

STATE DIFFERENCES IN CHARACTERISTICS AND AVERAGE TAXABLE WAGES OF COVERED EMPLOYEES, 1937

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INFORMATION regarding the 1937 wage records of persons covered by title II of the Social Security Act has been presented for the United States as a whole in several articles in earlier issues of the Bulletin,¹ which also contained some reference to interstate differences in taxable earnings. The present discussion will cover in somewhat greater detail information for the various States. Tabulations of the social security account numbers issued have revealed considerable differences in the relative number issued from State to State; but because many account numbers were issued to the unemployed and persons not covered by old-age insurance, the wage records give a truer picture of the variations in coverage among the various States. It was anticipated that wages which were taxable under title VIII of the act would differ among the States but not to the extent which the tabulations reveal. Both the number of persons covered and the amount of their taxable wages influence the relative importance of future old-age insurance payments in different States. Information on taxable wages also gives some indication of differences in the annual wages of workers in the several States. Of course, taxable earnings are limited to wages from covered employment and exclude not only wages from certain types of employment, such as agricultural labor and domestic service in private homes, but also wages above \$3,000 from any one employer in a given year.

Coverage of Population by Old-Age Insurance

The extent to which the population of each State is covered by old-age insurance is significant both in evaluating the scope of this part of the social security program and in determining the possible need for other measures for social security, such as old-age assistance, in States in

which relatively small numbers of persons are covered by old-age insurance.

Since old-age insurance not only excludes certain groups of workers, such as those in domestic service in private homes, but also independent workers such as farmers, wide differences exist among the States in the extent of coverage in relation to population. Measurement of coverage may be made in one of several ways: by taking the number of persons in covered employment in a given year as a percentage of the population of all ages, by taking the covered workers as a percentage of the total gainful workers, or as a percentage of the population aged 15-64. For the purposes of this discussion, the last of these three measurements is used. By selecting this method it is possible to use estimates of population by States for 1937.² It is felt that this procedure is preferable to the use of data for gainful workers in 1930, because of the many changes which have taken place since that date both in the number of persons working or seeking work and in their distribution among the States. The effect of such shifts is more difficult to estimate than are population changes. Since for certain purposes, however, the comparison of wage earners in covered employment with gainful workers is more significant, such comparisons will occasionally be made. It should be pointed out that the degree of coverage cannot be determined on the basis of taxable wage reports for any one year. The recent amendments to title II of the Social Security Act impose more serious limitations than heretofore existed upon the use of data for a single year in measuring coverage of the population by old-age insurance. The 1937 wage records are, therefore, only suggestive of the interstate differences which exist largely because of current exceptions to coverage.

The range among States was exceedingly great

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¹ *Social Security Bulletin*, Vol. 2, No. 3 (March 1939), pp. 3-9 and pp. 73-81; Vol. 2, No. 4 (April 1939), pp. 3-8; Vol. 2, No. 6 (June 1939), pp. 8-17.

² These estimates of the State population by age were made by the Bureau of Research and Statistics, Social Security Board, with the advice of the Bureau of the Census.

in the percentage of the population aged 15-64 which was in covered employment in 1937—from 51.0 percent in Rhode Island to 12.1 percent in North Dakota. The average for the United States was 33.9 percent; 21 States were above this figure, one was the same, and 27 were below. In general,

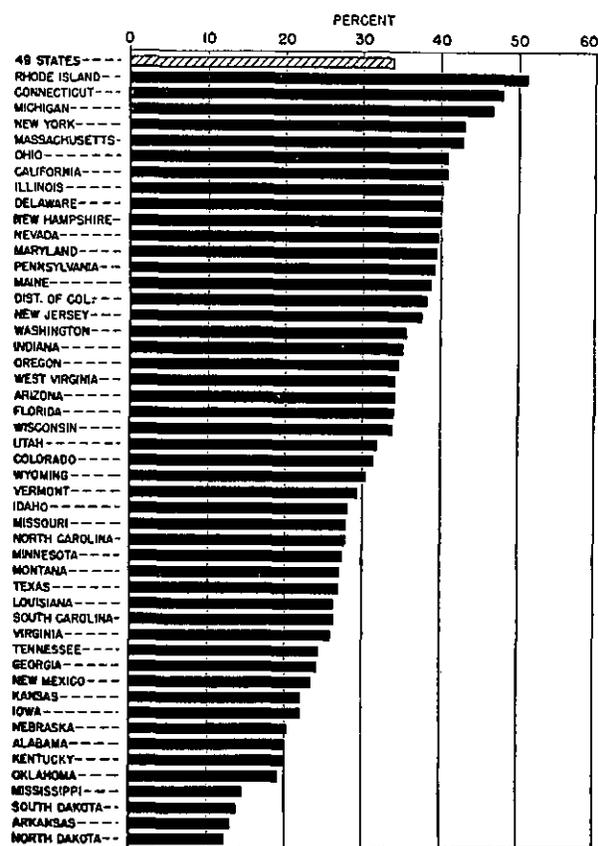
corresponding distribution of gainful workers in 1930 may be seen in table 1.

Distribution of Wage Earners by Sex

Interstate differences in the distribution by sex of workers in covered employment arise both from differences in the industrial characteristics of the various States and from differences in the effect of the occupational exceptions in the several States. In all but six States the percentage of women to total persons for whom taxable wages were reported in 1937 was higher than their percentage among gainful workers in 1930 (table 1). These States are the District of Columbia, Alabama, South Carolina, Mississippi, Louisiana, and Arizona. In a seventh State, Florida, the percentage of women is approximately the same in both categories. The situation in the District of Columbia is peculiar because of the importance of government workers who are not covered by title II of the act. In three of the other States—Mississippi, Alabama, and Louisiana—the low percentage of women among covered wage earners may be partly a reflection of the large number of Negro women and their concentration in domestic service, and, in Mississippi and Alabama, of the relatively large number of women in agriculture.

Even among the States in which the percentage of women among the total earning taxable wages was higher than among gainful workers of 1930, the proportion of women among covered workers varied greatly from State to State. It is clear that the industrial characteristics of the different States are to a large extent responsible for such variations. From an examination of chart II it would appear that the proportion of women to total wage earners with taxable earnings rises in direct ratio to the degree to which women are employed in manufacturing in the State. Thus, for example, there is a high proportion in Rhode Island, Massachusetts, and Connecticut, where many women work in textile factories; in Maine and New Hampshire where they work in shoe factories; in New York, New Jersey, and Maryland where they work in clothing factories; and in Delaware where they work in chemical factories. The high ratio of female workers in some of the Southern States, as for example in North Carolina, Georgia, and Tennessee, is probably explained by the large numbers of girls and women that have been employed in

Chart I.—Percent of total estimated population aged 15-64 with reported taxable wages, by States,¹ 1937



¹ Excludes Alaska and Hawaii.

the States in which the percentage of the population in covered employment was low in 1937 were States having relatively large numbers of gainful workers in agriculture in 1930. For example, in Mississippi, South Dakota, Arkansas, and North Dakota 60 percent or more of the gainful workers in 1930 were reported in agriculture. In a ranking of States according to the percentage of the population aged 15-64 in covered employment, these four States were the lowest—all under 15 percent (chart I).

A percentage distribution by States of persons with taxable earnings reported in 1937 and the

the new mills invading the South. If an industrial analysis were possible of the workers earning wages covered by the Social Security Act, the reasons for such interstate differences as these could be established with greater certainty.

