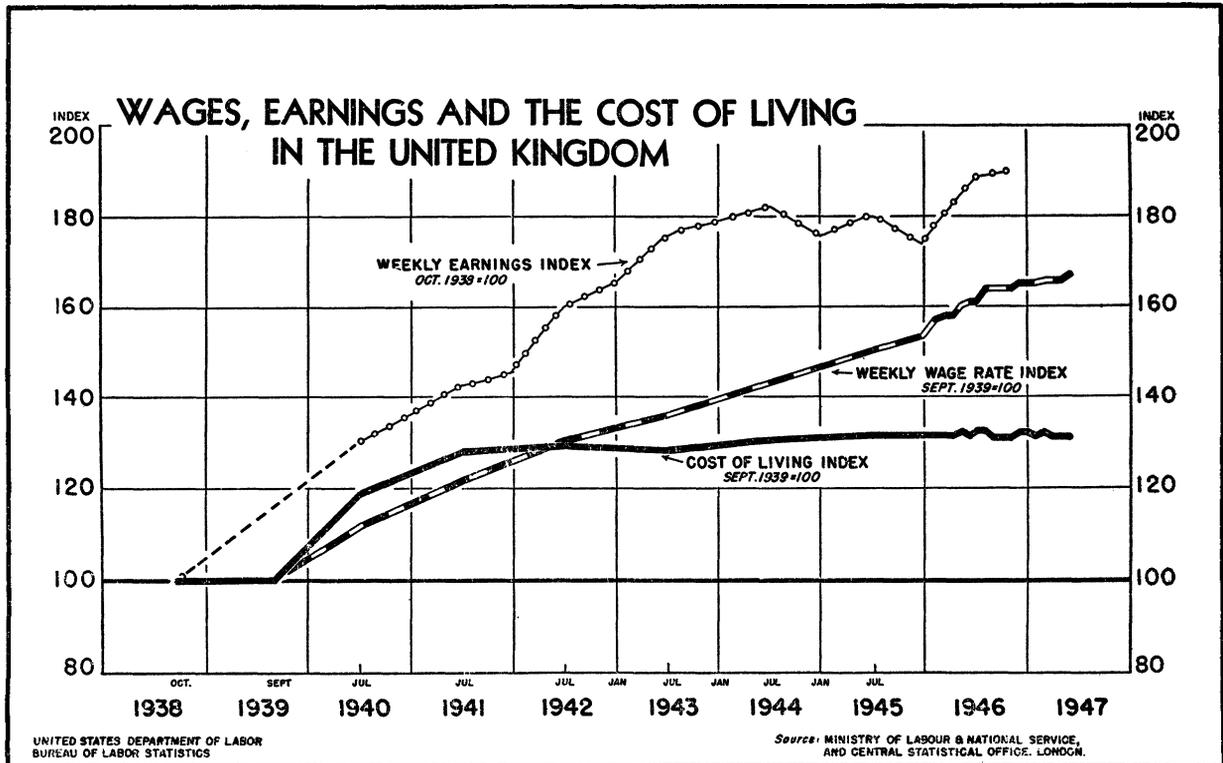
After August 1946, married persons with children received supplemental family allowances. Under an act of June 15, 1945, payments of 5s. per week are made for every child except the first, up to the age of 15, or 16 provided the child is attending school full time or is apprenticed. The scheme applies to families at all income levels. Earnings data do not include these supplements.

*Real Wages:* In order to give a true picture of changes in wage earners' purchasing power, money earnings must be deflated by an index showing the advance, during the period, of retail prices for items commonly consumed by wage earners' families. The official cost-of-living index, started

during World War I, was based on an obsolete pattern of wage earners' expenditures, however. (The relevant studies had been made in 1904, with some later adjustments.) In the spring of 1947, on the advice of an advisory committee, the Government decided to discard the old and, pending the development of a permanent index, to substitute an interim index of retail prices.<sup>4</sup>

During the period October 1938 to October 1946, the cost-of-living index (September 1939=100) rose from 100 to 131, and was stabilized close to that figure until its termination in June 1947 (table 1). This very moderate increase may be compared with estimates derived from another source. Data on total personal expenditures on consumers' goods and services for all income levels have been published for a number of years by the British Treasury, valued both at current prices and at 1938 prices. These data reveal that the prices of consumers' goods and services increased approximately 53 percent between 1938 and 1946. On the basis of the same figures, Prof. R. G. D.

<sup>4</sup> See Monthly Labor Review, August 1947, p. 195.



Allen, a member of the Ministry of Labor's Cost of Living Advisory Committee, has unofficially estimated the price rise from 1938 to mid-1947 to be about 60 per cent.<sup>5</sup>

Further light is shed on the question of post-war levels of living by table 2. Increased money earnings could not be spent on more or better clothes and household goods, and could purchase but little if anything more in the way of housing, because the supply of such things was limited. On the other hand, the price and rationing policies assured all groups in the nation a fair share of the available supplies of the most necessary commodities, based on family needs, at reasonable prices. A marked shift from private motoring to public transportation, and an increased expenditure for travel, entertainment, tobacco, alcoholic beverages, fuel and light, are indicated in table 2; expenditures for household goods and clothing declined.

TABLE 2.—United Kingdom. Personal expenditures for consumers' goods and services, 1938 and 1946, revalued at 1938 prices<sup>1</sup>

Items	Expenditures (in millions)		Percent change
	1938	1946	
All items <sup>2</sup> .....	£4,252	£4,296	+1.03
Food.....	1,258	1,232	-2.1
Household goods.....	288	191	-33.7
Clothing.....	446	330	-26.0
Motoring (private).....	127	71	-44.1
Fuel and light.....	195	215	+10.3
Income in kind (armed forces).....	17	81	+376.5
Alcoholic beverages (including beer).....	285	320	+12.3
Tobacco.....	177	236	+33.3
Rent.....	491	514	+4.7
Books, etc.....	64	88	+37.5
Travel.....	160	226	+41.3
Communications.....	29	42	+44.8
Entertainment.....	64	102	+59.4
Other goods and services <sup>3</sup> .....	658	576	-12.5

<sup>1</sup> Source: Great Britain, Treasury, National Income and Expenditure of the United Kingdom, 1938 to 1946, table 26, 1947. (Cmd. 7099.)

<sup>2</sup> The total is not the exact sum of items shown because a small adjustment factor shown in the original table is omitted here.

<sup>3</sup> Includes medical service, drugs, personal and domestic service, certain recreational expenditure.

Taxation policies have tended to favor the wage earner. Labor's share of total private income from work and property before taxes remained stable during this period; after taxes were paid, labor's share improved relatively compared with other groups, as shown in the following statement.

<sup>5</sup> London & Cambridge Economic Service, Bulletin III, Vol. XXV, August 11, 1947, p. 75; Bulletin I, Vol. XXVI, January 18, 1948, p. 18.

Percentage distribution of total private income from work and property<sup>1</sup>

	1938	1945	1946
Before taxes on income:			
Wages.....	37	37	38
Salaries.....	23	20	21
Interest, profits, and rent.....	40	43	41
Total.....	100	100	100
After taxes on income:			
Wages.....	39	44	44
Salaries.....	24	22	23
Interest, profits, and rent.....	37	34	33
Total.....	100	100	100

<sup>1</sup> Source: Great Britain Treasury. National Income and Expenditure of the United Kingdom, 1938-46. Table 9, p. 11. London 1947. (Cmd. 7099.)

Changes in Wage Structure: Average weekly earnings of all workers in 16 industry groups increased from 53s. 3d. in October 1938 to 101s. in October 1946, or 90 percent (table 3). The rate of increase,

TABLE 3.—United Kingdom. Average weekly earnings by industry group, 1938 and 1946<sup>1</sup>

Industry group	Weekly earnings, all workers		Percent increase <sup>3</sup>	Rank in—	
	Oct. 1938	Oct. 1946		1938	1946
	s. d.	s. d.			
Transport (except railways).....	67 6	110 4	68	1	3
Treatment of nonmetal mine and quarry products <sup>2</sup> .....	61 6	116 0	90	2	1
Building, contracting.....	61 3	103 0	68	3	6
Metal, engineering and shipbuilding.....	59 5	114 4	92	4	2
Public-utility services.....	59 5	97 6	63	5	10
Ironstone, etc., mining and quarrying.....	56 5	107 8	90	6	5
Printing, paper, etc.....	55 5	96 11	68	7	11
Chemicals, paint, etc.....	55 4	100 10	83	8	7
Woodworking.....	52 4	99 10	93	9	9
Leather, fur, etc.....	47 10	95 7	104	10	13
Brick, pottery, glass.....	47 9	96 11	103	11	12
Miscellaneous manufacturing.....	47 7	100 7	116	12	8
Food, drink, and tobacco.....	46 10	87 10	87	13	14
Textiles.....	38 3	78 3	107	14	15
Clothing.....	35 7	70 0	100	15	16
Government industrial establishments.....		108 10	54		4
Total.....	53 3	101 0	90		
Railwaymen (men only).....	68 9	121 6	77		
Coal miners: in cash.....	55 9	114 3	105		
in kind.....	2 2	4 1			

<sup>1</sup> Source: Ministry of Labor Gazette, November and December 1940; March and April 1947. Ministry of Fuel and Power Statistical Digest, 1945 (Cmd. 6920), table 40.

<sup>2</sup> Includes coke, lime and cement, the group listed for October 1938.

<sup>3</sup> March 1939.

<sup>4</sup> March 1946.

<sup>5</sup> Calculated by Ministry of Labor on basis of total numbers employed in each industry group. See also footnote 6, p. 239.

In October 1938, 1 shilling was worth 23.8 cents, United States currency; in October 1946, 20.17 cents. Comparisons of wages between countries are difficult to interpret because of the fact that foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity by industry in different countries. On the average, differences in productivity markedly favor the United States. Furthermore, there are marked differences in productivity in different industries.

however, was by no means uniform in the different industry groups. While railways, other forms of transport, metal, engineering and shipbuilding remained at the top, certain industries dropped back (e. g., building, from third to sixth place; public utilities, from fifth to tenth place; and printing and paper, from seventh to eleventh place). The relative position of coal miners and of workers in miscellaneous manufacturing improved greatly. On the other hand, textiles, brick, pottery, glass, clothing, food, drink and tobacco, and leather all remained relatively low paid.

Differentials between the highest and lowest paid industries, however, narrowed somewhat during the period: in 1938 the lowest paid group, clothing, was 52.7 percent of the highest paid group; in 1946, it was 60.3 percent. In October 1938 earnings in textiles were 64 percent of those in engineering, and in October 1946, 68.4 percent.

Earnings of workers, classified by age and sex, in October 1938 and October 1946, are shown below.<sup>6</sup> Changes in the relationship between these rates is shown by taking the men's rate in both years as 100.

	s.	d.	Ratio
October 1938:			
Men 21 and over.....	69	0	100
Women 18 and over.....	32	6	47
Youths and boys.....	26	1	38
Girls.....	18	6	27
October 1946:			
Men 21 and over.....	120	9	100
Women 18 and over <sup>1</sup> .....	65	3	54
Youths and boys.....	46	6	39
Girls.....	38	8	32

<sup>1</sup> Two women working part-time are counted as one working full time.

Little change occurred during the period in the relative earning power of men and youths under 21, but the gap between the earnings of adult men and of women and girls narrowed somewhat. The large differential is due in part to the fact that certain occupations are traditionally women's and that men's occupations are frequently closed to women.

Even in wartime, when women invaded fields traditionally occupied by men, they were usually assigned to unskilled or semiskilled jobs; and skilled work was "diluted" (i. e., subdivided into

relatively simple tasks). Numerous collective agreements made during the war period provided that women employed on men's work should receive the full rate, after a training or probationary period, if they could perform the work equally well without additional supervision or assistance; a proportion of the full rate was to be paid if supervision or assistance was required. In the engineering industries the classification of the work was the subject of many disputes.<sup>7</sup>

Since 1945 prolonged negotiations by the engineering unions for a revision of the wage structure to equalize the rates of pay for men and women have been fruitless. The employers refused to abolish the women's schedule and offered them a lesser increase than that agreed to for the men, thus actually widening the gap. This offer was upheld in a national arbitration award of June 25, 1946.

Evidence presented to the Royal Commission on Equal Pay indicated that, on the same types of semiskilled work in the engineering trades, women's piece rates were 54 percent of the men's in September 1939 and 68.5 percent in June 1946. In the clothing industry, time rates for women were 64 percent of those for men on identical work.

Although since the war women have been leaving their jobs and the Government has been impelled to launch an urgent recruiting campaign for women workers, these inequities remain a deterrent rather than an incentive to women workers. A majority of the Royal Commission on Equal Pay, reporting in October 1946, feared that application of equal rates of pay for equal work in industrial employment might retard national output and limit opportunities for the employment of women. A dissenting minority found that "any difference in efficiency is considerably less than the difference in wage rates." A unanimous recommendation was made by the commission for equal pay in the teaching profession and Government service. The Government, while agreeing in principle, has decided not to act at the present time, asserting that such action might raise costs and produce inflationary effects. A card vote at the Labor Party Conference in June, overruling the Executive, strongly endorsed the equal pay principle but did not cause the Government to alter its decision.

<sup>7</sup> International Labor Organization. *The War and Women's Employment: Part I, United Kingdom*, pp. 67-72. Montreal, 1946.

<sup>6</sup> Source: Ministry of Labor Gazette, November 1940 (p. 280), December 1940 (p. 306), and April 1947 (p. 106). The 1938 figures are derived from numbers shown on returns; the 1946 figures are weighted by total employment.

The differential between time rates for skilled and unskilled workers has been gradually narrowing over a long period of time, as follows: <sup>8</sup>

	Time rates of wages			
	1914	1927		1946
Engineering industry:				
Fitters and turners---	38s. 11d.	58s. 1d.	106s. 11d.	
Laborers-----	22s. 10d.	41s. 8d.	89s. 3½d.	
Shipbuilding:				
Shipwrights-----	41s. 4d.	55s. 7d.	104s. 0d.	
Laborers-----	22s. 0d.	38s. 5d.	85s. 0d.	
Engineering industry:		Ratios		
Fitters and turners---	100	100	100	
Laborers-----	59	72	84	
Shipbuilding:				
Shipwrights-----	100	100	100	
Laborers-----	53	69	82	

In the building industry, laborers received 75 percent of the rate for craftsmen before World War II, and 80 percent after, February 1945.

These differentials are enhanced if the skilled workers are engaged on piece work; in the engineering trades, the piece rates, by union agreement, are supposed to enable workmen of average ability to earn 27½ percent above the basic time rate.

### Wage Policies, 1938-47

The only wage legislation in effect in Great Britain prior to World War II consisted of the Truck Acts regulating the place and medium of wage payment, acts providing machinery for fixing minimum wages in agriculture, transport, and in certain substandard industries, and a House of Commons Resolution requiring payment of recognized rates of wages by government contractors.<sup>9</sup>

Except in industries where wages were set by trade boards or similar bodies, wage rates in general were determined by collective bargaining between employers and unions or by joint industrial councils.<sup>10</sup> After the outbreak of war, the Government decided to continue to rely upon the peacetime machinery for making such wage adjustments as were necessary. This was modified by the Conditions of Employment and Arbitration Order, adopted July 25, 1940, which set up a National Arbitration Tribunal for the

<sup>8</sup> Source: Ministry of Labor Gazette (London), October 1927 (p. 369); and Time Rates of Wages, 1946 (pp. 26, 29). Ratios were computed by the Bureau of Labor Statistics. Engineering rates, 1946, London only.

<sup>9</sup> The Truck Acts of 1837, 1887, and 1896 prohibited payment in a public house and payment in kind; Trade Board Acts of 1909 and 1918, Agricultural Wages Regulation Act, 1924; Road Haulage Wages Act, 1938; Fair Wages Resolution, 1909. See Ministry of Labor, Industrial Relations Handbook 1644 (London), also Monthly Labor Review, May 1938, or Serial No. R. 760; Monthly Labor Review, May 1939, or Serial No. R. 932.

<sup>10</sup> See Monthly Labor Review, June 1947, pp. 1019-1023, reprinted as Serial No. 1893.

settlement of any labor dispute, referred to it by the Minister of Labor and National Service, which could not be disposed of otherwise.<sup>11</sup> Part III of the order made it obligatory for employers to observe terms and conditions of employment which were settled by collective bargaining or by arbitration awards for their trade and district.

*Wartime Stabilization Policies:* At no time during the war did the British Government promulgate a hard and fast policy of holding the line on wages. The National Arbitration Tribunal was permitted to decide wage disputes on a pragmatic basis, case by case. No criteria or standards for adjudication of wage disputes were issued. Furthermore, the British tribunal did not have jurisdiction over nondispute cases; employers who were willing to grant increases either unilaterally, or in collective bargaining, did not have to obtain Government approval.

Government policy concentrated upon controlling the prices and rationing the supply of the main items in the wage earners' budget, so as to eliminate the chief reason for demands to raise wages.

The white paper on Price Stabilization and Industrial Policy issued July 1941 made it clear that the Government's promise to prevent the cost-of-living index from rising more than 30 percent over the level of September 1939 could be kept only if wages were also stabilized. Employers and trade-unions were asked to "bear in mind, particularly when dealing with general wage applications, that the policy of price stabilization will be made impossible and increases of wage rates will defeat their own object, unless such increases are regulated in a manner that makes it possible to keep prices and inflationary tendencies under control."

Actually the official cost-of-living index (September 1939=100) did not rise above 134, reaching that figure in July 1945, after which it dropped back to about 132. This result was achieved by means of strict rationing, distribution controls, and subsidies for those items which figure largely in the index. In the case of clothing and household goods, manufacturers were directed to produce supplies of low-cost, plain utility goods, at the expense of more luxurious items.<sup>12</sup>

<sup>11</sup> See Monthly Labor Review, August 1946, Settlement of Industrial Disputes in 7 Foreign Countries (reprinted as Serial No. R. 1848).

<sup>12</sup> See U. S. Bureau of Labor Statistics Bulletin No. 851: Wartime Prices, Price Control and Rationing in Foreign Countries, 1945 (p. 23).

Policy with regard to criteria for allowing price increases was elastic also. Price increases based on higher costs including wages were permitted from time to time by the ministries or departments charged with the control of particular commodities or services. In the case of subsidized commodities, the additional cost was sometimes absorbed by the Government.

*Postwar Wage Policies:* The enactment of the Wages Council Act in March 1945, to replace the prewar Trade Boards Acts, represented a new stage in minimum-wage regulation by the State.<sup>13</sup> It continued for another 5 years the wartime obligations of employers to observe recognized standards of wages and working conditions. It enlarged the powers of the old trade boards, permitting them to provide for paid annual holidays of more than 1 week and to fix a guaranteed wage (i. e., wage to be paid for a certain number of hours regardless of whether or not work was provided).

The wartime stabilization policies for both wages and prices were continued but were subjected to new pressures created by full employment and unsatisfied market demands in the postwar period. Wage increases were asked by unions both in low-paid and in high-paid industries—the former on the grounds that improvements were needed for the purpose of attracting labor, now that wartime manpower controls were relaxed and workers could no longer be directed into employment; the latter, because skilled workers were at a premium.

Demands for shortened workweeks without loss of pay and for longer paid vacations had the effect of raising hourly rates, if not weekly rates.

During the latter half of 1945 and during 1946, wage rates continued to mount, and scheduled hours of work were reduced. One industry after another adopted the 43½- to 45-hour week (in place of 47 or 48) with the same weekly take-home pay as for longer hours, either through collective bargaining or as a result of recommendations handed down by courts of inquiry appointed by the Minister of Labor. In August 1945, the Ministry's index of weekly wage-rate changes (September 1, 1939=100) stood at 151 and a year later, at 163.5. By February 1947, it had reached 165.5.

Meanwhile, the cost of the subsidies designed

to steady the cost-of-living index (of which over 90 percent was spent for food subsidies) became increasingly burdensome. In his budget speech of 1946, the Chancellor of the Exchequer warned that the policy must soon be reconsidered, especially if prices of imports continued to mount. Between April 1946 and April 1947 the index of prices of all imports, based on 1938 as 100, rose from 200 to 234 and the index for prices of imported food, drink, and tobacco, from 200 to 229. Food subsidies cost £50,000,000 more than the estimate for 1946-47, and foreign prices continued to rise. In the spring of 1947, an advisory committee recommended discontinuance of the old cost-of-living index, in which food had a weight of 60 percent, and the introduction of an interim index giving food purchases a weight of 35.

The new index, because of the inclusion of more items, will be less subject to stabilization through subsidies and price controls than the old one, and a modified policy will have to be developed. Mr. Dalton, Chancellor of the Exchequer, indicated that the Government would no longer aim at complete stability and hoped thereby to save the taxpayer some money.

After reiterating at intervals since VJ-day its determination to leave questions of wages and hours to the long-established and well-tried machinery for joint negotiation, the Government early in 1947 began to evince alarm over the inflationary trends and to issue warnings concerning the state of the economy. White papers published in January and February 1947<sup>14</sup> stressed that primary and overriding consideration must be given to maximizing output and steadying costs, if Britain was to regain her international solvency. Both sides of industry were urged to drop restrictive practices, to introduce incentive pay and to consult together on methods of improving efficiency. "The nation cannot afford shorter hours of work," said the Government, "unless these can be shown to increase output per man-year." Sir Stafford Cripps, President of the Board of Trade, and Herbert Morrison, Lord President of the Council, in addressing conferences of employers and trade-unions and the House of Commons, clarified and emphasized the message of the white papers. The fuel crisis of the late winter re-

<sup>13</sup> See Monthly Labor Review July 1945 pp. 120-123 and Ministry of Labor Gazette, December 1944 p. 194.

<sup>14</sup> Great Britain: Statement on the Economic Considerations affecting Relations between Employers and Workers, London, 1947 (Cmd. 7018). Economic Survey for 1947, London, 1947 (Cmd. 7046). See also Ministry of Labor Gazette (London), February 1947, pp. 38-40.

inforced the urgency of these pleas for larger production at lower cost. From conservative quarters demands multiplied for governmental formulation of a comprehensive wage policy—meaning more rigid stabilization, a rationalized wage structure designed to redistribute labor according to postwar needs, and greater use of incentives. The advisability of the 5-day week was seriously questioned.

A motion to adopt a comprehensive national policy on wages, hours, and the distribution of national income, was debated at the May 1947 conference of the Labor Party. At the same time, a motion to provide special incentives for mining and other undermanned industries was introduced. Both propositions were opposed by Mr. Arthur Deakin, General Secretary of the Transport and General Workers' Union, who declared that in no circumstances would the unions agree to governmental responsibility for fixing wages and regulation of conditions of employment, or to altering the method of negotiation within industry. The

question of incentives, wages, and conditions of employment, he declared, was a question for the trade-unions and not for the political side of the movement. Both motions were defeated. A more general resolution was then accepted urging the adoption of satisfactory wage standards and conditions of employment as a means of attracting labor to the undermanned industries.

In replying to questions raised in a Parliamentary debate on productivity, July 3, 1947, the Minister of Labor thus summarized the Government's program: (a) there will be no general regulation of wages; (b) productivity can be increased by asking management to improve working conditions and amenities and by promoting joint consultations between both sides at the plant level; (c) payment by results is being encouraged.<sup>15</sup> Comprehensive revision of the wage-rate structure is being considered by employers and unions in the engineering trades, and has been recommended by the Court of Inquiry for railroads.

## Appendix—Great Britain, as of February 15, 1948<sup>1</sup>

### Wage Trends

Both weekly and hourly wage rates in Great Britain continued to rise during the second half of 1947, the weekly wage-rate index ending the year at 173 (see table 1-A). A new and more comprehensive wage-rate index based on June 30, 1947, is now being issued monthly by the Ministry of Labor. For the last 6 months of 1947, the new and the old wage-rate indexes follow a very similar course. The movement of the new wage-rate index also parallels closely the retail-price index. As measured by these two indexes, real wages appear to have undergone no change between June and December 1947.

Using Professor Allen's unofficial method of linking the interim retail-price index to the old cost-of-living index (see p. 4), it is calculated that a rise of about 66 percent occurred between 1938 and December 1947 in prices of items entering into

<sup>15</sup> Negotiations in the building industry during the month of July 1947 resulted in agreement at the national level to accept partial payment by results.

<sup>1</sup> The appendix tables are numbered to correspond with those in the original articles that deal with the same or related series of statistics. The letter A has been attached to the table number in the appendix table in each instance.

wage earners' budgets; while a rise of 73 percent occurred in wage rates.

TABLE 1-A.—United Kingdom: Indexes of weekly wage rates and cost of living, June 1947 to January 1938<sup>1</sup>

	Interim retail-price index <sup>2</sup> June 17, 1947= 100	Wage index (revised) <sup>3</sup> June 30, 1947= 100	Weekly wage-rate index September 1939= 100
1947: June.....	100	100	166-67
July.....	101	100	167-68
August.....	100	101	169
September.....	101	101	169
October.....	101	102	170
November.....	103	103	173
December.....	104	103	173
1948: January.....	104	104	-----

<sup>1</sup> See table 1, footnote 1, for sources.

<sup>2</sup> This index replaced the cost-of-living index of June 1947.

<sup>3</sup> A new index released for first time in Ministry of Labor Gazette, February 1948, p. 41.

The latest semiannual figures on earnings (released in October 1947) apply to April 1947. In that month, weekly earnings of all workers were 94 percent above prewar, compared with a 90-percent increase registered in October 1946. The gains were fairly evenly distributed among the industries; however, the paper and printing group had advanced from eleventh place to eighth. The differentials by age and sex were very similar to those existing in October 1946. The differentials between the earnings of men and women represent

differences in rates paid for the same work, and the concentration of women in the lower paying jobs.<sup>2</sup> Hourly earnings increased somewhat more than weekly earnings during this period because in many industries hours were reduced without altering weekly take home pay.

