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Real Wages in Manufacturing Industries from 1931-1966

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It is difficult to make accurate calculations of real wages given the scarcity of information made available by the government. The table of figures was computed on a relatively simple basis and therefore is quite approximate.

The actual average weekly wages were divided by a consumer price index based on the 1947-49 level. This gives the average weekly wages in terms of the buying power of the 1947 dollar.

Then these wages were corrected for the amount of money consumed by federal individual income taxes in each year. The final figure therefore approximates real wages in 1947 dollars.

Both computations involve simplifications to the disadvantage of workers. The consumer price index is well known to be distorted in favor of the capitalists -- particularly in the earlier years. It doesn't represent the items most essential to the working class and it is based on a survey of spending rather than on actual prices. It would, however, include the effect of state and federal excise taxes.

An even greater distortion occurs in the income tax calculations. Income taxes paid by different income level brackets is information that is available for only a few years out of the whole 35 year period -- and it is the only really valid basis for such a computation. The way I calculated it the income included the highest income brackets and therefore is weighted in their favor -- since they pay a fraction of their income into taxes. The result can be seen from the figures in Row E, which are around 10 per cent. But few workers get away with as little a tax as 10 per cent!

Even so, it is remarkable what effect these two corrections have. For the whole period, wages increased only 2.2 times while corporation profits increased almost 20 times. Most marked is the effect of World War II, and its aftermath. Also clearly visible are the different rates of wage increases in the period before the war and after it. Under the impact of trade-union mobilization real wages increased faster than they did later. When you take into consideration the fact that what wage increases were gained in the 'fifties depended on the post-war strike wave, you realize what a swindle the American capitalist class has going.

The fact that real wages are declining again depends both on the big jumps in prices and big tax increases. Although the 1966 figure is based on wages through September, and they undoubtedly will go up more before the end of the year, it is also certain that prices will go up just as much, and consequently the September figure is probably just about right for the whole year.

KEY TO TABLE ONE

- A Year.
- B Actual average weekly wages in manufacturing industries in current dollars.
- C Consumer Price Index with 100 equal to the 1947-49 average.
- D B divided by C. This gives wages in fixed 1947 dollars.
- E Percent of total national income that was consumed in federal individual income taxes in that year.
- F D minus E percent of D. This gives real buying power of wages in fixed 1947 dollars after taxes.

TABLE ONE

A	B	C	D	E	F
1931	\$20.87	65.0	\$32.11	1.3%	\$31.69
1932	17.05	58.4	29.19	.9	28.86
1933	16.73	55.3	30.25	.8	30.01
1934	18.40	57.2	32.17	.8	31.92
1935	20.13	58.7	34.29	.9	33.98
1936	21.78	59.3	36.73	1.0	36.56
1937	24.05	61.4	39.17	1.5	38.58
1938	22.30	60.3	36.98	2.0	36.24
1939	23.86	59.4	40.03	1.5	39.43
1940	25.20	59.9	42.07	1.3	41.52
1941	29.58	62.9	47.02	1.5	46.32
1942	36.65	69.7	52.58	2.8	51.11
1943	43.14	74.0	58.16	5.0	55.25
1944	46.08	75.2	59.94	12.4	52.51
1945	44.39	76.9	56.55	12.7	49.37
1946	43.82	83.4	52.47	11.6	46.38
1947	49.97	95.5	52.32	11.4	46.36
1948	54.15	102.8	52.67	11.1	46.82
1949	54.92	101.8	53.95	9.5	48.93
1950	59.33	102.8	57.71	8.3	52.94

TABLE ONE CONTINUED

A	B	C	D	E	F
1951	\$64.71	111.0	\$58.83	10.1%	\$52.89
1952	67.97	113.5	59.88	12.2	52.58
1953	71.69	114.4	62.66	12.9	54.58
1954	71.86	114.8	62.59	12.8	54.58
1955	76.52	114.5	66.04	11.5	58.45
1956	79.99	116.2	68.84	12.2	60.44
1957	82.39	120.2	68.54	12.8	59.77
1958	82.71	123.9	66.35	11.4	58.79
1959	88.26	124.8	70.72	11.5	62.59
1960	89.72	126.8	70.76	12.1	62.20
1961	92.34	128.2	72.02	12.1	63.31
1962	96.56	129.6	74.51	12.7	65.05
1963	99.63	131.2	75.94	12.7	66.30
1964	102.97	133.0	77.42	11.1	68.83
1965	107.53	135.2	79.68	11.5	71.52
1966*	112.05	138.9	80.67	11.7	71.23

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\* through September