Table 1.—Percentage distribution by States, and females and Negroes as percent of total in each State, for employees aged 15-64 with reported taxable wages, 1937, and gainful workers aged 15-64, 1930

Census region and State	Percentage distribution		Females as percent of total		Negroes as percent of total ¹	
	Em- ployees, 1937	Gainful work- ers, 1930	Em- ployees, 1937	Gainful work- ers, 1930	Em- ployees, 1937	Gainful work- ers, 1930
Total, 51 States...	100.0	100.0	27.5	22.4	6.6	11.1
New England:						
Maine.....	.7	.6	30.6	22.9	.2	.2
New Hampshire.....	.5	.4	31.9	26.7	.3	.3
Vermont.....	.3	.3	26.6	20.7	.3	.2
Massachusetts.....	4.4	3.7	33.5	29.7	.8	1.4
Rhode Island.....	.8	.6	37.2	30.1	.7	1.6
Connecticut.....	1.9	1.4	31.4	28.8	1.4	2.2
Middle Atlantic:						
New York.....	13.6	11.5	31.8	26.0	2.8	4.4
New Jersey.....	3.9	3.0	29.2	24.7	5.1	6.3
Pennsylvania.....	9.1	7.7	26.5	22.0	3.8	5.9
East North Central:						
Ohio.....	6.4	5.4	25.5	21.1	4.1	5.7
Indiana.....	2.8	2.5	26.1	19.4	3.9	4.4
Illinois.....	7.6	6.6	29.2	22.9	4.4	5.5
Michigan.....	5.2	4.0	22.6	19.0	4.0	4.4
Wisconsin.....	2.2	2.3	25.8	19.5	.6	.5
West North Central:						
Minnesota.....	1.6	2.0	29.4	20.9	.4	.6
Iowa.....	1.3	1.9	27.7	18.4	1.2	.9
Missouri.....	2.6	3.0	31.2	21.2	6.1	8.1
North Dakota.....	.2	.5	26.4	16.4	.1	.1
South Dakota.....	.2	.5	25.0	15.4	.2	.1
Nebraska.....	.6	1.1	28.0	18.1	2.1	1.5
Kansas.....	.9	1.4	23.0	17.7	3.4	4.4
South Atlantic:						
Delaware.....	.2	.2	28.6	21.8	14.3	16.3
Maryland.....	1.5	1.4	29.4	23.8	15.8	20.3
Dist. of Col.....	.6	.6	31.5	36.8	21.8	30.3
Virginia.....	1.5	1.8	24.8	21.1	24.7	29.3
West Virginia.....	1.4	1.2	15.8	14.7	8.0	8.5
North Carolina.....	2.0	2.3	33.0	24.2	23.1	31.8
South Carolina.....	1.0	1.4	27.1	30.2	26.7	48.9
Georgia.....	1.6	2.3	30.9	27.2	23.5	42.1
Florida.....	1.3	1.2	25.6	25.6	27.1	36.6
East South Central:						
Kentucky.....	1.2	1.8	21.0	16.4	11.7	11.8
Tennessee.....	1.6	1.9	27.8	20.8	18.6	23.3
Alabama.....	1.3	2.0	20.3	24.6	30.7	41.6
Mississippi.....	.6	1.6	20.1	27.2	39.1	57.2
West South Central:						
Arkansas.....	.6	1.3	19.3	17.8	22.0	30.3
Louisiana.....	1.2	1.7	19.6	23.5	30.5	41.9
Oklahoma.....	1.1	1.7	20.9	18.0	8.1	8.6
Texas.....	3.7	4.5	21.6	19.3	11.9	17.5
Mountain:						
Montana.....	.3	.4	19.3	15.3	.3	.3
Idaho.....	.3	.3	21.2	14.2	.2	.2
Wyoming.....	.2	.2	18.3	14.0	.6	.8
Colorado.....	.8	.8	25.7	20.6	1.2	1.6
New Mexico.....	.2	.3	16.5	15.7	1.6	1.0
Arizona.....	.3	.3	17.1	18.3	3.0	3.7
Utah.....	.4	.4	26.0	17.5	.3	.3
Nevada.....	.1	.1	18.1	14.1	.7	.8
Pacific:						
Washington.....	1.4	1.4	25.0	19.7	.3	.6
Oregon.....	.9	.8	25.9	20.5	.1	.3
California.....	6.1	5.2	28.8	22.7	1.1	1.8
Alaska.....	(2)	(2)	12.0	(2)	(1)	(2)
Hawaii.....	(2)	(2)	23.4	(2)	.1	(2)

¹ Races other than Negro or white represent 0.8 and 1.5 percent, respectively, of total employees and of total gainful workers in 51 States. The former includes Indian, Japanese, Chinese, Filipino, Hawaiian, Eskimo, etc.; the latter includes, in addition, Mexicans.

² For Alaska and Hawaii percentage of total is 0.1 and 0.4, respectively.

³ Not available.

⁴ Less than 0.5 percent.

Several factors should be mentioned which may affect the number of women earning taxable wages in 1937 and also may help to explain the higher percentage of women among total persons earning taxable wages as compared with the percentage of women among gainful workers in 1930 in many States. Unfortunately the relative importance of each of these factors cannot be measured at this time. First, the occupational exceptions to title II, which have been mentioned as responsible for other interstate differences, may also partially account for the apparently high percentage of women in covered employment in over half of the States. Secondly, changes in the percentage of women in the total working population may have occurred since 1930, these changes being reflected in the number of women for whom taxable wages were reported. Thirdly, the wage reports include all persons who have earned taxable wages during the entire year, whereas the census includes only those persons reported as gainful workers on a given day, with the result that cumulative figures for a year may show a larger proportion of women wage earners than would be shown at any given date because of the possible greater intermittency of women than of men in covered employment and in the labor market in general.

From the standpoint of future benefits it should be noted that the eligibility requirements of the recent amendments may reduce considerably the number of women who will be entitled to primary insurance benefits. Thus many women may not be able to qualify for such benefits because of the eligibility requirements as to calendar quarters of coverage.³ Variations in the work-pattern of women in different States may alter the interstate differences in the proportion of women who eventually qualify as compared with the proportion of women earning wages in covered employment in any one year.

Distribution of Wage Earners by Race

The distribution by race of persons for whom taxable wages were reported in 1937 differs widely from State to State as would be anticipated merely from differences in the race or color distribution of the population of the States. Nevertheless in all States white wage earners were a majority of the

³ For a discussion of the amended eligibility requirements see pp. 8-10 of this issue. It should be noted, however, that the amendments institute benefits payable under certain specified circumstances to the wives, widows, and dependent children of insured workers.

total earning taxable wages in 1937; in only six States did Negroes constitute as much as one-fourth of the total—Mississippi, Alabama, Louisiana, Florida, South Carolina, and Virginia (chart III). Races other than white⁴ and Negro accounted for an insignificant percentage of all wage earners for whom taxable earnings were reported except in Alaska, Arizona, California, Hawaii, Nevada, New Mexico, and Texas.

The relative importance of Negroes in each State and the actual numbers by States of all Negroes earning taxable wages in the United States may be seen in chart III. Thus the actual number of Negroes earning taxable wages in 1937 was as great in New York as in 5 of the Southern States. North Carolina and Texas had the largest number of Negroes earning taxable wages, but the proportion of Negro workers to total workers in those States was lower than for several other Southern States. The 17 South Atlantic, East South Central, and West South Central States accounted for over two-thirds of the Negroes for whom wage reports were made in 1937; 6 other States—Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania—accounted for most of the remaining third.

In 16 States the percentage of Negro workers to all workers with taxable wages was higher than for the United States as a whole, which was 6.6 percent. In 17 States Negro workers represented less than 1 percent of the total workers. Negro men were not only more numerous than Negro women but also represented a larger proportion of all men than Negro women represented of all women.

Age of Wage Earners in Covered Employment

The age of persons in covered employment in the United States in 1937 was discussed in the June issue of the Bulletin. In order to simplify comparisons, only the median age of wage earners by sex is presented here to give some indication of the interstate differences in the age of persons in covered employment in 1937.⁵

In every State the median age⁶ of the women earning taxable wages was several years lower

⁴ Mexicans are included with "white" in Social Security Board data but were included with "other" races in the 1930 Census of Population.

