COMMENTARY ON ZABLER

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All of the conclusions drawn in this paper rely upon the three wage series given in Tables I, II and IVB, so special attention should be directed toward the techniques used to assemble these Tables.[1] For example, in all cases where Mr. Zabler lacks a sufficient number of observations, he depends upon linear interpolation to supply the missing values. The 1812 agricultural wage shows the problem inherent in this approach. This statistic is unusually large; it exceeds the industrially unskilled wage by 39 percent and the skilled rate by 14 percent. Reference to conditions in Pennsylvania's agriculture does not indicate that the sector was healthy enough to pay premium wages; on the contrary, it faced a severe setback with the interruption of commerce. This statistic receives emphasis, because through interpolation it has been used to determine the agricultural wage for seven other years, 1807-11 and 1813-14. For the want of a better method, interpolation provides 18 of the 31 agricultural wage observations, and most of the uninterpolated wages reveal no annual variations for four to fix year intervals according to Table IVB.

The paucity, and potential unreliability, of the agricultural wage data renders estimates of inter-sectoral shifts very tentative. With regard to the period from 1800 to 1815, five annual observations, one of which may be a "fluke", constitutes an insufficient sample upon which to infer "shift motivations." Further, this limited sample creates the impression that "after the War the motivation [to move or to stay in agriculture] remains low" by invidious comparison with the earlier period. Without the high ratios characteristic of 1800 to 1815, how would we judge the much lower ratios for 1816 to 1830?

A second question should be asked of these data: Do the aggregate skilled and unskilled industrial wage series accurately represent these categories of labor? An appeal to economics suggests that the unskilled series incorporates some significant distortions. If the unskilled workers possessed information about alternative employment opportunities, they should migrate to the job paying the highest return and equalize the wages received in the five unskilled categories.

(This should be particularly true in a single industry characterized by a stable technology and "fairly homogeneous" job classifications). Hence, we expect (as Adam does) that all types of unskilled labor respond primarily to economic fluctuations and that their wages show high correlations over time. To test this, a series of simple linear regressions has been run for each variety of unskilled labor given in Table 1 upon the others for the 31 year interval. The resulting matrix revealed very low levels of correlation; only two of the ten pairs had a coefficient of correlation of .5 or better. This implies that the average unskilled wage series captures variations which adversely affect the data's reliability.

Close examination of Tables I and II also reveals that the aggregate series contain very disparate types of labor if we judge by the wages paid. The mean unskilled wage ($14.69) is derived from the arithmetic average of the wage paid to the filler ($16.86), the laborer ($11.64), the teamster ($13.52), the woodcutter ($17.50) and the banksman ($13.94), while the average skilled wage ($16.93) equals the mean of the clerk ($18.83), the keeper ($17.01), the carpenter ($15.89), the smith ($14.88), the miller ($15.67) and the collier ($19.92). Quick calculation shows that the laborer received a wage over the 31 year interval which fell 21 percent below that of the average unskilled worker. Perhaps the laborer was the only genuinely unskilled employee, and the other four types ought to be classified as semi-skilled. This would explain the persistently higher wages earned by some varieties of unskilled workers, although the woodcutter still received an average wage for the 31 years which exceeded that of four of the six skilled occupations. Similarly, the filler's wage surpassed three of the six skilled occupations. The filler and the woodcutter alone explain most of the very modest skilled-unskilled wage differential.

The hazards of aggregation and interpolation plague these wage data and vitally influence the conclusions reached. If we assume that only the laborer was unskilled, then the skilled-unskilled industrial wage differential becomes 67.3 percent for 1800-10, 50.8 percent for 1811-20, and 42.3 percent for 1821-30, or better than twice that calculated by Mr. Zabler. These revised data compare favorably with those of Adams and could be used to support his hypothesis that industrially skilled and unskilled wage differentials in the United States very nearly equalled those of Great Britain. Secondly, if we discard the agricultural wage series before 1815 on the basis of insufficient evidence, then for the

post-1816 period rural-urban wage differentials for unskilled workers were quite modest. Even using the five noninterpolated observations before 1815, there is no clear, consistent indication of a significant rural-urban wage differential. However, in spite of the set of assumptions employed, Mr. Zabler's observed decline in industrially skilled-unskilled wage differential remains. This supports his plea for a reconsideration of the Habakkuk hypothesis, although in a modified version which emphasizes movements in the differential, not in the absolute magnitude of the differential itself.

Footnote

[1]Mr. Zabler's present paper is a revision of the paper he presented, and upon which I commented, at the Loyola meetings. It is gratifying to note that Mr. Zabler has incorporated my earlier critique into this revised paper. He has abandoned his measures of the elasticity of labor supply, and he has elaborated upon the significance of his wage differentials. But the heart of that critique remains, since Mr. Zabler still employs the same sets of wage data.