

## SCHOOLS BRIEF

### WAGES AND EARNINGS

(This section is intended to assist students to discover where information on the Scottish economy can be obtained. It includes a brief description of sources and data as well as listing publications in which the relevant information can be found. In this issue the subject under consideration is wages and earnings.)

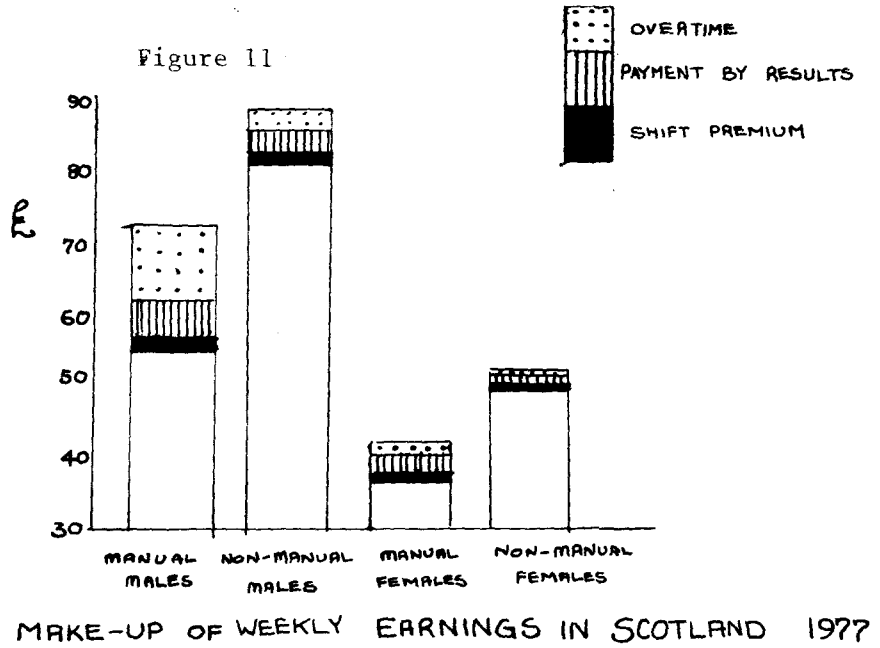
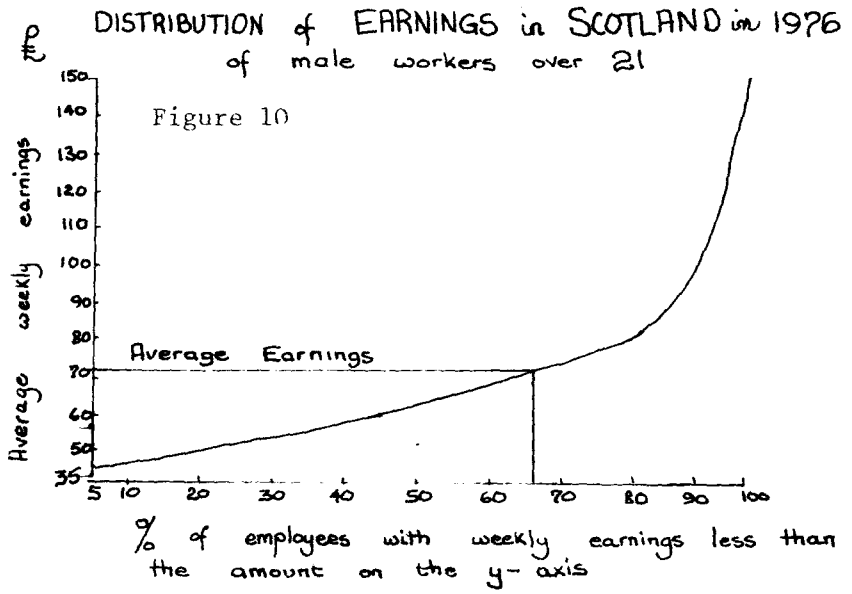
Scotland is relatively well-served with information on wages. The principal sources are the New Earnings Survey and the October earnings and hours survey. Both of these are conducted by the Department of Employment and some results of both enquiries are given in the Scottish Abstract of Statistics (HMSO annual). Fuller details are available in the New Earnings Survey, Part E, Analysis by Region and Age Group (HMSO annual) and in assorted issues of the Department of Employment Gazette (HMSO monthly).