⁵ More complete data on the age distribution of covered workers is necessary to a fuller interpretation of the differences among the States. Such data are available and may be obtained from the Bureau of Old-Age and Survivors Insurance.

⁶ Median ages calculated on distribution of persons 15-64 years of age are used throughout this discussion.

than the median age of the men, reflecting the greater concentration of women in covered employment in the younger age groups (table 2). The median age of the men ranged from 35.2 years in Alaska and 35 years in New York to 29.1

Table 2.—Median age of employees aged 15-64 with reported taxable wages, 1937, and of gainful workers aged 15-64, 1930, by States and sex

Census region and State	Median age				Difference between employees and gainful workers ¹ (years)	
	Male		Female		Male	Female
	Em- ployees, 1937	Gainful work- ers, 1930	Em- ployees, 1937	Gainful work- ers, 1930		
Total, 61 States...	33.4	(*)	28.1	(*)	-----	-----
Total, 49 States (Excl. Alaska and Hawaii)....	33.4	36.3	28.1	29.2	-2.9	-1.1
New England:						
Maine.....	34.1	38.7	30.1	31.7	-4.6	-1.6
New Hampshire.....	34.3	38.8	29.9	31.5	-4.5	-1.6
Vermont.....	33.7	38.0	28.4	31.9	-4.3	-3.5
Massachusetts.....	34.8	37.7	29.1	29.7	-3.1	-.6
Rhode Island.....	34.5	36.8	28.6	28.2	-2.3	+4
Connecticut.....	34.4	37.1	27.2	27.6	-2.7	-.4
Middle Atlantic:						
New York.....	35.0	36.4	28.4	28.2	-1.4	+2
New Jersey.....	33.9	36.4	27.0	27.1	-2.5	-.1
Pennsylvania.....	34.2	36.7	27.1	27.1	-2.5	0
East North Central:						
Ohio.....	34.1	37.3	28.1	29.4	-3.2	-1.3
Indiana.....	33.2	37.5	28.3	29.9	-4.3	-1.6
Illinois.....	34.3	36.7	28.1	28.4	-2.4	-.3
Michigan.....	33.8	36.2	27.0	28.5	-2.4	-1.5
Wisconsin.....	33.7	36.7	28.0	27.8	-3.0	+2
West North Central:						
Minnesota.....	33.5	37.2	27.7	28.3	-3.7	-1.4
Iowa.....	33.0	37.3	27.9	29.4	-4.3	-1.5
Missouri.....	33.7	37.1	28.7	29.9	-3.4	-1.2
North Dakota.....	32.0	35.9	26.3	26.2	-3.9	+1
South Dakota.....	32.4	36.4	26.7	27.9	-4.0	-1.2
Nebraska.....	32.7	36.4	27.7	28.7	-3.7	-1.0
Kansas.....	32.3	37.2	27.5	30.0	-4.9	-2.5
South Atlantic:						
Delaware.....	33.3	36.8	28.2	32.9	-3.5	-4.7
Maryland.....	32.7	36.8	27.8	29.8	-3.1	-2.0
Dist. of Col.....	31.9	36.2	28.8	33.7	-4.3	-4.9
Virginia.....	31.1	35.2	27.6	30.0	-4.1	-2.4
West Virginia.....	33.0	35.6	28.2	28.7	-2.6	-2.5
North Carolina.....	29.9	33.0	27.4	27.5	-3.1	-.1
South Carolina.....	29.1	32.7	26.8	28.4	-3.6	-2.4
Georgia.....	31.2	33.3	27.4	29.3	-2.1	-1.9
Florida.....	31.8	35.6	28.3	31.6	-3.8	-3.3
East South Central:						
Kentucky.....	32.8	35.9	28.4	32.2	-3.1	-3.8
Tennessee.....	31.4	34.9	28.0	30.0	-3.5	-2.0
Alabama.....	31.4	33.5	27.5	29.1	-2.1	-1.6
Mississippi.....	29.9	33.5	27.0	29.7	-3.6	-2.7
West South Central:						
Arkansas.....	31.6	35.0	27.6	30.2	-3.4	-2.6
Louisiana.....	31.9	34.1	27.4	30.0	-2.2	-2.6
Oklahoma.....	32.4	34.9	27.9	29.8	-2.5	-1.9
Texas.....	31.6	34.2	27.6	29.4	-2.6	-1.8
Mountain:						
Montana.....	33.6	39.1	26.7	30.8	-5.5	-4.1
Idaho.....	31.9	37.7	26.5	30.2	-5.8	-3.7
Wyoming.....	32.4	36.6	26.9	31.4	-4.2	-4.5
Colorado.....	32.6	37.5	28.3	32.2	-4.9	-3.9
New Mexico.....	30.6	35.4	26.6	30.9	-4.8	-4.3
Arizona.....	31.2	35.4	27.9	31.8	-4.2	-3.9
Utah.....	31.6	35.7	25.2	27.4	-4.1	-2.2
Nevada.....	34.2	39.4	29.2	34.1	-5.2	-4.9
Pacific:						
Washington.....	34.4	38.9	29.2	32.2	-4.5	-3.0
Oregon.....	33.9	38.9	28.3	32.8	-5.0	-3.5
California.....	33.7	37.7	30.3	33.8	-4.0	-3.5
Alaska.....	35.2	(*)	30.6	(*)	-----	-----
Hawaii.....	29.0	(*)	24.2	(*)	-----	-----

¹ Computed by subtracting median age of gainful workers from that of employees.

² Not available.

years in South Carolina and 29.0 years in Hawaii—a difference of approximately 6 years. The difference in the median age of women in the various States was also approximately 6 years, ranging from 30.6 years in Alaska and 30.3 years in California to 25.2 years in Utah and 24.2 years in Hawaii. Except for Alaska and Hawaii, which were high and low, respectively, in the median age of both the men and the women, the States ranked rather differently according to the median age of men as compared with women. To some extent, of course, the State differences in the age of covered wage earners reflect State differences in the age of the entire population and more especially of gainful workers. The median age of persons in covered employment in 1937 and of gainful workers in 1930 for each State may be seen in table 2.

