

Recent Trends in Industrial Wages

In most parts of the world industrial wages have been slowly moving upwards during the past three years, while consumer prices have remained relatively stable. Thus the purchasing power of money wages, after increasing slightly during the war and more substantially after the war, has continued to rise significantly. In 1954 real wages in the countries which sent the I.L.O. information on the subject were about one-fourth higher (median figure) than before the war. Thus, with a few exceptions, workers all over the world are enjoying higher levels of living today than at any other time in the history of industrial society.

Statistics of money wages and consumer prices, which are the most revealing measure of the workers' material well-being, are published regularly by the International Labour Office.

The following article contains statistics of post-war wage and price movements in 27 countries and analyses trends in money wages, prices and real wages in a rather smaller number of countries during the period 1939-54.

With the gradual disappearance of wartime economic dislocations and the tendency of the world economy to stabilise at high levels of production and income, wage adjustments have assumed new significance. Throughout the long period of inflation during and after the war money wages rose rapidly in many countries, but rising market prices largely offset the effect of the rise, both on workers' levels of living and on employers' profit margins. By 1953, however, there was a significant levelling-off of consumer prices¹, and 1954 was a year of economic stability in most of the world's industrial countries. Because of the existence of rationing and black markets during the war and the immediate post-war years, even though wages in many countries tended to rise more than officially-registered consumer prices, this did not always imply an improvement in levels of living. Recent wage increases, however, have resulted in real improvements in levels of living, and—with stabilising market prices and the disappearance of sellers' markets—it has become increasingly difficult for employers to shift the cost of higher wages to the consumers of their products.

The reaction to this change in the economic situation has varied from country to country. In a number of cases it has involved increased tightness in wage bargaining. In the Federal Republic of Germany, for example, where the fear of rampant inflation partially explains the cautious wage and price policy observed since the war, a wave of strikes in 1954 bore witness to the workers' demand for a greater share of the new prosperity. In the Netherlands, where, in the interest of economic

¹ See "Recent Trends in Consumer Prices", in *International Labour Review*, Vol. LXX, No. 2, Aug. 1954.

stability and an improved balance-of-payments position, rigorous wage and price controls had held the workers' purchasing power close to pre-war levels, two general wage increases, amounting in all to more than 10 per cent., were agreed to during 1954. In France, where money wages have mounted rapidly since the war but wage purchasing power has moved more slowly, both prices and wages have been relatively stable for many months. Recent modest wage increases, however, have definitely improved the workers' level of living.

In the United States and Canada, where some employer resistance to wage increases has been in evidence since the end of the war, a sprinkling of wage cuts occurred during 1954, though on the average wages continued to rise slightly.

In Chile, an outstanding exception to the trend, mounting inflation led to widespread worker insistence on wage increases; this resulted in 1954 in acute labour unrest, which continued into 1955.

Despite increased resistance, wages in many countries continued to edge upwards in 1954 and in most cases exceeded the rise in consumer prices, with the result that there was an increase in real wages. The wage and price reports discussed in detail in the following pages reveal that in half of the countries the gains in real wages from 1953 to 1954 amounted to more than 2 per cent. This increase continued an upward trend which, despite some irregularity, has raised real wages substantially since the years before the Second World War.

THE NATURE OF THE STATISTICS

The following pages present the statistical evidence available regarding money and real wage movements from the years immediately before the war to the present. The series (wages and prices) are, in most cases, based on data published in the Statistical Supplement to the *International Labour Review* and the I.L.O. *Year Book of Labour Statistics*. Since the interpretation of the wage trends must depend on the nature and comparability of the statistics, the following points should be kept in mind:

The wage data generally represent average earnings in manufacturing industry, as reported by the statistical offices of the different countries. They are based on the payroll records of representative establishments. Hourly earnings are shown for the largest number of countries, since they are the figures most commonly collected, but for certain countries the most appropriate series relate to earnings per day, week, or month, or to wage rates. The figures commonly include overtime pay, incentive pay and bonuses, and therefore reflect, at least to some degree, the prevalence of overtime and the additional earnings under incentive pay systems as well as the basic or straight-time wage. Wages per week or month obviously reflect the effect of changes in the length of the working week and in the prevalence of partial unemployment.

The figures given represent wages before deduction of the workers' social insurance and tax payments. Payments in kind and certain irregular bonuses are excluded in the majority of cases.

It is important to note that such supplements to wages as family allowances, unemployment insurance benefits, medical care and accumulated rights to eventual retirement benefits—often referred to collectively as "social benefits" or "fringe benefits"—are also excluded from this study. Such benefits are relatively important in a number of countries, however, and in many cases have been introduced or expanded

since the pre-war period, sometimes as alternatives to wage increases. In appraising long-term wage movements in countries such as France and Italy, where benefits are particularly high in comparison to average earnings, it is essential to take the trend of these wage supplements into account.¹ It is also important to take the corresponding cost of social benefits to employers—usually referred to as “social charges”—into account in discussing wage statistics in relation to the movement of labour cost.

The importance of social benefits and social charges as factors influencing wage trends is most marked in analyses covering an extended period of time. Omission of such supplementary data in short-run comparisons is of little significance unless an important change in social programmes occurs during the period under observation.

The tables given here present data for 27 countries. While some statistics of wages exist in a number of other countries, continuous series covering the entire period under consideration were not available. In the case of Austria, Korea, the Philippines and Viet-Nam the wage data refer to a single city and do not necessarily represent wage movements in the country as a whole. In addition, in a number of cases—notably France, Germany (Federal Republic), Israel, Italy, Japan, Korea, the Netherlands and the United Kingdom—it has been necessary, in presenting data covering a considerable number of years, to link together different series or to estimate figures for missing years on the basis of supplementary information. In some cases, where there is serious doubt as to the comparability of pre-war and post-war data, no attempt has been made to calculate the over-all movement for the entire period 1939-54.

