IS LABOR THE CULPRIT?

By: Peter Henle, AFL-CIO

In recent years, a new phrase, "wage inflation", has been welcomed into the vocabulary by newspaper editorial writers, private research organizations, and even some eminent economists, as well as traditionally anti-union employer groups. Not since the "open shop" days of the 1920's have the wage and collective bargaining objectives of organized labor been questioned so rigorously as they are today.

As one example, and I cite this merely as illustrative, let me quote the vice-president of a prominent auto firm who testified earlier this year before a subcommittee of the U.S. Senate Judiciary Committee. He concluded his 68-page statement on inflation with the following sentence: "I agree with you, Mr. Chairman, that inflation is domestic Public Enemy No. One and I would call it what it is, Wage Inflation."

This, I need hardly state, is not my point of view. I do not feel that inflation is "domestic Public Enemy No.1" which must be solved before we can beat the Russians, reach the moon, or even put across a new breakfast cereal.

Nor would I describe whatever inflation there may be by the term "Wage Inflation" or for that matter, by the term "Profit Inflation." In fact, my preference would be to scrap the word "Inflation" or even "inflation" to characterize the price movements that have been taking place in the American economy.

Admittedly, this is a dissenting opinion. The voices of public opinion makers appear to speak with ever more authority in arguing the opposite case.

Yet I suggest that the trend of prices in the postwar American economy does not justify such an alarming point of view.

Let us consider, for example, the Consumer Price Index. From June 1946 (Index 79.8, 1947-49 = 100) when price controls were abandoned to November 1958 (Index 123.7), the Index has risen 55 percent, an average of 3.6 percent compounded annually.

While this is hardly a record of price stability, it should be noted that an annual increase of 3.6 percent is a far better record than that compiled during the same period by the economies of practically all other countries. In fact, an international comparison of price changes between 1947 and 1957 shows that the annual rate at which the value of money has depreciated in the United States is lower than 21 of the 24 nations being compared. 1/

When this overall price increase is examined in more detail, it is clear that by far its largest proportion has been the result of special circumstances arising either from the aftermath of World War II or the Korean hostilities.

The postwar price increases have been concentrated in three relatively short periods of time.

a. The two years from June 1946 to June 1948

b. The one year from June 1950 to June 1951

c. The two years from March 1956 to March 1958

In these three periods covering less than half the 12-year period, the Index rose 93 percent of the entire postwar rise. For more than half the postwar period the price level has been relatively stable.

Moreover, 74 percent of the postwar price rise occurred during the first two of these periods (1946-48 and 1950-51) when specific inflationary demands arising from World War II or the Korean conflict can be held responsible for the pressure on prices. In fact, since 1951, consumer prices have risen by only 1.5 percent a year.

Nevertheless, the concern over inflation persists, cultivated assiduously by newspaper headlines, financial columnists, and Congressional committees. Much of the more recent discussions of this type have singled out union wage policies as the villain in the piece.

The most recent period of price increases ended in the spring of 1958. Perhaps because they could find no simple key to this recent upward price movement, some economists have decided that the major factor responsible has been union wage pressure. They have pointed out the absence of any major inflation-breeding influences, such as war or threat of war, which would produce higher prices. They have argued that union pressure has forced continually higher wages, that these wage increases have gone beyond gains in productivity and thus caused businessmen higher costs and forced higher prices. The natural conclusion is that "something needs to be done" to curb organized labor.

What evidence is available to judge the validity of this contention? It seems to me that such evidence could be sought in two ways: by examining price movements of individual items to try to ascertain to what extent they are union-caused and by a broader, economy-wide analysis of wages, other costs, prices, and productivity.

EXAMINING PRICE MOVEMENTS OF INDIVIDUAL ITEMS

With regard to the first method I have tried to analyze the price movement of individual items in the Consumer Price Index for the two-year period of rising prices, March 1956-March 1958. (Before and after this period, the Index was relatively stable.) If this charge against the unions is correct, it should be possible to document it by discovering that pressure for increasing prices has been most serious in those industries in which unions and union-won wage increases have played a prominent role.