The New Earnings Survey has been carried out each April since 1970, following an initial inquiry in 1968. It covers all industries and occupations and its purpose is to collect and disseminate information on the distribution and make-up of earnings of employees in different industries, occupations and regions. It is based on a 1% random sample of employees who are within the PAYE system. In Scotland the sample size is around 12,000. Employees are classified by sex, age, whether full-time or part-time, occupation, whether manual or non-manual, industry, area and length of service.

Clearly, a great deal of detailed information can be obtained from such a survey. Here are a few examples:

1. Distribution of earnings (full-time males aged over 21) in Scotland 1976

Figure 10 shows how the earnings of full-time male workers aged over 21 were distributed in Scotland in 1976. It shows the percentage of employees whose weekly earnings were less than certain benchmark figures. For instance, at that time, 2.1% of employees earned less than £35 while 2.2% earned more than £120. Average earnings for the group as a whole was £71.6 but only one third of male employees earned as much as, or more than the average wage. This indicates a substantial degree of inequality in the distribution of earnings.



## 2. Make up of earnings in Scotland 1977

Figure 11 shows the major components of weekly earnings for male and female, manual and non-manual employees aged over 21. It also shows clearly the disparities between the average earnings of males and females and between manual and non-manual workers. Non-manual workers, both male and female, earn at least 93% of their earnings as basic pay. Female manual workers, on the other hand, obtain 7% of their earnings by results schemes, and another 5.3% from overtime pay and shift allowances. For male manual workers, the proportion of their earnings which comes from basic pay is even lower. On average 14.9% of their earnings come from overtime, 8.0% from payment by results schemes and 2.6% from shift allowances. Clearly the make up of earnings of manual workers, especially males, suggests that their income is much less stable than that of non-manual workers. Overtime payments, payments by results and shift allowances are all liable to vary as firms experience different market conditions for their products.

## 3. Occupational earnings 1973-76

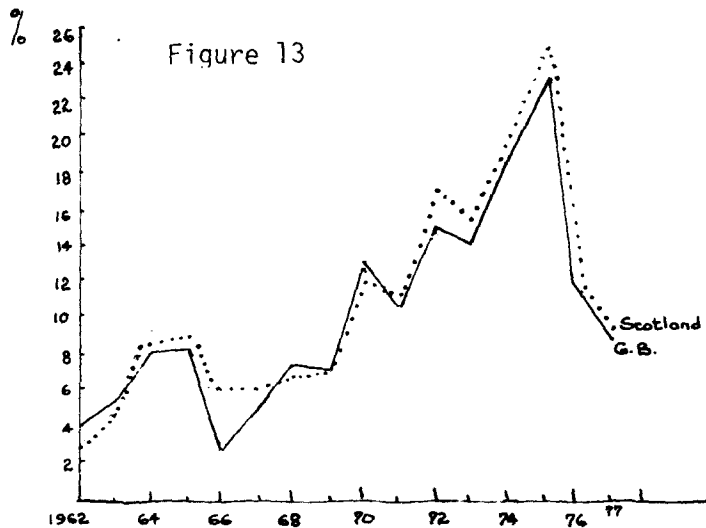
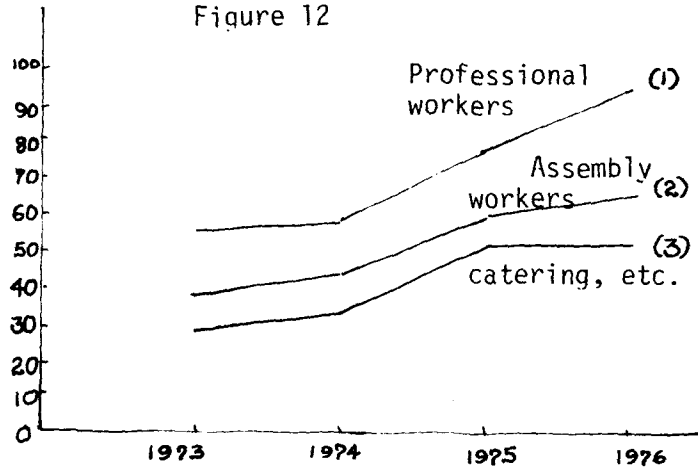
Figure 12 shows how earnings have moved over the period 1973-1976 for three particular occupational groups, namely (i) professional workers in education, welfare and health, (ii) assembly line workers, packagers and painters, and (iii) those employed in catering, cleaning, hairdressing and other personal service .