These comments suggest some of the many difficulties inherent in any world-wide review of wage trends² and at the same time give warning of the dangers of error or misinterpretation. The data for recent years are, in general, more dependable than those for the wartime and pre-war periods. In the future, as more countries ratify the I.L.O. Convention (No. 63) concerning statistics of wages and hours of work and apply the recommendations of the Seventh International Conference of Labour Statisticians with respect to wages and payroll statistics, the available data can be expected to become increasingly reliable.

MONEY WAGE TRENDS AND MONETARY INFLATION

The general trend of money wages and consumer prices in 27 countries is shown in table I. This table presents separate figures for the war period (represented in most cases by 1939-46) and the period since

¹ Recent studies of the cost and nature of social benefits include: “Les charges sociales dans les pays de l'O.E.C.E.”, in *Etudes et Conjoncture* (Paris), Mar. 1954; High Authority of the European Coal and Steel Community: *Documentation sur les problèmes du travail dans les industries de la Communauté (emploi et salaires)* (Luxembourg, May 1954); International Social Security Association: *Family Allowances* (Geneva, 1954). A comprehensive study of social charges and social benefits in Europe, recently initiated by the I.L.O., is expected to yield results in 1956.

² Additional difficulties are inherent in wage and price comparisons over a period as long as 15 years. Changes in the composition of the workers' purchases—reflecting, for example, the increasing availability of synthetic fabrics, antibiotic drugs and radios and television—are extremely difficult to measure and are but roughly reflected in available price indices. No account has been taken of changes in working conditions or in the nature of the work performed that may have resulted from modifications in industrial structure.

the war (generally 1946-54). Comparisons of changes occurring in the two periods are facilitated by the fact that they are of roughly equal length.

It is apparent at once from table I that money wages rose appreciably in every country represented, the smallest increase (from 1939 to 1954) exceeding 100 per cent., and the largest (Korea from 1946 to 1954) involving an increase of 500-fold. In themselves, to be sure, the increases in money wages were illusory in terms of their contribution to levels of living, since to a large extent they reflected the monetary inflation prevailing during much of the period shown. While the apparent increases in the remuneration of the workers and the wage costs of employers were largely offset by the upward trend of prices, however, in the vast majority of cases wages increased more than prices from 1939 to 1954 and real wages consequently rose.

Briefly summarised, the major conclusions that may be drawn from table I are as follows :

(1) During the period 1939-54 as a whole wages rose more rapidly than prices in virtually all of the countries for which data can be shown ; this implies an increase in real wages.¹

(2) In many countries wages outstripped prices in both the war and post-war periods, though a number of exceptions may be noted.

(3) As was to be expected, wage and price movements were more pronounced during the war than in the post-war period in the majority of the countries shown, though the post-war inflation was the more severe in about one-third of the cases.

(4) The extreme cases of wage and price inflation all occurred in countries which were the scene of armed conflict and, with the exception of the Federal Republic of Germany, the lowest wage and price increases occurred in countries which either were not involved in war or were spared war devastation.

In view of the rough nature of the data available for some countries and the fact that it has been necessary to depend on such different measures and concepts of money wages—rates of pay, average earnings, wages per hour, day, week and month—country-by-country comparisons of real wage changes during the period covered tend to be misleading and are not presented in table I. Statisticians in some of the countries represented may prefer to use different measures of real wages, and the best available data in some cases are subject to a substantial margin of error. The reservations that apply to individual countries are not, however, so important with respect to the countries as a group, and certain general characteristics of real wage movements in 20 countries may be described with greater confidence (see table II).

It is significant that over the entire period of approximately 15 years real wages in four-fifths of the countries increased by 10 per cent. or more. One-fourth of the countries experienced increases in real wages of between 20 and 30 per cent., while almost one-third had increases amounting to 40 per cent. or more. The countries reporting gains greater than 40 per cent. were Canada, Finland, Israel, Sweden, the United

¹ In two of the three countries for which a slight decrease in real wages over the period 1939-54 is implied by the statistics the decline occurred only during the war period ; in both countries real wages have increased since the war. In both cases, moreover, increased social benefits, not reflected by the statistics given, have helped to improve the position of the workers. In the third country the decline has occurred since 1953.

TABLE I. PERCENTAGE MOVEMENT OF WAGES AND CONSUMER PRICES IN 27 COUNTRIES, 1939-54*

Country	Measure of wages employed	Percentage change 1939-54 ¹		Percentage change 1946-54 ¹		Percentage change 1939-46	
		Wages	Prices	Wages	Prices	Wages	Prices
<i>America :</i>							
Argentina	Average earnings per month, manufacturing	833	568	468	324	64	58
Canada	Average earnings per week, manufacturing	184	84	92	51	49	22
Chile	Average earnings per day, manufacturing	1 332	1 441	321	477	240	167
Colombia	Average earnings per day, general level, Zone "A" of country . .	308 ² 3	262 ² 3	113 ²	102 ²	92 ³	79 ³
Mexico	Average earnings per month, manufacturing	302	346	77	67	128	167
United States	Average earnings per hour, manufacturing	186	93	67	38	72	40
<i>Asia :</i>							
India	Average earnings per month, manufacturing and water, electricity and gas	291 ²	237 ²	87 ²	37 ²	109	147
Israel	Average earnings per day, manufacturing ; before fourth quarter 1951, including transport and construction	1 940	634 ⁴	376	195	328	149 ⁴
Japan	Average earnings per month in manufacturing, 1947-54 ; average earnings per day in manufacturing, 1939-47	29 408	—	881 ⁵	178 ⁵	842	1 197
Korea	Rates of pay per day in manufacturing and construction, Seoul ; Korean war period interpolated on basis of data for Pusan	—	—	54 276	15 858	—	—
Philippines	Rates of pay per day, general level, skilled workers and salaried employees, Manila . . .	—	—	12	—41	—	—
Viet-Nam	Average earnings per day, general level, semi-skilled workers, Saigon-Cholon	—	7 900	313 ⁶	229 ⁵	—	2 332 ⁵
<i>Europe :</i>							
Austria	Average earnings per 48-hour week, manufacturing and construction, Vienna	506 ⁷	580 ⁸	118 ⁹	107 ¹⁰	178 ⁷ 9	229 ⁸ 10