TABLE 3A.—United Kingdom: Average weekly earnings and average hourly earnings, by industry group, April 1947<sup>1</sup>

Industry group	Weekly earnings, all workers		Percent increase, 1938-47	Hourly earnings, all workers	
	s.	d.		s.	d.
Transport (except railways).....	116	11	78	2	4.9
Treatment of nonmetal mine and quarry products.....	117	10	93	2	5.3
Building, contracting.....	104	0	70	2	3.2
Metal, engineering, and ship-building.....	116	6	95	2	7.2
Public-utility services.....	100	5	68	2	2.1
Ironstone, etc., mining and quarrying.....	110	7	95	2	4.4
Printing paper, etc.....	102	8	78	2	4.1
Chemicals, paint, etc.....	103	0	87	2	3.2
Woodworking.....	102	5	98	2	3.7
Leather, fur, etc.....	97	5	108	2	1.9
Brick, pottery, glass.....	101	11	114	2	2.6
Miscellaneous manufacturing.....	102	4	120	2	3.5
Food, drink, and tobacco.....	91	9	95	2	0.1
Textiles.....	80	10	114	1	10.0
Clothing.....	71	10	105	1	8.7
Government industrial establishments.....	111	7	58	2	5.8
Total.....	103	6	94	2	3.6
Coal miners: <sup>3</sup>					
In cash.....	129	4	140		
In kind.....					

<sup>1</sup> Source: Ministry of Labor Gazette, October 1947.

<sup>2</sup> Figures relate to April-June 1947. Average weekly earnings in coal mining are calculated on basis of total number of wage-earners on colliery books; in other industries, on basis of number actually at work in a given week. A calculation on revised basis reported in Ministry of Labor Gazette, October 1947 (p. 325), shows average weekly cash earnings of adult male workers in coal-mining industry effectively employed in last week April 1947 was 141s. 6d. compared to 123s. 5d. for adult males in all other industries shown in table 3A.

## Wage and Price Policies

Under pressure of a growing unbalance in the British trade position, the Government and the trade-union leaders discussed wage and price policies during the autumn months. Late in December, the Trades Union Congress issued an interim report reiterating its wartime stand against specific limits or restrictions on wage increases, and its opposition to an over-all wage stabilization authority. The report emphasized the need for continued control of prices and cost-of-living subsidies and appealed to unions and individual workers to increase production in every possible way.

<sup>3</sup> In April 1947 the weekly earnings by age and sex were as follows:

	s.	d.	ratio
Men, 21 and over.....	123	5	100
Women, 18 and over.....	67	4	54.6
Youths and boys.....	47	4	38.3
Girls.....	40	2	32.5

Early in February the Government reformulated its wage and price policies, followed shortly by an economic statement concerning the dire necessities of the situation. The Government still disclaimed any intention of direct interference with income levels, except by taxation. However, the Prime Minister laid down, more exactly than in any previous statement, considerations which should guide the processes of wage negotiation and arbitration. He promised that the Government would also abide by them in any negotiations to which it was a party. He warned that the terms of collective agreements must be observed (as a maximum) by both public and private employers. He flatly declared there was no justification at the present time for any rise in incomes from profits or rent, and only in exceptional cases for wage increases. Every wage claim henceforth must be considered on its national merits, and not on the basis of maintaining former relationships between occupations and industries.

No claim for increased wages could be considered justified unless it was shown to be necessary in order to attract labor to an understaffed industry; or in order to raise the levels of personal incomes which had become inadequate because of a marked rise in living costs. Any general increase in money incomes, unless accompanied by a substantial increase in production, would have an inflationary effect and would thereby imperil economic stability and controls.

Whatever had been the past practice, he declared there could be no presumption that the costs resulting from any increases not justified by these principles would be taken into account in setting controlled prices.

The TUC general council voted to accept this statement on condition (1) that the Government pursue a vigorous policy designed not merely to stabilize but to reduce prices and profits and (2) that certain interpretations were recognized. It was stated by the TUC that the justification for claims for wage increases should be admitted where those claims are based upon increased output; or where the incomes of workers were below a reasonable standard of subsistence. Furthermore, the need for safeguarding those wage differentials which are an essential element in the wage structure of important industries must be recognized, if these are required to sustain standards of craftsmanship, training, and experience.

On the basis of a proposed freeze of prices at current levels, unions were asked by the Government to postpone wage demands then pending. The Board of Trade proceeded to draft new price controls, imposing definite ceilings instead of the

wartime cost-plus system, for less essential consumer goods not hitherto strictly controlled. Sir Stafford Cripps also asked the Federation of British Industries to submit a plan for reducing prices and profits.

# France: Wage Trends and Wage Policies, 1938-47

HELEN I. COWAN<sup>1</sup>

THE LEVEL AND STRUCTURE of wages in postwar France differ in certain notable respects from those of the prewar period. Hourly money wage rates at the beginning of 1947 were approximately 4 to 5 times, and total earnings, including family allowances, about 5 to 8 times the 1938 levels; but, owing to depreciation in the purchasing power of the French franc, real wages were below prewar levels. Differentials between the wages of skilled and unskilled, men and women workers, high-paid and low-paid occupations, and between Paris and the Provinces have altered materially, depending upon the wage legislation adopted from time to time. On the whole, in each of these cases, differentials have narrowed since 1938. In this article, the 1947 wage structure is compared to that of 1938, and its development is traced during the period 1938 to 1947.<sup>2</sup>

<sup>1</sup> Of the Bureau's Foreign Labor Conditions Staff.

<sup>2</sup> Based mainly on information from the Bulletin de la Statistique Générale de la France, and Etudes et Conjoncture, Union Française (Ministry of National Economy, Paris), 1942, 1945, 1946, and 1947; the Revue Française du Travail (Ministry of Labor and Social Security, Paris), 1946 and 1947; the Journal Officiel de la République Française (Paris), 1939, 1945, 1946, and 1947; Le régime des salaires ouvriers en France, in Droit Social (Librairie Sociale et Economique, Paris), December 1945; current periodicals; and two official French wage series. The older of these series (published in the Bulletin de la Statistique Générale de la France) is prepared from questionnaires answered by the industrial courts (Conseils de Prud'hommes) or the mayors of the capital cities of the Departments (Provinces) and by certain employers' associations in Paris. This series provides wage data for some 40 male occupations and 7 women's occupations in industry in the Provinces and for a narrower coverage in Paris. For these occupations, the selection of which has not changed greatly since 1925, it offers material for comparing present with prewar trends. The newer series (published by the Revue Française du Travail since May 1946) is prepared from the results of some 50,000 questionnaires which are sent quarterly to industrial, commercial, and other establishments subject to official labor inspection. Branches surveyed in this series are shown in table 2. Since July 1946, the inquiries have been

## Wage Trends, 1938-47

*Money Wages:* According to the French Ministry of National Economy, the average hourly wage rates of male workers in Paris industry rose from 10.67 francs<sup>3</sup> in October 1938 to 47.46 francs in October 1946, an increase of 345 percent. The corresponding figures for workers in the Provinces are 6.20 and 37.19 francs, an increase of 499 percent. On the basis of a different series (issued by the Ministry of Labor and Social Security) it is estimated that between October 1946 and January 1947, hourly wage rates increased by approximately 3 to 4 percent. Table 1 shows the increases for different groups of workers from 1938 to 1947, and table 2 presents January 1947 hourly wage rates in France, by industry, class of worker, and sex.

The available statistics indicate that average hourly rates in January 1947 were approximately 4 to 5 times higher than in 1938.<sup>4</sup> Total earnings, however, were augmented by piece rates, bonuses, overtime pay, and other additions, some of which are difficult to measure. Statistics show that earnings for piece work rose faster than for time work in 1946, but data for a definite comparison of 1946 piece rates with those of 1938 are lacking. In October 1946 piece workers' earnings exceeded the legal maximum by 10.8 percent (for maximum wage, see p. 18). Earnings of workers with families were supplemented to an even greater extent by large postwar increases in family allowances.

Family allowances, which were greatly increased in scope and coverage during and after World War II, have become an essential part of the French wage system. Family allowances provide stipulated percentages of the basic monthly wage, which vary according to the number of children,

broadened to include a limited number of establishments employing fewer than 10. About 70 percent of the questionnaires are usually returned, giving a sample of some 2,000,000 out of a working population of about 11,000,000 (not including agriculture, mines and quarries, personal, domestic, and public service).

<sup>3</sup> Average exchange rate of the French franc, 1938=2.88 cents (United States currency), 1939=2.51 cents, 1940=2.08 cents, 1945=1.97 cents. On December 26, 1945, the official rate of exchange was established at 119 francs to the United States dollar, giving an average franc rate of 0.84 cents.

However, great caution should be used in comparing French wage data in this article with United States wages. Comparisons of wages between countries are difficult to interpret because of the fact that foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity by industry in different countries. Wherever productivity studies have been made, the differences favor the United States.

<sup>4</sup> For French wages in the prewar period, see Monthly Labor Review, September 1938 (p. 624) and October 1944 (p. 705).

TABLE 1.—Wage rates for male workers and indexes of wage rates and prices in France, 1938-47

Period	Average wage rates (in francs)				Indexes (October 1938=100) of —						Index (1938=100)	
	Hourly rates in industry		Daily rates in—		Hourly wages in industry				Average monthly earnings of male laborers (family of 2 children)		Retail prices (34 articles)	
			Agriculture <sup>1</sup>	Coal mines <sup>2</sup>	Skilled males		Unskilled males					
	Paris	Provinces			Paris	Provinces	Paris	Provinces	Paris	Provinces	Paris	Provinces
1938: Year			26.95								100	100
1938: October	10.67	6.20		57.97	100	100	100	100	100	100		
1939: October	10.90	6.30		60.60	105	102	103	103			106	<sup>3</sup> 111
1940: October	10.90	6.34		60.61	103	105	100	104			132	<sup>3</sup> 143
1941: October	12.11	7.17		80.09	113	117	117	122			155	<sup>3</sup> 170
1942: October	12.27	8.22		87.10	115	135	118	139			185	<sup>3</sup> 206
1943: October	12.73	9.11		90.40	124	148	138	152			241	<sup>3</sup> 257
1944: Year			72.00								285	297
April					156	165	143	168			274	<sup>3</sup> 290
October	22.68	15.82		<sup>4</sup> 151.76	205	239	217	256	280	318	291	<sup>3</sup> 316
1945: Year											393	403
April					277	327	264	315			325	<sup>3</sup> 374
October	34.78	27.46		304.31	304	404	286	393	391	505	460	<sup>3</sup> 515
1946: Year			129.30								645	724
April	36.24	28.54			321	418	303	401			491	<sup>3</sup> 587
October	47.46	37.19		476.00	431	556	401	528	624	762	858	<sup>3</sup> 971
1947: January									624	789	856	<sup>3</sup> 980
April <sup>7</sup>	49.13	38.17		495.10	463	568	437	554	705	884	837	

<sup>1</sup> Including payment in kind.

<sup>2</sup> Including family allowances.

<sup>3</sup> September.

<sup>4</sup> Including family allowances and overtime.

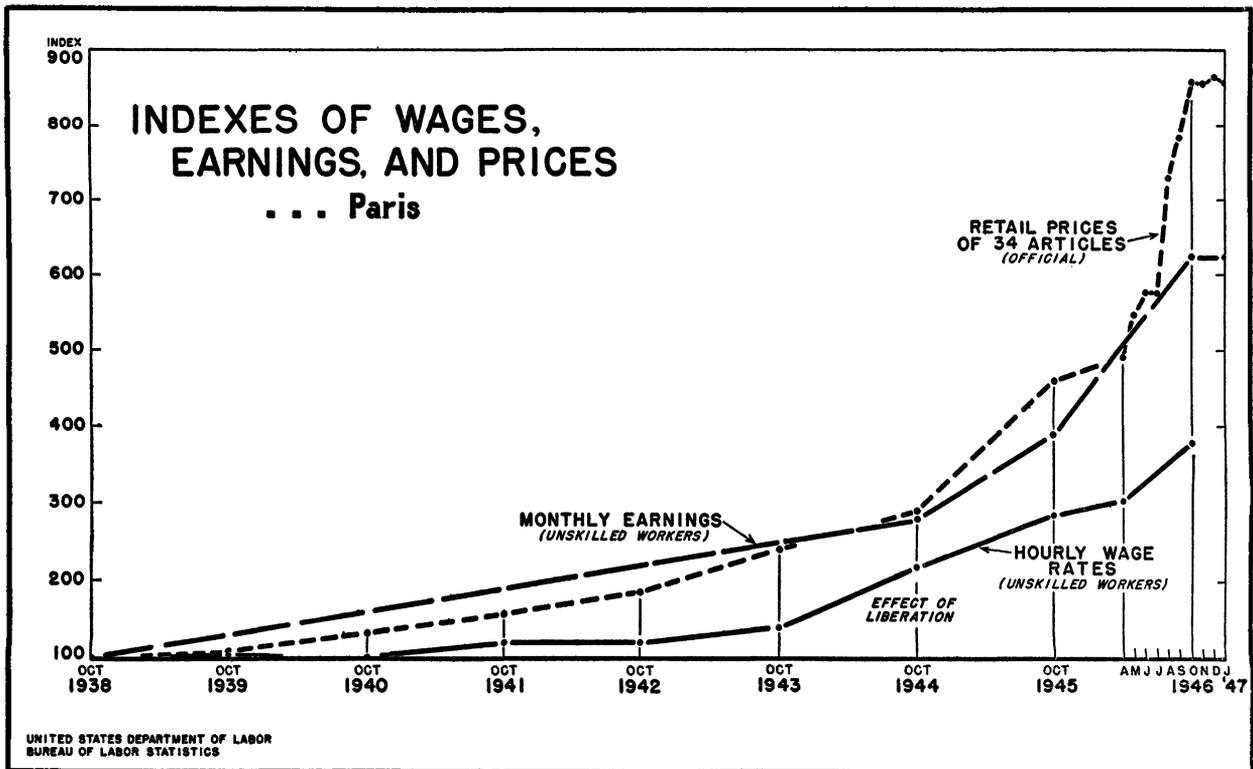
<sup>5</sup> November.

<sup>6</sup> May.

<sup>7</sup> Data for April 1947 added after publication in Monthly Labor Review.

<sup>8</sup> February.

SOURCE: Bulletin de la Statistique Générale de la France (Ministry of National Economy, Paris), 1946 and 1947; Etudes et Conjoncture, Union Française (Ministry of National Economy, Paris), December 1946-January 1947, and October 1947.



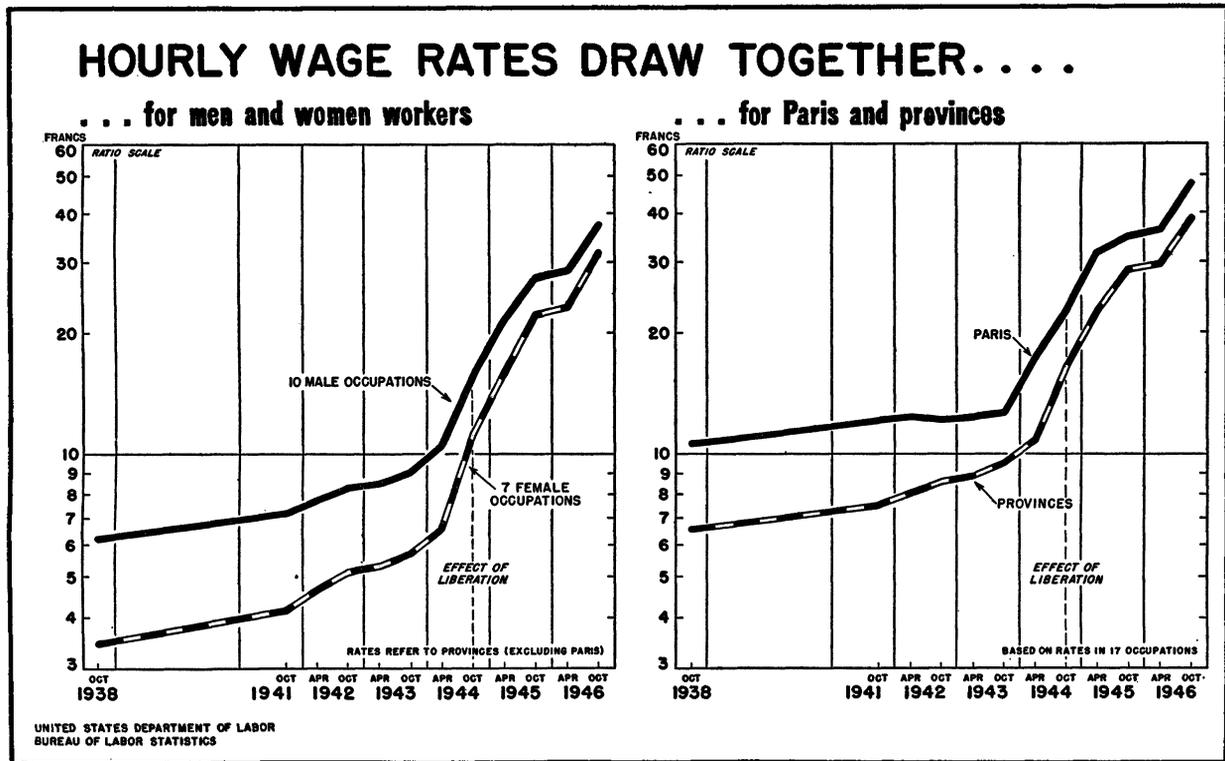


TABLE 2.—Average hourly wage rates in France, January 1, 1947, by industry, sex, and class of worker, and wage-rate indexes

Industry	Average hourly wage rates <sup>1</sup> (in francs)								Index of average hourly wage rates (January 1, 1946 = 100)	
	Unskilled laborers		Heavy laborers		Specialized workers		Skilled workers		Jan. 1, 1947	Oct. 1, 1946
	Male	Female	Male	Female	Male	Female	Male	Female		
All industries.....	34.1	31.2	37.5	33.8	42.3	38.0	49.4	44.8	143	138
Food.....	32.5	30.2	34.9	32.8	39.5	36.1	44.8	40.2	143	141
Chemical.....	32.3	30.5	35.3	32.8	38.4	35.1	42.7	39.1	140	138
Rubber.....	33.5	30.3	35.3	34.1	39.0	36.1	46.1	40.4	143	137
Paper, cardboard.....	34.7	30.9	37.3	32.8	42.7	37.5	49.7	45.6	141	136
Books, printing.....	39.6	32.9	43.8	36.3	52.1	43.2	60.7	49.0	149	142
Textiles.....	33.9	31.8	37.5	34.5	43.4	38.0	49.1	42.8	151	140
Clothing.....	34.7	31.2	38.4	34.3	44.4	38.9	50.8	45.4	148	144
Leather and hides.....	31.9	30.8	36.2	33.6	42.2	34.4	50.6	47.8	141	139
Wood.....	33.9	31.2	38.7	34.8	44.2	39.1	51.9	47.4	140	138
Metallurgy.....	32.1	30.3	38.5	37.6	42.0	39.9	50.2	42.6	141	134
Metal work.....	33.9	32.0	37.6	34.7	42.0	37.7	50.5	44.7	142	136
Fine metals, precious stones.....	33.9	32.3	37.4	35.1	47.6	44.6	59.3	53.8	143	146
Stonecutting.....	36.7	-----	40.4	-----	46.0	-----	51.3	-----	140	142
Construction, earthwork.....	34.1	28.1	38.1	32.9	42.8	38.5	48.0	43.2	136	135
Bricks, pottery, etc.....	32.3	30.3	36.1	33.5	40.4	36.8	48.4	44.0	141	137
Transportation (except National Railway System).....	35.9	29.9	39.5	32.0	42.6	36.1	47.7	40.8	141	139
Commerce.....	34.1	31.9	37.3	33.1	40.7	37.0	46.1	41.7	141	137

<sup>1</sup> In highest wage zone; in other zones the legal minima are 5, 10, 15, 20, and 25 percent lower.

SOURCE: Revue Française du Travail (Ministry of Labor and Social Security, Paris), January and April, 1947.

the region of France, and the number of wage earners in the family. Table 3 shows allowances for Paris for August 1939 to December 1941 and for the Seine Department, which includes Paris, from 1944 to 1947. The figures are based on the assumption that the wage earner's wife is not employed, and that the wage earner consequently receives the additional benefit known as the "salaire unique" (for those who are sole breadwinners of families).

TABLE 3.—Family allowances in the Seine Department, 1939-47<sup>1</sup>

Period	Basic monthly wage (in francs) <sup>2</sup>	Allowance (in francs) for father of—		
		1 child under 5 years of age	2 children	4 children
August 1939-December 1941.....		150	300	900
January 1944-August 1944.....	2,250	450	787.50	2,025
September 1944-July 31, 1945.....	2,250	675	1,248.75	3,037.50
August 1945-June 1946.....	4,500	900	1,665	4,320
July 1946-December 1946.....	5,650	1,130	3,390	7,345
After January 1, 1947.....	5,650	1,130	3,390	7,910

<sup>1</sup> The family allowance law of Aug. 22, 1946 fixed the average monthly wage upon which family allowances are calculated at 225 times the minimum hourly wage of an unskilled worker in the metal industry in the Department of the Seine. Allowances in other Departments are subject to the graduated reductions customary in the wage zones. (See Journal officiel de la République Française, Aug. 23, 1946.)

<sup>2</sup> SOURCE: Bulletin de la Statistique Générale de la France, April 1942 and April 1947.

The increase in earnings caused by the longer hours worked since liberation cannot be measured exactly. Average weekly hours rose from 39.9 in December 1944 to 43.8 in October 1946. On October 1, 1946, about 40 percent of the workers (reported in the quarterly survey of the Ministry of Labor and Social Security) averaged 40 hours weekly, 29 percent 40 to 48 hours, and 29 percent 48 hours or more. Under terms of a law of February 25, 1946, a minimum rate of time and a quarter was authorized for the first 8 hours of overtime above 40, and time and a half thereafter, with a limit of 20 hours overtime per week. According to an official French estimate of early 1947, the wage increase resulting from the overtime law might reach 24 percent in the building trades and average 18 percent for the manufacturing industries.

As a result of the increase in average hourly wage rates, in family allowances, and in overtime, the monthly earnings in January 1947 of a Paris worker with 2 children were more than 6 times the October 1938 level; those of a Provincial worker with 2 children, about 8 times.

*Real Wages:* The increase in money wage rates between 1938 and 1947 was more than offset by price increases and real income declined accordingly (see table 1). The retail price index for Paris stood at 856 in January 1947 and that for the Provinces at 971 in November 1946 (1938=100). Both of these indexes, which are based on prices of 34 articles, including 29 foods, understate the actual increase in the prices paid by wage earners because they do not include above-ceiling prices prevailing in black markets. On the other hand, wage earners sometimes received wages in excess of the legal rates. Even so, the actual reduction in real income is probably understated by a comparison of the increase in wage statistics with the rise in the price indexes.

The available data indicate that a four- or five-fold increase in wage rates and a six- to eight-fold increase in total earnings between October 1938 and January 1947 must be compared with an eight- to nine-fold, or greater, increase in retail prices. The reduction in real income was the inevitable outcome of the low, though rising, rate of production of the French economy in the postwar period. The index of industrial production (1938=100) averaged less than 60 in the last 5 months of 1945 and 81 in 1946; it stood at 89 in January 1947.

*Wage Structure:* The most significant changes in the French wage structure, between 1938 and 1947, resulted from the wartime tendency toward the leveling of wages for men and women workers and for wage earners of different categories and places. Even though the postwar period brought some reversals in this trend, especially following the reestablishment of the occupational categories in 1945 (see p. 17), the effects of the trend are easily seen when the wage structure of 1947 is compared with that of 1938.

A marked change is the reduction in the spread between average hourly rates of men and women workers, as illustrated below.

	Average hourly rates (in francs) in cities other than Paris	
	October 1938	October 1946
Males in 10 occupations.....	6.19	37.14
Females in 7 occupations.....	3.42	31.74

In October 1938, hourly wage rates in the 10 predominantly male occupations were nearly twice those of females in the 7 predominantly female

occupations; 8 years later they were only 17 percent higher. However, the actual spread between male and female hourly rates was much less, both in 1938 and in 1946, for men and women working in the same industry.

In July 1946, a decree undertook to abolish the differential between men's and women's rates and require equal pay for equal work. In the prewar period the differential had been about 20 percent and intermediate legislation had fixed it at 10 percent. Quarterly returns from employers indicate that between July and October 1946 the differential diminished but did not disappear. The general average for women's rates was 11 percent lower than for men's in October, compared to 14 percent in July. In October the rates for highly skilled women workers in the fourth wage zone ranged from 4 percent below men's rates in the clothing industry to 21 percent below in book and job printing; for ordinary women laborers the range was from 5 percent below in metallurgy to 12 percent below in the book and printing industry. Women's wages in October 1946 approximated the legal minimum-wage rates.

Differentials between workers of varying degrees of skill were somewhat smaller, on the whole, in late 1946 and early 1947 than at the end of 1938. In table 4 the list of 10 highest paid occupations generally represents more highly skilled workers, while the 10 lowest paid represent semiskilled and include unskilled laborers. Average hourly earnings for all 41 occupations rose to 6 times the October 1938 level by October 1946. The average increase in the 10 highest paid occupations was only 5.7 times compared with an increase of 6.3 times for the 10 lowest paid occupations.

Miners' wages were an exception to the leveling tendency in the skilled occupations; by October 1946, miners' hourly rates were 8.2 times the October 1938 level. Figures for the metal industries of the Paris region, including both piece and time workers, show that recently the highly skilled workers fared better than semiskilled and unskilled groups. A third exception to the tendency toward narrowing differentials was the ordinary laborers' group; table 4 indicates that most other occupations enjoyed higher rates of wage increases than did laborers.