The graph clearly indicates the wide differences in pay received by different groups. In 1976, average earnings of those in catering, cleaning, hairdressing and other services was still £1.80 below the 1973 average for professional workers in education, welfare and health. The figure also gives an indication of how occupational differentials have been maintained over the period. In fact the statistics indicate a particular paradox which is frequently ignored by those who discuss differentials. For, on the one hand, percentage differentials have tended to decline, while on the other hand, absolute differentials have increased. Therefore no unambiguous statement concerning movements in "differentials" can be made without first clarifying what type of differentials are being considered.

The October earnings survey began in 1960, considerably earlier than the New Earnings Survey. It covers manual workers in manufacturing, construction, some mining and quarrying, gas, electricity, and water,

OCCUPATIONAL EARNINGS IN SCOTLAND FOR MALES AGED OVER 21, 1973-76

Figure 12



ANNUAL RATES of WAGE INFLATION in SCOTLAND and G.B. 1962-1977 (all male manual workers covered by October Earnings Enquiry)

some transport industries, certain miscellaneous services and public administration. The survey is conducted on the basis of voluntary returns for around 35,000 establishments employing about 5 million manual workers in the UK. The advantage of this survey is that it gives long and consistent series on earnings. For instance, Figure 13 shows the rate of increase of earnings of male manual workers in Scotland and Great Britain over the period 1961-1977. During this time Scotland has had a slightly higher rate of increase of earnings. This has enabled Scottish earnings to catch up and overtake those in the rest of Great Britain.

Detailed figures for male and female manual workers are available for each industry covered by the survey. In October 1977, for instance, average weekly earnings of males manually employed in mining and quarrying (this includes a number of workers in the oil industry, but excludes National Coal Board employees) was £113.02 while for male manual workers in central and local authorities average earnings were £57.61. Between these extremes there still exists quite a wide variation in industrial earnings.

Other sources of information on earnings in Scotland cover particular industries. For instance, the annual reports of the National Coal Board give detailed figures on the earnings of miners in Scotland. The Department of Employment carries out surveys in June each year of the earnings of adult male manual workers in engineering, shipbuilding and chemical manufacture. These are published in various issues of the Department of Employment Gazette. Regional analyses by skill and occupation are included in the results. Data on the earnings of agricultural employees in Scotland are collected by the Department of Agriculture and Fisheries and are published in the Scottish Abstract of Statistics. Historical data on earnings in the engineering industry in Scotland, obtained from the Engineering Employers Federation is contained in an interesting article by Hart and Mackay published in the Journal of the Royal Statistical Society (Series 14, Volume 138, Part 1, 1975) entitled "Engineering Earnings in Britain in 1914-1968".

In comparison with other areas of economic interest, such as prices, Scotland is relatively well served with data on wages and earnings. A large proportion of this information is communicated through the Scottish Abstract of Statistics but more detailed information can be obtained from other sources, particularly the New Earnings Survey and Department of Employment Gazette.