* For general notes on data employed see p. 522.

¹ 1954 data for some countries were available for only part of year when manuscript prepared. Details of period covered are presented as a footnote to table IV. The data for 1954 in table I differ from those in table I for Switzerland (Oct.), the United Kingdom (Apr.) and New Zealand (Mar.). ² 1953 in place of 1954. ³ Last eight months of 1938 in place of 1939. ⁴ 1939 : average of Aug., Oct. and Dec. ⁵ 1947 in place of 1946. ⁶ De

TABLE I. PERCENTAGE MOVEMENT OF WAGES AND CONSUMER PRICES IN 27 COUNTRIES
1939-54 (*cont.*)

Country	Measure of wages employed	Percentage change 1939-54 ¹		Percentage change 1946-54 ¹		Percentage change 1939-46	
		Wages	Prices	Wages	Prices	Wages	Prices
<i>Europe</i> (<i>cont.</i>):							
Belgium	Average earnings per hour, general level	360	300	43 ⁵	23 ⁵	222 ⁵	224 ⁵
Denmark	Average earnings per hour, general level	167	101	58	30	69	55
Finland	Average earnings per hour, manufacturing and mining	2 114	1 001	265	147	505	346
France	Average rates of pay per hour, manufacturing 1946-54; 1939-45, including construction	2 418	2 311	334	304	480	497
Germany (Fed. Rep.)	Average earnings per hour, manufacturing and construction	109 ¹¹	70 ¹¹	86	32	13 ¹¹	28 ¹¹
Ireland	Average earnings per hour, manufacturing and mining	148 ¹²	108 ¹³	79 ¹⁴	36 ¹³	39 ^{12 14}	54 ¹³
Italy	Average earnings per hour, manufacturing, 1947-53; 1938-47 and 1953-54, rates of pay per hour, manufacturing	6 998 ¹¹	5,706 ¹¹	72 ⁵	27 ⁵	4 030 ^{5 11}	4 475 ^{5 11}
Netherlands	Average earnings per day, manufacturing, projected from 1952 to 1954 by index of hourly rates of pay, manufacturing and mining	193	171	69	44 ¹⁵	74	88 ¹⁵
Norway	Average earnings per hour, manufacturing and mining	177	121	78	41	56	57
Sweden	Average earnings per hour, manufacturing and mining	219	97	110	42	52	38
Switzerland	Average earnings per hour, manufacturing, projected from 1953 to 1954 by index wage rates in manufacturing	119 ¹⁶	73 ¹⁶	26 ¹⁴	12 ¹⁴	74 ^{14 16}	54 ^{14 16}
United Kingdom	Average earnings per hour, manufacturing	232 ¹⁷	—	48 ¹⁸	41 ¹⁸	102 ^{14 17}	31 ^{14 17}
<i>Oceania</i> :							
Australia	Rates of pay per hour, general level, males only	220	154	149	104	29	25
New Zealand	Rates of pay per hour, general level, males only	117	84	69	54	28	19

¹47 in place of 1946. ⁷ Aug. 1938 in place of 1939. ⁸ Mar. 1938 in place of 1939. ⁹ 1948 in place of 1946. Average July-Dec. 1948 in place of 1946. ¹¹ 1938 in place of 1939. ¹² Oct. 1939 in place of 1939. ¹³ Nov. 1939 and Nov. 1946 in place of 1939 and 1946. ¹⁴ Oct. 1946 in place of 1946. ¹⁵ 1946: average of Mar., Sep. and Dec. ¹⁶ June 1939 in place of 1939. ¹⁷ Oct. 1938 in place of 1939. ¹⁸ Oct. 1947 in place of 1946.

TABLE I (concl.)

General note on data employed: The following additional information regarding the statistical series used to represent certain countries may be of value in comparing wage and price movements.

Argentina. Wage data represent entire country ; price data available only for Buenos Aires. While the wage data represent earnings per month, statistics of hours of work indicate that earnings per hour had a generally similar movement.

Chile. Wage data represent entire country ; price data available only for Santiago.

Colombia. Wage data represent Departments of Boyacá, Cundinamarca (including Bogotá), Norte de Santander, and Santander ; price data available only for Bogotá.

Mexico. Wage data represent six main industrial areas ; price data available only for Federal District. The wage data represent earnings per month, and supplementary information available for part of the period covered indicates that hourly earnings rose less than monthly earnings. The figures available stop at March 1954 and do not reflect the influence of the devaluation of the peso later in the year.

India: Wage data represent entire country ; price data represent 26 cities in the period 1946-54, spliced to earlier series for Bombay only in 1939-46. In the period 1946-54, there was considerable city-to-city variation in the movement of consumer prices.

Israel. Prior to September 1951 the consumer price index included direct taxes.