Another change in the wage structure is the reduction in the spread between wage rates in Paris and the Provinces. Before the war, hourly

TABLE 4.—Average hourly wage rates (in francs <sup>2</sup>) for males in French cities, other than Paris, in October of 1938 and 1946 <sup>1</sup>

Occupation	October 1938	October 1946	Ratio: October 1946 to October 1938
41 occupations.....	6.20	37.19	6.0
10 lowest-paid occupations: <sup>3</sup>			
Brewers.....	5.54	33.67	6.1
Saddlers, harnessmakers.....	5.48	35.76	6.5
Shoemakers.....	5.45	36.17	6.6
Dyers, cleaners.....	5.56	35.28	6.3
Weavers.....	5.13	33.01	6.4
Ropemakers.....	5.31	33.68	6.3
Coopers.....	5.90	36.66	6.2
Navvies (terrassiers).....	5.67	34.73	6.1
Brickmakers.....	5.72	36.00	6.3
Laborers.....	4.92	27.16	5.5
Unweighted average.....	5.47	34.22	6.3
Highest-paid occupations: <sup>4</sup>			
Printers, compositors.....	6.87	40.69	5.9
Bookbinders.....	6.84	40.20	5.9
Coppersmiths.....	6.90	38.41	5.6
Blacksmiths.....	6.59	37.47	5.7
Fitters.....	6.88	37.94	5.5
Metal turners.....	6.92	38.20	5.5
Electrical fitters.....	6.56	38.99	5.9
Watchmakers.....	6.56	39.58	6.0
Stone cutters.....	6.72	39.45	6.0
Ornamental carvers.....	7.78	42.79	5.5
Unweighted average.....	6.86	39.38	5.7

<sup>1</sup> Hourly wages, which do not include family allowances, are from Bulletin de la Statistique Générale, April 1947.

<sup>2</sup> Average exchange rates for franc were 2.67 cents in October 1938 and 0.84 cent in October 1946.

<sup>3</sup> Lowest paid in October 1938.

<sup>4</sup> Highest paid in October 1938.

rates in Paris, which were the highest in France, were at least 50 percent above those of the lowest wage area. In the latter part of 1946, the difference was only 25 percent (for postwar wage zones, see p. 17). Table 5 presents wage rates in Paris and

TABLE 5.—Average hourly wage rates (in francs <sup>1</sup>) in Paris and in other French cities, October 1938 and 1946 <sup>2</sup>

Occupation	October 1938			October 1946		
	Paris and its environs	Cities other than Paris	Ratio: Paris to other cities	Paris and its environs	Cities other than Paris	Ratio: Paris to other cities
Average, 17 occupations.....	10.67	6.53	1.63	47.46	38.73	1.22
Printers, compositors.....	11.90	6.87	1.73	50.98	40.69	1.25
Bookbinders.....	11.90	6.84	1.74	55.00	40.20	1.37
Tailors.....	8.49	5.87	1.45	57.50	38.45	1.50
Carpenters.....	9.85	6.44	1.53	45.50	38.49	1.18
Joiners.....	9.85	6.35	1.55	43.60	37.88	1.15
Plumbers.....	10.45	6.47	1.62	47.30	38.36	1.23
Blacksmiths.....	11.70	6.59	1.78	49.75	37.47	1.33
Locksmiths.....	9.85	6.35	1.55	43.60	37.76	1.15
Metal turners.....	11.90	6.92	1.72	48.25	38.20	1.26
Electrical fitters.....	9.91	6.56	1.51	45.05	38.99	1.16
Stonecutters.....	12.85	6.72	1.91	48.05	39.45	1.22
Masons.....	10.15	6.43	1.58	46.50	39.26	1.18
Navvies.....	9.55	5.67	1.68	39.35	34.78	1.13
Roofers.....	10.45	6.50	1.61	47.30	38.89	1.22
House painters.....	9.85	6.33	1.56	43.60	38.92	1.12
Ornamental carvers.....	11.35	7.78	1.46	51.05	42.79	1.19
Glaziers.....	11.45	6.34	1.81	44.45	37.91	1.17

<sup>1</sup> Average exchange rates for franc were 2.67 cents in October 1938 and 0.84 cent in October 1946.

<sup>2</sup> Hourly wage rates, which do not include family allowances, are from Bulletin de la Statistique Générale.

in other cities for 17 occupations in October of 1938 and 1946. In 1938 Paris wages for males were 1½ times those of other cities (using an unweighted average of the 17 occupations); in 1946 the ratio was about 1½. However, the spread in real wages had not been reduced nearly as much because retail prices rose more sharply in the Provinces than in Paris.

### **Wage-Price Policies, 1939-47**

*Wartime Controls, 1939-44:* When World War II began, wages in France were being fixed by collective agreement under terms of the legislation of March 25, 1919, and June 24, 1936. The legislation of 1936 made compulsory the inclusion in collective agreements of minimum rates by category and area.

The outbreak of war put an immediate end to free collective bargaining and an almost immediate end to the free play of prices in the economy. The first step toward freezing prices of goods and services at their prewar levels was taken in a decree of September 9, 1939. Wages were blocked at levels prevailing September 1, 1939, by a decree of November 10, 1939, and another of June 1, 1940. This wage legislation provided that rates could be changed only by the Minister of Labor on advice of a technical commission consisting of Government officers and two representatives of employers and labor. The Vichy Government continued the power of the Minister by law of July 12, 1940, but eliminated the technical commission. The Minister's wage-fixing power was also extended beyond rates in commerce and industry to include the liberal professions, Government offices, etc., and other occupations, except agriculture.

The obvious purpose of the occupying authorities was to keep wage rates low in order to force French workers into war production industries in France or Germany. The wage freeze was more effective than the price freeze and real wages fell during this period, although the Government authorized three main wage revisions which involved increases. In the third of these, in June 1943, the Government ordered a general readjustment of wages and undertook to fix wage rates by decree for the different classes of skill in each industry. Many employers exceeded the fixed legal rates by paying bonuses and furnishing

meals and other services. By April 1944, wage rates as indicated by the indexes (1938=100) for unskilled laborers in Paris and the Provinces, respectively, were 143 and 168 (see table 1).

Meanwhile, German purchases and requisitions, an enormous increase in currency (resulting mainly from the daily indemnity which the French were required to pay the Germans), and growing scarcities of goods had driven official retail prices upward, so that in the spring of 1944 the indexes in both Paris and the Provinces were nearly 200 percent above the 1938 levels. It should be stressed again that retail-price index numbers are based on official prices, that black-market prices were much higher, and that the supply of goods at official prices was far from meeting minimum demands. At liberation, the returning French Government found money wage rates for various occupations and regions in extreme disorder and real wages at least 50 percent below their 1938-39 level.

*Wage Policy of Provisional Government:* In accord with the demands of the French National Council of Resistance and the underground trade-union movement for adequate wages and living standards, the French Provisional Government in Algiers adopted in March 1944 a resolution requiring the immediate raising of wages and their subsequent adjustment to the rise in prices and the volume of goods available. General principles for the policy were outlined by an order in Algiers on August 24 and another in Paris on September 14, 1944. The validity of the acts of the Vichy Government was recognized, for the increases were to be based upon the rates already in force. Officially these first increases granted were to range from 50 percent for laborers to 30 percent for more skilled workers. Rates for miners and civil servants were also raised. Pensions and old-age allowances were increased, and the maximum wage for eligibility for social-insurance coverage was moved up from 48,000 to 60,000 francs.

The increases in wage rates were supplemented by increases in family allowances. These allowances are intended to adjust the worker's wage to his family position and social obligations. They were initiated by employers as early as World War I, were made obligatory in 1932, and were broad-

ened and advocated for encouraging family growth after World War II.<sup>5</sup>

Unfortunately—perhaps inevitably—in the confusion of establishing the Provisional Government's control, the wage increases were not uniform in regions or industries and frequently they exceeded the plan. Moreover, the financial and economic controls originally designed to accompany the wage increases did not materialize. At the moment of greatest difficulty in the industrial revival, wage demands had to be met. With continuing scarcities and a thriving black market, the rise in nominal wages brought little or no increase in real wages. In addition, the wage increases tended to reduce differentials and caused discontent among the higher paid workers.

The Government consequently acceded to the requests for a complete overhauling of the wage system, and in November 1944 called for detailed data on minimum wages of all classes of workers in effect September 1939 and 1944. The French did not, at this time, return to the prewar system of fixing wages by collective bargaining, but rather made use of the system instituted by law of November 10, 1939 (see p. 16). In January 1945, the Government appointed a committee of representatives of employers and labor organizations and of technicians from the interested Ministries to recommend necessary wage reforms.

Theoretically, under the new system, the Minister acted (for example, in appointing a subcommittee to work out wage systems for specific industries) on the recommendations of representatives of management and labor in the central committee. Actually, in view of the disorganization of employers' associations, the most powerful labor organizations presented their demands to the Minister, and on these demands the Minister took action, announcing the resultant decision by decree. During this period, the head of the Government maintained contact with employers through an unofficial council.

*Reform of Wage Structure, 1945:*<sup>6</sup> The wage structure established by the central committee and its industry subcommittees in 1945 has four distinc-

<sup>5</sup> For detail, see *Revue Française du Travail* (Ministry of Labor and Social Security, Paris), October 1946, pp. 533-39, May 1947, pp. 482-91; *Population* (National Institute of Demographic Studies, Paris), January-March 1946, pp. 155-58, October-December 1946, pp. 681-98; *International Labor Review*, December 1945, p. 708; and *Family Allowances in Various Countries*, Bulletin No. 853, Bureau of Labor Statistics, U. S. Department of Labor.

<sup>6</sup> Summarized from *Droit Social* (Librairie Sociale et Economique, Paris) December 1945, pp. 391-400.

tive characteristics: A minimum base wage rate; the adjustment of minimum base rates to geographic and cost-of-living zones throughout France; a graded job classification scale on general and on industry bases; and an average maximum wage.

The minimum base wage as applied in the legislation of 1945 is the minimum hourly, weekly, or monthly wage rate fixed for the lowest category of laborers in the industry or profession. Because of the scarcity of consumer goods, the black market, and the fact that the retail price index measured only official prices, the minimum base rates could not be scientifically fixed in 1945. An attempt was made, nevertheless, to set rates which would provide the purchasing power of 1939.

The wage zones defined by the committees and subsequent legislation in 1945 represent an effort to adjust wage rates to regional variations in the cost of living and, to a less degree, to geographic locations of the various industries. Regional wage zones have long been a feature of the French wage structure; they were established temporarily by the Minister of Armaments during World War I and were incorporated in collective agreements in the 1930's; after World War II, 14 wage zones were defined. Within these zones, minimum wages were fixed at rates 5, 10, 15, 20, and 25 percent lower than rates in the first (Paris) zone.

The graded job classification scales which the Minister of Labor instructed the committees to establish, were to contain, whenever possible, the following five job classifications: unskilled laborers (*manceuvres ordinaires*); heavy laborers, and specialized laborers (*manceuvres de force et spécialisés*); semiskilled operatives (*ouvriers spécialisés*); skilled workers (*ouvriers qualifiés*); and highly skilled workers. Starting at 100 for the ordinary laborer's wage, each job was assigned a coefficient above 100, indicating the wage differential based upon degree of skill, length of training, complexity of tasks, and other factors connected with the particular job. Jobs in the specialized laborers' category generally received coefficients ranging from 108 to 118; semiskilled operatives' jobs received coefficients from 120 to 138; coefficients of 140-180 and sometimes 200 were set for the skilled and highly skilled workers. When these detailed scales had been agreed upon by the appropriate committee, for each industry, the Minister put them into effect by decree.

One of the devices adopted in France during World War II to help stabilize wages, costs, and prices was to limit the total wage bill and the average wage paid workers of the same category in any enterprise. The decree of November 10, 1939 (as amended by decree of June 1, 1940), for example, required that the average amount of the wages paid in each enterprise to workers of the same category could not exceed the average paid the same group on September 1, 1939. Later legislation provided that the total of hourly wage payments divided by the number of workers could not exceed an average minimum fixed by decree. The legislation of 1945 varied these principles slightly and required that the difference between the minimum hourly wage rate and the average maximum wage could not be more than a fixed percentage. This was first set at 7.5 percent, and after June 1, 1945, at 15 percent, except for laborers in metallurgy and metal fabrication where the differential was 20 percent. For piece workers, the differential was also 20 percent. These differentials were not changed by the general wage-increase law of July 29, 1946, mentioned below.

*Stabilization Program, 1946-47:* The enlarged money wage income and the high rate of Government expenditure necessary for postwar reconstruction put an amount of money into circulation far exceeding the existing capacity of the French economy to turn out consumer goods, handicapped as it was by property destruction, old equipment, and coal and power shortages. To counteract the resultant upward pressure on prices, the French developed an extensive, and eventually very complicated, system of price control.

Enforcement has been singularly difficult in France, not only because of the wartime habit of evading economic regulations imposed by the occupation authorities, but also because the urban scarcity areas have close family ties with rural producing areas. Unsatisfactory enforcement encouraged the growth of the black market in late 1945 and in 1946, at the same time that the impossibility of investigating thoroughly the thousands of requests for price increases led to the legalization of higher and higher prices.

Stabilization was the professed Government wage policy throughout 1946. Wage incentives,

however, were permitted, in order to stimulate production and raise earnings. The Government was depending upon increased production and subsequent cost reductions reflected in lower prices to raise the level of real wages.

Organized labor supported this stabilization policy, during 1946, urging greater production, longer hours, and more effective price control. Legislation standardizing pay for work beyond the legal 40-hour base week was passed in early 1946. Although the majority of labor disputes were caused by wage demands, strikes were few and brief. However, as price control was ineffective and prices continued to rise, rank and file discontent forced labor-union congresses to demand wage increases. In June 1946, the General Confederation of Labor advocated a general increase of 25 percent, and the Catholic Confederation of Christian Workers an even greater increase, including family allowances. A special tripartite National Economic Commission in July concluded that a 25-percent increase possibly could be absorbed, if inefficient control of prices and distribution were reformed, and production programs would stress utility goods so as to force down prices of consumer goods.

Although the Government did not accept the Commission's conclusions, wage increases averaging about 18 percent were authorized on July 29, 1946. Other increases in earnings were provided for by the clauses of the legislation which raised family allowances about 25 percent. (On August 22, a new Family Allowance Law raised the rate again and so widened the coverage as to result in an over-all increase in family allowances of approximately 90 percent.)

Price rises were authorized even before the price-freeze date agreed upon (September 20, 1946), and when the wage increases went into effect further price rises occurred. Although worker discontent was growing, the General Confederation of Labor ostensibly supported the Government stabilization program,<sup>7</sup> and trade-unionists organized local price-control committees. On December 30, 1946, the General Confederation adopted a new plan

<sup>7</sup> When collective bargaining was restored by law in December 1946, the Government retained control over wage fixing (for detail see, *Monthly Labor Review*, June 1947, p. 1024). However, the advisability of continuing Government control over wages was under discussion in the Cabinet in the early summer of 1947. In July 1947, the labor unions and the employers' association were reported to be negotiating directly on wage and other issues, subject to Government approval.

to meet local wage demands: a "minimum living" wage, which would be adjusted currently to current prices paid by workers for food, clothing, lodging, service, etc. The minimum demanded, effective January 1, 1947, was to be not less than 7,000 francs monthly for a 48-hour week.

During 1947, the Blum and later the Ramadier Governments attempted to hold wages steady and cut prices. The "shock" of the 5-percent price reduction announced by Leon Blum, January 1, won support for the Government program, although prices did not drop appreciably. But the second 5-percent price cut (in March) failed to achieve the salutary psychological effect of the first. Food supplies for the larger towns did not show the expected increase in the spring and, although production indexes had risen during the year, the rise was not enough to overcome the extreme shortages. The position of the wage earner steadily deteriorated.

*Wage Increases:* Within a month after the second price reduction, the Government had to meet half way labor's demand for a minimum living wage. Legislation of March 31, 1947, advanced "abnormally low" wage rates to 7,000 francs monthly on the basis of a 48-hour week in the first (Paris) wage zone, with corresponding increases in other zones, and granted an increase in family allowances.

In spite of these concessions, strikes multiplied in number during May and June 1947, culminating in a nation-wide railway strike. Thus, a 2½-year period of comparative industrial calm was finally broken. The strikes could be settled only by granting considerable (though disguised) wage increases. At first the Government agreed to production bonuses (which were to be fixed by agreement between labor and management), a slightly more generous minimum living wage, and

tax exemptions for incomes under 84,000 francs. But in the railway settlement definite wage and family-allowance increases were granted. By (1) affording a basis for a new rise in prices and (2) creating additional deficits in State-owned enterprises, such as the railways, these strikes, and the resulting wage increases, marked a serious set-back in the effort to control inflation.

In June, the Government endeavored to put through a plan for decreasing national expenditures by removing subsidies and allowing the consumer to bear the burden of increased prices.

Subsidies amounting to 85 billion francs in 1945 and an estimated 89 billion francs in 1946 had been paid out by the French treasury in an effort to keep down prices, especially to consumers. While the principal subsidies were granted to compensate for the higher cost of agricultural and industrial imports, there were also heavy expenditures for the purpose of lowering the prices of domestic wheat, milk, coal, gas, electricity, and transportation. A reduction in these subsidies was considered essential from the standpoint of public finance even before the wage increases of 1947 had added substantially to the deficit. However, although the Ramadier Government in late June won the support of the National Assembly for its financial stabilization program, including a cut of 40 billion francs in the subsidies and the consequent raising of certain prices, the measure provoked renewed strikes and demonstrations.

The wage and price developments which have been discussed in the preceding pages are closely connected with other economic and political matters. On the economic side, the most important interdependent problem is that of restoring production to higher levels. In the political sphere, the wage-price issue has moved more and more into the center of the political stage in France.

## Appendix.—France, as of February 15, 1948<sup>1</sup>

Prices and wages continued to rise in France through 1947 and the first 2 months of 1948. Be-

<sup>1</sup> The appendix tables are numbered to correspond with those in the original articles that deal with the same or related series of statistics. The letter A has been attached to the table number in the appendix table in each instance. Appendix tables are not presented in the same sequence as in the original article, owing to necessary changes in emphasis in discussing the material.

cause of shortages of most items and the relatively sharper increase in prices than in wages, French workers' purchasing power over consumers' articles during this period was lower than in 1946 and much lower than before the war.

### Money Wages

Between October 1946 and April 1947, according to the index published by the Ministry of National

Economy, average hourly wage rates of male workers rose moderately—3.5 percent in Paris and 2.6 percent in the Provinces (see data for April 1947, table 1, p. 12). The series of wage statistics prepared by the Ministry of Labor and Social Security indicates an average increase of 5 percent in hourly wages during the same period for workers

(both men and women) in the Paris region. This second series shows a somewhat higher rate of rise (5.4 percent) for the quarterly period of April to July 1947; the latest date for which detailed wage data are available. The increase in wages according to these statistics for the first half of 1947 was 8.4 percent (see table 2A).

TABLE 2A.—Average hourly wage rates in France, July 1, 1947, by industry, sex, and class of worker and wage rate indexes

Industry	Average hourly wage rates <sup>1</sup> (in francs <sup>2</sup> )								Index of average hourly wage rates	
	Unskilled laborers		Heavy laborers		Specialized workers		Skilled workers		Jan. 1, 1946=100	Percent increase January to July 1947
	Male	Female	Male	Female	Male	Female	Male	Female		
All industries.....	37.5	34.3	40.8	36.5	46.1	41.5	55.5	49.2	155	8.4
Food.....	35.4	33.1	38.2	35.2	42.8	38.8	50.0	43.4	158	10.5
Chemical.....	36.1	33.4	38.4	35.6	42.0	38.2	46.8	41.3	151	7.9
Rubber.....	36.6	32.9	40.2	36.5	44.2	39.8	49.4	47.1	155	8.4
Paper, cardboard.....	37.4	34.7	38.9	35.7	45.6	39.6	53.9	46.0	152	7.8
Books, printing.....	43.4	36.7	48.1	39.6	57.9	46.2	67.6	57.2	162	8.7
Textiles.....	36.3	34.2	39.7	36.4	46.6	42.0	53.0	44.3	168	11.3
Clothing.....	37.1	34.1	41.2	37.9	47.9	42.3	55.9	47.8	158	6.8
Leather and hides.....	37.5	34.7	40.0	38.8	46.0	43.5	55.0	51.2	152	7.8
Wood.....	38.0	36.2	42.0	37.4	48.2	42.2	58.2	48.8	151	7.9
Metallurgy.....	38.6	33.7	40.2	35.0	45.7	40.9	54.5	45.7	150	6.4
Metalwork.....	38.1	35.3	41.8	37.1	46.2	40.9	56.7	48.0	153	7.7
Fine metals, precious stones.....	38.0	35.0	40.9	40.0	52.2	46.9	71.8	61.9	160	11.9
Stonecutting.....	38.8	.....	41.8	.....	47.9	.....	52.5	.....	150	7.1
Construction, earthwork.....	36.0	.....	40.2	.....	44.6	.....	50.2	.....	143	5.1
Bricks, pottery, etc.....	36.7	33.1	39.8	36.5	45.6	40.9	53.2	48.6	151	7.1
Transportation (except national railroads).....	38.1	.....	42.8	.....	46.2	.....	52.1	.....	152	7.8
Commerce.....	38.0	34.4	41.0	36.6	45.2	41.3	49.5	45.5	155	9.9

<sup>1</sup> In highest wage zones, in other zones the legal minima are 5, 10, 15, 20, and 25 percent lower.

<sup>2</sup> On July 1, 1947, the official exchange rate for the franc in the United States was 0.84 cents; following the French currency measures on Jan. 28, 1948, the free exchange rate for the franc was about 0.33 cents. Also see footnote 3, p. 11.

Source: Revue Française du Travail, October 1947, pp. 920 ff.

Increases in average hourly wages for men and women between January and July 1947 were similar for the classifications of unskilled laborers, heavy laborers, and specialized workers (see table 2A). The wages of skilled men rose somewhat more sharply during this period than women's wages—12.3 compared to 9.8 percent. Increases for the other classifications ranged from about 8 percent for heavy laborers to 10 percent for unskilled laborers. Among the various industry groups, average hourly wage rates during the first half of 1947 rose most sharply for workers in the food, textiles, fine metals, and commerce classifications (see table 2-A).

### Real Wages

Following a period of relative stability during early 1947, prices moved upward sharply after July, more than offsetting wage increases obtained by workers. The dramatic rise in prices during the latter half of 1947 was due to a number of factors. The year's crops were unusually poor because of a

drought; many subsidies which had stabilized prices were removed, and shortages of goods were increased by work stoppages. The Paris retail-price index rose 57.4 percent from July 1947 to

TABLE 1A.—Retail price indexes (34 articles)

[Index 1938=100]

Year and month	Paris	Provinces
1947: January.....	856	.....
February.....	858	980
March.....	863	.....
April.....	837	.....
May.....	886	977
June.....	935	.....
July.....	965	.....
August.....	1,068	1,144
September.....	1,157	.....
October.....	1,268	.....
November.....	1,336	.....
December.....	1,354	.....
1948: January.....	1,414	.....
February.....	1,519	.....

February 1948 (see table 1A). Increases in minimum wages during this period were about 35 percent, in wages above the minimum somewhat less, and the increase in family allowances about 22 per-

cent.<sup>1</sup> On the basis of these figures, it can only be concluded that the French worker was worse off in February 1948 than in July 1947.

### Wage-Price Policies

The Ramadier Government was hard-pressed in its attempt to maintain wage-price stability during the summer and early fall of 1947. In response to the need to reduce Government expenditures, many subsidies were withdrawn (see p. 19); in turn, prices rose and new wage demands from labor followed. As elsewhere in western Europe, the shortages in consumers' goods (stemming in part from poor crops) added to the inflationary pressure. In addition, after the reorganization of the French Cabinet in May 1947 when the Communists were excluded, the Government could no longer rely on the cooperation of the Confédération Générale du Travail (CGT), the largest labor federation.<sup>2</sup>

An increase of about 11 percent in legal hourly wage minima was granted by the Ramadier Government on August 21. The Schuman Government which came into office in early November with a pledge to end inflationary trends was obliged to meet many of the wage demands made by the CGT during the November-December strike crisis. Legal hourly minimum wage rates were raised from 42.50 to 52.50 francs (about 24 percent); wages for other workers were not raised to the same extent. Minimum monthly wages were raised from 7,564 to 9,590 francs. The new rates included a special cost of living bonus which had been granted as of November 27, 1947. Family allowances and the "salaire unique" (as noted previously) were increased 21.4 percent as of December 1, 1947, by raising the monthly wage base for computing such allowances to 8,500 francs. The over-all increase in family allowances for 1947 was about 50 percent (see table 3A).

<sup>1</sup> Between August and December 1947, see table 3A.

<sup>2</sup> For a discussion of issues in Government-CGT relations see Notes on Labor Abroad, February 1948 (pp. 1-4).

Unlike the practice in regard to family allowances followed in other countries covered by this bulletin these supplements in France are taken into account in wage negotiations among labor, management, and the Government. It is not surprising, therefore, that such allowances represent a substantial part of French workers' incomes.

TABLE 3A.—Family allowances in the Seine Department, 1947

Period	Basic monthly wage (in francs) <sup>1</sup>	Allowance <sup>2</sup> (in francs) for father of—		
		1 child under 5 years of age	2 children	4 children
After Feb. 1, 1947.....	5 650	1 243	3 729	8 077. 50
After Aug. 1, 1947.....	7 000	1 400	4 200	9 100
After Dec. 1, 1947 <sup>3</sup> .....	8 500	1 700	5 100	11 050

<sup>1</sup> See footnote 2 of table 2A, p. 20, and footnote 3 of text on exchange rates for the franc.

<sup>2</sup> Computed in the Bureau of Labor Statistics from published accounts of various decrees; includes family allowances and supplement noted above as "salaire unique."

<sup>3</sup> As of Dec. 31, 1948, decrees.

The currency measures adopted in early 1948 were intended to reduce price pressures by withdrawing money from circulation; to make foreign exchange holdings of French nationals available for needed imports; and to encourage exports by lowering the exchange rate of the franc. However price increases followed these moves, resulting in new wage demands on the part of the CGT. In order to forestall further price increases and wage demands, the Government issued a series of decrees on February 9, 1948, which required the (1) public announcement in the press and on the radio of existing wholesale and retail food prices; (2) the return to labeling food products with wholesale and retail prices; (3) the importation of vegetables and wine with the view of reducing wholesale domestic prices of these commodities; and (4) the establishment of special stores where "fair" prices will be charged. A bill was passed in February which would make illegal any unjustified price increases since January 15, 1948.