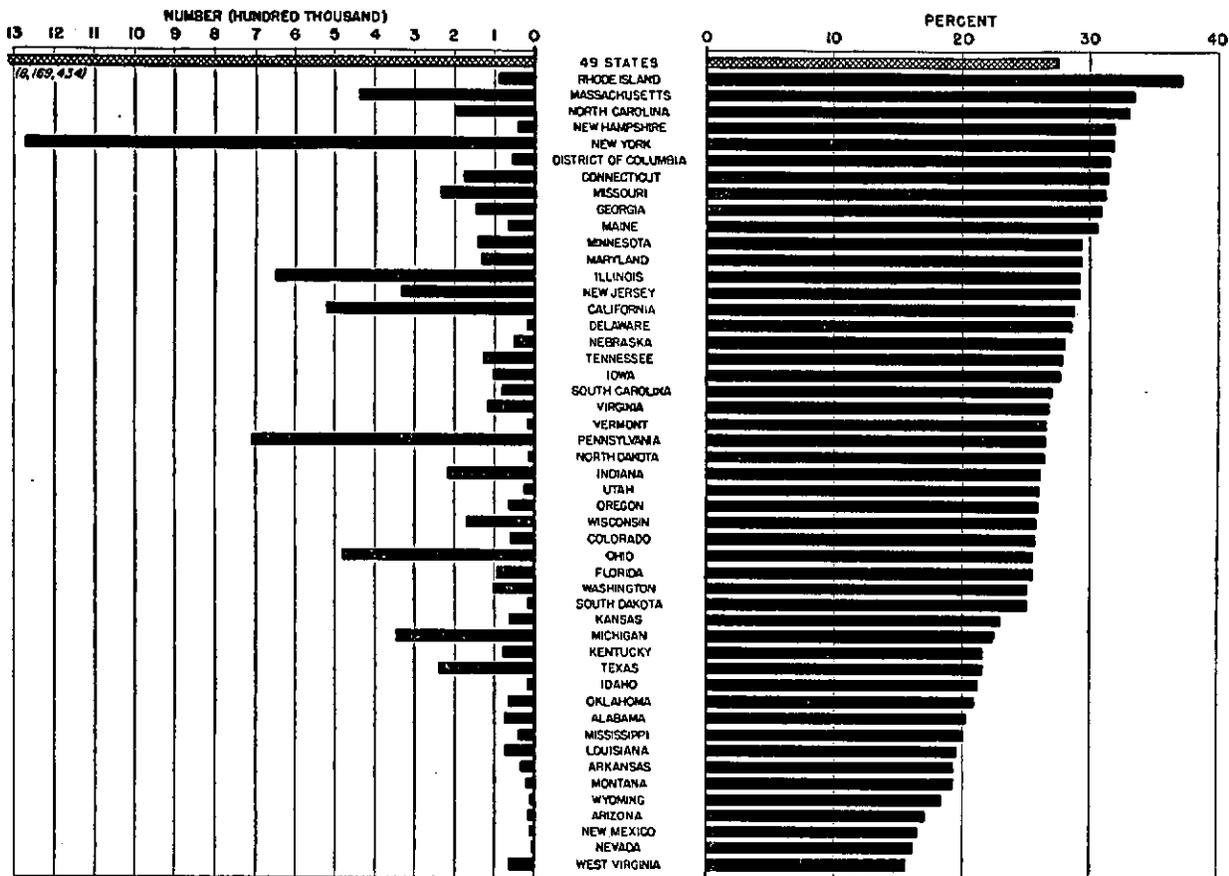
The difference between the average age of covered workers in 1937 and of gainful workers

in 1930 is not uniform among the States and does not appear to follow any particular pattern except that for both men and women the range is narrower in New England, New York, and New Jersey than in the country as a whole, as would be expected from the fact that, in general, these are States in which relatively large percentages of all gainful workers appeared to be in covered employment in 1937. Both the men and the women in covered employment, however, were younger in most States than gainful workers as a whole. Only when current data for both covered and noncovered workers are available for the same year can the extent of the differences and the reasons for them be accurately determined.

State Differences in Taxable Wages

Average annual taxable wages reported varied widely from State to State, as has already been noted in earlier issues of the Bulletin. The

Chart II.—Number of female employees aged 15-64 with reported taxable wages and ratio (percent) to all employees aged 15-64 with reported taxable wages, by States,¹ 1937



¹ Excludes Alaska and Hawaii.

extent of such State variations for persons 15-64 years of age may be seen in chart IV, in which the States are ranked according to the average taxable wages reported for workers of both sexes in 1937. Michigan ranked first, with an average of \$1,110; New York, Ohio, Illinois, Connecticut, and New Jersey were next in order, each with average taxable earnings of \$1,000 or slightly more. In 13 States the averages were above the average of \$899 for all States, and the remaining 35 States were below this average. It should be noted that the use of any average in describing the earnings of individuals is subject to serious limitations but is necessary in order to make comparisons of many areas.

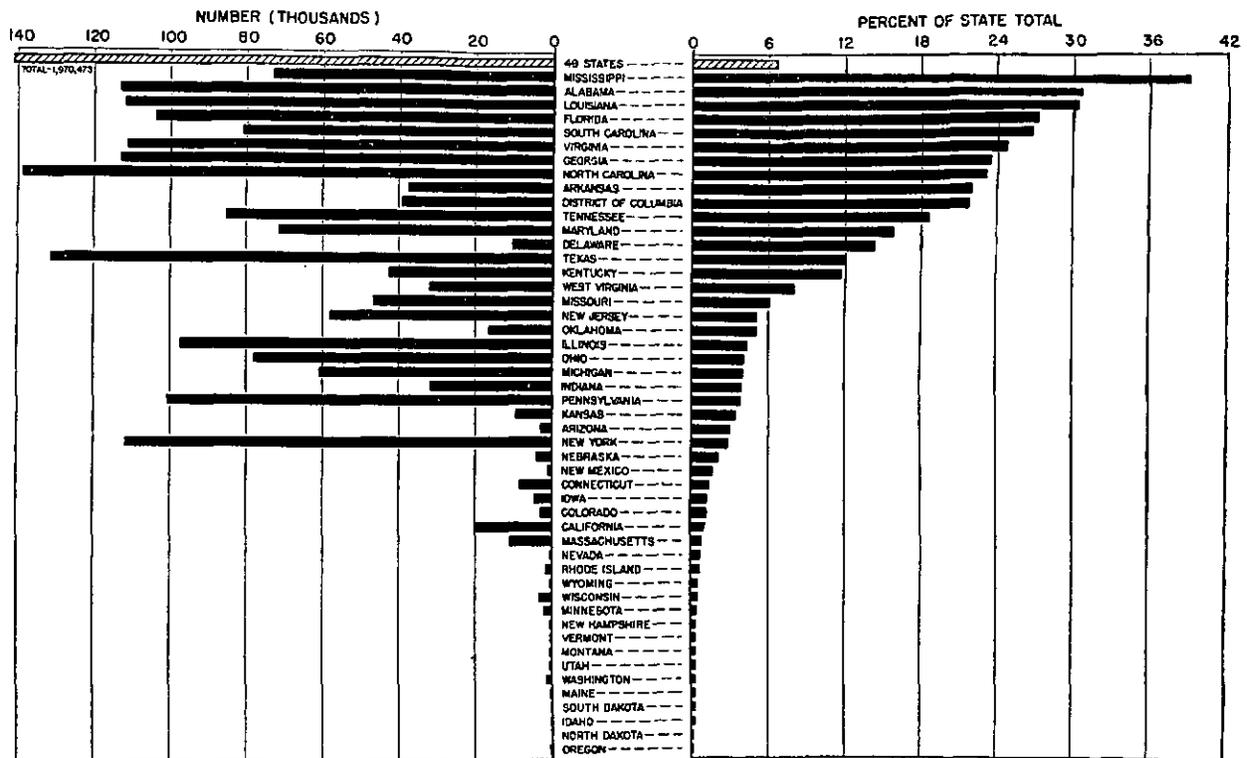
The actual distribution of individuals by amount of annual taxable earnings was presented in the April issue of this Bulletin ⁷ and recourse may be had to those figures in order to explore further the interstate differences revealed by the averages presented here. In general it should be

⁷ Distributions of earnings for each State by sex may be secured from the Bureau of Old-Age and Survivors Insurance. The data published in the April Bulletin did not include a distribution of wage earners by amount of earnings by sex.

noted that the arithmetic mean, which is the average used here, is higher for each State than the median; the mean for the United States for persons of all ages is \$890 as against a median of \$723. Furthermore, differences in the distribution of individuals according to the amount of their taxable earnings are sufficiently great to alter somewhat the ranking of the States when the basis is medians rather than means. For example, New York ranked second according to the mean but fifth according to the median; Connecticut fifth and third, respectively; Rhode Island was above the United States average according to the median but below it according to the mean.

Several factors are responsible for these interstate variations in the taxable earnings of persons in covered employment in 1937. These factors include differences in the number of weeks or months in which individual wage earners were engaged in covered employment; differences in the extent to which such employment was part-time or full-time; geographical differences in wage rates; differences in the proportion of women or of Negroes to the total; and differences in the indus-

Chart III.—Number of Negro employees aged 15-64 with reported taxable wages and ratio (percent) to all employees aged 15-64 with reported taxable wages, by States,¹ 1937



¹ Excludes Alaska and Hawaii.

trial and occupational distribution of the wage earners, as well as in their age distribution. Some of these factors are interrelated—for example, wage rates and occupational or industrial distribution of wage earners. Wage rates may differ among the States even for the same occupation or industry. From data now available, the only factors which can be measured statistically are the sex, color, and age of the wage earners for whom taxable earnings were reported. Information from the census of population provides some data on industrial and occupational differences for gainful workers; by inference this information helps to explain State differences in earnings from covered employment. In later years industrial data may be available from the tabulation of wage records and, if it is, will provide direct measurements of differences which arise from industrial distribution of wage earners covered in each State.

