

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 24.6 p.c. between 1917 and 1936. The details of the computation are given in Table 26. 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 by 5 p.c. From then until 1931 there was a definite and almost continuous upward trend. In 1931 real wages reached 119.1 and then declined to 112.7 in 1933 and rose again to 124.6 in 1936, the highest on record.

26.—Average Yearly Earnings, and Index Numbers of Earnings, Cost of Living, and Real Wages of Wage-Earners, in Manufacturing Industries, 1917-36.

NOTE.—The averages of wage-earners and earnings for the years 1931 to 1936 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. The difference amounts only to about 3 or 4 p.c. in the total figures and affects chiefly the seasonal industries. (See footnote 1 to Table 4.) Figures have been revised since publication of the 1938 Year Book; see headnote to Table 1, p. 379.

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	412,448,177	541,605	762	100.0	100.0	100.0
1918	471,396,933	536,042	879	115.4	113.8	101.4
1919	486,192,367	517,593	939	123.2	125.2	98.4
1920	575,658,515	520,579	1,106	145.2	145.1	100.1
1921	373,454,383	3.5, 109	996	130.7	127.6	102.4
1922	359,560,399	384,670	935	122.7	116.8	105.1
1923	413,515,032	432,829	955	125.3	116.8	107.3
1924	404,122,853	417,590	968	127.0	114.5	110.9
1925 ¹	436,534,944	451,649	967	126.9	116.0	109.4
1926 ¹	483,323,342	483,824	999	131.1	116.8	112.2
1927 ¹	511,285,921	516,192	996	129.9	115.0	113.0
1928 ¹	558,568,627	547,282	1,021	134.0	115.5	116.0
1929 ¹	601,737,507	577,690	1,042	136.7	116.7	117.1
1930 ¹	527,563,162	529,985	995	130.6	115.9	112.7
1931	415,277,895	437,149	950	124.7	104.7	119.1
1932	322,245,926	381,783	844	110.8	95.0	116.8
1933	296,929,878	382,022	777	102.0	90.5	112.7
1934	355,090,929	427,717	830	108.9	91.8	118.6
1935	399,012,697	458,734	870	114.2	92.4	123.6
1936	438,873,377	459,942	896	117.6	94.4	124.6

¹ See headnote.

Percentages of Wages and Salaries to Net Value of Products.—Table 27 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 come in the long run 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, repairs, and all other overhead charges that ordinarily must be met. The percentage of salaries was highest in the years 1931 to 1936. 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 levels of production then prevailing. The percentage declined steadily with the increasing manufacturing production maintained during the period 1924 to 1929, while from 1931 to 1936, due to decreased