Japan. Earnings per month (including family allowances) of wage earners, salaried employees and management personnel for 1947-54 are linked to earnings per day (excluding family allowances) of wage earners only for 1939-47. Consumer prices represent the whole country 1947-54. Tokyo retail prices are used for the period 1939-47. Statistics of hours of work indicate that earnings per hour rose more than earnings per day from 1939 to 1947, and that earnings per hour rose somewhat less than earnings per month from 1947 to 1954.

Korea. Wages and prices represent Seoul for 1939-49 and 1953-54. The period 1949-53 is interpolated on the basis of data for Pusan. The consumer price indices do not include rent.

Philippines. Wage and price data available only for Manila. Wage data refer to skilled wage earners and salaried employees.

Viet-Nam. Wage and price data refer to the Saigon-Cholon metropolitan area (South Viet-Nam). Data available for the Hanoi-Haiphong metropolitan area (North Viet-Nam) show generally similar movement to 1953.

Austria. Wage and price data refer to Vienna, but supplementary information indicates that wages and prices in other parts of the country followed a generally similar pattern. Another wage series, which includes family allowances as from 1948, shows a greater increase from 1938 to 1954. The price index issued by the Austrian Central Statistical Office excludes rent, but shows approximately the same increase from 1938 to 1954 as the price index of the Institute for Economic Research, which includes rents.

Belgium. Wages are represented by an index computed by the National Bank of Belgium. The price index excludes rent.

Finland. The price index takes account of both direct taxes and children's allowances.

France. Wage data represent entire country ; price data represent Paris only, but supplementary information indicates that price movements (though not price levels) were roughly similar in other parts of the country. The 1949-54 price index is linked to an earlier series for 1939-49, in which 29 of the 34 articles priced represent food.

Germany (Federal Republic). No account is taken of the currency conversion of RM to DM.

Ireland. Price data cover only four principal groups—food, heat and light, clothing, and rent.

Netherlands. The consumer price series for 1949-54 (based on post-war consumption weights) is spliced to a series for 1939-49 (based on pre-war consumption weights). Computations for 1939-49 with post-war consumption weights yield a figure roughly 10 per cent. below the 1939-49 index used here. An average of the two indices has at times been utilised in the Netherlands for wage determination purposes.

Norway. Wage data originally presented separately for males and females are weighted for 1954 by the numbers of males and females covered by the wage survey and for 1939 and 1946 by the numbers of males and females shown in the respective annual censuses of industrial production.

Switzerland. Prior to April 1950 the consumer price index covered only food, heat and light, clothing, and rent.

United Kingdom. No attempt was made to link wartime and post-war price indices because of difference in scope and method.

Australia. Wage data refer to entire country ; price data available only for capitals of six states.

TABLE II. PERCENTAGE CHANGE IN REAL WAGES IN 20 COUNTRIES ¹, 1939-54

Percentage change	No. of countries reporting change		
	1939-54	1946-54	1939-46
Decrease	2	0	9
Increase :			
Less than 10	2	5	4
10 but less than 20	3	3	2
20 but less than 30	5	5	2
30 but less than 40	2	3	1
40 and over	6 ²	4	2
Median percentage change	+26	+22	+4

¹ The table includes, in general, all countries shown in table I for which data are available for the entire period 1939-54, plus the United Kingdom, for which estimates have been added. Two countries for which the most recent figures are for 1953 (and which have experienced substantial recent price changes) have been excluded; also one country (Chile) for which the most recent wage data (March 1954) are believed to be unrepresentative of the entire year.

² Includes estimated figure for the United Kingdom.

Kingdom and the United States. The distribution of real wage changes between the continents of the world shows no clear pattern; both great and small gains were registered in America and Europe and there is insufficient information to support generalisations for the other continents.

The median increase in real wages from 1939 to 1954 was approximately 26 per cent.—i.e., half the countries reported increases of more than this amount while half reported lower figures. This is the over-all gain which would result from a regular annual increase of 1.6 per cent. over the preceding year for each of the 15 years. These figures, however, probably understate the real improvement in the workers' economic position since the pre-war period. They make no allowance for the extension and liberalisation of social insurance and other social programmes ¹, which in some countries have been more important than the gain in real wages themselves. Thus in France the family allowance for an unskilled worker with three dependent children represented 15 to 20 per cent. of the estimated monthly rate of pay in 1938; in 1954, with higher allowance rates and an additional supplement for a non-working wife, the total family allowance for such a worker was almost two-thirds of the estimated monthly rate of pay. In Italy between 1938 and the autumn of 1954 the family allowance for a worker with a wife and three children mounted from 12 per cent. of average daily wage rates in industry to 48.5 per cent. Other types of social benefits in France and Italy also increased during this period.

Separate analysis of real wage movements in the war and post-war periods reveals that while workers in most of the countries could buy more with their pay at the end of the war than at the beginning, post-war gains exceeded in most cases those of the war period. The median increase of real wages during the war period 1939-46 was about 4 per

¹ Taxes and social contributions payable by the workers have also increased in many countries, but generally less than social benefits.

cent.¹, while in the post-war period the median increase was 22 per cent. Almost half of the countries showed decreases in real wages in 1939-46 while none did so in 1946-54.

The only countries reporting greater gains during the war than in the post-war period are Chile, Colombia, Israel, Switzerland, the United Kingdom and the United States.

It is interesting to note that with the exception of Israel and Finland, the seven countries for which data are available that recorded the greatest increase in real wages in the post-war period had either a far lower increase or an actual decline of real wages during the war period. All the countries which registered a decline in real wages during the war showed an appreciable increase in the post-war period.