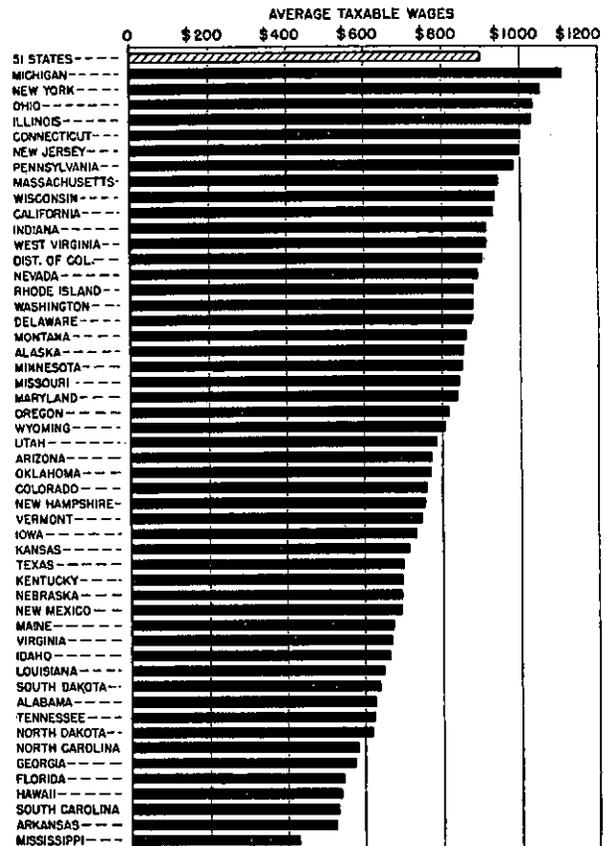
When the States are grouped into the traditional regional groupings used by the census, the average earnings within several regions are found to vary widely. Thus, in New England, the range in average annual wage was from \$672 in Maine to \$1,001 in Connecticut; in the West North Central States, the range was from \$617 in North Dakota to \$852 in Minnesota; in the South Atlantic States, the average was \$531 in South Carolina and \$880 in Delaware. Mississippi had a much lower average than the other States in the East South Central region, with \$429 as contrasted with \$685 in Kentucky. The West South Central States ranged from \$525 in Arkansas to \$769 in Oklahoma. Earnings in the Mountain States ranged from \$663 in Idaho to \$892 in Nevada. Average earnings in the other regions were fairly even. The differences in the average earnings even in neighboring States were frequently considerable; they show an even greater range when the earnings of men and women are taken separately.

State Differences in Wages of Men and Women

In all States, average taxable wages of men in 1937 were uniformly higher than those of women, although the amount of the difference varied from State to State. Average earnings of men ranged from \$1,266 in Michigan to \$461 in Mississippi; those of women, from \$682 in New York to \$302 in Mississippi and \$286 in Hawaii. In 14 States the average earnings of men were

above the average for all men in covered employment in the United States, and in only 10 States were the averages for women above the average for all women in the United States. In 4 States—Pennsylvania, Wisconsin, Indiana, and Delaware—the average earnings of men were above the combined average for all States, but for the women in these same States they were below the corre-

Chart IV.—Average taxable wages reported for employees aged 15-64, by States, 1937



sponding average. With a few exceptions the States in which the average earnings of both men and women were below the corresponding averages in the United States were Southern, Midwestern, and Mountain States (table 3).

Not only is the range of interstate differences greater when measured by the average for men and women separately, but the distribution by sex of the wage earners having taxable earnings is an important factor in the ranking of the States according to the average earnings of all covered wage earners. West Virginia is perhaps the most conspicuous example of this fact, for the average

taxable earnings of men and women, taken separately, are below the corresponding averages for the United States as a whole, whereas the average computed for all covered wage earners in the State places West Virginia above the United States average. The reason for this variation lies in the preponderance of men in covered employ-

ment in West Virginia—approximately 85 percent as compared with 72.5 percent for the United States. This example shows clearly the importance of the analysis of earnings for men and women separately in considering interstate differences.

The extent of the difference between the average taxable earnings of men and women in

Table 3.—Average reported taxable wages in 1937 of employees aged 15-64, by States, sex, and color