The results of this analysis are included as an Appendix to this paper. Here practically every item in the Index is grouped according to its place in the economy. The normal breakdowns provided by the Bureau of Labor Statistics are not adequate for this purpose since they group under one heading a number of different products or services from diverse industries, and with diverse patterns of union organization.

For each item listed information is included for price changes 1956-57 and 1957-58 and the total increase for the two years is distributed among the various groups of items.

Such an analysis makes possible a closer look at the influence of unionism on price changes during these two years.

In a rough way, the items in the Consumer Price Index can be divided in two categories, those products and services in which unions play a prominent role in wage determinations, and those in which unions do not. Such a listing would be as follows: 2/

<u>Relatively Unionized Section of the Economy</u>

Newspapers

Labor Services
Amusement

Alcoholic Beverages
Tobacco Products

Metal Products
Oil,Chemical,Rubber and Pottery Products

Public Utilities

Housing

Textile Mill Products

Wood and Paper Products

Apparel

<u>Relatively Non-unionized Section of the Economy</u>

Professional Services
Finance and Insurance
Hospital Care
Miscellaneous Services (legal, banking, burial)

Perishable Foods
Non-perishable Foods
Food away from Home
Beverages

Government Services and Taxes

When price changes for these two groupings are compared, the results give little support to the contention that the highly unionized industries have been largely responsible for higher living costs. In fact, price increases in those industries in which a large proportion of workers are organized into unions and in which collectively bargained wage settlements receive prominent attention, are significantly lower than in those areas of the economy where unions are either weak or non-existent.

Average prices for the unionized sector increased 5.2 percent during the two-year period, while for the non-unionized sector the increase was 11.1 percent.

While the unionized sector comprises 62 percent of the total Index, it accounts for only 44 percent of the total price increase.

Surely, this comparison is a clear indication that the influence of union-won wage increases has played but a small role in the price movements during this two-year period. Obviously, many other factors have been at work on the pricing process.

A few details, perhaps, will make clear not only why unionism has not been a major factor in this price rise but also how complex the causal factors are which operate on the variety of prices which consumers normally pay.

The highest increase for any group of commodities and services is listed for perishable foods. In fact, increases in this sector account for almost one-third of the two-year rise in the Index. While union organization may be prominent in handling some of these foods after they leave the farm, certainly the major influence on prices has been specific crop conditions that have affected the market price for these commodities. The freeze affecting the citrus fruits in Florida and the drought conditions on the Great Plains affecting meat prices, have both had a far greater influence on food prices than union organization or wage pressure.

The second largest increase is recorded for the price of newspapers. While labor costs are certainly one factor in the business of running a newspaper (and this has been included in the unionized sector of the economy), it would appear that the sharp rise in price has been the result of many forces accumulating over a number of years. Newspapers obviously cannot be subject to frequent repricing. There has been a reluctance to move away from the newsstand price of 5¢ a copy. The price rise over this two-year period came only after a three-year period when prices remained almost stable. Thus the sharp price rise has to be viewed as a reaction from demand and cost factors that have been accumulating for several years, rather than an indication of special demand or cost pressures in this particular two-year period.

The next highest price increase listed is for finance and insurance services. This includes interest on the homeowner's mortgage, and automobile and property insurance. Here the effect of higher interest rates becomes quite marked. The higher premiums charged for automobile insurance reflect a generally increased level of claims as well as higher repair costs caused by the structural characteristics of the newer model cars.

Another group showing a sharp increase during this two-year period is hospital care. In the case of hospitals, a number of factors seem to be at work. The increase in the figure for hospital care may reflect, not only increases in price, but also the more highly skilled technical services and improved equipment required in modern hospitals. The group hospitalization component may reflect the increased extent to which families have to resort to hospital care. While wage and salary costs form a large part of hospital expenses and have increased substantially, part of this increase reflects a higher proportion of skilled workers rather than an increase in wage rates. Moreover, as is generally realized, wage rates for hospital employees have been among the lowest in our society.

Another sharp increase is recorded for government services and taxes. The Consumer Price Index does not measure federal or state income taxes, but it does include various state and local taxes including real estate property taxes and auto registration fees. These prices increased quite markedly in the two-year period. Some of this increase may be related to higher wages (not that unions are not a major factor among state and local government employees) but basically the increase has been caused by expanding demands for state and local government services.

