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EMPLOYMENT HOURS *and*
EARNINGS *in* PROSPERITY
AND DEPRESSION

UNITED STATES
1920-1922

By
WILLFORD ISBELL KING
OF THE STAFF OF THE NATIONAL BUREAU OF
ECONOMIC RESEARCH, INC.

RESULTS OF AN INQUIRY CONDUCTED *by* THE
NATIONAL BUREAU OF ECONOMIC RESEARCH
with the help of THE BUREAU OF MARKETS AND
CROP ESTIMATES *and* THE BUREAU OF THE
CENSUS *for* THE PRESIDENT'S CONFERENCE
ON UNEMPLOYMENT

Second Edition

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No. 5

Second Edition

EMPLOYMENT HOURS AND EARNINGS
IN PROSPERITY AND DEPRESSION

UNITED STATES

1920-1922

ALL reports of the National Bureau of Economic Research are critically examined in manuscript both by its scientific staff and by its Board of Directors. No report is published that has not been approved by a majority of the Board. A Director who dissents from any statement in a report approved by the majority may have his critical comments published in the report.

The present report has been reviewed in this manner and approved for publication.

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PREFACE

When President Harding's Conference on Unemployment convened in the latter part of 1921, it soon came to the conclusion that its duty was not only to take measures to relieve the immediate emergency, but also to make plans which would tend to reduce the amount of unemployment in the future. The fact quickly developed that there was a surprising dearth of information concerning actual employment conditions in the United States. This lack of fundamental data upon which to base conclusions convinced the members of the Conference that the first step needed in any permanent program was to obtain fuller evidence concerning employment conditions in the United States and especially concerning the relation of these conditions to the economic cycle. To consider methods of preventing or at least of mitigating cyclical unemployment, Secretary Herbert Hoover, the Chairman of the Conference, appointed a Committee on Unemployment and Business Cycles constituted as follows:

OWEN D. YOUNG, Chairman of the Board of Directors of the General Electric Co., Chairman.

JOSEPH H. DEFREES, Sometime President of the Chamber of Commerce of the United States.

MARY VAN KLEECK, Director of Industrial Studies of the Russell Sage Foundation.

MATTHEW WOLL, Vice-President of the American Federation of Labor.

CLARENCE M. WOOLEY, President of the American Radiator Company.

EDWARD EYRE HUNT, Secretary.

To meet the expense of making the necessary investigations, the Carnegie Corporation was asked for financial aid and the request was granted. The generosity of that organization, and that of several others which contributed on a smaller scale, has then made possible a careful study of the facts.

The task of supervising the investigation was allotted by the Committee on Unemployment and Business Cycles to the National Bureau of Economic Research.

The reason for choosing this Bureau was not only that it was an organization especially designed for fact finding, but also that it was so constituted as to safeguard its findings against bias, since all of the reports compiled by its Staff must, before publication, be reviewed by a Board of Directors,

twenty-one in number, representing widely divergent interests and points of view. This report has been approved in the usual manner.

The Director of Research of the Bureau, Dr. Wesley C. Mitchell, assigned to the present writer the task of ascertaining as many facts as possible concerning the changes in employment conditions in the United States that occurred between the peak of the boom in 1920 and the trough of the depression in the next year. It was decided that the requisite information could be obtained only in one of two ways, namely, through an extensive field study carried on by aid of enumerators or through the distribution of questionnaires. The first method seemed more likely to meet with success, but the expense of an investigation on a scale broad enough to be worth while was found to be prohibitive; hence it was decided to have recourse to questionnaires.

The latter plan was adopted with misgiving, for while many wished for its success, few were optimistic enough to predict anything but failure. The results of the preliminary attempts to secure data were so unsatisfactory that the prevailing spirit of pessimism was made even deeper; but repeated experiments eventually pointed the way to accomplish the desired purpose. It was found that when the matter was properly presented to them, American farmers and other business men were ready to give the time and energy necessary to furnish the data required, and, since detailed estimates were called for, this was, in many cases, no small matter. In collecting the reports, highly valuable assistance was rendered by the Secretaries of a number of Chambers of Commerce in various cities who responded to the solicitation of the Chamber of Commerce of the United States, by Professors of Economics and their students, and by Mr. Nat Murray and Mr. Vergil Sanders, of the Bureau of Markets and Crop Estimates, who mailed questionnaires to their Crop Reporters. Over 11,000 farmers and other business proprietors showed their public spirit by returning usable records of conditions prevailing in their enterprises. The reports furnished covered concerns ranging from the little shop or farm, which the proprietor managed alone, to great corporations employing hundreds of thousands of workers. Every section of the United States and every important industrial field responded to the inquiry. The Bureau of the Census, which assisted in the investigation throughout, also undertook the important task of tabulating the results.

The author takes pleasure in acknowledging the hearty and effective cooperation rendered by Messrs. W. M. Steuart, W. L. Austin, S. S. Slick and others in the Bureau of the Census, by Mr. Edward Eyre Hunt, Secretary of the Business Cycle Committee, and by fellow members of the Staff of the National Bureau of Economic Research, and the painstaking and diligent work of Miss Kate E. Huntley, Miss Helen McGlade, Mr. Robert V.

Schultz and a dozen or more temporary assistants who performed the necessarily tiresome routine work connected with an investigation of this sort.

The investigation, the results of which are recorded in the accompanying tables, has made the following addition to our knowledge concerning conditions of employment in the United States:

- (1) It shows the relative responsiveness of different industries to the forces giving rise to the business cycle.
- (2) It indicates the comparative ability of large and small scale businesses to resist such forces.
- (3) It analyzes the shifts of population from one industrial field to another.
- (4) It traces the variations in hours and earnings of employees that accompany the change from boom to depression.
- (5) It presents the first approximately complete record of the seasonal changes occurring in the conditions of agricultural labor.
- (6) It gives the first picture of the distribution of farm employees according to hours and earnings.
- (7) It measures the importance of part-time employment in the chief industrial fields.
- (8) It enables us for the first time to estimate the approximate total reduction in employment brought about by the depression of 1921.

The facts concerning these eight points and others are presented in the pages that follow.

WILLFORD I. KING.



CONTENTS

	PAGE
PREFACE.....	3
CHAPTER I	
INTRODUCTION.....	9
CHAPTER II	
THE NUMBER OF EMPLOYEES.....	22
The comparative measurability of employment and unemployment.....	22
Do employees shift from one industry to another?.....	25
Changes in the numbers employed in various industries.....	29
The number of employees on farms.....	36
CHAPTER III	
THE VOLUME OF EMPLOYMENT.....	47
The per cent of full time worked by employees while on the pay rolls....	47
The actual volume of employment as shown by reports from employers..	53
Relative changes in the volume of employment.....	64
Employment as shown by records furnished by employees.....	70
Employment on farms.....	74
Accurate and inaccurate measures of employment.....	78
CHAPTER IV	
THE HOURS WORKED PER WEEK.....	81
Full-time hours per week.....	81
Hours actually worked per week by employees on the pay rolls.....	86
Hours worked by farm employees.....	86
CHAPTER V	
THE EARNINGS OF EMPLOYEES.....	103
Total wages and salaries.....	103
Annual earnings of employees attached to the various industries.....	108
Average earnings per hour.....	112
Expenditures by farmers for labor.....	118
The wages of farm employees.....	118
CHAPTER VI	
SUMMARY.....	142
—————	
INDEX.....	145