THE EXPERIENCE OF CERTAIN COUNTRIES

The general wage-price relationship for nine countries from 1939 to 1954 is traced in charts 1, 2 and 3. The countries have been chosen to illustrate a variety of wage-price movements which occurred in different types of situations, and are presented in groups manifesting different degrees of monetary inflation (as indicated by consumer price movements) from 1939 to 1954. Among the countries represented some maintained stringent economic controls, while others left wage and price determination to free market forces. Some were victorious belligerents, some defeated belligerents, and some were neutral during the Second World War. Some of the countries have suffered economic and political dislocation not directly related to war.

Chart 1 presents data for the United States, Germany and Switzerland. These countries experienced a low degree of inflation (i.e., consumer prices did not increase to double the pre-war level) though their war and post-war experience has been otherwise very different.

Switzerland, a neutral in the Second World War, was hemmed in by belligerents and subject to severe wartime restrictions and considerable pressures. Strict controls restrained both wages and prices during the war, and subsequent increases have been moderate. Wages rose more slowly than prices during the war years, but regained their relative position in 1945 and have advanced somewhat more rapidly than prices in subsequent years.

Tight wartime controls in Germany appear to have prevented any marked divergence of wage and price trends during the war. By 1946, however, prices had reached a higher level relative to the pre-war period than wages. How much the drop in real wages actually amounted to is uncertain, since black-market prices were prevalent until the conversion of the currency in 1948, and both wage and price indices in the immediate post-war years were highly artificial. After currency conversion the rise of consumer prices was soon arrested, but wages continued to climb. Real wages appear to have attained their pre-war level by about 1950 and have subsequently risen further.

In the United States an increase in real wages was apparent immediately after the outbreak of the war and the gap between the wage and price trends has widened irregularly ever since.

¹ The figure for the war period probably exaggerates the actual increase in real wages, while the figure for the post-war period may be an understatement. Rationing was general in 1946, and many of the commodities referred to in official price indices were available only in limited quantities; many wage earners paid black market prices to augment their consumption. The increasing availability of consumer goods after 1946 involved an improvement in levels of living that was not reflected in wage and price statistics.