Moreover, there is some real doubt whether any index can accurately measure the price increases for government activities. The Index does measure the increased payments which the average city worker has to make for local government services. However, if state and local governments have been improving the quantity and the quality of services rendered to the taxpayer, the higher taxes paid reflect not only an increase in price, but also a better product for the taxpayer.

Some of the products or services in which unions play an important role show a relatively high increase in price for the two-year period. This is true, for example, of pottery, home repairs, and transportation equipment. However, there are other products in which union organization is equally strong such as electric machinery, public utilities, textiles and apparel in which the price increase was well below the average for the total index.

This brief run-down of price changes during the past few years indicates the complex nature of the pricing process. Today's American economy offers an almost bewildering variety of products (and therefore prices) to the American consumer. Specialized factors affect the demand, supply, or both, of different products and services to different degrees.

No attempt has been made here to argue that wages do not represent an element of cost to the firm or that the level of prices is independent of changes in wage rates. What is argued is that the weight of the evidence obtained by examining specific price changes over the past two years does not support the charge that union-won wage increases have been a major factor causing higher prices during the past two years.

EXAMINING ECONOMY-WIDE MOVEMENTS

The other type of evidence that must be considered relates to broad movements of wages, other costs, prices, and productivity. Specifically, it has become the economic fashion to argue that recent wage increases have been far out of line with the economy's increase in productivity.

The issue leads into an area where the technicians have to take over. Not only are the basic data often deficient but the task of developing proper ratios to determine productivity or unit costs becomes involved in numerous technical problems of measurement.

The Bureau of Labor Statistics has put together for the Joint Economic Committee yearly indexes for the postwar period indicating labor and non-labor costs, prices, employee compensation, and productivity.

What do these figures show?

To this observer, the single most impressive feature about them is that unit labor and non-labor payments have increased about at the same rate during the postwar period. Since the two shares are roughly equal, this means that the non-labor part of the price tag including such items as capital consumption allowances, interest payments, rental income, and profits has been creating just about as much pressure on costs and prices as labor costs.

Not only have unit non-labor costs moved roughly the same as unit labor costs, but for certain non-labor items, particularly capital consumption allowances and charges for interest, the increase in the past few years is far higher than the increase for total employee compensation.

Comparison between wages (real compensation in constant purchasing power) and productivity (real product per man-hour -- all persons total private sector) can be made for any postwar time period. Percentage changes will vary with the particular period chosen, but for the postwar period as a whole, (1947-1957) these figures show wages still lagging behind productivity.

In all these calculations, employee compensation is considered as one lump sum. This obscures some very real changes that have been taking place in the composition of employment.

The fact is that the composition of the "employee" group has shifted markedly through the rapid growth in the number of workers on salary status. The increase has been particularly noteworthy among professional and technical employees but also includes large numbers in the office, clerical, and sales groups. Along with the increase in salaried workers has come an absolute as well as a relative decline in production workers as newer labor-saving equipment is introduced. The 1958 recession has accentuated this shift. In manufacturing, for example, the all-time peak of 14 million production workers was reached in August 1953. Today there are 2.1 million fewer. During the same time span, the number of non-production workers has risen from 3.5 to 3.8 million.

This change has a real impact on the productivity statistics. Although the new force of technicians is expected to contribute its full share to future increases in productivity, the initial result of adding non-production workers to the payroll has had the effect of limiting the currently recorded improvement in productivity.

It's difficult to see how these economy-wide movements of wages, costs, and prices can be interpreted to support the charge of Wage Inflation. Although it may be true that real wages advanced more than productivity during the two-year period 1955-57, other two-year periods could easily be chosen to show the opposite story. When the figures are viewed in the context of the entire postwar period, it is clear that employees have not gained a greater share of the benefits of productivity than other groups in society.

Moreover, the fact that wages increased more than productivity in 1956 and 1957 was not caused by excessive wage increases that were above average. Real average hourly earnings in manufacturing, for example, increased by 5.4 percent from 1955 to 1957, well within the average rate of productivity improvement for the postwar economy. Rather it was the rate of productivity improvement for these two years that was abnormal, since it was below the average for the economy during the postwar period.

