Real Earnings of Employees in Recent Years.—When the index number representing the average yearly wages, with 1917 as a base, is divided by the index number of the cost of living, converted to the same base, it is seen that real wages advanced by 17·9 p.c. between 1917 and 1932. The details of the computation are given in Table 27. There was little change in real wages during the three years 1917 to 1920 when prices were rising rapidly. During the following two years, 1921 and 1922, when prices dropped rapidly, real wages increased over 5 p.c. Since then there has been an almost continuous rise from year to year with the exception of 1930. In 1931 real wages reached a maximum of 120·2, declining to 117·9 in 1932.

27.—Average Yearly Earnings and Index Numbers of Earnings and Real Wages of Wage-Earners in Manufacturing Industries, 1917-32.

Note.—The figures of average earnings for the years 1931 and 1932 are strictly comparable with those for the years up to 1925 but not with those for the intervening years. The figures for the latest years as for the earliest represent the earnings for complete man-years of work, with no allowance for periods of unemployment. See footnote 1 to Table 4, p. 449.

Year.	Amount of Wages Paid.	Average Number of Wage-Earners.	Average Yearly Earnings.	Index Numbers.		
				Average Yearly Earnings.	Cost of Living.	Real Value of Average Yearly Earnings.
	$	No.	$			
1917	420,094,869	552,968	760	100·0	100·0	100·0
1918	480,949,599	547,599	878	115·5	114·0	101·3
1919	496,570,995	529,327	938	123·4	125·3	98·5
1920	583,853,225	526,571	1,109	145·9	145·2	100·4
1921	381,910,145	381,203	1,002	131·8	127·6	103·2
1922	374,212,141	398,390	939	123·6	116·8	105·8
1923	428,731,347	446,994	959	126·1	116·8	107·9
1924	420,269,406	432,273	972	127·9	114·5	111·7
1925	452,958,655	466,602	971	127·8	116·0	110·2
1926	501,144,989	499,745	1,003	132·0	116·8	113·0
1927	531,583,250	533,450	997	131·3	115·1	114·1
1928	580,428,493	566,780	1,024	134·8	115·6	116·5
1929	624,302,170	597,827	1,045	137·5	116·8	117·7
1930	551,853,649	551,496	1,001	131·7	115·9	113·6
1931	437,734,767	457,628	957	125·8	104·7	120·2
1932	341,187,718	400,328	852	112·1	95·1	117·9

Percentages of Wages and Salaries to Net Values of Production.—Table 28 shows the relation between wages and salaries paid by manufacturers and the total net value of production. Figures of gross production are often used in such calculations, but the values out of which the wages of employees must in the long run come are the values added to the raw materials while they are in the factory. Such added values constitute the real production of the manufacturing plant and are alone available for payment of wages and salaries, of interest, rent and taxes, charges for fuel, power, lighting, repairs, and all other overhead charges. The percentages of salaries were higher in the years 1921, 1922, 1924, 1931 and 1932. These were years in which manufacturing production was curtailed and it is probable that, salaried employees being a part of the organization of an industry rather than of its productive force, salaries were an abnormally high percentage of the lower level of production then prevailing. The percentage declined with the increasing manufacturing production after 1922, but in 1929 was still much higher than in 1917, while in 1930, 1931 and 1932, due to decreased industrial activity, the percentage of salaries to value added rose to 10·5, 12·7 and 14·1 respectively. It should be borne in mind, however, that salaried employees increased by 38·4 p.c. in the period, while wage-earners decreased 27·6 p.c. (Table 20). The percentage of wages has fluctuated much less than that of salaries. The number of wage-earning employees may be more readily adjusted to the activity of the industry and wage levels likewise more readily adjusted to the price levels of the products. The