CHART 1. WAGES AND PRICES IN THE UNITED STATES, GERMANY (FEDERAL REPUBLIC) AND SWITZERLAND, 1939-54

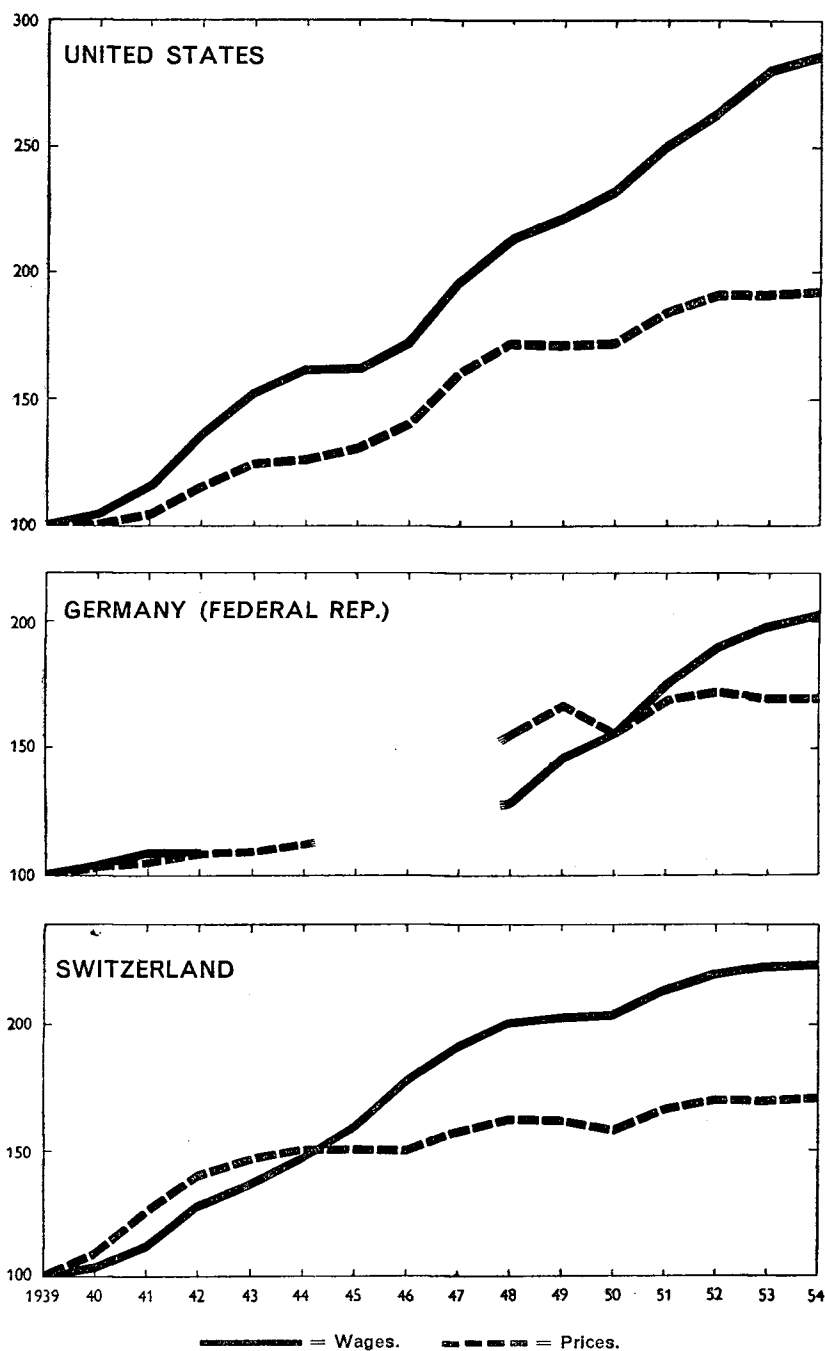


CHART 2. WAGES AND PRICES IN THE NETHERLANDS, AUSTRALIA AND SWEDEN, 1939-54

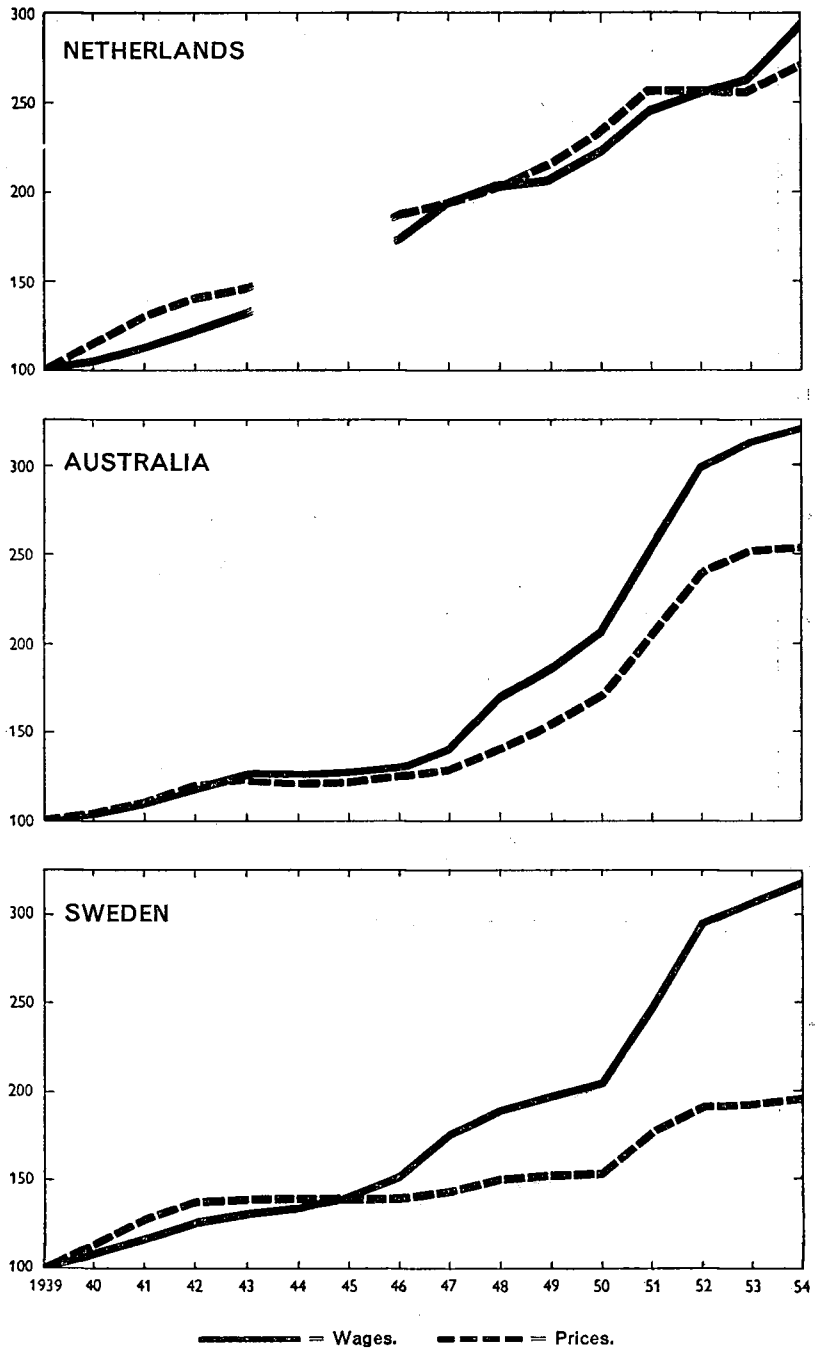


CHART 3. WAGES AND PRICES IN ITALY, FINLAND AND CHILE, 1939-54

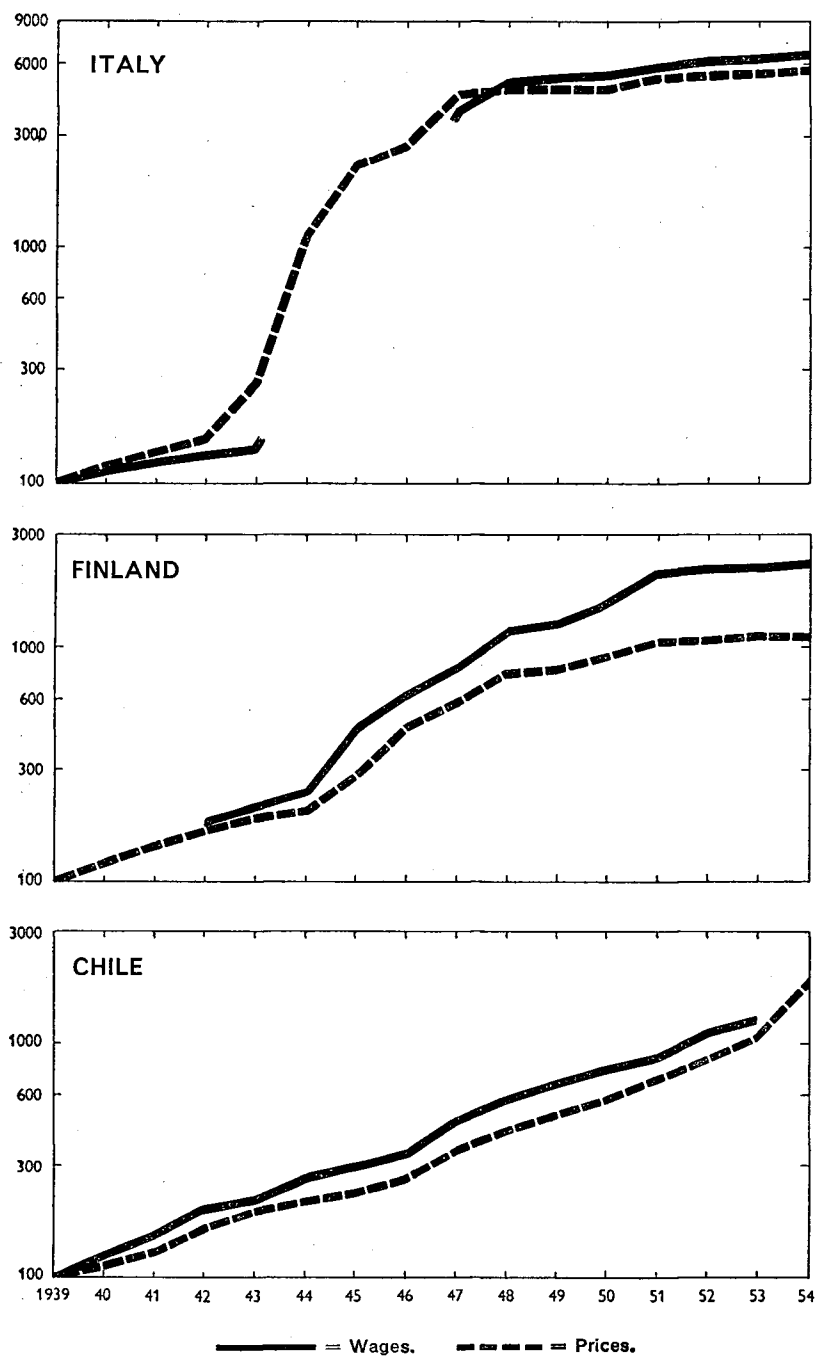


Chart 2 presents data for Australia, Sweden and the Netherlands—countries which experienced moderate inflation in that consumer prices at least doubled but did not triple from 1939 to 1954.

Both Australia and Sweden, after enjoying substantial wage and price stability until the end of the Second World War, experienced sharper increases of wages and prices in the post-war period, with wages in both cases rising faster than prices. Real wages in both countries are now well above the level at the end of the war.

In the Netherlands, where prices maintained a lead over wages throughout the war, the pre-war wage-price relationship was restored in 1947-48; wage and price movements were subsequently narrowly limited by means of stringent controls. In January 1954, with parts of the Netherlands' economic plan coming to fruition, a 5 per cent. wage increase was promulgated, partly to compensate rising living costs. A 6 per cent. increase was announced in October 1954 with the specific aim of raising the level of real wages.

The countries whose wage and price movements are illustrated in chart 3 suffered from "galloping inflation" in that consumer prices were at least ten times as high in 1954 as in 1939.¹

Of the countries shown, Italy suffered the greatest inflation. In the absence of satisfactory wage information for part of the war and post-war period, the trend cannot be pictured completely, but the purchasing power of wages in Italy was considerably lower in 1947 than in 1939. After 1947, wages rose more rapidly than prices, and real wages were soon slightly higher than in 1939. Improved social benefits, as have been noted, have made a significant additional contribution to worker income, which is not revealed in the wage statistics.

Finland experienced less inflation than Italy, and prices rose less than wages from 1939 to 1954. The movement of wages and prices in Finland levelled off after 1951.