Even though these were years of extraordinary high capital investment, the more efficient new plant and equipment was not immediately translated into equivalent advances in productivity. Among possible reasons for this are the following:

(1) The high cost of getting a new plant into full production together with the natural time lag involved before the newer equipment has reached its most efficient level of production.

(2) The sharp increase in the number of salaried workers as previously indicated, temporarily affecting adversely the productivity equation.

(3) The failure of consumption to grow as rapidly as the nation's capacity to producr. The result was that the economy was not operating at close to capacity, its most efficient level of production.

In any event, there is little reason to believe the low productivity rates of 1956 and 1957 will set a pattern for the future.

It now appears likely that this relatively low rate of productivity increase is already giving way to more rapid increases. Thus any gap that may have developed between the rate of productivity advances and employees' compensation will be eliminated as productivity returns to its normal postwar level.

IMPLICATIONS FOR PUBLIC POLICY

I have tried to indicate why I believe that inflation is not America's Public Enemy No.1, and why it certainly cannot be characterized as Wage Inflation. This does not mean that rising prices are not causing some serious problems in some important segments of the American economy, or that we have to stand back helplessly without taking any action to meet these problems. While I doubt that inflation deserves the label, "Public Enemy No.1," perhaps it could be called, "No.1 Juvenile Delinquent." Rather than requiring the entire resources of the FBI and other law enforcement agencies, the job of keeping the price rise within manageable bounds can be accomplished more effectively by measures to curb specific types of anti-social behavior.

Instead of complaining about the general rise in prices, it would be more fruitful to give more individual attention to the behavior of prices in specific segments of the economy.

For example, we need to know a great deal more about the price of medical care. This component of the Consumer Price Index has risen the most sharply of any during the past few years. Are these rising prices simply a response to the increased demand for medical services? In any event, are there governmental policies that can be undertaken that could lead to easing this price pressure?

Another problem area is the relatively few critical sections of industry where a small number of firms can establish prices without the same regard for market conditions that limit the price decisions in the more competitive industries. The basic steel industry is perhaps the most prominent of these. While steel prices are not directly represented in the Consumer Price Index, the implications of steel pricing policies go far beyond its particular section of industry, since steel products are used by practically every other industry in the economy.

If these are some of the problem areas, what types of actions can be taken to meet the problems they disclose?

Naturally, it is easy to diagnose rather than cure. One encouraging sign is the fact that some of these problems may have a built-in correction factor. After all, the price level has stabilized in recent months. Although the casual newspaper reader would hardly realize it, consumer prices have been practically stationary since March, and wholesale prices for almost a year.

Nevertheless, there are actions that can be taken to keep to a minimum any inflationary inclination that the American economy may have. As far as government is concerned, this analysis suggests that any search for a magic formula to apply to all prices would be a fruitless one. Instead, a more rewarding task might be to spend more time examining a whole host of government and private policies which affect the prices for particular products. Examining specific laws and policies affecting specific prices may appear a more roundabout method of attacking the problem, but it could prove to be the more effective if it leads to removing obstacles to more competitive pricing and thus assuring a more effective functioning of the pricing process. Among the government activities which could be so scrutinized are the following:

<u>Anti-Monopoly Legislation</u>--Although some economists have minimized the impact of antitrust action, the recent decision in the Bethlehem-Youngstown Steel case shows that this type of legislation still has its teeth. While antitrust laws can hardly be used to prevent specific price increases, the importance of maintaining as competitive an economy as possible in today's era of bigness cannot be over-estimated.

<u>Fair Trade</u>--Recently, there has been increased support for federal legislation to authorize resale price maintenance. Here is one specific area where the Federal Government can help keep prices competitive by failing to pass legislation.

<u>Agriculture</u>--Farm prices have been relatively weak during the postwar period. Yet there is something wrong with a program which yields ever-mounting surpluses of farm products even under an Administration devoted to lower price supports. Isn't there some way whereby the government's support program for agriculture can be translated into lower prices to consumers and still provide income-support to growers?

<u>Taxation</u>--Many specific taxes have an impact on consumer prices. The recent Congress took the healthy step of eliminating the three percent excise tax on freight transportion which provided an uneconomic addition to business costs. There may well be similar excise taxes which should be reduced or eliminated. The lost revenue could then be recaptured by closing existing loopholes in the Federal income tax structure.