Census region and State	Average reported taxable wages									Ratio (percent) of average wages of—		
	Total			Male			Female			Female to male	Negro to white	
	Total ¹	White	Negro	Total ¹	White	Negro	Total ¹	White	Negro		Male	Female
Total, 51 States.....	\$890	\$936	\$430	\$1,040	\$1,092	\$466	\$530	\$543	\$251	51.0	42.7	46.2
New England.....	913	915	617	1,081	1,086	684	589	570	385	52.6	61.1	67.5
Maine.....	672	673	(²)	784	786	(²)	416	416	(²)	53.1	(²)	(²)
New Hampshire.....	755	757	(²)	878	879	(²)	494	494	(²)	56.3	(²)	(²)
Vermont.....	746	747	(²)	859	860	(²)	434	434	(²)	50.5	(²)	(²)
Massachusetts.....	944	947	614	1,123	1,129	666	589	589	389	52.4	59.0	65.9
Rhode Island.....	881	884	521	1,075	1,081	539	555	555	(²)	51.6	(²)	(²)
Connecticut.....	1,001	1,008	663	1,178	1,187	707	615	616	392	52.2	59.8	63.6
Middle Atlantic.....	1,021	1,036	626	1,101	1,213	681	618	623	392	51.9	58.1	62.9
New York.....	1,052	1,065	622	1,225	1,244	678	682	441	357	55.7	64.5	64.2
New Jersey.....	1,000	1,026	545	1,172	1,210	590	583	591	308	49.7	48.8	51.8
Pennsylvania.....	985	997	677	1,151	1,170	736	620	524	363	45.2	62.9	69.3
East North Central.....	1,025	1,039	686	1,192	1,213	753	554	559	346	46.5	62.1	61.9
Ohio.....	1,032	1,049	645	1,197	1,223	689	551	555	341	46.0	58.3	61.3
Indiana.....	912	921	677	1,072	1,089	732	460	463	285	42.9	67.2	61.6
Illinois.....	1,030	1,060	614	1,212	1,238	705	589	598	348	48.6	56.9	58.2
Michigan.....	1,110	1,121	856	1,266	1,285	907	572	575	383	45.2	70.6	66.6
Wisconsin.....	937	938	703	1,085	1,087	612	513	513	(²)	47.3	74.7	(²)
West North Central.....	786	796	488	913	928	526	467	470	311	51.2	66.7	68.2
Minnesota.....	852	854	546	996	1,000	584	505	506	(²)	50.7	58.4	(²)
Iowa.....	730	733	545	852	856	599	413	414	(²)	48.5	70.0	(²)
Missouri.....	843	867	480	994	1,032	519	508	516	312	51.1	50.8	60.5
North Dakota.....	617	618	(²)	700	701	(²)	385	385	(²)	55.0	(²)	(²)
South Dakota.....	638	639	(²)	724	726	(²)	379	379	(²)	62.3	(²)	(²)
Nebraska.....	696	701	496	797	804	542	435	437	(²)	54.0	67.4	(²)
Kansas.....	712	720	487	812	825	509	376	378	(²)	46.3	61.7	(²)
South Atlantic.....	683	777	330	785	913	365	415	456	191	52.9	40.0	41.9
Delaware.....	880	970	341	1,045	1,151	468	525	102	430	44.8	37.4	19.4
Maryland.....	840	912	457	997	1,099	532	464	501	157	46.5	48.4	31.3
District of Columbia.....	901	1,015	496	1,042	1,224	523	594	626	384	57.0	42.7	61.3
Virginia.....	669	777	342	770	901	358	395	452	200	51.3	43.1	44.2
West Virginia.....	912	919	838	996	1,000	662	459	463	277	48.1	85.4	59.8
North Carolina.....	582	674	278	670	792	302	404	450	218	60.3	38.1	48.4
South Carolina.....	531	642	227	586	752	240	294	417	129	65.5	31.9	30.9
Georgia.....	574	675	244	661	804	270	378	424	149	57.2	33.6	35.1
Florida.....	545	654	255	617	772	272	337	370	155	54.6	35.2	41.9
East South Central.....	617	698	342	687	800	365	383	411	174	55.7	45.6	42.3
Kentucky.....	697	736	406	777	823	451	409	432	176	52.6	54.8	40.7
Tennessee.....	622	690	327	711	806	368	390	418	179	54.9	44.4	42.8
Alabama.....	625	725	369	687	832	420	382	413	183	55.6	50.5	44.3
Mississippi.....	429	553	235	461	641	243	302	330	139	65.5	37.9	42.1
West South Central.....	687	759	314	769	888	328	376	394	191	48.9	37.8	48.5
Arkansas.....	525	592	290	577	671	298	307	318	191	53.2	44.4	60.1
Louisiana.....	648	796	310	712	908	326	385	427	183	54.1	35.0	42.9
Oklahoma.....	769	799	281	864	902	298	412	421	170	47.7	32.8	40.4
Texas.....	700	761	323	791	874	343	373	387	200	47.2	39.2	51.7
Mountain.....	769	774	432	870	879	458	402	404	273	46.2	52.1	67.6
Montana.....	861	865	(²)	958	963	(²)	456	457	(²)	47.6	(²)	(²)
Idaho.....	663	666	(²)	753	756	(²)	330	330	(²)	43.8	(²)	(²)
Wyoming.....	806	810	(²)	907	913	(²)	355	355	(²)	39.1	(²)	(²)
Colorado.....	758	762	409	872	879	557	430	432	(²)	49.3	63.4	(²)
New Mexico.....	665	705	(²)	763	778	(²)	352	353	(²)	46.1	(²)	(²)
Arizona.....	771	788	379	844	869	391	415	420	(²)	49.2	45.0	(²)
Utah.....	786	785	(²)	833	833	(²)	366	367	(²)	39.2	(²)	(²)
Nevada.....	892	899	(²)	966	975	(²)	506	507	(²)	52.4	(²)	(²)
Pacific.....	911	920	533	1,060	1,081	560	528	531	377	49.6	52.6	71.0
Washington.....	881	885	521	1,017	1,022	551	473	475	(²)	46.5	53.9	(²)
Oregon.....	817	810	(²)	945	949	(²)	448	449	(²)	47.4	(²)	(²)
California.....	831	951	533	1,086	1,116	571	548	553	377	50.3	61.2	68.2
Alaska.....	857	1,009	(²)	826	1,094	(²)	348	403	(²)	37.4	(²)	(²)
Hawaii.....	538	1,011	(²)	615	1,177	(²)	288	547	(²)	46.6	(²)	(²)

¹ Includes "other" races with an average wage of \$522 and a range for male and female, respectively, of \$399 in Texas to \$1,055 in Indiana and \$204 in Texas to \$459 in New York.

² Not computed, because less than 1,000 employees.

the several States may be measured by the ratio of the average for the women to the average for the men in a given State. This ratio varied from 65.5 in South Carolina and Mississippi to 37.4 in Alaska and 39.1 in Wyoming.

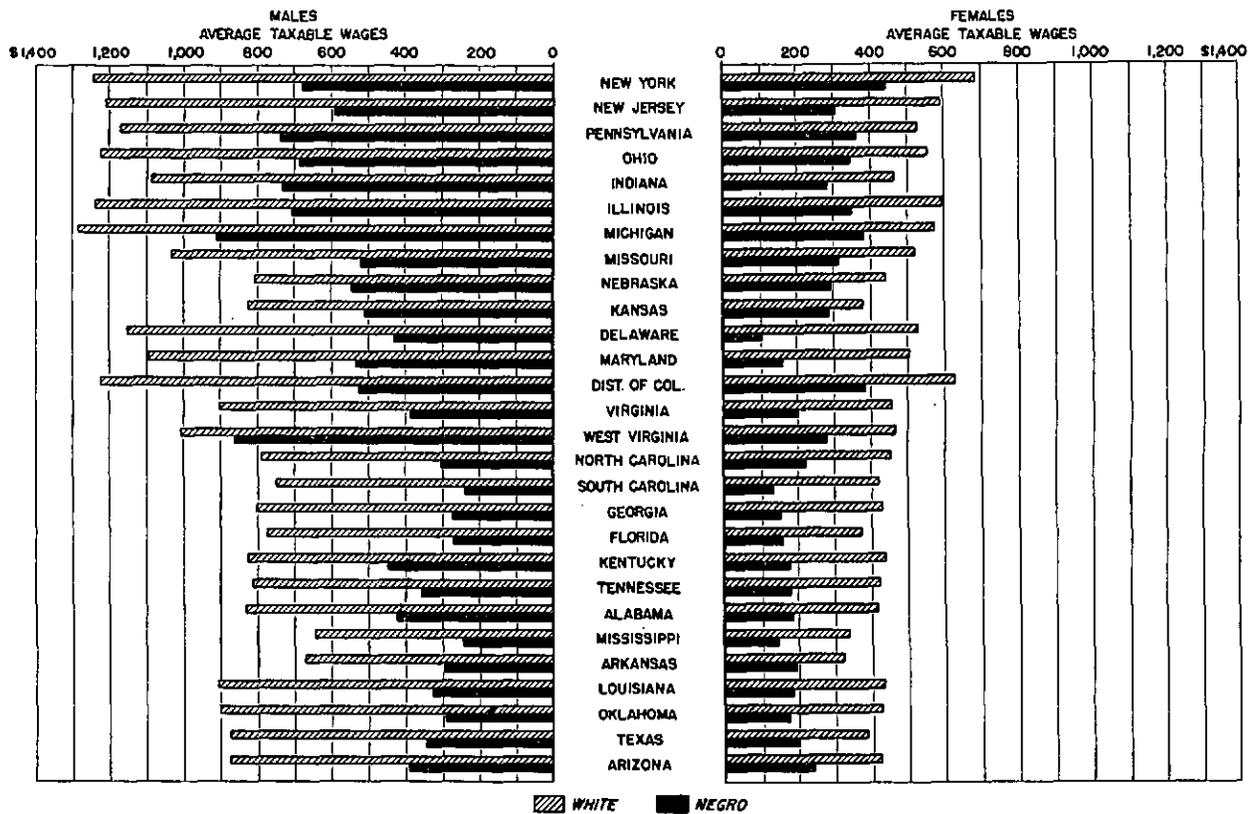
Twenty-two States were above the average for the United States—51.0 percent—in the ratio of women's to men's average earnings. Among these 22 States were 5 New England States, 1 Middle Atlantic, 4 West North Central, 5 South Atlantic, 4 East South Central, 2 West South Central, and 1 Mountain State. The States in which women's average taxable earnings in relation to men's are above the ratio for the country as a whole are thus widely scattered. Further analysis must be made of the occupational and industrial distribution of both the men and women in each State and of many other factors before the reasons for these interstate differences in the relationship of men's and women's average earnings can be definitely determined.