In Chile, where the magnitude of inflation has been roughly comparable with that in Finland, there has as yet been no levelling-off of the wage-price trend, and, although recent wage statistics are not available, it appears from current price reports that inflation continued into 1955.

In addition to the countries discussed above, vast regions of the world for which current statistics are not available also experienced changes in wages, prices and real wages. Official statistics for Bulgaria, Czechoslovakia, and Hungary are available for the wartime period; they are shown in table III.

TABLE III. PERCENTAGE CHANGES IN WAGES AND PRICES IN BULGARIA, CZECHOSLOVAKIA AND HUNGARY, 1939-46

Item	Bulgaria	Czechoslovakia	Hungary
Average hourly wages	445 ¹	204 ²	153 ^{1 3}
Consumer prices	473	197	263 ³
Real wages	— 5	+ 2	— 30

¹ Average hourly earnings, manufacturing. ² Rates of pay, manufacturing, mining, construction.

³ Data for Hungary do not take account of currency conversion, but this does not affect the real wage estimate.

¹ The extreme magnitudes involved necessitate use of a logarithmic or "ratio" scale on this chart.

Fragmentary data suggest that during the post-war period there has been a trend towards increasing stocks of consumer goods, lower prices and higher real wages in the countries shown in table III as well as in the Soviet Union and other Eastern European countries.

DEVELOPMENTS IN REAL WAGES, 1953-54

The most recent available statistics indicate that the increase in real wages continued from 1953 to 1954. While the collection of wage statistics is time-consuming, and complete data for some countries for 1954 are not yet available, table IV presents significant information regarding 24 countries.

The picture reflected in table IV is somewhat different from that of most earlier years discussed, in that 1953-54 was a period of price stability in most of the world. Only two of the 24 countries reported price increases in excess of 10 per cent. Nominal wages rose in all reporting countries and most countries experienced gratifying gains in real wages. Small gains in money wages in a number of countries were translated into greater gains in real wages through falling prices. More than half the countries shown had an increase of 2 per cent. or more in real wages from 1953 to 1954. The median rise in real wages was 2.1 per cent.