<u>Monetary and Credit Policy</u>--Despite its deficiencies, this remains an important weapon against demand inflation, although those in charge of utilizing this weapon have, I believe, over-estimated its usefulness and have been too zealous in applying it. Some way must be found to modify the use of this weapon so that its impact is not concentrated in some areas of the economy (e.g.housing) while other areas, including many larger corporations, are practically immune to the operations of the central bank.

In the last analysis, we must remind ourselves that price stability still must remain just one of several objectives for government economic policy. It would obviously be unwise to adopt government policies which might yield a stable price level, but at the same time would limit economic growth and produce a higher level of unemployment. As others have suggested, perhaps the most effective guide to government policy for price stability is not to get in the way of economic growth, and to make certain that mistakes in monetary policy such as were made in the summer of 1957 are not repeated.

In the area of labor-management relations, many of those arguing that labor is the "culprit" have specific remedies to suggest. In a number of respects their views seem rather puzzling. Let me cite one example. A great hue and cry has been raised about the inequitable effects of union rivalry for higher wages. The theory is that high wage settlements generated by intense union competition has created inequities among lower-paid workers and produced additional pressure for wage increases that cannot be satisfied without increasing prices.

What is the remedy for this supposed malady? The answer, among a large group of experts, seems to be -- break up the unions and reduce the scope of collective bargaining. I do not know to what extent this may weaken unions, but the one result that is almost inevitable would be a heightening of the wage competition among union groups. To someone worried about wage inequities, the result would be a nightmare.

Moreover, there should be some hesitation about tampering with the American system of collective bargaining which, though obviously not perfect, has proved an efficient and democratic mechanism for wage determination. While partisans from both the labor and management sides have been arguing for many years regarding the extent of government intervention in the collective bargaining process, both groups demonstrably prefer the process of mutual accommodation in wage-setting to a system with greater government intervention.

The collective bargaining process has proved flexible to changing economic circumstances. The American system with its emphasis on local or company bargaining rather than national collective bargaining, yields a great diversity of wage settlements. In effect, most of the wage bargains have been fashioned with an eye to the specific conditions prevailing in the industry, locality, or firm concerned. Experience in the textile industry, for example, demonstrates how collective bargaining results are affected by economic conditions. The extent to which particular wage settlements have become the "pattern" for other industries is probably less today than it was 10 years ago.

Of course, it will always be possible for economists to find particular collective bargaining settlements which they feel have increased wages at a higher rate than productivity. But the positive values of collective bargaining should not be lightly sacrificed. The crucial question is whether the system of collective bargaining -- not an isolated case or even groups of cases -- persistently produces a condition in which wage gains are achieved at the expense of the general welfare.

On the basis of the American experience since World War II, I do not see any compelling reason for altering the basically voluntary character of wage settlements negotiated through collective bargaining.

1/ The First National City Bank Letter, June 1958, p. 71

2/ There may be some disagreement regarding the degree of union influence in some of these industries. For example, textile mill products have been listed as "relatively unionized" because collective bargaining settlements are given prominent attention even though the majority of textile plants are not unionized. On the other hand, the processing and distribution of non-perishable foods and beverages is often done by union members, but unions are not normally involved in the preparation of the basic product. Very little change in the price increase recorded for the groups as a whole would result if any items such as these were transferred to the opposite column.

APPENDIX - 1

CHANGES IN CONSUMER PRICES *
March 1956-March 1958

(Groups listed in order of price increase)