# Sweden: Wage Trends and Wage Policies, 1939-47

MARY B. CHENEY<sup>1</sup>

HOURLY EARNINGS of wage earners in eight principal Swedish industries rose on the average by approximately 77 percent, from 1939 to May 1947. Prices rose at retail by 54 percent and at wholesale by 72 percent. These increases were moderate, however, compared to those which occurred in France and other continental countries. The movements of wages and prices in Sweden during the period were similar in many respects to developments in the same field in the United Kingdom.<sup>2</sup>

Real wages in Sweden, which had declined during World War II, by 1947 had reached or surpassed the levels of 1939, which was considered a boom year. Changes in the Swedish wage structure during the war and postwar period generally tended to reduce wage differentials between men and women, adults and young workers, rural and urban workers, and workers in different industries. These changes were similar to those which occurred in other countries.

Although the movements of wages and prices in Sweden were not unique, the particular institutions through which relative wage-price stability was attained differed from those in other countries. Chief reliance was placed upon the central organizations of employers and workers in exercising control over wages through the negotiation of collective agreements. Price control, maintained in the early part of the war largely by voluntary cooperation between trade associations and the Government, and rationing were employed in an

<sup>1</sup> Formerly of the Bureau's Staff on Foreign Labor Conditions.

<sup>2</sup> See p. 1 for similar account of wage trends and wage policies in United Kingdom, and p. 43 for Canada.

attempt to stabilize prices and to assure an adequate distribution of war-reduced supplies—thereby forestalling demands for higher wages.

Neutral Sweden escaped the most disrupting effects of the war. The stability of her wage-and-price structure was threatened, however, by the disorganized state of world trade, upon which she had so greatly depended, and in the postwar period, by the sharp competitive demand for labor under full-employment conditions. Since 1945, when Sweden was able to export a large wartime-accumulated stock of products, she has experienced a heavy drain on her foreign exchange and on her gold reserves required to pay for imports of essential raw materials, such as United States coal. The Government made special efforts to offset this continued drain by increasing output in the export industries, at the same time limiting domestic consumption of the luxury items which have made up the bulk of postwar imports. The effort to increase production has been seriously hampered by a severe shortage of workers. According to a survey made by the Swedish Employers' Confederation in the summer of 1946, manufacturing industries needed 50,000 additional workers.

## Money Wages

By May 1947, average hourly earnings in eight principal Swedish industries were 76.9 percent above the 1939 level (see table 1). More comprehensive earnings data, which also cover trade and public service, indicate that between 1939 and 1946 the average earnings of men rose by 51.1 percent and those of women by 64.3 percent (see table 2).

Average weekly earnings in 1946 (the latest period for which information is available) were 56.8 percent above the 1939 level. This increase was not much greater than that in average hourly earnings (approximately 53 percent in eight principal industries) for the same period, because working hours were not materially lengthened in Sweden during wartime (see table 3).

Increased earnings were accounted for by cost-of-living wage supplements granted under collective agreements; negotiated increases in basic wage rates and in minimum rates in certain industries; increases in piece rates; and greater output by pieceworkers. Toward the end of the war,

competitive bidding by employers for scarce labor tended to raise wage rates above the level fixed by collective agreements.<sup>3</sup>

Following the reopening of normal trade channels after the war, earnings reflected increased business activity. The Swedish Employers' Confederation has estimated that between 1945 and 1947 basic wage rates increased, on the average, 15 percent in industries covered by collective agreements.

The increase in rates has been partially offset by a gradual shortening of the workweek since the peak year of 1945. Weekly hours, which during the period from 1942 to 1945, as shown in table 3, averaged 47 or slightly over, dropped in 1946 to 46.6, and in February 1947 (not a typical month) to 45.0.

TABLE 1.—Sweden: Average hourly earnings in 8 principal industries, 1939-47<sup>1</sup>

Industry	Average hourly earnings (in kronor <sup>2</sup> )			Percent increase	
	1939	1946	May 1947	1939 to 1946	1939 to May 1947
Average.....	1.17	1.79	2.07	53.0	76.9
Ore mining and metal manufacturing.....	1.33	1.95	2.23	46.6	67.7
Clay and stone.....	1.06	1.72	2.02	62.3	90.6
Lumber.....	1.05	1.70	1.95	61.9	86.7
Paper and graphic.....	1.29	1.89	2.12	46.5	64.3
Foodstuffs.....	1.25	1.75	2.00	40.0	60.0
Textiles and clothing.....	1.87	1.45	1.73	66.7	98.9
Leather, hair, and rubber.....	1.04	1.65	1.99	58.7	91.3
Chemical.....	1.18	1.80	2.06	52.5	74.6

<sup>1</sup> Sources: Sweden, Royal Social Board, Lönestatistisk Årsbok 1939, Stockholm, 1941 (pp. 84-85), Sociala Meddelanden, Stockholm, July 1947 (pp. 634-635); Central Statistical Bureau, Statistisk Årsbok 1942, Stockholm, 1942 (p. 252).

<sup>2</sup> The United States exchange rate for the Swedish krona was about 23.9 cents up to July 1946 when the krona was revalued; from that date the rate has been 27.8 cents.

However, great caution should be used in comparing Swedish wage data in this article with United States wages. Comparisons of wages between countries are difficult to interpret because of the fact that foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity by industry in different countries. Wherever productivity studies have been made, the differences favor the United States.

<sup>3</sup> Computed in the Bureau of Labor Statistics from data appearing in Lönestatistisk Årsbok, 1939, by weighting average hourly earnings in each industry according to employment statistics.

The Council of the Confederation of Swedish Trade Unions urged affiliated groups to restrict new wage demands for 1948 to increases justified by advances in living costs or in productivity.<sup>4</sup> In any case, family allowances, which are to be introduced on January 1, 1948, will increase workers' incomes.

<sup>4</sup> Wage Trends in Sweden since 1939, by Bertil Kugelberg, managing director of the SAF, in Skandinaviska Banken Aktiebolag, Stockholm, July 1947 (p. 64).

<sup>5</sup> The American-Swedish News Exchange, News From Sweden, New York, September 5, 1947 (pp. 1-2).

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TABLE 2.—Sweden: Average hourly earnings in industry, trade, and public service, by sex, 1939-46<sup>1</sup>

Industry	Men			Women		
	Average hourly earnings (in kronor <sup>2</sup> )		Percent increase, 1939 to 1946	Average hourly earnings (in kronor <sup>2</sup> )		Percent increase 1939 to 1946
	1939	1946		1939	1946	
All industries.....	1.39	2.10	51.1	0.84	1.38	64.3
Ore mining and metal manufacturing.....	1.42	2.14	50.7	.96	1.42	47.9
Clay and stone.....	1.12	1.88	67.9	.69	1.20	73.9
Lumber.....	1.10	1.81	64.5	.75	1.30	73.3
Paper and graphic.....	1.41	2.12	50.4	.88	1.43	62.5
Foodstuffs.....	1.45	2.04	40.7	.91	1.40	53.8
Textiles and clothing.....	1.11	1.86	67.6	.79	1.36	72.2
Leather, hair, and rubber.....	1.28	2.02	57.8	.84	1.35	60.7
Chemical.....	1.37	2.07	51.1	.83	1.31	57.8
Construction.....	1.89	2.72	43.9	.....	.....	.....
State works and building.....	1.48	2.32	56.8	1.04	1.73	66.3
Municipal works and building.....	1.78	2.52	41.6	1.02	2.03	99.0
Commerce and warehousing.....	1.39	2.03	46.0	.83	1.29	55.4
Transportation.....	1.65	2.39	44.8	.....	.....	.....
Laundries.....	1.34	2.09	56.0	.81	1.30	60.5

<sup>1</sup> Sources: Sweden, Royal Social Board, Sociala Meddelanden, Stockholm, July 1947 (pp. 628-629); Lönestatistisk Årsbok, 1939, Stockholm, 1941 (pp. 84-85).

<sup>2</sup> See table 1, footnote 2.

## Real Wages

Official indexes of real earnings (see table 3) indicate that average annual earnings of women workers in Swedish manufacturing and non-manufacturing industries had regained their 1939 purchasing power in 1945, and those of men workers in 1946. Upward trends in real earnings continued, and latest figures for 1946 indicate a real-earnings level 5.9 percent higher than the 1939 annual average. If weekly instead of annual average earnings had been used in computing the real-wage index, the increases noted in the official index for 1945 and 1946 would be 3 to 4 percent higher.

To obtain these real-earnings figures, the money earnings were deflated by the official cost-of-living index. In Sweden, two official cost-of-living indexes are prepared by the Royal Social Board. In addition to the items of food, clothing, rent, fuel and light, and miscellaneous goods and services which are included in the first index, the second index reflects also the movement of direct taxes paid by wage earners. It is the second index which is used as a deflator in the official computations of real-wage indexes and in adjusting wages to changes in the cost of living under terms of the basic wage agreements. Although both indexes are presented in table 3 for purposes of comparison, all references in this article are made to the index which includes the movement of direct taxes.

TABLE 3.—Sweden: Cost-of-living index, and earnings and hours in industry, trade, and public service, 1939-47<sup>1</sup>

[Indexes, 1939=100]

Date	Cost of living index—		Average weekly earnings (in kronor) <sup>2</sup>	Average annual earnings <sup>3</sup>					Average hours per week <sup>4</sup>
	With taxes	Without taxes		In kronor	Indexes of—				
					Money earnings	Real earnings			
						Total	Men	Women	
1939.....	100	100	58.02	2,825	100.0	100.0	100.0	100.0	47.1
1940.....	114	111	62.79	3,028	107.2	95.5	95.3	95.2	46.4
1941.....	129	127	67.71	3,213	113.8	89.2	89.1	89.3	46.9
1942.....	140	137	73.49	3,538	125.2	90.8	90.7	90.5	47.0
1943.....	142	140	77.28	3,683	130.4	93.3	92.9	94.5	47.1
1944.....	143	139	80.12	3,808	134.8	95.7	94.9	99.0	47.0
1945.....	143	139	84.63	3,926	139.0	98.6	97.6	103.6	47.2
1946 (year).....	143	140	90.97	4,293	152.0	105.9	104.7	110.9	46.6
First quarter.....	143	138							
Second quarter.....	144	139							
Third quarter.....	143	139							
Fourth quarter.....	145	142							
1947:									
First quarter.....	150	142							45.0
Second quarter.....	154								

<sup>1</sup> Sources: Sweden, Royal Social Board, Sociala Meddelanden, Stockholm, various issues; Lönestatistik Årsbok, Stockholm, various years.

<sup>2</sup> See table 1, footnote 2.

<sup>3</sup> Data on annual earnings are obtained each year by the Royal Social Board in surveys of Swedish industry, trade, and public service. (In 1945, 11,406 firms, employing 763,711 wage earners, responded to questionnaires distributed by the Social Board). Employers submit annual wage data only for workers employed throughout the year or for that part of the year in which the industry is generally in operation. The official wage year-book issued by the Social Board notes that this type of average does not show

the effect of unemployment on workers' annual earnings. An examination of earnings for the period 1939-44, for which comparable data are available, indicates that trends in average annual earnings closely followed those for hourly and weekly periods.

<sup>4</sup> November of each year.

<sup>5</sup> Last prewar figure for 1937; agrees with figure computed from hourly and weekly earnings.

<sup>6</sup> Computed in the Bureau of Labor Statistics from data appearing in Sociala Meddelanden for July 1947.

<sup>7</sup> February.

## Wage-Structure Changes

During the war period, some leveling occurred in the earnings of men and women, and the earning position of minors (under 18 years of age) improved relatively, compared to that of adult male workers. The changes in average weekly earnings for the three groups of workers between 1939 and 1946 are shown below, together with ratios of earnings of women and minors to those of adult male workers.

	1939		1946	
	Kronor <sup>1</sup>	Ratio of men's wage	Kronor <sup>1</sup>	Ratio of men's wage
Men.....	65.68	100.0	99.65	100.0
Women....	38.85	59.2	63.30	63.5
Minors....	26.55	40.4	46.78	46.9

<sup>1</sup> See table 1, footnote 2.

The narrowing of wage differentials conformed to labor's plan to introduce gradually the policy of equal pay for equal work.

Differentials between rural and urban earnings also narrowed. Between 1939 and 1945, average hourly earnings increased by 51.4 percent in rural areas and by 32.1 percent in Stockholm. As table 4 indicates, the percentage of increase in

other parts of Sweden was generally between these two figures, in accordance with the degree of urbanization.<sup>5</sup>

Increases in earnings during the war and postwar periods were most marked in the low-wage industries, such as clay and stone, textiles and clothing, and lumber (woodworking) and leather (see tables 1 and 2). On the other hand, increases in the industries paying high wages—such as construction, transportation, commerce, and municipal activities and buildings (in the case of male wage-earners)—were less than the average for all industries. The reduction in the gap between wages in the various industries is explained in part by the nature of individual wage agreements. In some industries, wages are pegged to a fixed level by so-called normal wage agreements, which establish a full schedule of wage rates for various occupations. In other industries, in which only minimum rates are set, workers may increase their earnings above the minimum established, by reason of skill and exceptional output. Thus, the

<sup>6</sup> Differences in earnings also exist between the various Swedish län (provinces). In 1945, average male hourly earnings in Krönobergs län (the lowest paying province) were kronor 1.61, or 63.1 percent of hourly earnings in Stockholm.

relative level of wages in the latter category of industries could change, despite the provisions of the 1939 basic agreement (described below), which called for automatic percentage adjustment of all wages according to given changes in the price level. Some of the reduction in the differential in wages also may be attributed to increased output of pieceworkers (piece rates are paid by over half of Swedish industry).

TABLE 4.—Average hourly earnings of adult men (excluding foremen), by cost-of-living areas in Sweden, 1939 and 1945<sup>1</sup>

Cost-of-living areas <sup>2</sup>	Hourly earnings (in kronor <sup>3</sup> )		Percent increase, 1939 to 1945
	1939	1945	
Area A.....	1.07	1.62	51.4
Area B.....	1.20	1.73	44.2
Area C.....	1.28	1.85	44.5
Area D.....	1.34	1.89	41.0
Area E.....	1.44	2.01	39.6
Area F.....	1.46	2.03	39.0
Area G.....	1.66	2.20	32.5
Area H.....	1.95	2.44	25.1
Area I.....	1.93	2.55	32.1

<sup>1</sup> Source: Sweden, Royal Social Board, *Lönestatistisk Årsbok 1939*, Stockholm, 1941 (p. 105), and 1945, Stockholm, 1947 (p. 123).

<sup>2</sup> Areas A and B consist of country regions; C, D, and E are mostly cities and closely populated areas; F, G, and H are the larger cities and industrial areas; and area I includes Stockholm and its suburbs.

<sup>3</sup> See table 1, footnote 2.

### Wage and Price Policies

At the beginning of World War II, the central organizations of employers and trade-unions—the Swedish Employers' Confederation (SAF) and the Confederation of Swedish Trade Unions (LO)—were accustomed to working together on common labor-market problems and exercised considerable control over negotiation of the collective agreements concluded between their member federations, as well as between local unions and individual employers. Collective agreements were customarily industry-wide (though with local wage variations). Basic agreements took the form of recommendations to members, which were widely accepted. During the war period, wage stabilization was achieved almost entirely through basic agreements between the SAF and the LO, which were taken into consideration in the actual wage agreements. Because of the nature of the industry-wide collective agreements, there was (as noted in the preceding discussion) some flexibility in the wage structure.

A basic agreement providing for adjustment of wage rates in accordance with changes in the official cost-of-living index was signed by the SAF and the LO in December 1939, and was renewed each year until 1946. Wage increases under its terms

did not fully compensate for increases in living costs. Supplements to wages during 1940 equaled 75 percent of the rise in the cost-of-living index; during 1941, 50 percent; and in 1942, 60 to 70 percent. The dangers of a wage-price spiral, in view of the curtailment of supplies caused by the war, were recognized by both sides.

In January 1943, when the cost-of-living index was 239 (July 1914=100), employers and trade-unions agreed that no further increases in wages should be made until the index reached 249. This modification of the basic agreement followed the Government's announcement of a general price freeze (described below) and was continued in effect until December 1946.

The standards set by these basic agreements appear to have been widely observed during the war years. Average weekly earnings increased from 1939 to 1945 by 45.7 percent, compared with an increase of 43 percent in the cost-of-living index (see table 3). Adjustment of substandard rates through individual contract negotiations was permitted.

The formula appears to have been less rigidly applied during the year 1945, when production as well as profits were rising sharply. In December 1946 (when it appeared that the cost-of-living index would soon exceed the critical point of 249), instead of renewing the agreement, the SAF and the LO recommended that as of May 1, 1947, wage rates be adjusted upward by whatever amount would be needed to bring them to 25.7 percent above the 1938 level (since 1942, the cost-of-living supplement had been 20.7 percent of that level). This meant average wage-rate increases of from 3 to 4 percent above the preceding year's level. However, in some dispute cases (most of which were settled by arbitration) increases as high as 8 percent for men and 12 percent for women were obtained.

While direct wage stabilization was achieved by trade-union and employer agreement, the Government was indirectly but vitally involved through its price-control policy. Legislation providing for price control and prevention of hoarding of goods was passed early in 1939. Following the outbreak of war, subsidies and control over imports were established and the Government was empowered to determine ceiling prices and to encourage the organization of open-membership cartels which might themselves control prices.

During the early part of the war, the Government relied primarily upon associations of manufacturers, wholesalers, and retailers to control prices voluntarily. Compulsory price-control powers were exercised only when the desired results could not be obtained through voluntary agreements between the Government and the various associations.

Prices were fixed on the basis of re-acquisition costs during the first year and a half of price control. In most cases the absolute amount of profit, rather than the profit ratio, was kept stable. A Price Control Act, passed in mid-1941, extended the powers of the Price Control Board and gave the Government added authority to form cartels, to prevent the starting of new enterprises, and to prohibit profiteering. Under the 1941 act, firms were permitted to raise their prices only to the extent that their variable costs had gone up (i. e., higher unit overhead costs due to lower production did not justify a price increase). These measures were not entirely effective, as the cost-of-living index rose 40.7 percent between the third quarter of 1939 and the same quarter of 1942. Under these circumstances and in view of the approaching renegotiation of collective agreements and agricultural prices, the Government announced a general price freeze in November 1942.

Sweden's relative success in stabilizing prices after 1942 (as reflected by the cost-of-living indexes as shown in table 3) was due, in part, to the introduction of substitutes for items which no longer could be imported and to some increase in production and productivity. Stabilization of prices for consumers' items was also due to the widespread use of subsidies to producers and direct rebates to large groups of lower-income families. In addition to expanded milk subsidies paid to smaller producers prior to the war, edible fats, grains, and imported foods were subsidized during the war and postwar periods. Direct consumer rebates on fats and milk were made through a price-discount system under which stamps were issued entitling purchasers to buy specified amounts of food at less than market price. This system was inaugurated in 1940, and in the following years as many as 3.2 million

persons (out of a total population of about 6.5 million) held price discount cards.

Price controls were continued into the postwar period, but the subsidy program was curtailed to some extent. In July 1946, Sweden revalued the krona upward by 17 percent,<sup>6</sup> in an effort to counteract rising prices in foreign countries and thus cheapen her own imports. In addition, import subsidies—mostly for clothing and shoes—were introduced in December 1946 to help neutralize high import prices. By the spring of 1947, strict import licensing was introduced in a program designed to limit luxury imports and thus conserve Sweden's dwindling foreign-exchange holdings needed for purchases of raw materials. More stringent price controls were introduced in April 1947, because the existing regulations, which covered approximately 50 percent of all consumer goods, had apparently lost their effectiveness. This gradual rise in prices was due in part to large-scale conversion by manufacturers of staple items to the production of the more profitable—and uncontrolled—luxury goods.

Plans for further restrictions on luxury imports were announced by the Government in mid-June 1947<sup>7</sup> as part of its anti-inflation program. This over-all economic program is intended to direct production into necessities and exportable items by means of raw-material allocation and control over new investments. The Social-Democratic Government also called upon the unions to cooperate in the voluntary reallocation of labor to those export industries in which the need for workers is greatest and to employ restraint in making new income demands. The Government promised, in return, to stabilize the price structure by strengthening price-control regulations; to resist farmers' demands for higher agricultural prices; and to forbid increases over the 1946 level in corporation dividends. Recognizing the critical labor shortage and inadequate industrial output, the trade-union leaders agreed not to press for a shorter workweek.

<sup>6</sup> See Monthly Labor Review, January 1947 (p. 30) or Bureau of Labor Statistics Serial No. R. 1873 (p. 3).

<sup>7</sup> See Notes on Labor Abroad, Bureau of Labor Statistics, August 1947 (pp. 10-11).

## Appendix.—Sweden, as of February 15, 1948<sup>1</sup>

### Wage-Price Changes

Between May and August 1947, Swedish wages remained quite stable, average hourly earnings for workers in eight principal Swedish industries rising by 1.4 percent (see table 1A). Increases in average hourly earnings were most marked during this period in the chemical and paper and graphic industries; and the increase was below the average in textiles and clothing, foodstuffs, and leather, hair, and rubber industries.

TABLE 1A.—Sweden—Average hourly earnings in 8 principal industries, August 1947

Industry	Average hourly earnings, August 1947 (in kronor <sup>1</sup> )	Percent increase May to August 1947
Average.....	2.10	1.4
Ore mining and metal manufacturing.....	2.26	1.3
Clay and stone.....	2.06	2.0
Lumber.....	2.00	2.0
Paper and graphic.....	2.17	2.4
Foodstuffs.....	2.02	1.0
Textiles and clothing.....	1.74	.6
Leather, hair and rubber.....	2.01	1.0
Chemical.....	2.13	3.4

<sup>1</sup> See footnote 2, table 1, on the exchange rate of the Swedish krona in the United States.

Source: Sociala Meddelanden, November 1947, pp. 1002-3.

Although available price and wage data do not refer to the identical periods, the raise of about 1.3 percent in the cost-of-living index between June and September 1947 (second and third quarters) would indicate that little change occurred in real hourly earnings during this period. For the third quarter of 1947, the cost-of-living index (including direct taxes) rose to 156 from 154 in June. (See table 1, 1939=100.)

<sup>1</sup> The appendix tables are numbered to correspond with those in the original articles that deal with the same or related series of statistics. The letter A has been attached to the table number in the appendix table in each instance.

Although on the average Swedish workers' real incomes continued above the prewar level after the latter part of 1945 and early 1946, the purchasing power of their earnings was limited during the postwar period by certain shortages in consumers' goods. Consumption of meat, clothing, and furniture per capita has been below prewar levels according to a study of the Swedish Federation of Trade Unions.

### Wage-Price Policy

No important changes took place in Swedish wage-price policies during the latter part of 1947 or early 1948. The Swedish Federation of Trade Unions (LO), in cooperation with Government's voluntary stabilization program, called on member unions not to ask for wage increases except with greater output or to compensate for price rises. Wage contracts for 1948 adopted during the collective bargaining negotiations of late 1947 and early 1948 only included provisions for modest increases. The automatic wage adjustment clause with changes in the cost-of-living index which had been suspended the year before was not included in these contracts.

On October 30, the Prime Minister indicated the main points of the Government's proposed stabilization program. Without mentioning specific measures to be taken, the Prime Minister called for (1) the curtailment of investment, (2) a wage freeze to be accompanied by ceilings placed on corporation earnings and the sterilization of excess profits, (3) and budgetary economy together with increased indirect taxes on nonessential items.

Beginning January 1, 1948, family incomes in Sweden were to be augmented by child-support subsidies of 260 kronor annually without a means test for each child up to the age of 16 years. These new benefits furnish supplements to the incomes of many workers.

# Denmark: Wage Trends and Wage Policies, 1939-47<sup>1</sup>

DANISH NONAGRICULTURAL WORKERS appeared somewhat better off in 1947 than in 1939. Their earnings had increased by 73 percent, compared with about a 60-percent rise in living costs, as measured by the official index numbers. There had been, however, a number of lean wartime years, during which the wage earners' level of living was seriously depressed. This was due in part to governmental suspension of the 1939 agreement for adjusting wages to compensate in full for increases in living costs. During the occupation, wage ceilings were more rigid than price ceilings. After liberation, wage controls were relaxed. However, price controls, the subsidy program, and rationing were continued in full force through the summer of 1947, and the rationing system was extended. Early in 1946, rationing of clothing and textiles was introduced; meat rationing was introduced on August 11, 1947.

## Wage Trends, 1939-47

Straight-time hourly earnings of workers in Danish industrial, handicraft, and commercial establishments were 73 percent higher in January 1947 than in July 1939, 2.52 kroner compared with 1.46 kroner. (See table 1.)<sup>2</sup>

Danish workers also receive vacation pay (4 percent of wages paid during the year, according to a law of 1938), payments for overtime, and shift premiums. These supplements averaged 12.9 øre an hour in the first quarter of 1947, compared with 7.3 øre an hour in the third quarter of 1939.<sup>3</sup>

<sup>1</sup> Prepared by Jean A. Flexner of the Bureau's Foreign Labor Conditions Staff.

<sup>2</sup> The wage data discussed in this article were collected by the Danish Employers' Association from its members who employ approximately one-third of the total trade-union members in Denmark, and were published in the *Arbejdsgiveren*, and in the official bulletin (*Statistiske Efterretninger*). The analytical material is from the reports of Edith C. Wall, U. S. Embassy, Copenhagen, and also from the Danish *Efterretninger*.

The wage data are published quarterly and the four quarters of the year are designated as the January, April, July, and October quarters.

The Danish krone=100 øre. The krone in terms of U. S. currency was 20 cents during the year 1939, 19 cents in the period January to April 1940, and 21 cents in 1946 and 1947 (1st quarter).

Comparisons of wages between countries are difficult to interpret because foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity in individual industries in different countries. On the average, differences in productivity markedly favor the United States.

<sup>3</sup> Overtime pay is relatively unimportant because the normal weekly schedule fixed by union agreements is 48 hours spread over 6 days, and consequently there is little opportunity for overtime.

The addition of the supplements raises the hourly earnings to 2.65 kroner in January 1947 compared with 1.53 kroner in July 1939. However, the percentage increase between the two dates is the same with and without the supplements.