One of the factors which should not be lost sight

of in considering the differences between the earnings of men and women and the interstate variations in such earnings is the difference in the age distribution of workers of each sex. Since earnings tend to increase with the increase in age up to middle age, the large number of young persons among the women would tend to lower average earnings for all women. It should be noted, however, that the earnings of women show less of an increase with the increase in age than do those of men. This was the case not only for the United States as a whole but for most of the States.

The interstate differences in the relationship of age to the earnings of men and women can be most readily seen by selection of the age group having the highest average earnings. In almost two-thirds of the States the maximum average earnings for men were at the ages 40-44; in most of the other States the maximum for the men was among those 45-49 years of age. For the women, however, the interstate variations in the age group having the highest earnings were conspicuous, as

Chart V.—Average taxable wages reported for employees aged 15-64, by sex and color, for selected States, 1937 ¹



¹ States in which Negro employees were 2.0 percent or more of total number.

may be seen in table 4. Although women 40-44 years of age had the highest earnings for the United States as a whole, in particular States the group with the highest earnings varied from 30-34 years to 60-64. In 12 States the women 40-44 years of age had the highest average earnings, in 9 States it was the 35-39 year group, and in another 9 the 45-49 year group. It should be noted perhaps that averages were calculated only for an age group with a minimum of 1,000 wage earners of each sex. This limitation affects a

number of age groups of women in several States, so that no average is presented for them. Even with allowances for this factor, however, the interstate variations for the women are considerably greater than for the men.

Race Differences in Taxable Wages in the States

The taxable wages of persons of races other than white were considerably lower, on the average, than the earnings of white wage earners in every State; the earnings of Negroes were in most States

Table 4.—Average reported taxable wages in 1937 of male employees aged 15-64, by States and age group

[Italic figures indicate highest average among age groups in given State]

Census region and State	Average reported taxable wages of male employees aged—										
	All ages	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Total, 51 States.....	\$1,040	\$277	\$656	\$960	\$1,188	\$1,237	\$1,348	\$1,334	\$1,280	\$1,215	\$1,164
New England:											
Maine.....	784	228	499	736	887	981	<i>1,028</i>	991	964	917	887
New Hampshire.....	878	275	581	849	1,010	1,089	<i>1,132</i>	1,088	1,025	977	945
Vermont.....	859	240	531	818	998	1,069	1,110	<i>1,121</i>	1,054	1,001	956
Massachusetts.....	1,123	303	692	1,026	1,270	1,406	<i>1,440</i>	1,428	1,332	1,312	1,264
Rhode Island.....	1,075	353	688	1,001	1,213	1,351	<i>1,380</i>	1,337	1,287	1,258	1,231
Connecticut.....	1,178	333	799	1,124	1,352	1,448	<i>1,494</i>	1,454	1,421	1,371	1,298
Middle Atlantic:											
New York.....	1,225	325	718	1,117	1,391	1,510	<i>1,580</i>	1,518	1,451	1,370	1,314
New Jersey.....	1,172	337	741	1,117	1,366	1,465	<i>1,485</i>	1,452	1,398	1,317	1,271
Pennsylvania.....	1,151	350	767	1,092	1,310	1,400	<i>1,435</i>	1,415	1,365	1,301	1,233
East North Central:											
Ohio.....	1,197	330	795	1,125	1,359	1,453	<i>1,500</i>	1,488	1,427	1,345	1,283
Indiana.....	1,072	285	730	1,025	1,242	1,327	<i>1,367</i>	1,334	1,274	1,185	1,098
Illinois.....	1,212	322	765	1,126	1,406	1,481	<i>1,529</i>	1,500	1,443	1,372	1,295
Michigan.....	1,286	395	918	1,216	1,428	1,521	<i>1,555</i>	1,497	1,427	1,322	1,227
Wisconsin.....	1,085	265	680	1,007	1,231	1,355	<i>1,404</i>	1,363	1,298	1,226	1,161
West North Central:											
Minnesota.....	998	230	588	901	1,130	1,260	<i>1,357</i>	1,311	1,244	1,160	1,104
Iowa.....	852	197	512	810	1,019	1,108	<i>1,148</i>	1,106	1,043	954	877
Missouri.....	994	259	599	896	1,122	1,234	<i>1,294</i>	1,281	1,225	1,154	1,111
North Dakota.....	700	158	377	637	796	890	<i>906</i>	<i>1,004</i>	936	883	846
South Dakota.....	724	148	414	697	883	<i>867</i>	<i>958</i>	954	900	810	820
Nebraska.....	797	162	449	741	945	1,033	<i>1,067</i>	1,081	1,024	966	931
Kansas.....	812	166	478	787	985	1,083	<i>1,110</i>	1,058	988	907	861
South Atlantic:											
Delaware.....	1,045	266	645	965	1,189	1,308	1,381	<i>1,384</i>	1,320	1,287	1,197
Maryland.....	997	312	686	904	1,157	1,189	<i>1,300</i>	1,242	1,160	1,087	1,057
District of Columbia.....	1,042	276	623	962	1,210	1,296	1,373	<i>1,390</i>	1,346	1,333	1,292
Virginia.....	770	222	494	734	909	976	<i>1,037</i>	1,046	1,007	974	953
West Virginia.....	998	337	696	954	1,124	1,205	<i>1,260</i>	1,224	1,172	1,116	1,012
North Carolina.....	679	236	451	654	801	862	<i>880</i>	928	843	825	809
South Carolina.....	586	204	388	593	721	779	815	<i>848</i>	813	788	781
Georgia.....	661	181	431	668	764	817	901	<i>912</i>	894	854	859
Florida.....	617	164	372	559	720	795	<i>869</i>	<i>869</i>	801	764	740
East South Central:											
Kentucky.....	777	230	488	724	905	965	<i>1,000</i>	971	956	901	888
Tennessee.....	711	193	467	677	833	895	<i>923</i>	<i>956</i>	919	901	859
Alabama.....	687	198	434	618	788	858	<i>938</i>	<i>949</i>	923	916	863
Mississippi.....	401	183	263	426	567	611	<i>669</i>	<i>688</i>	688	660	651
West South Central:											
Arkansas.....	577	142	339	531	682	751	<i>792</i>	777	745	699	707
Louisiana.....	712	168	412	649	842	921	<i>979</i>	944	927	903	877
Oklahoma.....	854	168	481	787	1,015	1,135	<i>1,194</i>	1,150	1,070	982	896
Texas.....	791	168	487	749	963	1,034	<i>1,076</i>	1,039	981	896	858
Mountain:											
Montana.....	958	246	607	905	1,096	1,160	<i>1,217</i>	1,208	1,166	1,120	1,114
Idaho.....	753	207	507	733	894	950	<i>962</i>	948	912	890	851
Wyoming.....	907	233	574	870	1,074	1,162	1,173	<i>1,179</i>	1,094	1,061	(¹)
Colorado.....	872	222	538	818	1,001	<i>1,191</i>	1,158	1,162	1,121	1,082	1,033
New Mexico.....	763	204	503	765	921	973	<i>992</i>	<i>994</i>	948	933	(¹)
Arizona.....	844	215	583	831	997	1,063	1,068	<i>1,092</i>	1,085	991	939
Utah.....	933	226	587	901	1,103	1,207	1,246	<i>1,267</i>	1,233	1,180	1,113
Nevada.....	966	292	697	1,002	1,132	1,158	1,114	1,103	1,070	1,057	(¹)
Pacific:											
Washington.....	1,017	247	624	937	1,149	1,248	<i>1,298</i>	1,279	1,222	1,173	1,061
Oregon.....	945	253	588	855	1,080	1,177	<i>1,209</i>	1,188	1,155	1,088	996
California.....	1,086	263	683	1,009	1,250	1,335	<i>1,383</i>	1,359	1,297	1,242	1,136
Alaska.....	928	286	655	892	953	1,018	1,143	<i>1,183</i>	1,098	1,035	(¹)
Hawaii.....	615	203	470	549	749	824	<i>975</i>	940	896	839	773

¹ Not computed, because less than 1,000 employees.

below those of "other" races.⁸ These racial differences exist for both men and women wage earners (table 3). The range in the difference between the average earnings of Negro as compared with white wage earners varied from State to State; the differences were smaller in Northern than in Southern States, especially for men. Thus the average for both white and Negro men was highest in Michigan—\$1,285 and \$907, re-

⁸ Races other than Negro or white include Indian, Japanese, Chinese, Filipino, Hawaiian, Eskimo, etc. Mexicans are included with "white."

spectively, a difference of \$378; they were lowest in Mississippi—\$641 for white men as compared with \$243 for Negro men, a difference of \$398. The relative difference between the white and Negro men was obviously much greater in Mississippi than in Michigan, the respective ratios of Negro to white average earnings for men being 37.9 and 70.6 percent in the two States. These figures are cited merely as examples of the geographical variation in racial differences.