Industry Classification	Weight December 1955	Percent Increase[a/] 1956-58	1957-58	1956-57	Percent of total price increase
TOTAL INDEX	100.00	7.4	3.82	3.43	100.0
NEWSPAPERS	.99	16.6	14.8	1.5	2.2
SERVICES	14.59	10.0	5.0	4.7	19.9
Labor services	5.03	7.2	3.1	4.0	5.0
Professional services	3.04	6.7	2.6	3.9	2.8
Finance and insurance	2.74	16.0	10.9	6.7	6.0
Amusement	1.61	11.5	6.8	4.4	2.5
Hospital care	1.34	14.1	7.8	5.8	2.6
Miscellaneous (legal, banking, burial)	.83	b/	b/	b/	1.1
FOOD, LIQUOR, TOBACCO	32.91	10.0	6.4	3.5	44.9
Perishable foods	13.68	17.2	13.1	3.8	31.9
Nonperishable foods	8.45	5.3	2.1	3.2	6.1
Food away from home	4.73	7.1	3.4	3.5	4.6
Alcoholic beverages	2.38	3.7	0	3.7	1.2
Tobacco products	1.98	6.4	5.1	1.2	1.7
Beverages	1.69	- 2.5	- 8.1	6.1	- 0.6
GOVERNMENT SERVICES AND TAXES	1.64	9.9	6.6	3.1	2.2
Taxes	1.38	11.6	7.7	3.7	2.2
Government services	.26	0.8	0.8	0	---

* The figures in this table differ slightly from the table included in the author's paper to the Joint Economic Committee published in The Relation of Prices to Economic Stability and Growth, Commentaries Submitted by Economists from Labor and Industry, Joint Economic Committee, October 31, 1958. The above table reflects the use of more refined statistical techniques in computing the various group indexes. Differences between the two tables are slight.

a/ As computed from the individual items in the quarterly index published by the Bureau of Labor Statistics for a subsample of 19 cities. Total index increases, thus computed, differ slightly from those shown by regular monthly series, which were as follows: 1956-58, 7.5%; 1957-58, 3.7%; 1956-57, 3.7%.

b/ Not priced. Price increase for major group imputed to this item.

APPENDIX - 2

Industry Classification	Weight December 1955	Percent Increase[a/] 1956-58	1957-58	1956-57	Percent of total price increase
OIL, CHEMICALS, RUBBER AND POTTERY PRODUCTS	7.40	6.2	1.1	5.2	6.3
Petroleum and coal products	3.98	4.7	- 2.0	6.8	2.5
Chemical products	2.88	8.4	4.8	3.4	3.3
Rubber products	.35	2.9	4.5	- 1.5	0.1
Pottery	.19	12.0	3.7	8.1	0.3
METAL PRODUCTS	11.28	5.3	0.7	4.4	8.1
Transport equipment	4.31	11.0	1.3	9.4	6.5
Electrical machinery	3.04	- 3.2	- 2.5	- 0.8	- 1.3
Fabricated metal products	2.49	4.7	1.8	2.8	1.6
Miscellaneous manufactured goods	1.44	6.8	4.4	2.3	1.3
(Appliances)		- 2.9	- 2.2	- 0.8	
PUBLIC UTILITIES	4.95	5.3	3.3	1.9	3.6
Water, gas, electricity	2.40	3.4	2.1	1.3	1.1
Transit and railroad fares	1.46	8.8	5.8	2.9	1.8
Communications	1.09	4.9	2.8	2.1	0.7
HOUSING	13.31	4.9	3.0	1.8	8.8
Home purchase	6.08	4.5	3.6	0.9	3.7
Rent	5.89	4.2	2.0	2.1	3.4
Home repairs	.94	11.6	5.0	6.3	1.5
Housing away from home	.40	b/	b/	b/	0.3
TEXTILE MILL PRODUCTS	1.36	2.9	0.3	2.5	0.5
Housefurnishings	.75	0.4	- 0.9	1.4	--
Floor coverings	.55	4.9	1.6	3.2	0.4
Other	.06	15.0	3.6	11.0	0.1
WOOD AND PAPER PRODUCTS	2.40	3.5	0.1	3.4	1.1
APPAREL	9.17	1.9	0	1.9	2.4
Textile	7.82	1.2	- 0.3	1.4	1.2
Leather	1.35	6.1	1.4	4.6	1.1