The earnings data in table 1 include pay for both piece work and time work. Pieceworkers' earnings exceeded those of time workers by about 25 percent before the war and by about 19 percent in 1946. The proportion of total hours worked compensated by piece rates also declined. The average hourly earnings of pieceworkers and time workers for the year 1939 were 1.66 and 1.33 kroner, and for the year 1946 were 2.76 and 2.32 kroner, respectively. Thus, hourly earnings increased 66 percent for piecework and 74 percent for time work.

TABLE 1.—Denmark: Average straight-time hourly earnings, in manufacturing, handicraft, and commerce, by sex and skill, 1939-47<sup>1</sup>

Year	Average straight-time hourly earnings (in kroner)				
	All workers	Men (adult)			Women
		Skilled	Unskilled	Total	
1939.....	1.47	1.72	1.46	1.56	0.96
Third quarter.....	1.46	1.71	1.45	1.56	0.96
1940.....	1.64	1.91	1.61	1.73	1.08
1941.....	1.76	2.06	1.77	1.91	1.18
1942.....	1.84	2.16	1.85	1.99	1.22
First quarter.....	1.76	2.08	1.74	1.88	1.20
Fourth quarter.....	1.91	2.21	1.90	2.03	1.24
1943.....	1.97	2.30	1.98	2.12	1.28
1944.....	2.09	2.41	2.12	2.24	1.37
1945.....	2.25	2.50	2.26	2.41	1.54
First quarter.....	2.13	2.43	2.13	2.25	1.46
Fourth quarter.....	2.37	2.77	2.37	2.55	1.63
1946.....	2.48	2.90	2.49	2.67	1.73
First quarter.....	2.36	2.77	2.37	2.55	1.65
Second quarter.....	2.45	2.86	2.47	2.65	1.73
Third quarter.....	2.52	2.94	2.54	2.71	1.75
Fourth quarter.....	2.55	3.02	2.56	2.75	1.76
1947: First quarter.....	2.52	2.99	2.53	2.74	1.79

<sup>1</sup> Denmark, *Det Statistiske Departement, Statistisk Aarbog*, various issues, and *Statistiske Efterretninger*, various issues.

Between the third quarter of 1939 and the beginning of 1947, the cost-of-living index published by the Danish Government rose by about 59 percent (see table 2). A further rise brought the total increase to about 64 percent in the last quarter of 1947. Even with this price rise, Danish workers' real wages in late 1947 appeared to be somewhat above the prewar level.

The unions, however, have stated that the official index does not accurately measure increases that have occurred in workers' living expenses.

They claim that deterioration in the quality of certain products necessitates the consumption of larger quantities than those specified in the budget currently priced, and that higher priced goods must be substituted for the lower priced articles in the budget which are not always available.

TABLE 2.—Denmark: Index numbers of hourly earnings and cost of living, 1939-47

[Third quarter 1939=100]

Period	Indexes of—	
	Hourly earnings all workers <sup>1</sup>	Cost of living <sup>2</sup>
1939.....	101	101
Third quarter.....	100	100
1940.....	112	123
1941.....	120	147
1942.....	126	153
First quarter.....	120	152
Fourth quarter.....	131	155
1943.....	135	156
Second quarter.....	136	156
Fourth quarter.....	141	156
1944.....	143	157
Fourth quarter.....	148	158
1945.....	154	159
First quarter.....	146	158
Fourth quarter.....	162	159
1946.....	170	158
First quarter.....	163	158
Second quarter.....	170	157
Third quarter.....	173	157
Fourth quarter.....	175	159
1947.....		
First quarter.....	173	160
Second quarter.....		162
Third quarter.....		163
Fourth quarter.....		164

<sup>1</sup> Computed by Bureau of Labor Statistics on basis of data shown for all workers in table 1.

<sup>2</sup> The Danish index is a quarterly index which is published in the official bulletin on a 1935 base. The same index, with a 1914 base, is referred to in national wage agreements. The Bureau of Labor Statistics has converted the index to a third quarter 1939 base in order to compare wage and price trends from 1939 to date. Direct taxes are included in the index (representing 6.7 percent of the total). The subgroup which includes such taxes increased somewhat more sharply than the index as a whole during the period covered by this table.

### Wage Structure, 1939-47

The ratio between the hourly earnings of skilled and unskilled men was about the same in January 1947 as in July 1939. The women wage earners' position relative to men had slightly improved. Taking the earnings of skilled men in each year as 100, the relationship between the three groups was as follows:

	July 1939	January 1947
Men, skilled.....	100.0	100.0
Men, unskilled.....	84.8	84.6
Women.....	56.1	59.9

A considerable spread existed during the first quarter of 1947, however, between straight-time hourly earnings in occupations within the skilled group of trades. Furthermore, the rates of increase from July 1939 to the first quarter of 1947 were by no means uniform within each of the groups shown in table 3. Some of the most pronounced increases occurred in occupations that were very low-paid before the war—e. g., seamstresses, women in laundries, and female boot-and-shoe workers. The earnings of skilled male boot-and-shoe-workers also increased sharply.

Earnings of men, both skilled and unskilled, increased more in the Provinces than in Copenhagen during the period under consideration. In women's trades, however, the reverse was true; women's earnings in Copenhagen rose more than in the Provinces. At the end of the period, the differentials between Copenhagen and the Provinces were almost as marked as in 1939.

TABLE 3.—Denmark: Average straight-time hourly earnings for selected occupations, by sex, in Copenhagen and the provinces, first quarter 1947<sup>1</sup>

Occupation and sex	Hourly earnings, first quarter 1947, in—			
	Copenhagen		Provinces	
	Kroner	Per cent increase from July 1939	Kroner	Per cent increase from July 1939
Men, skilled trades <sup>2</sup> .....	3.23	68.2	2.76	74.7
Boot and shoe workers.....	3.35	92.5	2.63	100.8
Bricklayers.....	3.56	34.3	2.72	56.3
Building carpenters.....	3.30	61.0	2.64	71.4
Electricians.....	3.06	66.3	2.64	66.0
Painters.....	3.44	67.8	2.72	72.2
Smiths and machinists.....	3.24	73.3	2.85	81.5
Typesetters.....	3.08	67.4	2.81	67.3
Men, unskilled trades <sup>2</sup> .....	2.65	67.7	2.43	73.6
Brewery, etc., workers.....	2.58	66.5	2.48	71.0
Textile workers.....	2.63	71.9	2.42	77.9
Excavation and concrete workers.....	3.01	58.4	2.56	84.2
Workers in iron and metal industries.....	2.68	78.7	2.45	80.1
Store and warehouse workers.....	2.39	78.3	2.24	71.0
Dockers.....	2.93	58.4	2.83	61.7
Women's trades <sup>2</sup> .....	1.86	89.7	1.68	80.6
Unskilled cigar workers.....	2.15	72.0	2.02	56.6
Textile workers.....	1.86	80.6	1.64	78.3
Seamstresses.....	1.94	128.2	1.69	113.9
Boot and shoe workers.....	1.97	95.0	1.64	95.2
Workers in iron and metal industries.....	1.87	90.8	1.59	89.3
Paper goods and box workers.....	1.77	96.3	1.60	81.8
Laundries.....	1.58	95.0	1.45	95.9
Charwomen.....	1.58	79.5	1.52	90.0

<sup>1</sup> Source: Denmark. Statistiske Departement. Statistiske Efterretninger, November 29, 1947, No. 45 (pp. 374-77); and June 1, 1940, No. 20 (pp. 144-47).

<sup>2</sup> Total, all trades. Only occupations employing over 1,000 workers in Copenhagen are shown.

### Wage and Price Policies

Wage controls during the war period were effected by agreement between the central federations of employers and trade-unions but were modified by legislation. A nation-wide basic agreement between the Danish Employers' Federation and the Confederation of Trade Unions in October 1939 provided for wage supplements exactly proportional to the rise in the cost-of-living index. However, this agreement was modified in March 1940 and was suspended altogether by the coalition Government which functioned during the Nazi occupation, while ceilings were imposed on prices as well as on wages. In order to keep down the prices of staple goods, subsidies were granted to producers, and price discount cards were given to needy consumers.<sup>4</sup>

In spite of the ceilings, prices soon resumed their upward trend, but the rate of rise decreased in 1943. Although the Government from time to

time adjusted wages to compensate for increases in the prices of bread and other essential goods, these cost-of-living supplements did not fully compensate for the price rise and during the entire occupation period hourly earnings lagged behind the cost of living. The effect of the Government-authorized increases in March and August 1945 was to reverse this situation and, by the end of 1945, hourly earnings were 62 percent and the cost-of-living index was 59 percent above the July 1939 level.

The wage agreements negotiated for practically all Danish industries in the spring of 1946 raised basic rates and again linked wage rates to the cost-of-living index. The agreements prescribed semiannual wage adjustments of 5 øre an hour for every 6-point rise in the cost-of-living index based on 1914; the index was 291 in the fourth quarter of 1945. (This is equivalent to a rise of 3.3 points of the index used in table 2 which has been converted to a third-quarter 1939 base.) On September 1, 1947, the first wage adjustment under this formula took effect.

<sup>4</sup> See *Labor Conditions in Denmark, Monthly Labor Review, November 1944*, or Serial No. R. 1709 (p. 7) and *Danish Social Policy in Wartime, International Labor Review, August 1944* (pp. 185-206).

## Belgium: Wage Trends and Wage Policies, 1939-47<sup>1</sup>

BY THE BEGINNING OF 1947, wages and official prices in Belgium were a little more than three times their prewar levels, according to indexes issued by the Ministry of Economic Affairs. Although these indexes do not reflect the wage levels of all workers or the prices of all items making up the cost of living, they do demonstrate that real wages were substantially higher than they had been during the war and immediately afterwards. Preliminary figures indicate that prices continued to rise during the year 1947; it is not possible to determine what these price increases meant in terms of the buying power of wages, inasmuch as no official wage data were published during this period.

The policy of the Belgian Government following liberation was to restore the prewar level of workers' real wages by means of increased production and price reductions rather than through wage increases. Wage increases were generally authorized only when inequities were such that no other course appeared feasible. By the end of 1947, the country had made substantial gains in production and most kinds of consumer goods were available in normal supply.

### Wage and Price Trends

The latest official wage data released by the Ministry of Economic Affairs are indexes based on the hourly earnings of workers in 10 industries in December 1946, which follow.<sup>2</sup> The Ministry's indexes are based on earnings, excluding social-security premiums deducted by employers. Including these premiums, the weighted average index is about 360 rather than the 320 shown.

Three general increases in basic wages were authorized between 1939 and the end of 1947: 8 percent over 1940 rates, authorized in May 1941 by the Nazi occupation authorities; 60 percent

over 1940 rates effective on September 1, 1944, by authorization of the Belgian Government; and a further 20 percent effective August 1, 1945, also authorized by the Belgian Government. Payment for 8 legal holidays a year, made obligatory for all categories of workers by Government decree in October 1946, was estimated to be the equivalent of a 2.66-percent increase in wages.

	<i>Indexes (1936-38=100) of hourly earnings December 1946</i>
Coal mines.....	367
Steel mills.....	303
Metal manufacture.....	301
Construction.....	324
Paper and cardboard.....	310
Chemical products.....	294
Hides and leather.....	322
Food products.....	294
Breweries, etc.....	286
Textiles.....	319
Weighted average.....	320

Increases affecting special categories of workers also accounted in large part for the rise in wage levels during the 8 years following the outbreak of the war—adjustments in minimum wage rates and in the wage scales of categories of workers whose rates were “abnormally low,” and adjustments to eliminate area differentials. Between May 1946 and February 1947, these special adjustments were particularly numerous; the Minister of Labor estimated that they affected more than half of the 1.4 million manual and professional workers in the country.

Owing to the discontinuance of the Belgian cost-of-living index early in World War II, the only material available for estimating the purchasing power of wages during virtually all of the subsequent period is an unweighted index of official retail prices. In September 1944, when the Belgian Government returned from exile, the buying power of wages (measured by official indexes) was approximately half of what it had been in 1936-38. Following the liberation, wage levels improved substantially and in December 1946 real wages were about 96 percent of the 1936-38 average; at that time the official wage index was 320 and the official unweighted retail price index 333 (1936-38=100).

Prices continued to rise and by December 1947 were approximately 9 percent above December 1946 levels. Average earnings also rose, but figures are not available to show the extent of the

<sup>1</sup> Prepared by Jane H. Palmer of the Bureau's Staff on Foreign Labor Conditions.

<sup>2</sup> Compilation of this index was a one-time operation based on research carried on under the Ministry of Economic Affairs. Data were obtained by questionnaire for each quarter of the years 1936, 1937, 1938, and 1946. The index covers the hourly earnings of adult male workers (skilled, semi-skilled, and unskilled) and adult women workers (semiskilled and unskilled); it includes regularly paid bonuses, and excludes payments in kind and bonus payments which were individual or exceptional in nature.

rise and therefore the relationship between wages and official prices during 1947 cannot be determined. For example, effective January 12, 1947, the earnings of coal-mine workers were increased 6.8 percent; an increase in family allowances became effective in July 1947; double pay was authorized for all vacations taken during the year; other adjustments were authorized for special categories of workers.

Use of the official wage and price indexes leads to an overestimation of the value of real wages in December 1946 because both indexes fail to include all elements essential to such a determination.

Labor organizations have maintained that the official wage index for 10 industries is based primarily on earnings in industries which have been accorded exceptionally favorable treatment with respect to wage increases; and that, therefore, the increase shown is not representative. In the coal industry, which has the highest index among those shown, wage increases have been exceptionally large to make up for low prewar wage levels and to induce workers to enter the industry during a period of labor shortage. Wage indexes<sup>3</sup> prepared in November 1946 by the Conference of Christian Unions were at considerably lower levels than those compiled by the Ministry of Economic Affairs for December 1946.

	<i>Wage indexes (1936-38=100), November 1946</i>
Highly skilled workers.....	270
Skilled workers.....	284
Laborers.....	281

According to the Ministry of Economic Affairs, the official price index does not fully reflect the effective price level, because prices actually charged often exceeded the legal prices upon which the index is based. Labor leaders have claimed that at the end of 1946 the consumption level of workers was actually as much as 15 or 20 percent below prewar. Notwithstanding that official food prices were fairly well stabilized, according to the Institute of Economic and Social Research (Catholic University of Louvain), the buying power of wages in 1942, as applied to a "normal" daily ration of 2,565 calories per person, dropped to less than a third of 1940 levels; even at the close of 1946, half of the calorie requirements for a daily ration were still obtainable only on the black

<sup>3</sup> No information is available with respect to the manner in which these data were compiled.

market, where the prices of basic foods were over 6 times 1936-38 prices.<sup>4</sup>

By the end of 1947, the franc had been stabilized, production had improved, and supplies of most categories of consumers' goods were available in much larger quantities than at any other period since 1939. Only a few products were rationed, mainly basic foodstuffs such as bread, sugar, meat, and fats. Food supplies were sufficiently improved to allow for increased rations, and food consumption had reached 2,700 calories per person a day—only slightly less than the prewar level of 2,900 calories. Coal, also in short supply, was rationed for domestic heating. Clothing and other consumer goods were available in reasonable quantity and variety.

### Wage Level in 1946

The National Office of Social Security has issued for the first quarter of 1946 the average hourly earnings of Belgian wage earners subject to social-security laws—the latest wage data available (see table).

The averages indicate that women in the major industry groups (except transportation, 70.3 percent, and hotels and personal service, 64.7 percent) earned less than 60 percent as much as men—a much greater postwar differential than existed in other countries covered by this series of articles.

National minimum rates for workers 21 years of age and over had been fixed in September 1945 at 7.20 francs an hour for women, 9.60 francs for male laborers, and 12 francs for skilled male workers. (These rates were increased in August 1946 to 9, 12, and 15 francs, respectively.) It is obvious from the table that the average earnings of women were in almost all instances lower than the 9.60-franc minimum for male laborers and in some cases even lower than the minimum for women.

### Wage and Price Policies

Except for 1887 legislation, specifying the place and time at which wages should be paid and a 1934 law regulating minimum wages for home work, Belgium had no wage legislation before World War II. Minimum wage rates were established as a general rule by collective bargaining through the joint industrial councils (*commissions paritaires*), without governmental intervention.

<sup>4</sup> Based on prices of 1 kilogram of flour, 2 kilograms of potatoes 250 grams of butter, 250 grams of meat, and 100 grams of bacon.

*Belgium: Average hourly earnings of wage earners, by sex and industry group, first quarter, 1946*

Group	Average hourly earnings (in francs <sup>1</sup> )	
	Men	Women
Industry, total.....	14.40	8.45
Extractive industries.....	14.20	7.45
Quarrying and other construction materials.....	14.10	7.65
Mining.....	14.55	6.75
Manufacturing industries.....	14.30	8.45
Tobacco.....	11.70	7.95
Foods.....	12.20	7.65
Clothing.....	12.95	7.90
Beverages.....	13.00	7.85
Textiles.....	13.15	8.80
Wood and furniture.....	13.25	7.75
Hides and leather.....	13.25	8.55
Paper.....	13.40	8.25
Ceramics and glassware.....	13.70	7.45
Chemicals, not otherwise specified.....	14.00	7.90
Rubber.....	14.00	8.80
Metal manufacturing, not otherwise specified (common metals).....	14.15	8.40
Oils, animal and vegetable fats, and margarine products.....	14.20	7.75
Sheet metal, metal castings, forging, wire.....	14.75	8.75
Production and distribution of electricity, gas and heat, water service.....	15.00	6.50
Machinery manufacturing, including electrical apparatus, vehicles, vessels, and aircraft.....	15.50	9.00
Printing and photography.....	15.55	7.90
Products of coal and petroleum.....	15.95	7.70
Art and precision work.....	26.05	19.70
Industries, not otherwise specified.....	14.20	8.20
Industries inadequately designated.....	14.15	7.70
Building and construction.....	13.90	8.00
Transportation.....	16.00	11.25
Commerce.....	13.20	7.90
Credit (finance, banking, insurance).....	16.15	7.20
Trade (retail and wholesale).....	13.25	7.85
Hotels and personal services.....	12.45	8.05
Miscellaneous.....	14.35	7.10
Personnel in professional services.....	11.45	5.50
Public services.....	11.00	6.05
Horticulture and forestry.....	11.85	7.05
Fishing.....	63.75	.....

<sup>1</sup> In March 1946, 1 Belgian franc was equivalent to 2.28 cents in United States currency. Comparisons of wages between countries are difficult because foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity by industry in different countries. In general, differences in productivity markedly favor the United States.

Source: Belgian Ministry of Labor and Social Security, *Revue du Travail*, January 1947 (pp. 21-22).

The Nazi occupation authorities created a Prices and Wages Commissariat under the Ministry of Labor and Social Welfare, with authority to fix prices as well as wages. Prices rose considerably faster than wages, however, and the discrepancy between wage levels and actual living costs was partially offset by the occupation authorities through allowances and bonuses, such as attendance and loyalty bonuses paid to underground miners, and by employers through supplements (equivalent to approximately 20 percent of money wages) granted in the form of meal distributions and allotments to factory employees, ostensibly for "personal use" but actually for sale.

When the Belgian Government returned in September 1944 following the liberation, it found an industrial plant comparatively little impaired by the war, but a monetary circulation which had

more than trebled and a wage-price relationship which was seriously out of balance. The Government's reconstruction program was directed toward a drastic contraction of currency and bank credit, the maintenance of the existing wage level, insofar as possible, and the adjustment of prices to the wage level. Increased production under private enterprise was relied upon for the rehabilitation of the national economy. It proved to be impossible to reduce prices to meet the existing wage levels, and the increases mentioned above were therefore authorized.

The Government's policy concerning the rates paid to wage earners was determined primarily by the National Labor Conference, which was convened by the Government and composed of representatives of employers and of union organizations. The Conference had met first in 1939, and was resumed after liberation in September 1944. Many of its decisions, after being reviewed by the Government Price Regulation Board and by the Minister of Labor, were made effective by decree. Adjustments for salaried workers usually followed the pattern of adjustments set by the Conference for wage earners.

Notwithstanding the constant postwar pressure for higher wages to compensate for rising prices, the Government's wage policies were generally supported by a wide variety of persons and interests, including labor leaders who were alive to the danger of precipitating a wage-price spiral like that which had followed World War I. Consequently, on more than one occasion, demands for general wage increases presented to the Conference were either modified or withdrawn in favor of adjustments for special categories of workers; or in return for the Government's agreement to cut prices, to increase social-security benefits, and to promote other programs designed to relieve the pressure of high living costs.

An important factor lessening the pressure for wage increases was the strengthening of the national social-security program. Comprehensive social-security legislation affecting over 1.2 million wage earners and salaried workers whose employment was regulated by collective agreement was first introduced by Legislative Order of December 28, 1944.<sup>5</sup> By 1947, adjustments in line with higher wages and increased living costs had been authorized in old age, survivors', and invalids' pensions,

<sup>5</sup> See *Monthly Labor Review*, July 1945 (p. 67).

and in unemployment benefits; a system of compulsory sickness and invalidity insurance had been established; coverage under the social-security legislation enacted in 1944 had been extended to workers in agriculture and to other groups.

Reduced living costs were basic to the success of the Government's reconstruction policy: in the winter of 1944-45, the Government initiated a program which included stabilizing the prices of foods and other commodities, controlling rents, and subsidizing the prices of coal and certain basic foods. Until the spring of 1946, however, its efforts to reduce prices were largely ineffective, partly because of the broad scope of the program, and partly because of transportation difficulties and continuing scarcities in both manpower and goods. Even though the official prices of rationed foods were fairly well maintained, prices of other commodities continued high in relation to wages. This difference was offset to some extent through a national reequipment fund (*Fond National d'Aide au Rééquipement Ménager*), which was established by legislative order on November 15, 1945. The

fund was maintained by employers and constituted a wage payment in kind, in that it supplied clothing and household equipment in exchange for vouchers issued to all workers covered by the social-security regulations or entitled to unemployment benefits.<sup>6</sup> Distribution of goods was still being made in 1947, and the benefits had been extended to other categories of workers.

In the spring of 1946, the Government renewed its price reduction program. A 10-percent reduction was decreed in the prices of consumer goods and certain public services; priorities were established for sellers who lowered prices by more than this amount; and penalties for failure to comply with these regulations were increased. At the end of 1946, the price level was substantially below that prevailing in the winter of 1945-46. This improvement in the price situation was largely erased during 1947; world prices were rising and by December 1947 a preliminary estimate showed that Belgian retail prices were approaching the levels of the winter of 1945-46.

<sup>6</sup> See Monthly Labor Review, July 1945 (p. 31).

# Prices and Wages in the Austrian Economy, 1938-47

IRVING B. KRAVIS<sup>1</sup>

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IN THE FALL OF 1947, Viennese wage and official prices were both more than four times the prewar level. The quantity of goods available at legal prices has been extremely scarce in the postwar period; the average daily calorie ration was far below prewar levels. Consumer goods were more freely available on the black market, but at greatly inflated prices. Although legal prices had risen and black-market prices declined since Austria's liberation in April 1945, Viennese black-market prices were 19 times legal prices for food necessities in the fall of 1947.

Changes in money wages have reduced income differentials between men and women workers and between workers of various degrees of skill. The leveling process in real incomes has been reenforced by limited rations and by the low purchasing power of earnings on the black market. In terms of actual purchasing power, average postwar earnings have been below prewar levels.

## The Austrian Economy

Austria, with a population of less than 7,000,000 and an area about the size of Maine, is unique in certain respects. Its strategic location in the center of Europe and the postwar occupation by the United States, France, Great Britain, and the Soviet Union have made Austria the meeting ground of East and West.

The partial self-sufficiency which had been pains-

takingly developed between the two world wars was submerged when the country was annexed to the German war machine in 1938. The Nazis diverted the Austrian economy from its peacetime channels by reducing agricultural production and increasing the output of oil, hydroelectric power, and heavy industry. Unfavorable weather in the postwar period hampered agricultural recovery and reduced hydroelectric power output, thus making existing fuel shortages more serious. In the late summer of 1947, industrial output was estimated by the United States Forces in Austria at roughly 45 percent of 1938 output.

The basic factors underlying the low rate of production were:

(1) Shortages of Fuel, Raw Materials, and Other Goods: Substantial foreign aid through UNRRA, and by Great Britain and the United States directly, was concentrated upon food supplies, but raw materials were also included. Lack of coal and other raw materials hindered economic recovery and retarded exports.

(2) Manpower and Malnutrition: The low productivity of Austrian workers in the postwar period was due partly to use of damaged plants and outmoded equipment and partly to reduced labor efficiency. Malnutrition undermined worker efficiency (average caloric consumption of the nonfarm population in the first 7 months of 1947 averaged 1,535 calories) and much time was lost in hunting for food.

(3) Zonal Divisions: The military occupation of Austria by the four Allies hindered interzonal trade. Because most heavy industries are in the three western zones and most finishing industries and over half of Austria's agricultural potential are in the eastern (Soviet) Zone, the artificial division between economically complementary regions seriously handicapped recovery.

(4) Uncertainty About the Future: The scarcity of goods and the plethora of money made a lack of confidence in the Austrian schilling almost inevitable. Although currency conversion in December 1945 sharply reduced the volume of currency, the issuance of bank notes to the occupying powers and withdrawals from blocked accounts restored circulation to the former level before the end of 1946. A new currency reform took place in November 1947.

