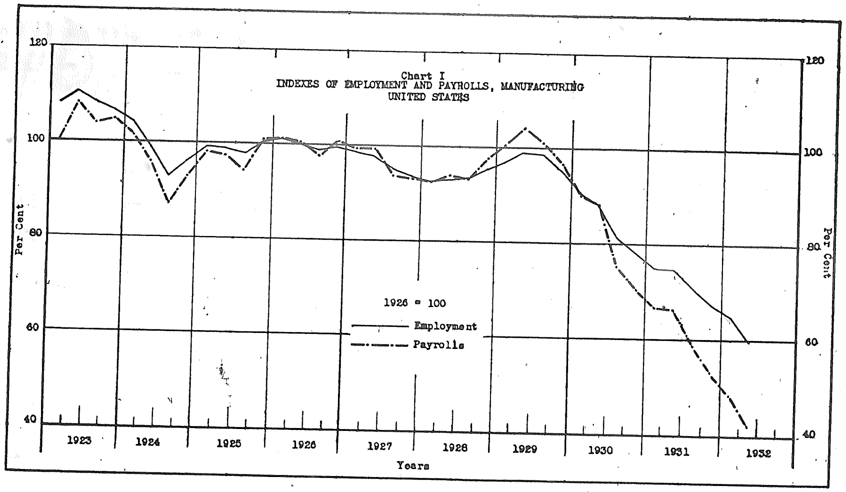

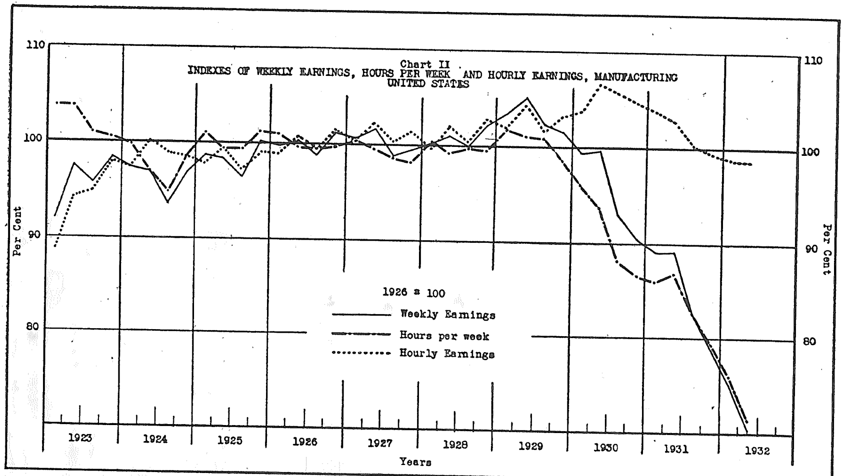

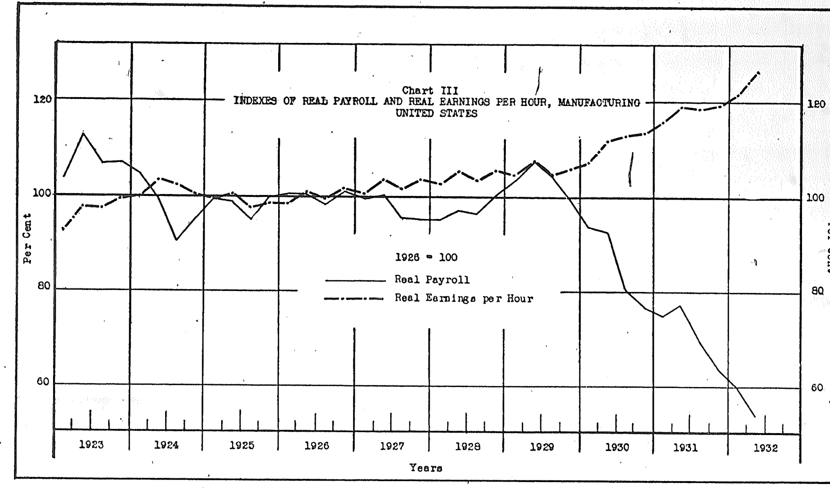

index of payrolls by the index of numbers employed. Average weekly earnings in manufacturing industries increased rather steadily from 1923 to the middle of 1929. From the second quarter of 1929 to the second quarter of 1932, average weekly earnings declined 33 per cent.

The dash line on Chart II represents the National Industrial Conference Board index of average hours worked per week in manufacturing industries. This index declined sharply through 1923 and the first three quarters of 1924. From the third quarter of 1924 to the first quarter of 1929, it fluctuated rather narrowly about the base line, and declined approximately 30 per cent from the latter date to the second quarter of 1932.

Dividing the index of earnings per week by the index of hours per week gives the index of earnings per hour, shown by the dotted line on Chart II. Earnings per hour increased fairly continuously from 1923 to the middle of 1930. During this period there were many short-time changes, but the general tendency was upward throughout the seven and one-half year period. From the second quarter of 1930 to the second quarter of 1932, average earnings per hour decreased by about 8 per cent.

This index of average hourly earnings may represent the course of wage rates from 1923 to the middle of 1929 fairly accurately. Beginning with the middle of 1929, however, the movement of wage rates would be found to be entirely different from the index of average hourly earnings presented here. In the first place, the small amount of data available indicates that average wage rates changed little, if at all, from the middle of 1929 to the middle of 1930. If any change took place during that period, it was probably a downward revision. In the second place, average wage rates undoubtedly fell considerably more than 8 per cent from the middle of 1930 to the second quarter of 1932. The discrepancy between the movement of average hourly earnings and wage rates in a period of depression lies in the fact that the less-skilled and lower-paid workers are generally laid off first, thus tending to hold average earnings per hour up. The individual workers who are employed may be receiving lower wage rates and earning less per hour than they formerly did, yet average earnings will hold steady or even show an increase due to the lower-paid workers being laid off.

Payrolls, Hours and Earnings in Non-Manufacturing Industries

Due to the limited quantity of data available in non-manufacturing industries, it has been necessary to limit