This color or race differential is reflected also in

Table 5.—Average reported taxable wages in 1937 of female employees aged 15-64, by States and age group

[Italic figures indicate highest average among age groups in given State]

Census region and State	Average reported taxable wages of female employees aged—										
	All ages	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Total, 61 States.....	\$530	\$242	\$453	\$575	\$634	\$649	\$659	\$653	\$646	\$634	\$618
New England:											
Maine.....	416	193	352	442	494	509	509	496	497	465	455
New Hampshire.....	494	216	421	524	583	608	600	586	567	556	(1)
Vermont.....	434	175	358	470	534	558	561	561	(1)	(1)	(1)
Massachusetts.....	589	281	498	619	688	714	711	702	711	720	728
Rhode Island.....	555	331	508	581	622	628	641	647	674	653	679
Connecticut.....	615	306	555	673	731	747	748	754	763	773	770
Middle Atlantic:											
New York.....	662	313	568	752	838	843	829	802	779	759	703
New Jersey.....	583	321	551	667	743	675	667	661	658	637	632
Pennsylvania.....	520	267	433	576	638	642	655	657	669	641	616
East North Central:											
Ohio.....	551	247	470	593	653	664	671	677	685	669	639
Indiana.....	460	215	408	510	564	568	544	530	508	488	459
Illinois.....	589	271	534	647	651	701	722	727	698	709	709
Michigan.....	572	281	527	629	690	699	697	689	670	643	616
Wisconsin.....	613	230	453	570	621	621	604	583	584	551	546
West North Central:											
Minnesota.....	505	211	421	548	614	638	659	636	631	618	616
Iowa.....	413	170	354	457	511	515	519	522	510	484	472
Missouri.....	508	252	425	529	598	612	634	630	631	617	613
North Dakota.....	385	147	321	417	503	528	(1)	(1)	(1)	(1)	(1)
South Dakota.....	379	142	326	423	476	497	488	(1)	(1)	(1)	(1)
Nebraska.....	436	171	356	466	533	559	574	575	589	571	(1)
Kansas.....	376	128	298	412	491	496	517	520	534	491	(1)
South Atlantic:											
Delaware.....	468	186	425	507	569	590	614	585	(1)	(1)	(1)
Maryland.....	404	262	442	519	552	529	530	522	519	504	468
District of Columbia.....	594	290	457	598	687	718	759	804	827	(1)	(1)
Virginia.....	395	165	325	459	495	485	485	480	483	470	499
West Virginia.....	469	244	406	506	573	584	593	585	598	629	(1)
North Carolina.....	404	199	371	446	488	486	488	483	492	446	393
South Carolina.....	384	206	342	410	460	467	497	519	505	(1)	(1)
Georgia.....	378	179	324	404	459	465	503	501	520	520	(1)
Florida.....	337	144	270	340	410	424	442	465	426	438	(1)
East South Central:											
Kentucky.....	409	183	343	428	494	496	512	510	506	544	(1)
Tennessee.....	390	166	325	417	474	477	481	507	500	494	(1)
Alabama.....	382	162	314	406	400	480	513	547	527	568	(1)
Mississippi.....	302	121	251	316	386	405	408	417	(1)	(1)	(1)
West South Central:											
Arkansas.....	307	94	235	343	407	423	426	402	(1)	(1)	(1)
Louisiana.....	385	153	311	413	487	495	530	545	566	545	(1)
Oklahoma.....	412	125	299	444	533	581	585	584	558	(1)	(1)
Texas.....	373	132	298	408	472	494	504	519	511	507	505
Mountain:											
Montana.....	456	191	391	493	582	597	625	610	(1)	(1)	(1)
Idaho.....	330	140	303	383	393	411	441	412	(1)	(1)	(1)
Wyoming.....	355	166	300	389	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Colorado.....	430	176	349	455	516	529	572	586	562	533	(1)
New Mexico.....	352	146	293	362	439	(1)	(1)	(1)	(1)	(1)	(1)
Arizona.....	415	166	334	434	488	533	567	(1)	(1)	(1)	(1)
Utah.....	366	153	344	437	486	488	475	466	(1)	(1)	(1)
Nevada.....	608	(1)	422	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Pacific:											
Washington.....	473	175	392	504	566	581	587	577	565	558	585
Oregon.....	448	181	373	476	535	557	541	532	528	527	(1)
California.....	546	204	433	601	639	667	674	658	653	627	613
Alaska.....	346	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Hawaii.....	286	135	274	368	408	388	388	398	(1)	(1)	(1)

¹ Not computed, because less than 1,000 employees.

the wider range in the average earnings of Negroes in the different States. The highest State average for white men was less than twice the lowest State average for white men, whereas the comparable figure for the Negro men was almost four times (table 3). With a few exceptions the State differences between the average taxable earnings of white and Negro wage earners were more conspicuous for the men than the women, as may be seen in chart V.

Conclusion

Interstate differences in average taxable wages have been shown to exist not only for all wage earners in the State, but also for men, for women, for wage earners of different age groups, and for white and Negro workers. Furthermore, the differentials between the average earnings of men and women and between white and Negro wage earners have also been shown to vary from State to State. In spite of these many State differences, in all States the average earnings of men were considerably higher than those of women, and the averages for white wage earners were also considerably higher than those for Negroes. In each State the earnings of the younger age groups were lower than for persons of middle age or even older.

In order to explain satisfactorily all these many differences, thorough analysis must be made of the many factors which affect the earnings of wage earners and especially of the relative importance of each of these factors in each State. Only a few of these factors can be suggested here, such as differences in the occupational and industrial distribution of the wage earners in different States; differences in wage rates, i. e., hourly or weekly, for men as compared with women, for Negroes as compared with whites, either for the same or for different occupations; and differences in the amount of covered employment within the year,

especially the amount of full-time as compared with part-time employment, and the amount of seasonal or intermittent employment during a year. The relative importance of these factors cannot be measured from the wage records themselves but must be gauged from other sources. Differences in the occupational distribution of men and women may be seen from the census of population, and even with due allowance for the occupational exceptions to coverage by old-age insurance some indication is available from this source of the differences in the occupational and industrial distribution of covered wage earners in the different States. Thus, for example, few women as compared with men are engaged in recognized crafts or skilled occupations, and large numbers of women work in clerical, sales, and semiskilled occupations. The occupational distribution of Negro wage earners is also much more limited than that of whites. In general these occupational differences may be more important in relation to race and sex differences; industrial differences are, on the other hand, probably the most important single factor responsible for overall interstate differences. Yet even in industrial differences, occupational, racial, and other factors must also be considered.

The present analysis of interstate differences in the extent to which the population was engaged in employment covered by old-age insurance in 1937 and of the differences in their earnings is merely intended to be suggestive of the many variables which must be considered in a thorough understanding of the data available from records of taxable wages. It is hoped that the tables presented here will stimulate further study and analysis on the part of persons interested not only in wage data available under the old-age insurance program but also in their relationship to other wage and income statistics.