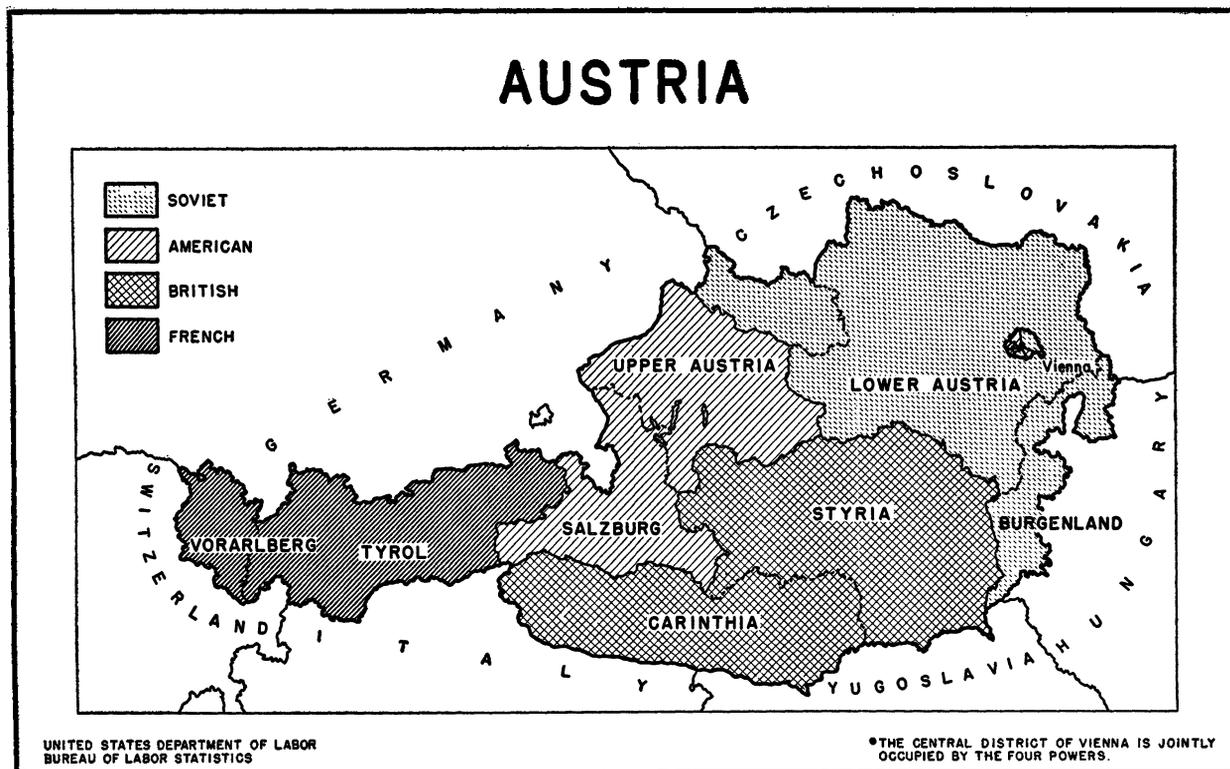
Another important source of uncertainty has

<sup>1</sup> Of the Bureau's Staff on Foreign Labor Conditions.

been the Soviet claim to "German external assets" in Austria as reparations. This has been a major issue delaying the Austrian peace treaty. The United States, the United Kingdom, and France, however, have maintained that property acquired by the Germans through force or duress should be returned to the rightful owners.

(5) War Damage and Removals: Large scale

wartime destruction of industrial plants, particularly in the eastern part of Austria, was followed by the removal from the Soviet Zone of industrial equipment (especially from the chemical and engineering industry) by the Russians. Certain Austrian industries were left with depreciated and obsolete machinery which raised production costs in the postwar years.



### Price Trends

Since the end of the war, the Austrian price structure has been complicated by the existence side by side of a sector of well-regulated consumers' prices, a group of partially controlled raw-material and industrial-goods prices, and a large sector of uncontrolled prices. In addition, black-market transactions in goods and foreign currencies have been an important factor in the situation. Because of these differences, it is extremely difficult to form reliable estimates of the changes in the price level.

Measurement of the cost of living in the postwar period has been complicated because many of the items for which prices are required are either not available or may be bought only at above-ceiling prices. For example, furniture and household

utensils were virtually impossible to obtain at any price. Clothing could be purchased only on the black market at prices far out of reach of low- and middle-income groups.

The official cost-of-living index of the Central Statistical Office tended to reflect only the legal prices of a limited number of consumer goods for which price controls and ration measures had been relatively successful. It included only a very limited group of foods and no household goods. Very few items in the other groups were included and the method of computation gave a distorted picture of actual changes in consumers' prices; for example, the clothing component included men's suits at April 1938 prices for many months after the liberation, even though suits were not available at legal prices. In May 1947, a more realistic method of measuring clothing prices was

introduced, which caused a 50-percent rise in the clothing index. The group of prices measured by the official index increased 5 percent during the 7 years of German control and 69 percent in the 2 years following liberation (table 1).

TABLE 1.—Price changes in Austria, selected periods, 1938-47

[April 1938=100]

Year and month	Official cost-of-living index in Austria <sup>1</sup>	Cost of living, Viennese family of 4 persons <sup>2</sup>			Ratio black market to legal food prices in Vienna <sup>2</sup>		Wholesale food price index in Austria <sup>1</sup>
		Schillings per week	Indexes		Necessities	Other	
			Total	Food			
1938: April.....	100.0	41.70	100.0	100.0	-----	-----	100.0
1944: April.....	105.4	52.82	126.7	125.8	-----	-----	-----
1945: April.....	105.0	53.11	127.1	127.1	4 264	4 124	-----
1946: April.....	135.8	60.23	144.4	143.1	168	21	-----
June.....	137.7	60.36	144.7	142.6	148	10	-----
December.....	161.4	76.34	183.1	188.6	43	4	194.7
1947: January.....	165.7	77.24	185.2	190.7	44	4	194.8
February.....	175.3	82.01	196.7	191.2	40	3	196.4
March.....	177.0	88.26	211.7	198.2	37	3	196.4
April.....	177.7	89.62	214.9	201.0	37	4	198.2
May.....	202.1	100.05	239.9	209.1	36	3	198.2
June.....	202.3	100.42	240.8	209.4	33	4	198.2
July.....	275.8	138.37	331.8	349.8	19	3	285.8
August.....	-----	159.35	382.1	409.4	18	2	357.6
September.....	-----	181.13	434.4	423.9	19	3	432.9
October.....	-----	185.46	444.8	424.3	19	3	422.2

<sup>1</sup> Computed by the Austrian Central Statistical Office.  
<sup>2</sup> Data of the Austrian Institute for Economic Research.  
<sup>3</sup> March.  
<sup>4</sup> August.

Another cost-of-living index, computed by the Austrian Institute for Economic Research, refers to a working class family of four persons in Vienna. It also measures changes in controlled prices but is broader in commodity coverage than the official index. It increased by 28 percent between April 1938 and April 1945, and 68 percent in the next 2 years. By September 1947, this index was 4.4 times its April 1938 level.

A similar increase (4.3 times from March 1938 to September 1947) occurred in the wholesale food price index of the Central Statistical Office.

An indeterminate portion of the goods available in Austria has been diverted to the black market (see table 2.) Many goods which could scarcely be purchased with ration coupons could be found on the black market. Early in 1947, for example, shoes of all sizes and types could be purchased at prices ranging from 300 to 1,200 schillings and coats were available for 800 to 1,200 schillings. Frequent arrests may have reduced the volume of transactions and influenced prices, but elimination

of the black market will be impossible without large increases in available supplies or in legal prices.

Based on August 1945 as 100, the index for black-market food prices in Vienna declined from 76 in April 1946 to 22 in March 1947 and rose to 26 by August. The downward trend in black-market prices has been attributed to several circumstances. Domestic agricultural production and foreign relief increased supplies. At the same time, effective demand was curtailed as workers, whose current wages were low compared with black-market prices, exhausted the savings of money and possessions which enabled them to supplement meager rations with black-market purchases. The decline in black-market prices and the rise in legal prices has, of course, greatly narrowed the gap between the two. Nevertheless, the spread remained substantial; in August 1947, Viennese average black-market prices for necessary foods such as flour, bread, beef, and eggs were about 18 times the legal prices; black-market prices for tobacco, tea, coffee, etc., were double the legal prices.

TABLE 2.—Legal and black-market prices in Vienna, selected periods 1945-47

[In schillings]

Commodity	Legal price			Black-market price		
	Dec. 1945	July 1946	June 1947	Dec. 1945	July 1946	June 1947
Flour, white.....kilogram <sup>1</sup> ..	0.56	0.48	0.76	45.0	55.0	30.0
Bread, dark.....do.....	.34	.34	-----	25.0	30.0	8.0
Beef.....do.....	1.80	1.80	3.20	50.0	85.0	47.5
Pork.....do.....	2.60	2.50	3.20	200.0	175.0	105.0
Bacon.....do.....	2.16	2.16	-----	800.0	250.0	135.0
Lard.....do.....	2.16	2.16	2.16	-----	325.0	150.0
Sugar.....do.....	.76	.78	1.80	80.0	160.0	120.0
Eggs.....each.....	-----	.15	.26	-----	-----	3.5
Milk.....liter <sup>1</sup> .....	-----	.50	.50	-----	-----	5.5
Wine.....do.....	4.00	4.00	8.00	40.0	70.0	35.0
Cigarettes.....each.....	.06	.08	-----	3.5	1.7	1.6

<sup>1</sup> Kilogram=2.2 pounds. Liter=1.06 quarts.

Source: Austrian Federal Ministry of Food. Figures taken from Report of the United States High Commissioner, Military Government, Austria (various issues).

Black-market food prices in Vienna generally exceeded those in the Provinces, with the exception of those in Burgenland (Soviet Zone) which were higher than in Vienna. Illegal food prices in the Province of Vorarlberg (French Zone) were the lowest in Austria,<sup>2</sup> fluctuating around a level about two-thirds of Viennese prices.

The disparity between Austrian internal prices

<sup>2</sup> No data were available for the Province of Lower Austria in the Soviet Zone.

and relatively high world prices has also complicated the price situation. At the beginning of 1947, Austrian commodity prices, when converted at the official exchange rate of 10 schillings to \$1 United States currency, were estimated to be 40 percent of world prices. The difference between prices obtainable in legal domestic markets and export prices encouraged producers to sell their goods abroad rather than at home. The disparity between Austrian and foreign prices seriously affected the Austrian price structure also because imports, upon which the Austrian economy depends for raw materials, often cost four to eight times the prewar prices in Austrian schillings.

### Wage Trends

The indexes in table 3 seem to indicate that changes in workers' money income kept pace with the increases in official prices as measured by the cost-of-living indexes.

In August 1947 weekly earnings averaged 125 schillings, according to computations of the Central Statistical Office based on decisions of the Central Wage Commission; the corresponding figure for December 1946 was 56 schillings. Average weekly earnings are shown below, by sex and skill, for August 1947 and December 1946:

	Average weekly earnings (in schillings)			
	Men		Women	
	Dec. 1946	Aug. 1947	Dec. 1946	Aug. 1947
Average <sup>1</sup> .....	62	133	46	108
Skilled.....	69	143	51	124
Semiskilled.....	59	132	48	113
Unskilled.....	50	115	41	97

<sup>1</sup> December 1946 data based on 559 occupations (Lohnpositionen); August 1947 on 811.

Source: Statistische Nachrichten, January and September 1947.

These data indicate that weekly earnings for women, which generally were 30 percent or more below those of men before the war, were lower than men's by roughly 25 percent in December 1946 and by 20 percent in August 1947. The tendency toward narrowing the spread between men's and women's earnings is also revealed by the indexes in table 3 which show greater than average increases in income and earnings for women workers.

Differentials between the earnings of skilled and unskilled workers were less in the fall of 1947 than before the war. The postwar tendency to increase semiskilled and unskilled rates more than skilled is evident in tables 3 and 4.

No data are available concerning changes in regional wage differentials. Before the war, weekly wages in Vienna were approximately 15 percent above those of Carinthia,<sup>3</sup> the province with the lowest wages.

TABLE 3.—Indexes of workers' net income and net hourly earnings in Vienna, selected periods 1938-47

Date	Net income (August 1938=100) <sup>1</sup>			
	Total	Skilled workers	Help-ers	Women workers
1938: August.....	100.0	100.0	100.0	100.0
1940: December.....	110.2	112.6	102.4	112.5
1944: April.....	111.7	120.5	97.2	108.7
1945: April.....	(9)	(9)	(9)	(9)
1946: April.....	120.3	122.9	102.1	130.3
June.....	(9)	(9)	(9)	(9)
December.....	174.4	169.5	159.9	193.6
1947: January.....	160.3	155.5	174.2	157.2
February.....	166.5	157.1	176.9	173.4
March.....	170.3	169.3	171.6	171.0
April.....	180.4	176.6	185.3	182.7
May.....	197.4	190.8	198.0	207.6
June.....	225.6	210.7	228.0	247.5
July.....	246.1	230.4	250.2	267.9
August.....	312.5	279.8	299.5	374.5
September.....	365.5	328.0	366.8	423.9

Date	Net hourly earnings (April 1945=100) <sup>2</sup>			
	Total	Skilled workers	Help-ers	Women workers
1938: August.....	(9)	(9)	(9)	(9)
1940: December.....	(9)	(9)	(9)	(9)
1944: April.....	(9)	(9)	(9)	(9)
1945: April.....	100.0	100.0	100.0	100.0
1946: April.....	114.7	113.2	138.3	88.0
June.....	119.5	117.3	143.0	105.1
December.....	158.6	151.5	198.0	139.5
1947: January.....	165.8	151.7	195.1	158.9
February.....	163.9	151.7	195.3	159.0
March.....	163.9	151.7	195.3	159.0
April.....	174.1	160.1	204.6	173.1
May.....	180.0	165.0	206.4	182.6
June.....	204.3	185.9	240.0	206.1
July.....	209.5	191.5	248.7	209.3
August.....	305.8	271.7	368.1	313.7
September.....	305.1	270.7	365.1	313.7
October.....	305.1	207.7	365.1	313.7

<sup>1</sup> Figures for 1938 are based on the investigations of the German Labor Front; for 1940 and 1944, on studies of the German Statistical Office; for April 1946, on investigation of the Vienna Chamber of Labor; and since October 1946 on studies of the Austrian Institute for Economic Research. The figures relate to married men with two children and are weighted according to 1939 employment. From June 1947 on, the figures were computed on a different basis and are not directly comparable with the preceding index numbers.

<sup>2</sup> Based on average hourly earnings for a 43-hour week for a married man with two children after the deduction of taxes, social security payments, and trade-union dues. The indexes are weighted according to the occupational distribution of employment in 1939.

<sup>3</sup> Not available.

Source: Monatsberichte Des Osterreichischen Institutes fur Wirtschaftsforschung, (Monthly Reports of Austrian Institute for Economic Research), No. 10, Oct. 30, 1947, p. 248.

In the postwar period, time rates prevailed except in establishments taken over by the Soviet Union as German assets, in which piece-rate payments were introduced.

In terms of actual purchasing power, however, wages in postwar Austria have been below prewar

<sup>3</sup> Estimated on the basis of data in Statistisches Jahrbuch fur Osterreich, 1938, p. 176.

levels. Before the war, wages of skilled workers were generally more than sufficient to purchase the goods and services in the consumption pattern upon which the Institute for Economic Research bases its cost-of-living index, and wages of unskilled workers in a few industries were almost sufficient to attain this living standard. The figures on average weekly earnings in December 1946 and August 1947, given above, indicate that at these postwar dates even the skilled worker did not earn enough to purchase—at legal prices—the goods and services in this consumption pattern (see table 1).

Moreover, goods were freely available at uniform prices before the war. In the postwar period only rationed quantities of certain goods have been available at legal prices. The greater amounts available on the black market have been beyond the means of the average worker. (See black-market prices in table 2.) Therefore, the actual level of living of the Austrian workers has depended largely upon the size and availability of official rations. In some cases, however, employers and works councils were able to increase food allotments beyond official rations by trading plant output for food. The scarcity of goods at legal prices and the high black-market prices have reduced differences in real incomes between recipients of high and low money incomes much more drastically than did the narrowing of differentials in money earnings.

### Price and Wage Policy, 1938–47

*German Occupation.* When Austria was incorporated in the Greater Reich in 1938, its currency was converted to German currency at the rate of 1 reichsmark for 1½ schillings. This measure was unsuccessful in bringing the Austrian price structure into complete conformity with that of Germany. Higher costs in Austrian industry because of inferior mechanization and higher costs in agriculture because of inferior natural conditions made the introduction of subsidies necessary.

The German system of price control was, of course, applied to Austria. This system included several types of price regulations: (1) Some prices were frozen as of October 17, 1936. (2) Certain prices were set by specific decrees on a national, regional, or industrial basis. Prices formerly determined by cartels were still managed within the cartel system and sometimes these included

minimum as well as maximum prices. Geographic or industrial differences in costs were often made up by subsidies which consisted of direct or indirect grants from the low-cost to the high-cost producers. (3) The cost-plus principle was applied only in special cases, the general market price being used even in most governmental purchasing.

It is difficult to estimate the movement of prices during the German occupation. As already stated, between April 1938 and April 1945 the official cost-of-living index rose about 5 percent and that of the Institute for Economic Research by about 28 percent. It is clear, however, that the Austrian price structure existing at the time of the German exodus was adapted to Germany's wartime needs and not to peacetime requirements. Because of the system of subsidies and the cartelization of Austrian industry, prices bore little relation to costs.

Wage control was under the jurisdiction of Labor Trustees representing the Reich Minister of Labor. After September 1939, the Labor Trustee in each district (*Gau*) was empowered to fix compulsory maximum limits for wages, salaries, and other working conditions. The aim of German policy was to freeze wages at the 1933 level.

Both price and wage controls in Austria were circumvented; the former chiefly through the deterioration in the quality of output and the latter through such devices as reclassification of jobs into higher wage categories, rapid promotions, premiums for punctuality, etc.

*Liberation to June 1946.* Despite the imbalances left by the Germans, the Allied authorities maintained the system of price-wage stabilization in order to prevent confusion and violent disturbances after liberation in April 1945.

The German wage scales were continued by the Military Government wage freeze orders in the United States, British, and French Zones and by the Austrian Minister of Social Administration in the Russian Zone. Workers and trade-unions, remembering the inflation following World War I, cooperated with the military authorities in maintaining the wage freeze.

The Allies agreed to permit collective bargaining regarding wages, hours, and working conditions but declared that changes in wages were to be controlled by an Inter-Allied Wage Board

consisting of the chief labor officers of the four occupying powers. Allied wage policy consisted mainly in avoiding wage increases that would lead to price increases; wages, however, were to be sufficient to cover all essential and compulsory expenses. Wage changes were to be confined mainly to hardship cases and to equalization within industries and occupations.

In the spring of 1946, the Allied Commission approved an Austrian law providing for the transfer of control of wage rates from the German-established Labor Trustee to the Austrian Ministry for Social Administration. A Central Wage Commission, composed of Government, employer, and employee representatives, heard claims for wage increases filed by individual workers or employers, or by their organizations at local employment offices (Landarbeitsamt). The Inter-Allied Wage Control Board reviewed the recommendations of the Central Wage Commission.

Analysis of the claims for wage increases showed that prevailing wage rates were above the legal scales. To the Nazi Labor Trustee's countless exceptions for groups, industries, and individuals, the Austrians had added modifications, legal and otherwise. In addition, the claims revealed serious inadequacies and lack of standards in wages for younger workers, in the opinion of the United States element of the Allied Commission. Marked sex and age differentials were based on traditional practices and not on output; and wage relationships for apprentices, auxiliaries, and juvenile workers were confused.

In the German wage structure, pay was relatively high for munitions workers. In postwar Austria relatively low construction wages were raised to promote reconstruction.

Prices also were frozen at April 1945 levels by military order. Maintenance of these "stop" prices (often below costs) depended upon subsidies which the Austrian Government was unwilling to pay.

Under Allied pressure, the Austrian Government developed general criteria for granting price increases. These increases were to be allowed so as to limit profits, taking into consideration interest on capital, previous earnings, etc. Higher prices were to be granted for the most urgently needed materials, such as coal and construction materials. Higher freight rates, raw material cost, low worker productivity, and a general trend toward increas-

ing wages were raising production costs. The criteria proposed by the Government prohibited compensation for war damages by increased prices; however some evidence exists that an effort was made to finance rehabilitation through high profits.

Thus, the Austrian Government's wage-price policy in the year immediately following the liberation provided for (1) wage stabilization except for increases in special cases, (2) price increases where necessary to meet higher costs of production, and (3) the elimination of subsidies and compensatory price increases.

By early summer of 1946, low wages and mounting prices were creating labor unrest in Vienna. The first potentially serious strikes since liberation took place in June. Short-lived unauthorized strikes occurred in the printing trades, street cars and railways, metal trades, and leather, shoe, and clothing factories. The critical food problem precipitated the strikes; the Austrian Food Ministry had announced that the basic ration for normal consumers, reduced from 1,550 to 1,200 calories daily in the early spring of 1946, might drop to 700. An allied commitment to keep the ration at 1,200 calories allayed the unrest.

*The New Control Agreement.* At the end of June 1946, a new control agreement for Austria was signed, whereby the authority of the Austrian Government was greatly extended particularly with respect to price and wage controls. The Austrian Government was required, however, to inform the Allied authorities of proposed changes 7 to 10 working days before they were to become effective. The Allied Commission could veto such changes by unanimous agreement of the four powers. For all practical purposes, the June 1946 agreement marked the end of Allied control over prices and wages in Austria. The price-fixing organization under the Ministry of the Interior and the Central Wage Board under the Ministry of Social Administration were given authority over prices and wages, respectively.

The Central Wage Commission's task was complicated by the willingness of employers to grant wage increases which could be offset by higher prices. Between April 1946, when the Commission began to function, and the latter part of July 1947, it had acted upon nearly 2,600 applications

for wage increases. Almost three-fourths of the working population received wage increases in this period. The increases were generally greater for unskilled than for skilled workers, and higher in Vienna than in the Provinces. Between April 1945 and July 1947, the average increases in 6

industries (see table 4) ranged from 46 percent for skilled textile workers in the Provinces to 144 percent for unskilled building-trades workers in Vienna. The Commission made an effort to avoid unreasonable differentials in wages between various occupations.

TABLE 4.—Hourly wage rates for adult males in certain industries, Vienna and provinces, April 1945 and July 1947

[In reichsmarks or schillings]<sup>1</sup>

Group	Vienna					Provinces					Areas covered
	April 1945		July 1947		Average percent increase	April 1945		July 1947		Average percent increase	
	Minimum	Maximum	Minimum	Maximum		Minimum	Maximum	Minimum	Maximum		
<b>Building:</b>											
Skilled.....	1.15	1.60	2.63	2.75	96	0.82	1.40	1.70	2.15	73	} Burgenland, Carinthia, Lower Austria, Salzburg, Styria, Tyrol, Upper Austria, Vorarlberg.
Semiskilled.....	.95	1.30	2.31	2.48	113	.75	1.10	1.60	2.00	96	
Unskilled.....	.75	1.00	2.16	2.16	144	.67	1.00	1.20	1.73	76	
<b>Coal mining:</b>											
Skilled.....						.93	1.09	1.91	2.52	119	} Burgenland, Lower Austria, Styria, Upper Austria, Vorarlberg.
Semiskilled.....						.87	.93	1.75	1.91	103	
Unskilled.....						.67	.87	1.57	1.75	116	
<b>Iron and metal:</b>											
Skilled.....	1.10	1.50	1.70	2.75	71	.88	1.50	1.15	2.75	64	} Carinthia, Salzburg, Styria, Tyrol, Upper Austria, Vorarlberg. Rates in Burgenland and Lower Austria as Vienna.
Semiskilled.....	.89	1.10	1.50	2.00	75	.77	1.10	1.00	2.00	61	
Unskilled.....	.76	.89	1.40	1.95	104	.55	.89	.85	1.95	94	
<b>Sawmilling:</b>											
Skilled.....	.85	.85	1.95	2.10	139	.85	.85	1.95	2.10	139	} All Austria.
Semiskilled.....	.75	.75	1.78	1.78	137	.75	.75	1.78	1.78	137	
Unskilled.....	.70	.70	1.68	1.68	140	.70	.70	1.68	1.68	140	
<b>Textile:<sup>2</sup></b>											
Skilled.....	.75	1.10	1.12	1.75	55	.75	1.10	1.12	1.67	46	} Burgenland, Carinthia, Lower Austria, Styria, Salzburg, Tyrol, Upper Austria, Vorarlberg.
Semiskilled.....	.65	.80	.94	1.40	62	.65	.80	.90	1.33	55	
Unskilled.....	.55	.70	.85	1.25	69	.55	.70	.75	1.10	48	
<b>Woodworking:</b>											
Skilled.....	1.30	1.30	1.92	2.52	71	1.30	1.30	1.92	2.52	71	} All Austria.
Semiskilled.....	1.00	1.10	1.92	1.92	83	1.00	1.10	1.92	1.92	83	
Unskilled.....	.90	1.00	1.80	1.80	90	.90	1.00	1.80	1.80	90	

<sup>1</sup> The official rate of exchange: 1 schilling equals 10 United States cents.  
<sup>2</sup> The rates in the textile industry, employing female labor chiefly, apply to both male and female workers.

Source: Monthly Bulletin of Austrian Statistics, No. 12, July 1947. Economic Division, Allied Commission for Austria, British Element.

The price control agency of the Austrian Government was operated with less personnel and had a weaker structure than the German price-control administration. The only general price authority was the Department of Price Formation and Supervision in the Ministry of the Interior. This department, which was composed of 7 officials in mid-1947, referred applications for price increase to the price specialists of the various ministries (i. e., agriculture, food, trade, power, etc.). Although the department could make a decision, the specialists could appeal to their respective ministers in cases of disagreement. Applications of major scope went directly to the ministries which usually pressed for a favorable decision before an ad hoc council of ministers. This price formation machinery prevented the development of a general price policy and left price increases to the bargaining of pressure groups and their representatives in the Government.

For enforcement, the Department of Price Formation and Supervision relied on the police authorities of Vienna and the Provinces. In mid-1947, about 120 police officials in Vienna were assigned to price control work on a part-time basis compared with about 600 under the Germans. The penalties for price violations were also reduced after liberation.

Between the signing of the new control agreement and the adoption of an interim wage-price stabilization program in August 1947, price and wage indexes rose as follows:

	Percent increase (July 1946 to July 1947)
Cost-of-living index of—	
Central Statistical Office.....	88
Austrian Institute for Economic Research..	114
Net hourly earnings index.....	62

The rise in the official cost-of-living index during the first 6 months of 1947 was greater than the increase between liberation and the end of 1946.