APPENDIX - 3

Detailed Classification of Items in Consumer Price Index

Item	Weight December 1955
NEWSPAPERS	.99
SERVICES	14.59
Labor services	5.03
dry cleaning & pressing	1.26
laundry	.81
domestic	.56
shoe repairs	.15
auto repairs	1.19
men's haircuts	.70
beauty shop services	.32
TV repairs	.04
Professional services	3.04
physicians' fees	1.92
dentists' fees	.85
optometrist	.27
Finance & Insurance	2.74
mortgage interest	1.64
auto insurance	.90
property insurancw	.20
Amusement	1.61
motion picture admissions	1.61
Hospital care	1.34
group hospitalization insurance	1.12
hospital room rates	.22
Miscellaneous (legal, banking, burial)	.83
FOOD, LIQUOR, TOBACCO	32.91
Perishable foods	13.68
beef and veal	1.89
pork	2.01
lamb	.16
frankfurters	.63
poultry	.94
fresh fruits & vegetables	2.67
dairy products	3.97
eggs	1.41

APPENDIX - 4

Item	Weight December 1955
Non-perishable foods	8.45
cereals & bakery products	3.23
canned luncheon meat	.22
canned & frozen fish	.55
vegetables & fruits (canned, dried, frozen)	1.65
tomato soup	.37
beans with pork	.16
sweet pickles	.23
tomato catsup	.10
fats & oils	.92
misc. (gealtine)	.10
sugar & sweets	.92
Food away from home	4.73
Alcoholic beverages	1.69
beer	1.45
whiskey	.93
Tobacco Products	1.98
cigarettes	1.84
cigars	.14
Beverages	1.69
coffee	1.17
tea	.15
cola drinks	.37
GOVERNMENT SERVICES AND TAXES	1.64
Taxes	1.38
real estate	1.08
auto registration	.30
Government service	.26
postage	.26
METAL PRODUCTS	11.28
Transportation equipment	4.31
new cars	2.85
used cars	1.46
Electrical machinery*	3.04
refrigerators	.76
washing machines	.49
vacuum cleaners	.21
toasters	.19
sewing machines	.17
television sets	.80
radios	.35
electric light bulbs	.07

*"Electrical machinery" consists mainly of appliances. Classified under the usual CPI grouping, however, "appliances" exclude electric light bulbs & include stoves.

APPENDIX - 5

Item	Weight December 1955
Fabricated Metal Products	2.49
stoves	.48
water heaters	.78
cabinet kitchen sinks	.13
faucets, sink	.33
saucepans, aluminum	.30
razor blades	.14
tools	.33
Miscellaneous manufactured goods	1.44
toys	.28
sporting goods	1.16
CHEMICAL, RUBBER, AND POTTERY PRODUCTS	7.40
Petroleum & coal products	3.98
gasoline	2.40
motor oil	.22
solid fuels & fuel oil	1.36
Chemical products	2.88
laundry soap & detergents	.64
toilet soap	.22
prescriptions & drugs	.81
toothpaste	.20
face powder	.11
shaving cream	.06
face cream	.12
shampoo	.11
home permanents refill	.05
exterior housepaint	.56
Rubber products	.35
tires	.35
Pottery products	.19
dinnerware	.19
PUBLIC UTILITIES	4.95
Water, gas, electricity	2.40
water	.37
gas & electricity	2.03
Transit & railroad fares	1.46
transit fares	1.18
railroad fares, coach	.28
Communication	1.09
telephone	1.09

APPENDIX - 6

Item	Weight December 1955
HOUSING	13.31
Home purchase	6.08
Rent	5.89
Home Repairs	.94
repainting rooms	.29
repainting garage	.16
refinishing floors	.18
reshingling roof	.31
Housing away from home	.40
TEXTILE MILL PRODUCTS	1.36
Housefurnishings	.75
towels, bath	.07
sheets, muslin	.19
curtains	.15
blankets, wool	.09
bedspreads, cotton	.08
drapery fabrics, cotton	.17
Floor coverings	.55
rugs, wool axminster	.12
carpets, wool broadloom	.24
rugs, felt base	.13
rugs, rayon or cotton	.06
Other	.06
sanitary napkins	.06
WOOD AND PAPER PRODUCTS	2.40
Wood Products	2.03
furniture & bedding	1.72
porch flooring	.31
Paper Products	.37
toilet tissue	.21
cleansing tissue	.12
paper napkins	.04
APPAREL	9.17
Textile	7.82
Men's and boy's apparel	2.94
women's and girl's apparel	4.08
other apparel	.80
Leather	1.35
shoes	1.35