

27.—Average Yearly Earnings, and Index Numbers of Earnings, Cost of Living and Real Wages of Wage-Earners, in Manufacturing Industries, 1931-38

NOTE.—Figures, with qualifications as to comparability, for 1917 to 1930 are 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 ¹	Real Value of Average Yearly Earnings ²
	\$	No.	\$			
1931.....	415,277,895	437,149	950	124.7	104.4	119.4
1932.....	322,245,926	381,783	844	110.8	94.7	117.0
1933.....	296,929,878	382,022	777	102.0	90.3	113.0
1934.....	355,090,929	427,717	830	108.9	91.6	118.9
1935.....	399,012,697	458,734	870	114.2	92.1	124.0
1936.....	438,873,377	489,942	896	117.6	93.9	125.2
1937.....	525,743,562	544,624	965	126.6	96.8	130.8
1938.....	498,282,208	521,427	956	125.4	97.8	128.2

¹ New cost of living index with 1935-39 as the base. Year Book.

² Revised since the publication of the 1940

Percentages of Salaries and Wages to Net Value of Products.—Table 28 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 1932 and 1933. 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 from 1924 to 1929, while from 1931 to 1935 and again in 1938, 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 72.2 p.c. during the period 1924-38 while wage-earners increased but 24.9 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 2.7 points lower in 1938 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.