In addition to the disparity between the post-war wage and price levels, individual price and wage relationships were distorted as compared with prewar. In particular, the relatively smaller increases in agricultural prices compared with the rises in industrial prices caused difficulty.

Toward the middle of 1947, there was a growing realization that the recent piecemeal increases in wages and prices were only endangering the country's efforts to avoid inflation and that a basic reform was needed. When it became evident that the widely discussed second currency reform would not be adopted, the pressure for a price-wage reform mounted.

*Interim Wage-Price Stabilization.* An interim price-wage stabilization program was adopted in August 1947 following an agreement by representatives of labor, agriculture, and commerce and industry, approved by the Government. The basic policy was wage and price stabilization at approximately 300 percent of the April 1945 levels or 50 percent above the June 1947 levels.

Agricultural prices were to be raised about 50 percent above the levels prevailing at the end of June 1947—10 percent in addition to the 40-percent increase of July. Industrial price increases were to be self-administered by each firm

in accordance with a complex formula. Wage increases varied from approximately 35 to 50 percent above previous levels, the increase being greater for the lower paid workers. Income and wage taxes on the increased pay were reduced to about the same percentages as had been paid on the lower incomes.

In actual operation this program encountered certain difficulties. In mid-September, 6 weeks after the inauguration of the price-wage agreement, the price situation was still not clear for many key products; there were, for example, no definite prices on textiles and shoes. Furthermore, the actual increase in prices was greater than anticipated. Although the aim of the program was to stabilize both prices and wages at 300 percent of April 1945 levels, by mid-October the Austrian Institute of Economic Research index of living costs (legal prices) was 14.5 percent higher than its index of net hourly earnings (both indexes are on an April 1945 base).

The interim agreement, which expired at the end of October, was followed by legislation providing for the long discussed second currency reform. Early in December the Allied Council approved the law and there is no doubt that a new phase in the development of the postwar Austrian economy began.

## Switzerland: Wage Trends and Wage Policies, 1939-47<sup>1</sup>

AVERAGE HOURLY EARNINGS of wage earners in Swiss manufacturing and construction industries increased by at least 75 percent between June 1939 and the third quarter of 1947. Prices, as measured by official indexes rose 59.3 percent at retail and about 117 percent at wholesale, during the same period. Available data indicate that the purchasing power of Swiss wage earners has risen above the prewar level—limited, however, by a few shortages of consumers' goods.

Changes in the Swiss wage structure during the war and postwar periods tended to reduce the differentials in earnings between men and women workers, adult and young workers, wage earners in urban and rural areas, between workers in various industries, and of skilled and unskilled workers. Increased amounts paid as family allowances have, however, tended to widen the gap in earnings among workers on the basis of marital status and number of dependent children.

Unlike most European countries, Switzerland had not employed wage controls either during or after World War II up to the beginning of 1948. However, legislative measures taken in 1941 empowered the Government to extend wage increases granted through collective bargaining agreements to wage earners not covered by these contracts. In moves designed to stabilize prices and assure adequate distribution of war-reduced supplies, control was exercised over prices and supplies from the very beginning of the war; rationing of important food products was still in force as late as January 1948.

The inability to obtain needed imports and the excessive inflow of gold and foreign exchange during the war and postwar periods threatened Switzerland's relative wage-price stability. Most export restrictions and currency limitations adopted as counter-inflationary measures were lifted after the war, as increased production elsewhere made imports available. Swiss industrial employment rose to about 34 percent above the prewar level by the end of 1947; and competitive demands for scarce labor needed by industries

expanding to meet unprecedented world and domestic demands led to a shift of workers from lower to higher paying industries. The 1947 European production crisis was reflected in Switzerland by new inflationary pressures. In February 1948, the principal labor and employers' organizations as well as other economic groups adopted a voluntary stabilization program which had been recommended by a Government-sponsored anti-inflation conference late in 1947. This program provides for maintenance of the level of wages and prices prevailing at the beginning of the year up to October 31, 1948.

### Money Wages

Limited earnings data based on wages and cost-of-living allowances paid to workers in Swiss manufacturing and construction industries which were covered by labor-inspection laws (hereafter referred to as series A<sup>2</sup>) show that average hourly earnings in the third quarter of 1947 were 74.6 above the January-August 1939 level (see table 1). Increases in workers' earnings were sharpest after World War II ended; about 41 percent of the rise occurred between VE-day (second quarter of 1945) and the third quarter of 1947. However, these data probably understate the actual extent of the rise in earnings (1) because they exclude supplementary allowances other than those paid in connection with increases in the cost of living, and (2) because these data are based on surveys limited to firms covered by federal labor-inspection laws. Such laws generally apply to the larger establishments, whereas increases in earnings have been relatively greater in the lower-paying smaller establishments.

Series C (table 2), based on more complete earnings data as well as a broader survey of industries than series A, shows an increase of 77.5 percent in average hourly earnings of wage earners in Swiss industry, crafts, and commerce between June 1939 and October 1946 (the latest date for which the information is available). Projecting the increase in series C to the third quarter of 1947, on the basis of the percentage rise recorded by series A, indicates that the more limited series (A) understates the extent of the increase in

<sup>1</sup> Prepared by Joseph Mintzes of the Bureau's Staff on Foreign Labor Conditions.

<sup>2</sup> In order to facilitate presentation of data, the various earnings series have been designated by the capital letters A, B, and C in the order of appearance in the accompanying tables.

average hourly earnings from 1939 to the third quarter of 1947 by something like 15 percent.<sup>3</sup>

Indexes of weekly earnings based on the same data as the hourly indexes in series A and series B show the same percentage changes as the respective indexes of hourly earnings. Average weekly

TABLE 1.—*Switzerland: Indexes of money and real hourly earnings of wage earners, cost of living, and average number of hours worked*

[January-August 1939=100]

Period	Indexes of—				Average weekly hours <sup>4</sup>	
	Cost of living <sup>1</sup>	Average hourly earnings (Series A) <sup>2</sup>		Average hourly earnings (Series B) <sup>2</sup>		
		Money	Real	Money		Real
1939: January-August.....	100.0	100.0	100.0	100.0	100.0	46.8-47.7
1940.....	111.0	103.4	93.2	102.6	93.0	47.3
1941.....	128.2	112.1	87.5	110.6	86.9	47.0
1942.....	142.0	122.8	86.5	122.3	86.4	46.8
1943.....	148.9	131.8	88.5	132.8	89.4	47.1
1944.....	152.0	138.3	91.0	141.3	93.1	47.3
1945: First quarter.....	152.7	142.0	93.0	147.8	96.6	47.5
Second quarter.....	153.8	144.2	93.7			
Third quarter.....	153.4	146.5	95.5	153.4	100.5	47.6
Fourth quarter.....	151.2	151.1	99.9			
1946: First quarter.....	149.9	154.4	103.0	162.6	107.8	47.8
Second quarter.....	151.6	159.4	105.1			
Third quarter.....	151.6	163.6	107.9	172.6	112.6	49.0
Fourth quarter.....	155.1	166.1	107.1			
1947: First quarter.....	153.3	170.3	109.7	178.6	114.1	47.9
Second quarter.....	159.0	172.4	108.4			
Third quarter.....	159.3	174.6	109.6			47.9
Fourth quarter.....						

<sup>1</sup> Represents the movement of prices paid by wage earners and clerical workers for commonly purchased items which are included in the index components of food, clothing, fuel-light, and rent. Official surveys have been conducted in June of each year since 1940 on prices paid for miscellaneous goods and services; although this component does not enter the index, official adjustments which take account of these items indicate that the inclusion of this component would not affect the index by more than 2 points during the period under consideration. In June 1947, the difference was only 0.3 of a point.

<sup>2</sup> Series A refers to wages and cost-of-living allowances of wage earners in Swiss manufacturing and construction industries. These data are collected in surveys of business activity and refer to payments in establishments covered by Federal labor-inspection regulation. In 1947, these indexes were based on information supplied by about 3,300 firms employing 242,000 wage earners.

<sup>3</sup> Series B represents the annual earnings converted to an hourly basis for adult wage earners reporting accidents under the workmen's compensation regulations. These earnings include wages, cost of living allowances, and all other payments except overtime pay. The index is computed by weighting earnings data of reporting industries by the number of workers covered by accident insurance for the years 1927 to 1936.

<sup>4</sup> The average number of hours worked refers to the same industries as series A. For 1939 to 1941, inclusive, only percentage distributions according to various workweeks were published in *La Vie Economique*; the averages here presented for that period were computed from these distributions by the International Labor Office. For 1942-44, the annual averages were computed by the BLS from available quarterly averages.

Sources: *La Vie Economique*, November 1947, Supplement (p. 25); December 1947 (p. 465); and various issues; published by the Federal Department of Public Economy, Berne, Switzerland; *The International Labor Review*, June 1947 (p. 597), published by the International Labor Office, Montreal.

<sup>5</sup> A third series of earnings statistics (series B in table 1) is based on all earnings except overtime pay and refers to data submitted by adult workers involved in accidents under workmen's compensation regulations. Those data have been included in table 1 for purposes of comparison with series A. The rise in series B, limited by the nature of its source and coverage, would indicate an increase of about 8 percent more than is noted in series A from prewar to the third quarter of 1947.

hours worked in Swiss industry, crafts, and commerce remained relatively constant during the war and postwar periods for which data are available—rising slightly from about 47 hours in 1939 to about 48 hours in 1947, according to official statistics. The legal workweek for factories in Switzerland has remained 48 hours, and the law provides for time and a quarter for authorized overtime; however, a 52-hour week without overtime pay may be permitted by the Government in cases of emergency.

Incomes of salaried workers did not rise as much as those of wage earners, during the war and postwar periods. Average monthly salaries of employees in Swiss industry, commerce, and transportation rose 53.2 percent between June 1939 and October 1946. (Average hourly earnings of wage earners in the same industries rose 77.5 percent during this period, according to series C.) Variations in the relative increases for different groups of salaried workers in general followed the same trends as those noted below for wage earners (i. e., in relation to sex, skill, industry, and location, etc.).

### Real Earnings

According to the official indexes of real earnings,<sup>4</sup> listed in table 1, average hourly real earnings of Swiss wage earners had regained prewar levels in the latter part of 1945 and early 1946, after declining to 86.5 percent of the prewar average in 1942. During the postwar boom period, hourly real earnings rose sharply; series B showed that real earnings in the first half of 1947 were 14.1 percent above the prewar level. Movements of the more limited series A index, which covers only wages and cost-of-living allowances, indicate a general leveling of real earnings during 1947. Indexes of average weekly real earnings moved in the same fashion as those for hourly earnings during the periods considered.

Swiss wage earners' purchasing power in general has not been limited seriously during the postwar period by shortages. With the exception of wheat and coal, wage earners have been able to purchase most items in customary prewar quantities.

<sup>4</sup> See footnote 1 of table 1 on the cost-of-living index employed as a deflator in computing the official real earnings indexes.

**Wage Structure Changes**

Between June 1939 and October 1946, there was a significant reduction in earnings differentials in Switzerland between men and women, adults and young workers, and between skilled and unskilled or semiskilled workers. The following summary of data from table 2 indicates that gains in average hourly earnings of young workers and women were the sharpest during this period—rising 116.7 and 93.3 percent, respectively. Indexes showing the relative changes in earnings for the various categories covered in terms of average hourly earnings of skilled men follow:

<i>June 1939 earnings</i>	<i>Men</i>		<i>Women</i>	<i>Youths</i>
	<i>Skilled</i>	<i>Others</i>		
Hourly (in francs).....	1. 55	1. 18	0. 75	0. 54
Indexes (skilled men=100).....	100. 0	76. 1	48. 4	34. 8
<i>October 1946 earnings</i>				
Hourly (in francs).....	2. 47	2. 04	1. 45	1. 17
Indexes (skilled men=100).....	100. 0	82. 6	58. 7	47. 4
<i>June 1939–October 1946</i>				
Percent increase in earnings.....	59. 3	72. 9	93. 3	116. 7

Earnings differentials among wage earners in urban, semiurban, and rural areas in Switzerland narrowed somewhat during the war and postwar periods. On the basis of data available for industry, commerce, and crafts since October 1943, average hourly earnings of wage earners in urban areas rose 26.9 percent by October 1946, in semi-urban areas by 30.5 percent, and in rural areas by 32.4 percent. (These percentages were weighted by industry according to the distribution of employment disclosed in the 1946 survey.) The narrowing of differentials was most marked among women workers, somewhat less than the average among the skilled men, and negligible among young workers. Average hourly earnings of semi-skilled and unskilled wage earners, the most numerous of any of the categories surveyed in the small city and rural areas in 1946, are presented below for 1943 and 1946 to illustrate the narrowing of earnings differentials; indexes have been computed by using average hourly earnings of

unskilled and semiskilled urban workers as a base:

	<i>Urban</i>	<i>Small city</i>	<i>Rural</i>
1943:			
Hourly earnings (in francs)...	1. 71	1. 57	1. 51
Indexes (urban earnings=100).....	100. 0	91. 8	88. 3
1946:			
Hourly earnings (in francs)...	2. 12	2. 01	1. 92
Indexes (urban earnings=100).....	100. 0	94. 8	90. 6

In general, earnings of workers in the lower-paying industries rose more than those in the higher-paying industries during both the war and postwar periods (see table 2, series C). Thus, hourly earnings of workers in the relatively low-paying industries—textiles, clothing, paper and leather, wood, and stone and clay—increased more than the average for all industries. On the other hand, increases recorded for workers in the higher-paying industries—food, graphic arts, commerce, and transportation—were below the overall average. However, earnings of the relatively low-paid artisans were a notable exception; by October 1946 they rose 57.6 percent over the prewar level whereas the average increase for all groups during this period was 77.5 percent. Also contrary to the general trend noted, workers in the relatively high-paying watch and jewelry industries were among those obtaining the greatest increases during this period—87.9 percent.<sup>5</sup>

War and postwar increases in family allowances<sup>6</sup> have tended to widen earnings differentials. Hourly earnings of single workers covered by surveys of workers subject to collective agreements and wage regulations in five large cities rose by 61.9 percent between October 1939 and October 1947; for married workers without children, 63.7; and for married workers with 2 children, 73.0 percent.

**Wage and Price Policies**

Switzerland imposed no governmental wage controls or restrictions on collective bargaining during 1939–47. In the absence of wage controls or restrictions on collective bargaining, organized

<sup>5</sup> This percentage does not completely reflect the extent of the increase; for explanation, see footnote 5, table 2.

<sup>6</sup> Family allowances in Switzerland are generally part of wage provisions in collective agreements and are paid as part of the wage rate or cost-of-living allowance; the data above refer only to industries in which family allowances have been adopted.

TABLE 2.—Switzerland: Average hourly earnings<sup>1</sup> (series C) in industry, crafts, and commerce, by industry group, skill, sex, and age, June 1939–October 1946

Industry	Average hourly earnings (in francs) <sup>2</sup>								Percent change in earnings, June 1939 to October 1946				
	Men				Women		Youths (under 18 years of age)		Men		Women	Youths	Total <sup>3</sup>
	Skilled		Semiskilled and unskilled		1939	1946	1939	1946	Skilled	Semi-skilled			
	1939	1946	1939	1946									
All industries: Average.....	1.55	2.47	1.18	2.04	0.75	1.45	0.54	1.17	59.3	72.9	93.3	116.7	77.5
Textile.....	1.28	2.36	1.00	2.00	0.72	1.45	0.48	1.15	84.4	100.0	101.4	139.6	99.2
Clothing and household equipment.....	1.53	2.50	1.20	2.07	.73	1.40	.49	1.10	63.4	72.5	91.8	124.5	89.0
Food, beverages, and tobacco.....	1.69	2.41	1.30	1.96	.71	1.27	.53	1.08	42.6	50.8	78.9	103.8	64.8
Chemical.....	1.55	2.55	1.30	2.17	.79	1.37	.61	1.08	64.5	66.9	73.4	77.0	69.1
Paper and leather.....	1.49	2.54	1.22	2.14	.70	1.38	.48	1.17	70.5	75.4	97.1	143.7	85.6
Graphic arts.....	2.00	2.99	1.26	2.02	.81	1.33	.....	1.05	49.5	60.3	64.2	.....	55.6
Wood.....	1.44	2.28	.99	1.84	.65	1.31	.48	1.20	58.3	85.8	101.5	150.0	81.8
Metal and machines <sup>4</sup> .....	1.48	2.39	1.19	2.03	.77	1.40	.61	1.22	61.5	70.6	81.8	100.0	69.2
Watch and jewelry <sup>5</sup> .....	1.62	2.88	1.28	2.32	.91	1.78	.60	1.40	77.7	81.3	95.6	133.3	87.9
Stone and clay.....	1.47	2.41	1.12	2.04	.73	1.37	.60	1.27	63.9	82.1	87.7	111.7	80.2
Artisans.....	1.50	2.35	1.22	1.96	.90	1.38	.47	.99	56.7	60.7	53.3	110.6	57.6
Commerce.....	1.69	2.47	1.34	2.06	.91	1.43	.48	1.00	46.2	53.7	62.6	108.3	54.2
Private transportation.....	1.75	2.44	1.28	1.97	.....	.....	.....	.....	39.4	53.9	.....	.....	50.6

<sup>1</sup> Series C refers to all earnings of wage earners covered in annual surveys conducted by the Federal Office of Industry, Trades, and Labor in collaboration with employers' associations. The 1946 survey covered 398,336 wage earners in 21,692 establishments in industry, crafts, and commerce.

<sup>2</sup> In 1939, the Swiss franc exchanged on the average for 22.53 United States cents; in 1940 for 22.68 cents; and in 1941 (the last war year for which an average has been computed by the Federal Reserve Board) for 23.21 cents. Since 1946, the Swiss franc has exchanged for 23.36 United States cents. Great caution, nevertheless, should be used in comparing Swiss wage data with those of the United States. Comparisons of wages between countries are difficult to interpret because foreign exchange rates do not truly reflect inter-

national differences in living costs and because of the lack of information on relative productivity by industry in different countries. Wherever productivity studies have been made, the differences favor the United States.

<sup>3</sup> Percentage changes for all groups are based on indexes of hourly earnings weighted by June 1939 employment data.

<sup>4</sup> Family allowances and special bonuses excluded in some cases; age limit for young workers set at 20 years for these industries.

<sup>5</sup> Data for the watch industry of this classification refer to 1944 and 1945; note has been made in official sources that these figures do not include increased cost-of-living and family allowances for this industry.

Source: La Vie Economique, August 1947, pp. 294-309.

labor agreed to avoid work stoppages during the war in the interest of national welfare.<sup>7</sup>

The administration, however, took steps to improve the earning position of those workers (largely not covered by collective agreements) whose earnings did not increase in relation to rising prices as much as earnings of other workers. In 1941, the Cantonal and Federal Governments were empowered, under certain conditions, to extend collective agreements to cover all workers in an industry throughout a Canton or the entire nation. In addition, a Consultative Commission on Wages, established in the same year, advised the Government on questions relating to earnings of workers by means of quarterly recommendations covering wage adjustments to meet rising prices.

Legislation adopted by the Swiss Federal Assembly on October 1, 1941, and subsequently renewed during the war and postwar periods,<sup>8</sup> enables the Cantonal and Federal Governments to

<sup>7</sup> Relatively little time was lost due to labor disputes during the war; from 1,450 to 17,600 man-days were lost annually due to disputes between 1939 and 1944, inclusive, compared with 184,433 in 1946.

<sup>8</sup> Effective up to December 1, 1948, under latest renewal. Trade unions have favored converting these emergency laws into permanent legislation.

apply a collective agreement, either in whole or in part, within a Canton or throughout the nation. This power has been most frequently used to extend the coverage of wage clauses dealing with cost-of-living allowances. In general, a declaration invoking this law can be issued if in a certain industry a majority of the workers and the employers who employ a majority of the workers are already governed by the agreement and approve the order.<sup>9</sup> Agreements or clauses cannot be extended unless, in the opinion of the authorities, a real need for such action exists. Provisions of the clauses or agreements adopted must not violate existing legislation and are required to recognize regional differences. If clauses of existing contracts are more favorable than those under the extension of agreements, they are not affected.

The Consultative Commission, composed of specialists and representatives of management, labor, and the Government, issued quarterly wage adjustment recommendations up to the second quarter of 1946 when the group's authority expired. Although no legal compulsion was attached

<sup>9</sup> The consent of a labor or employers' organization is considered the same as an approval by all its members.

to the Commission's findings, the Commission's prestige was sufficient to give its suggestions considerable weight. In June 1947, a similar Consultative Commission was established for the same general purpose.

Governmental authority over prices, established in 1932, was invoked at the beginning of the war and special war agencies were set up to administer price ceilings, rationing, and subsidies. The Government's aim was to keep prices from rising and to maintain an adequate distribution of war-reduced supplies. Sharp increases were noted in prices during the early years of the war (see table 1) as Switzerland was cut off from normal sources of supply. The price control program became more effective as the war continued; although various regulations were removed upon the termination of hostilities, the price control machinery remained in operation. As late as December 1947, rationing still governed the distribution of such important food items as sugar, grain products, rice, cheese, butter, oils, bread, and milk.

Toward the end of 1947, the Government sponsored a conference of representatives of labor, management, agriculture, and other interested

organizations to discuss means of preventing a wage-price spiral. As a result of this conference, a voluntary stabilization program was adopted by the principal labor,<sup>10</sup> employers', and other economic organizations in February 1948. Wages and prices prevailing at the beginning of the year are to be frozen until October 31, 1948; however, wage increases may be permitted under terms of the agreement for workers whose real earnings are still below the August 1939 level and for other workers to the extent that employers can absorb resulting increased costs without raising prices. Other wage and price increases may be allowed in hardship cases or in order to adjust inequalities. Administration of this program is to be placed under a joint commission on which labor and management groups are to have equal representation, and whose impartial president is to be named by the Government. The Commission will rely upon the voluntary cooperation of participating groups for carrying out its decisions. The agreement may be suspended on 3 months' notice, if important economic changes take place.

<sup>10</sup> The Metal Workers' Union, one of the largest unions in the Swiss Federation of Trade Unions, was withholding approval of the agreement when this article went to press

# Canada: Wage Trends and Wage Policies, 1939-47

JOSEPH MINTZES <sup>1</sup>

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AVERAGE WEEKLY EARNINGS of wage earners in Canadian manufacturing industries rose by approximately 70 percent between 1939 and June 1947, whereas retail prices increased by about 33 percent and wholesale prices by nearly 70 percent. These changes in wages and prices increased the actual purchasing power of such workers whose real weekly earnings on June 1, 1947, averaged approximately 28 percent above the 1939 level. The moderate increase in prices during this period parallels the price developments in the United Kingdom and Sweden.<sup>2</sup>

Changes in the Canadian wage structure during World War II and in the postwar period resulted in some reduction in differences in average hourly earnings between men and women, among the various industries, and among the different Provinces; but the trend toward narrowing differences was not always clear-cut. These changes, in general, were like those which occurred in other countries.

Unlike the wage policies followed in Great Britain and Sweden, where stabilization was achieved largely through voluntary agreements between employers and trade-unions, direct governmental controls over wages were relied upon in Canada from November 1941 to December 1946. At the same time, the Government maintained price control and rationing in an attempt to stabilize prices and to assure an adequate dis-

tribution of war-reduced supplies of consumers' goods. Following a policy influenced considerably by similar movements in the United States, wartime instituted wage controls in Canada were withdrawn in December 1946; and most price control regulations were removed by the fall of 1947.

Proximity and close economic ties have limited the extent to which Canada has been able to insulate herself from the major economic trends in the United States. Price and wage pressures from across the border have been instrumental in Canada's abandonment of most of her wartime economic controls. Internal factors have also been at work. The upward wage pressures within Canada also stem from a manpower shortage caused by a great industrial expansion which is similar to that in the United States.<sup>3</sup> As in the United States, the heavy foreign and domestic demands for her products also have tended to push up Canadian prices during the postwar period.

## Money Wages <sup>4</sup>

Average hourly earnings in Canadian manufacturing industries rose from 42.2 cents in 1939 to 79.8 cents in June 1947<sup>5</sup>—an increase of 89.1 percent (table 1). Additional increases in hourly earnings can be anticipated following important wage increases, ranging from 7 to 13 cents an hour, granted in major collective agreements made after June. Hourly earnings rose steadily during the war, and, after reaching a wartime peak of 70.5 cents in May 1945, declined slightly before resuming their upward trend in the early part of 1946.

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<sup>1</sup> Industrial production, according to official indexes, rose 60.4 percent in Canada and 70.8 percent in the United States between 1939 and June 1947.

<sup>2</sup> Although data on hourly and weekly earnings for the period before 1942 do not cover identical groups in all cases, this material is employed as a general indication of trends. Footnotes to the various tables mention instances where data may not be directly comparable.

<sup>3</sup> All dollars and cents quotations in this article refer to Canadian money. In 1939, the exchange rate for a Canadian dollar was 96.0 United States cents; between 1940 and July 1946 it was 90.9 cents. Since July 1946, the official exchange rate in Canada has been set at par, with a Canadian dollar exchanging for a United States dollar. Free exchange rates for the Canadian dollar in the United States, however, have been below the official rate—declining gradually from an average of about 95 cents in 1946 to about 92 cents in the spring and summer of 1947.

Great caution, nevertheless, should be used in comparing Canadian wage data with those of the United States. Comparisons of wages between countries are difficult to interpret because of the fact that foreign exchange rates do not truly reflect international differences in living costs and because of the lack of information on relative productivity by industry in different countries. Wherever productivity studies have been made, the differences favor the United States.

<sup>1</sup> Of the Bureau's Foreign Labor Conditions Staff.

<sup>2</sup> See p. 1 for wage trends and policies in United Kingdom.

