

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 30·4 p.c. between 1917 and 1936. Index numbers for 1931 to 1937 are given in Table 21. In 1931 real wages reached 119·1, declined to 112·7 in 1933 and rose again to 130·4 in 1937, the highest on record.

21.—Average Yearly Earnings, and Index Numbers of Earnings, Cost of Living and Real Wages of Wage-Earners, in Manufacturing Industries, 1931-37.

NOTE.—Figures, with qualifications as to comparability, for 1917 to 1930 were published at p. 421 of the 1939 Year Book.

Year.	Wages Paid.	Average Wage-Earners.	Average Yearly Earnings.	Index Numbers (1917=100).		
				Average Yearly Earnings.	Cost of Living.	Real Value of Average Yearly Earnings.
	\$	No.	\$			
1931.....	415,277,895	437,149	950	124·7	104·7	119·1
1932.....	322,245,926	381,783	844	110·8	95·0	116·6
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	489,942	896	117·6	94·4	124·6
1937.....	525,743,562	544,624	965	126·6	97·1	130·4

Percentages of Salaries and Wages to Net Value of Products.—Table 22 shows the relation between salaries and wages 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 salaries and wages, 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 1937. 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 1937, due to decreased industrial activity, the percentage of salaries to value added was abnormally high. It should be borne in mind, however, that salaried employees increased 65·4 p.c. during the period 1924-37 while wage-earners increased but 30·4 p.c. The percentage of wages has fluctuated much less than that of salaries. The number of wage-earning employees may be more rapidly adjusted to the activity of the industry and wage levels likewise more readily adjusted to the price levels of the products. The percentage of wages to the values added by manufacture was thus only 2·8 p.c. lower in 1937 than in 1924. The percentage was highest in 1920, when, in the post-war inflation, average wages were highest and the efficiency of production lowest.

In previous reports on manufactures the percentage of salaries and wages paid to the value added by manufacture was carried back to 1917. Under the new method of calculating the value added, whereby the cost of materials plus fuel and electricity is deducted from gross values, it is possible to go back to 1924 only.