In interpreting the significance of the changes shown, it should be noted that comparisons over a single year or fraction of a year may be subject to non-recurring and fortuitous influences. This is true, of course, with respect to the extreme changes shown for Korea and Viet-Nam. The figures for Mexico cover only the first quarter of the respective years and do not reflect the effects of the monetary devaluation in the spring of 1954.

CONCLUSION

It has been seen that among the countries for which wage and price statistics are available real wages have risen appreciably since the late 1930s. Among countries reporting, the median increase for the entire period was 26 per cent., or the equivalent of 1.6 per cent. in each of the 15 years. These figures take no account of increases in wage supplements and social benefits, which in some countries have been quite important. The greatest advances were achieved in Canada, Finland, Israel, Sweden, the United Kingdom and the United States, all of which witnessed increases in excess of 40 per cent.

In the light of increases in real income per head of the population experienced during this period, these wage gains will not appear surprising. It would be erroneous to assume, however, that levels of living have generally risen as much as real wages. In many countries heavily increased taxes have constituted a deduction from "spendable" income; when these taxes are not reflected in consumer prices they have not been taken into account in the figures presented earlier. The expanded social programmes referred to above have been financed in part by worker contributions deducted from payrolls. Increased savings and other factors have been of significance in a few countries.

As was to be expected, the gain in real wages was much more favourable in the post-war period than during the war; the median figures for the two equal-length periods are 22 per cent. and 4 per cent. Almost half the countries, in fact, experienced no increase at all during the war period. Separate comparisons for the year 1953-54 reveal that the post-

TABLE IV. PERCENTAGE CHANGE IN WAGES AND PRICES AND INDICATED CHANGE IN REAL WAGES, 1953-54

Country	Percentage change		Indicated percentage change in real wages
	Wages ¹	Consumer prices	
<i>America :</i>			
Argentina	13.9	1.7	11.9
Canada	2.0	0.6	1.4
Mexico	8.6	— 2.3	11.1
United States	2.3	0.3	1.9
<i>Asia :</i>			
Israel	15.9	12.8	2.8
Japan	7.9	6.8	1.0
Korea	88.5	23.4	52.8
Philippines	0.5	— 3.0	3.6
Viet-Nam	36.5	7.0	27.6
<i>Europe :</i>			
Austria	4.5	2.5	2.0
Belgium	2.8	1.8	0.9
Denmark	4.0	— 0.2	4.2
Finland	2.4	— 0.7	3.1
France	6.0	— 0.4	6.5
Germany (Fed. Rep.)	2.5	0.5	2.0
Ireland	2.0	0.0	2.0
Italy	3.7	2.7	1.0
Netherlands	11.2	4.9	5.9
Norway	4.8	4.4	²
Sweden	3.4	1.2	2.2
Switzerland	0.6	0.8	²
United Kingdom	4.4	1.9	2.5
<i>Oceania :</i>			
Australia	1.2	1.2	²
New Zealand	6.8	5.4	1.3

Note : The periods in 1954 compared with the corresponding periods in 1953 were as follows : *Argentina :* Jan.-Oct. *Canada :* full year. *Mexico :* Jan.-Mar. *United States :* full year. *Israel :* Jan.-Nov. *Japan :* Jan.-Oct. *Korea :* Jan.-July. *Philippines :* Jan.-Aug. *Viet-Nam :* June. *Austria :* Jan.-Nov. *Belgium :* average Mar., June, Sep., Dec. *Denmark :* Jan.-June. *Finland :* Jan.-Sep. *France :* average Mar., June, Sep. *Germany (Fed. Rep.) :* average Feb., May, Aug., Nov. *Ireland :* Wages average Mar., June, Sep.; prices average Feb., May, Aug. *Italy :* full year. *Netherlands :* full year. *Norway :* Jan.-Sep. *Sweden :* wages average Feb., May, Aug., Nov.; prices average Mar., June, Sep., Dec. *Switzerland :* average Mar., June, Sep., Dec. *United Kingdom :* full year. *Australia :* average Mar., June, Sep., Dec. *New Zealand :* Jan.-Sep.

¹ For measure of wages employed see table I. As exceptions, the data for Switzerland used in present table represent hourly wage rates in manufacturing and construction; the data for the United Kingdom represent weekly wage rates, general level; the data for New Zealand represent weekly wage rates of men in manufacturing. ² Change of 0.5 per cent. or less.

war trend continued into 1954, when most countries achieved gains of 2 per cent. or more.

Great significance should not, of course, be attached to the precise figures presented to indicate the magnitude of real wage changes. The rough nature of the data available for some countries has been indicated and the dangers attending comparisons between countries have been emphasised.

After full allowance has been made for the approximate nature of the statistics and the geographical limits of their coverage, however, the

indication that the purchasing power of workers' wages has increased by one-fourth during these 15 years carries some elements of reassurance. An increase of 1.6 per cent. per year does not seem great, but its achievement during a period that included the most devastating war in history leads one to hope that even greater advances will be possible in times of peace.

A considerable variety of factors have undoubtedly contributed to the increase in real wages. In some countries labour's share of the national income increased during the 15-year period, though the conclusions to be drawn from this fact must await a study of many aspects of the national economies. In some instances foreign aid or the liquidation of national assets abroad have played a part temporarily.

The full gains that have been achieved would, however, have been impossible without substantial increases in productivity. Another article in this issue presents evidence that productivity in European manufacturing industry has, in fact, risen appreciably since before the war. Statistics on productivity that may become available from other parts of the world can be expected to confirm the indications of an upward trend.