TABLE 1.—Canada: Hours and earnings in manufacturing industries, and indexes of cost of living and real wages, 1939–June 1947<sup>1</sup>

Dates	Average hourly earnings	Average hours worked per week	Average weekly earnings	Indexes (1939=100) of—		
				Average weekly earnings	Cost of living	Real weekly earnings
1939.....	\$ 422	47.2	\$ 20.11	100.0	100.0	100.0
1940.....	(4)	50.1	(4)	(4)	104.1	(4)
1941.....	(4)	50.6	(4)	(4)	110.0	(4)
1942.....	\$ 554	50.2	\$ 27.99	139.2	115.3	120.8
1943.....	\$ 603	48.3	\$ 29.70	147.7	116.7	126.6
1944.....	\$ 646	47.5	\$ 30.94	153.8	117.1	131.4
1945.....	\$ 694	43.3	\$ 30.71	152.7	117.7	129.8
1946.....	\$ 700	42.6	\$ 29.87	148.5	121.8	122.0
1947: Jan. 1.	.763	\$ 38.1	\$ 29.07	\$ 144.5	125.1	\$ 115.6
Feb. 1.	.764	43.2	33.00	164.1	125.9	130.4
Mar. 1.	.771	43.4	33.46	166.4	127.0	131.1
Apr. 1.	.776	43.2	33.52	166.7	128.7	129.6
May 1.	.783	42.2	33.33	168.2	131.1	128.4
June 1.	.798	42.9	34.23	170.2	132.9	128.1

<sup>1</sup> Sources: Canada, Dominion Bureau of Statistics: Weekly Earnings and Hours of Work of Male and Female Wage-Earners Employed in the Manufacturing Industries of Canada, 1944; Statistics of Average Hours Worked and Average Hourly Earnings, various dates; and the Employment Situation, various dates. The Canada Yearbook, Ottawa, 1946.

The census of manufactures data on earnings and hours for the month of highest employment were used for the years 1939 through 1944. Data for later years are from a current monthly survey based on returns of employers with 15 or more employees and keeping man-hour records of such employees, and therefore relate primarily to hourly rated (time) workers.

<sup>2</sup> All dollars and cents quotations in this and subsequent tables refer to Canadian money.

<sup>3</sup> Computed in the United States Bureau of Labor Statistics by taking a weighted average of male and female average weekly earnings for 1939, 1942, 1943, and 1944; and by taking an average of the 12 monthly figures of average weekly earnings for 1945 and 1946.

<sup>4</sup> Data not available.

<sup>5</sup> Averages affected by year-end holidays.

Increases in average hourly earnings during the war period represented, for the most part, cost-of-living supplements and increases in substandard wages provided by wartime wage orders, overtime pay, and the high wage rates paid by war industries. According to a recent official study, the decline in average hourly earnings experienced after the end of the war in Europe was the result of a shift in employment from the higher paying war industries to lower paying jobs, and was not attributable to reductions in hourly rates.<sup>6</sup> This downward trend was reversed in the first half of 1946 by the relatively increased employment which occurred in high paying heavy industries, as well as by increased wage rates throughout industry in general. With wage controls terminated in December 1946, the upward movement of average hourly earnings in 1947 represented wage gains made through collective bargaining and by the competitive bidding for labor by industry under conditions of relatively full employment.

Between 1939 and June 1947, average weekly earnings of wage earners in Canadian manufac-

<sup>6</sup> Postwar Trend of Real and Money Earnings in Canada (*In Labor Gazette*, Department of Labor, Ottawa, July 1947 (pp. 949-953).

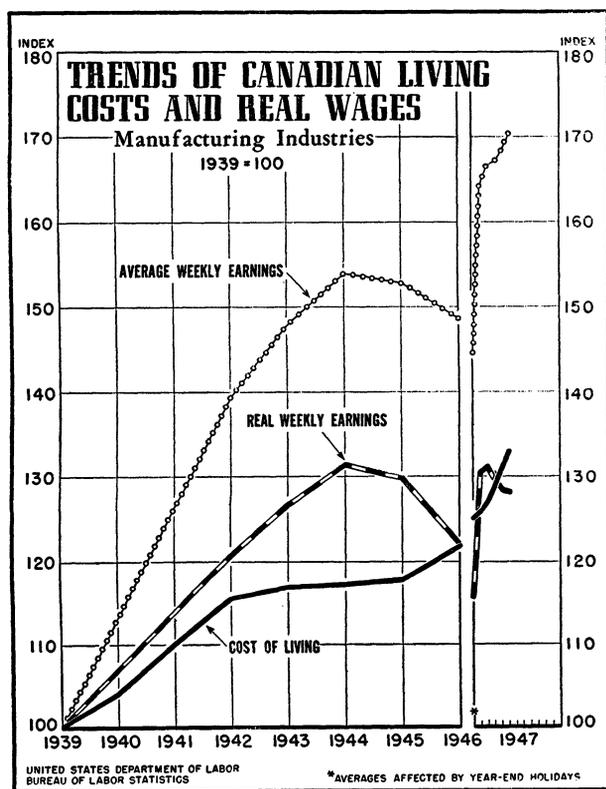
turing industries rose from \$20.11 to \$34.23—an increase of 70.2 percent. Although weekly earnings dropped sharply from the wartime peak of March 1945 during the latter half of 1945 and early 1946, this level was regained, and in June 1947 average weekly earnings were 6.6 percent above the wartime maximum. Data available since 1942 for nine leading industries, including manufacturing, indicate that average weekly earnings of both wage earners and salaried employees were highest in both 1942 and June 1947 in mining, transportation, and finance. Although trade, logging, and services remained the lowest paying industries in both periods, the relative increase in earnings among industries in the group was greatest in these three, with logging showing an increase of 66.7 percent over the 1942 average (see table 4, p. 51). The increase in average weekly earnings in manufacturing (25.5 percent) during this period was very close to the average for all groups (26.0 percent).

An important factor in the trend of earnings in the postwar period has been the steady reduction of hours, together with the maintenance of weekly pay. Although average weekly hours dropped from 47.5 to 42.9 between 1944 and June 1947, average hourly earnings during this period rose by 23.5 percent and average weekly earnings by 10.6 percent. Part of the postwar reduction in the number of hours worked can be attributed to organized labor's drive for the 40-hour week through collective bargaining.

### Real Wages

Increased money earnings were partially offset by the higher cost of living in the period 1939–June 1947. During that time the official cost-of-living index of the Dominion Bureau of Statistics rose by 32.9 percent, whereas average weekly earnings in Canadian manufacturing industries increased by 70.2 percent. On this basis, real weekly earnings in June 1947 were 28.1 percent higher on the average, than in 1939. Real earnings however, reached a maximum of 36.6 percent over the 1939 level in March 1945, then declined sharply in the latter part of 1945 and in 1946. During the early part of 1947, they rose slightly but between March and June 1947 again showed a small decrease which reflected the relatively greater increase in prices over wages during the postwar period.

These estimates may, however, overstate the actual increase in real earnings. The figures on average earnings do not take into account the wartime increases in direct taxes; the Canadian cost-of-living index does not include direct taxes. The average income tax paid by a single worker rose from 1.4 percent of his income in 1939 to 14 percent in 1946, and the tax paid by a married worker with one dependent rose from 0 to 6 percent during this period.



### Wage Structure Changes

Between 1939 and 1944, there was a reduction in earning differentials between men and women. In 1944, average hourly earnings of 47.9 cents for women wage earners and 71.4 cents for men represented increases of 54.5 and 69.3 percent, respectively, over 1939 levels. The trend toward narrowing the spread between men's and women's earnings during these war years<sup>7</sup> is indicated in the following tabulation:

<sup>7</sup> No data are available for the more recent period.

	Average hourly earnings (in cents)—		Women's earnings as percent of men's
	Men's	Women's	
1939.....	46.2	28.3	61.3
1940.....	48.7	28.5	58.5
1941.....	53.8	31.6	58.7
1942.....	61.9	37.1	59.9
1943.....	67.1	43.1	64.2
1944.....	71.2	47.9	67.3

Source: Census of Manufactures (data refer to month of highest employment).

With the exception of British Columbia, where the upward movement of earnings was more marked than elsewhere in Canada, there has been a general reduction in differentials in average hourly earnings among wage earners in the various Provinces between 1939 and June 1947. As measured by indexes based on average hourly earnings in British Columbia, index numbers for the various Provinces, in June 1947, clustered in the high 70's and 80's, compared to a considerably wider spread in 1939 (table 2).

TABLE 2.—Canada: Average hourly earnings in manufacturing industries, by Province, 1939–June 1947

Province	1939 <sup>1</sup>		June 1, 1947 <sup>2</sup>	
	Average hourly earnings	Index (British Columbia=100)	Average hourly earnings	Index (British Columbia=100)
British Columbia.....	\$0.495	100.0	\$0.948	100.0
Manitoba.....	.487	98.4	.789	83.2
Ontario.....	.459	92.1	.837	88.3
Alberta.....	.451	91.1	.794	83.8
Saskatchewan.....	.421	85.1	.798	84.2
Quebec.....	.370	74.7	.725	76.5
Nova Scotia.....	.349	70.5	.746	78.7
New Brunswick.....	.342	69.1	.734	77.4
Prince Edward Island.....	.233	47.1	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Based on Census of Manufactures. Data relate to month of highest employment in each year.

<sup>2</sup> Current monthly survey data based on employers of 15 or more employees and keeping man-hour records of such employees; data, therefore, relate primarily to hourly rated (time) workers.

<sup>3</sup> Not available.

Among the various manufacturing industries, average hourly earnings of wage earners in the manufacture of iron and its products were highest in both 1939 and 1944 (table 3).<sup>8</sup> The greatest increase during this period occurred in chemicals and allied products—an important war industry; the smallest, in the nonferrous metal products industry. Although there had been some change in rank according to earnings among the various industrial groups, the earnings level of the lowest

<sup>8</sup> Average hourly earnings for identical industrial groups are not available or later dates. The monthly series on average hourly earnings in manufacturing started in 1944, and the industrial classification used differs somewhat from that of earlier series.

group in proportion to that of the highest remained unchanged between 1939 and 1944, thus, average hourly earnings in vegetable products, the lowest paying group in 1939, were approximately 60 percent of the highest; and, in 1944, wage earners in textiles, the new lowest paying industry, also had an earnings level of about 60 percent of the highest.

TABLE 3.—Canada: Average hourly earnings of wage earners in manufacturing industries, by industry group, 1939-44<sup>1</sup>

Industrial group	Average hourly earnings of wage earners		Percent increase	Rank in—	
	1939	1944		1939	1944
All industrial groups.....	\$0.422	\$0.646	53.1	-----	-----
Iron and its products.....	.572	.803	40.4	1	1
Nonferrous metal products.....	.508	.568	11.8	2	4
Nonmetallic mineral products.....	.498	.676	35.7	3.	2
Wood and paper products.....	.403	.554	37.5	4	6
Chemicals and allied products.....	.392	.636	62.2	5	3
Animal products.....	.379	.556	46.7	6	5
Textiles and textile products.....	.350	.488	39.4	7	8
Vegetable products.....	.346	.506	46.2	8	7

<sup>1</sup> Source: Report of Paul H. Norgren, Labor Attaché, U. S. Embassy, Ottawa: No. 21, Jan. 13, 1947 (p. 6). The data are based on Census of Manufactures for the month of highest employment.

Comparable data available since 1942, however, indicate that the differentials in average weekly earnings among 9 leading industries had narrowed somewhat by June 1947 (table 4). The relative increases in average weekly earnings of wage

TABLE 4.—Canada: Weekly earnings of wage and salaried workers in 9 leading industries, 1942-June 1947<sup>1</sup>

Industry	1942	June 1947	Percent increase
All industrial groups.....	\$28.61	\$36.06	26.0
Mining.....	34.79	41.17	18.3
Transportation.....	34.69	43.37	25.0
Finance.....	30.20	37.51	24.2
Manufacturing.....	29.17	36.61	25.5
Communications.....	28.13	34.41	22.3
Construction and maintenance.....	26.45	34.51	30.5
Trade.....	24.07	31.49	30.8
Logging.....	20.34	33.91	66.7
Services.....	17.37	23.22	33.7

<sup>1</sup> Source: Canada, Dominion Bureau of Statistics (Ottawa); Annual Review of Employment and Payrolls in Canada, 1945 (p. 96); and The Employment Situation, June 1947, (p. 21).

earners in the low-paying industries were generally higher than those in the better paying industries. In June 1947, average weekly earnings in the services industry—the lowest paying industry in both years studied—were 53.5 percent of weekly

earnings in transportation—the highest paying industry; in 1942, earnings in services were 49.9 percent of mining—the highest paying industry of that year.

### Wage and Price Policies

During the first 2 years of World War II, little control was placed upon the movement of wages. The first measure relating to the control of wages was Order-in-Council P. C.-7440 of December 16, 1940, but this order merely set forth a policy to be followed by Boards of Conciliation and Investigation in their attempts to settle wage disputes. In the fall of 1941, however, a comprehensive wage and price control policy was introduced by the Wartime Wages and Cost-of-Living Bonus Order of October 24, 1941 (P. C.-8253).<sup>9</sup>

The Order which replaced P. C.-7440 stabilized all wage rates at the level of November 24, 1941. The program was administered under a National War Labor Board and by 9 Regional War Labor Boards. Adjustments were permitted when an employer's scale of wage rates was low in comparison with rates generally prevailing in the same occupation in the same locality. The NWLB could also order an employer to pay a cost-of-living bonus based on any increase in the cost-of-living index after October 1941, or such date as the Board determined.

The second phase of Canadian wartime wage control was inaugurated at the end of 1943, when a new Wartime Wages Control Order (P. C.-9384) was issued. With its amendments of March 1944, this order incorporated the existing cost-of-living bonuses into the regular wage rates and allowed adjustments only when necessary "to rectify a gross inequality or gross injustice." In an effort to prevent increased prices, the NWLB was directed to pay particular attention to the employer's ability to pay an increase without an increase in price. Employers paying higher than authorized rates could not deduct such additional payments as costs in computing their excess-profits taxes. During the remainder of the war, living costs as measured by the official cost-of-living index remained stable; wages rose more

<sup>9</sup> This wage order was consolidated and reissued July 10, 1942, with subsequent minor amendments as P. C.-5963, Wartime Wage Control Order.

slowly than previously, and no further changes were made in wage controls.

The first change in wage controls after VJ-day occurred in January 1946, when price ceilings were suspended on 300 items and new regulations made it possible for the NWLB to grant wage increases of 10 cents an hour in many cases. An increase in retail prices and the large number of threatened and actual strikes for wage increases resulted in a further relaxation of wage controls on June 20, 1946. Following the settlement of major strikes during the summer and fall of 1946, wage control regulations were repealed, effective December 1, 1946.

Price control was introduced in the fall of 1941<sup>10</sup> as part of the general wage and price stabilization program. Initially, efforts were made to stabilize retail prices by requiring manufacturers and distributors to absorb increased costs and by the payment of subsidies. The subsidy program was introduced at the end of 1941 with the express purpose of forestalling a wage increase based on the rise in the cost-of-living index. The increasing reliance placed on subsidies in connection with price control is indicated by the following data:

Fiscal year ending Mar. 31—	Subsidies <sup>1</sup> (in thousands)
1942.....	\$3, 242
1943.....	67, 715
1944.....	111, 024
1945.....	149, 668
1946 (estimated).....	139, 509

<sup>1</sup> Source: House of Commons Debates (Ottawa), June 27, 1946, Appendix (p. 8). (Annual budget message to Parliament of Minister of Finance).

For further details, see Monthly Labor Review, August 1945 (pp. 243-254), or separate Serial No. R 1767.

Agricultural subsidies in connection with feed and freight are not included in this tabulation.

Retail prices, as measured by the official cost-of-living index (table 1, p. 427) remained stable from the fall of 1941 to the end of the war. After the war ended, price ceilings were suspended on many items, and the index rose at a relatively rapid rate, reaching a level by June 1947 that was approximately 12.6 percent above that of VJ-day.

In early 1947, the Canadian Minister of Finance announced that most consumer goods had been removed from price control with the exception of those goods "of basic importance in living costs and production costs." Although some controls were still in effect as late as October 1947, the Government had removed most price controls and eliminated most subsidy payments.

### Appendix.—Canada, as of February 15, 1948<sup>1</sup>

The removal of price controls in September resulted in some disturbance of the relative wage-price stability of Canada during the last quarter of 1947. Sharp rises in prices and wages which followed decontrol resulted in the reimposition of some price controls in late 1947 and early 1948. With relatively few consumer goods shortages in Canada during the postwar period, the purchasing power of workers' incomes was not as limited as in Europe.

Between June and December 1947, average hourly earnings of wage earners in Canadian manufacturing industries rose by 7.1 percent (see table 1A). Inasmuch as the average number of hours worked per week increased slightly over this period, average weekly earnings increased at a somewhat higher rate, 8.6 percent.

<sup>10</sup> See Monthly Labor Review, August 1945 (pp. 243-254), or separate Serial No. R. 1767, for further details.

<sup>1</sup> The appendix tables are numbered to correspond with those in the original articles that deal with the same or related series of statistics. The letter A has been attached to the table number in the appendix table in each instance.

TABLE 1A.—Canada: Hours and earnings in manufacturing industries, and indexes of cost of living and real wages, June 1947—January 1948

Dates	Average hourly earnings	Average weekly hours	Average weekly earnings	Indexes (1939=100) of—		
				Average weekly earnings	Cost of living	Real weekly earnings
1947: June 1.....	<sup>1</sup> \$0. 798	42. 9	<sup>1</sup> \$34. 23	170. 2	132. 9	128. 1
July 1.....	. 808	42. 0	33. 94	168. 8	133. 9	126. 1
Aug. 1.....	. 813	42. 5	34. 55	171. 8	134. 6	127. 6
Sept. 1.....	. 822	42. 3	34. 77	172. 9	137. 3	125. 9
Oct. 1.....	. 834	43. 1	35. 95	178. 8	140. 1	127. 6
Nov. 1.....	. 847	42. 9	36. 34	180. 7	141. 5	127. 7
Dec. 1.....	. 855	43. 5	37. 19	184. 9	143. 8	128. 6
1948: Jan. 1.....					146. 1	

<sup>1</sup> See footnote 5, p. 48, on the exchange rate for the Canadian dollar in the United States. Since the summer of 1947, the free exchange rate for the Canadian dollar continued to decline. During December 1947, the free exchange rates averaged 88.4 cents and in January 1948, 90.5 cents. The official rate in Canada, however, remained at par.

Source: Statistics of average hours worked, December 1947. Prices and price indexes December 1947. Dominion Bureau of Statistics, Ottawa.

On the basis of the statistics on earnings of wage earners and salaried workers in nine leading industries, average weekly earnings increased most sharply during this period in the mining and logging industries (very little in trade) and declined

slightly in finance (see table 4A). November data on average hourly earnings by Provinces, indicate a continuation of the relatively higher earnings level in British Columbia (see table 2A).

TABLE 2A.—Canada: Average hourly earnings in manufacturing industries, by Province, November 1947

Province	Average hourly earnings	Index British Columbia=100
British Columbia.....	\$1.013	100.0
Manitoba.....	.826	81.5
Ontario.....	.891	88.0
Alberta.....	.845	83.4
Saskatchewan.....	.868	85.7
Quebec.....	.765	75.5
Nova Scotia.....	.784	77.4
New Brunswick.....	.770	76.0

Source: Statistics of average hours worked, November 1947. Dominion Bureau of Statistics, Ottawa.

TABLE 4A.—Canada: Weekly earnings of wage and salaried workers in 9 leading industries, December 1947

Industry	Dec. 1, 1947	Percent increase from June 1947
All industrial groups.....	\$38.17	5.9
Mining.....	46.21	12.2
Transportation.....	44.85	3.4
Finance.....	37.36	(-4)
Manufacturing.....	39.22	7.1
Communications.....	35.60	3.5
Construction and maintenance.....	36.51	5.8
Trade.....	32.03	1.7
Logging.....	38.81	14.5
Services.....	24.95	7.5

Source: Employment Situation, December 1947, p. 22. Dominion Bureau of Statistics, Ottawa.

### Real Wages

Little change in the real weekly earnings of Canadian wage earners in manufacturing industries took place between June and November 1947; increases in the cost-of-living and average weekly

earnings indexes were of about the same magnitude (8.2 and 8.6 percent, respectively (see table 1A)).

### Wage-Price Policy

The September 15, 1947, order had removed price controls from many basic items of consumption and remaining subsidies, thus practically completing the process of decontrol. As a result prices rose sharply, followed by demands on the part of labor for wage increases and a return to price controls. In late 1947 and early 1948, the Wartime Prices and Trade Board, which still maintained jurisdiction over price policy, reimposed some controls over the prices of certain canned vegetables, butter, meat, and citrus fruits. Rationing of sugar has been continued because of balance of payments difficulties; and rent controls have been maintained.

On February 2, 1948, a parliamentary committee composed of representatives of all parties was appointed to investigate the causes of recent price rises in order to guide Parliament and the Government in setting price policy. More stringent import controls, restrictions on travel abroad, and increased excises on certain imports were adopted on February 20 in an effort to conserve dwindling Canadian dollar holdings.

Although some additional income has been received by workers in the form of family allowances since mid-1945, these benefits are earmarked exclusively for child welfare (i. e., training, maintenance, care, etc.). No means test is required for family allowances which in August 1947 averaged \$5.95 per child—all children under 16 years of age are eligible.

## Appendix—Hours of Work

The following table gives a general indication of average hours in industrial employments (i. e., manufacturing, transport, and mining) for the five countries covered by this bulletin for which data were available, and covers, for purposes of comparison, hours in manufacturing in the United States. These statistics relate to the month nearest to June 1947 for which information was available in the respective countries.

Differences in methods of collection of data may

account for some of the differences noted in the table. The United Kingdom, Sweden, Canada, and the United States base their averages on extensive surveys of industrial plants keeping records of man-hours actually worked in a certain period. France and Switzerland show the scheduled hours of establishments, weighted by the numbers of workers employed. This method gives a somewhat higher figure than hours actually worked, as it represents the number of hours the workers are scheduled to be on the job and does not make allowance for absences.

## Average weekly hours in 6 countries, 1947

Industries for which reports are available	United Kingdom, April 1947		Sweden May 1947	Switzerland June 1947	France July 1, 1947	Canada June 1, 1947	United States June 1947
	All workers	Adult men	All workers	All workers	All workers	All workers	All workers
Averages for all industries covered.....	45.0	46.3	45.1	47.9	44.8		
Ore mining and metal industries.....			45.8				
Metal, engineering, shipbuilding.....	44.8	45.7		48.2	46.8	43.4	40.4-41.3
Iron ore mining and quarrying.....	46.7	46.9				44.7	
Metallurgy.....					47.8	43.2	
Watchmaking, jewelry.....	43.8	45.2		47.9			40-40.7
Treatment of nonmetal mine and quarry products.....	48.2	48.8					
Brick, pottery, glass.....	46.0	47.7			46.3		40.8
Earth and stone.....			44.9	47.9			
Chemicals.....	45.4	46.8	44.4	46.4	45.3	43.0	41.1
Textiles and clothing.....			44.2			41.5	
Textiles.....	44.1	46.4			43.6	44.7	38.6
Cotton.....	44.7	46.5		47.6		44.5	38.3
Rayon and silk weaving.....	43.3	45.7		47.9		45.7	40.3
Other silk and rayon.....				48.0			
Wool.....	44.1	46.8		48.0		43.2	39.4
Linen.....	43.7	46.1		47.3			
Embroidery.....				47.9			
Textile finishing.....	45.3	46.8		48.3			41.6
Other textiles.....				47.8			
Clothing.....	41.6	44.1		47.4	41.5	37.7	36.0
Leather, fur, rubber, paper.....				47.9			
Leather, fur.....	45.1	46.6			42.0	41.3	38.1
Leather, fur, rubber.....			44.8				
Rubber.....	46.6	48.7			46.4	43.1	39.1
Paper making.....	47.0	48.7			44.0	49.2	42.9
Printing and publishing.....	43.1	43.5		47.6	42.7	40.8	39.9
Paper, printing, stationery.....	43.8	44.8	46.8				
Woodworking.....	44.3	45.0	44.2	48.2	45.9	42.2	41.7
Food industries.....	45.7	47.7	46.9	47.9	44.7		43.2
Miscellaneous manufacturing.....	44.7	46.5					
Building, contracting.....	45.8	46.0	41.9	49.9	47.7	39.0	38.2
Public works.....			44.5				
Public utilities and transport (including railways).....			44.0				
Public utilities.....	46.2	47.7					42.2
Transport (excluding railways).....	48.6	49.0			47.2	45.1	47.4
Government industrial establishments.....	45.0	45.3					
Commerce.....					43.3		40.8-41.6
Banking and insurance.....			48.1		43.3		

<sup>1</sup> Leather and leather products, excluding fur.

<sup>2</sup> Local transportation.

<sup>3</sup> Average weekly hours in retail and wholesale trade respectively.

## Sources and Definitions

*United Kingdom.*—Ministry of Labor Gazette, October 1947, pp. 321, 328-329. Total number of hours actually worked in the last pay week of April 1947, including all overtime and excluding all time lost from any cause, but including any period during which work people were available for work and for which a guaranteed wage was payable to them. Recognized intervals of meals, etc., also are excluded. In calculating averages only those work people who were at work during part or whole of 2 pay weeks are included, those who were absent during the whole of the pay week having been excluded from the returns. Vacations and holidays are unlikely to occur in the week selected.

*Sweden.*—Sociala Meddelanden 1947, No. 8, p. 765. Including overtime, but excluding vacations and absences.

*Switzerland.*—La Vie Economique, Berne, August 1947, p. 315. Scheduled hours of establishments.

*France.*—Revue Française du Travail, October 1947, p. 918. Hours of work for the establishments covered, weighted by numbers employed in those establishments. Included in hours worked is time lost due to absences and vacations. On the basis of an inquiry made in October 1946, it was 40 as compared with the average schedule work-week of 45.3 hours.

*Canada.*—Statistics of Average Hours Worked . . . at the beginning of June 1947, p. 9. Man-hours include overtime as well as hours worked by part-time workers. Hours credited to persons on leave with pay.

*United States.*—Monthly Labor Review, October 1947, pp. 497-509. Man-hours worked in reporting establishments, divided by the total number of full- and part-time employees who worked or received pay during the pay period ending nearest June 15, 1947. Paid vacations included as hours worked.