National Income in 1937 Largest Since 1929

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NATIONAL income produced in the United States in 1937 recorded a new high for the recovery period of 69.8 billion dollars, exceeding the level of any year since 1929. Available information on a monthly basis indicates a substantially higher level of income during the first three-quarters of 1937 than in the final quarter of the year. The seasonally adjusted index of monthly income payments, recently prepared by the Bureau of Foreign and Domestic Commerce, averaged 2 percent lower in the last 3 months of 1937 than during the first 9 months of the year. This index further reveals a decline of 6.3 percent in income payments in the first 4 months of 1938 over the same period a year ago.

The gain in 1937 in income produced of 6.4 billion dollars, or more than 10 percent, marked the fifth consecutive annual increase since the depression low of 40 billion dollars in 1932. Approximately three-fourths of the decline from 1929 to 1932 was recovered by 1937, bringing the total in the latter year to within 11 billion dollars of the 1929 peak of 81 billion dollars.

Prices increased in 1937 to a lesser extent than the dollar volume of income produced, indicating a substantial increase in real income over 1936. The indexes of wholesale prices and of cost of living published by the United States Bureau of Labor Statistics increased 7 and 3 percent, respectively, in 1937 as compared with the 10-percent increase in national income produced. While neither of these price indexes is sufficiently comprehensive to adequately translate changes in dollar income into changes in real income, they provide a rough basis for observing the effect of price changes on the dollar volume of income. Thus, while the national income produced, as measured in current dollars, was 14 percent lower in 1937 than in 1929, wholesale prices were down 9 percent and the cost of living was off 15 percent over the same period, indicating that the quantity of goods and services produced in 1937 approached closely that of 1929. However, in view of an increase in population during the last 8 years of approximately 8,000,000, per capita real income in 1937 continued substantially below 1929.

Trends for Various Industries.

As shown in table 1, increases in 1937 varied considerably among the major industries. The net value of production rose 21 percent in contract construction, 20 percent in mining, and 17 percent in manufacturing over 1936. Gains of only 4 to 6 percent were recorded in the agriculture, transportation, and public-utility groups. The portion of income produced attributed to government declined slightly in 1937 since the moderate increase in regular operations was not sufficiently large to offset the 24-percent decline in work-relief pay rolls. Statistics on employers' contributions to social-security programs, which are discussed more fully in a subsequent section, are not currently available for the various industrial groups and are, therefore, shown in a lump sum. Because of this procedure, the estimates of income produced in industries participating in the social-security programs are slightly understated in both 1936 and 1937.

As a result of changes brought about by the Revenue Act of 1934 relating to the privilege of filing consolidated returns by corporations, the industrial classifications

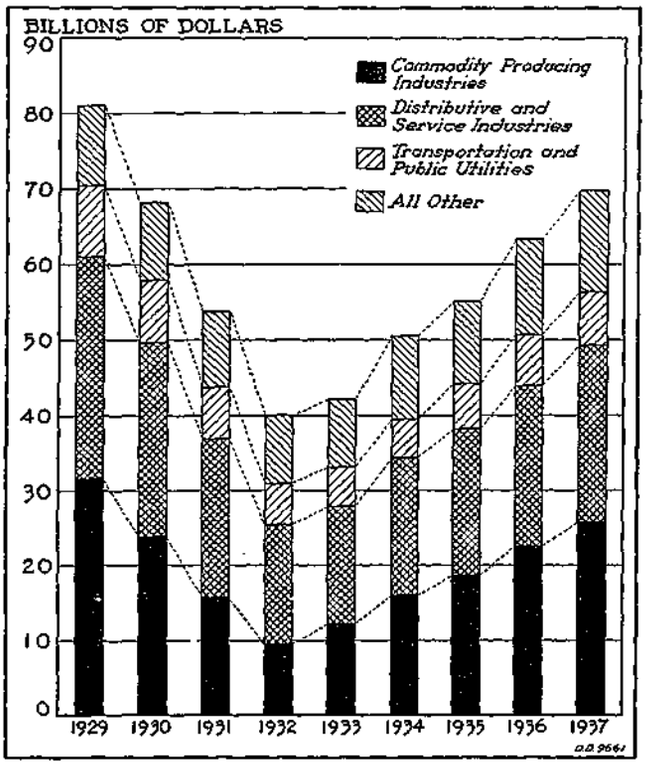

Figure 1.—Income Produced by Major Industrial Groups, 1929-37.

of various property income items and corporate savings in 1934 and thereafter are not exactly comparable with those for earlier years. This problem is discussed more fully later in this article. For total income produced, as contrasted with dividends, interest, and corporate savings separately, the differences in the 1934 estimates on the basis of the two industrial classifications are of small magnitude and permit comparisons in the trends of the various industries over the entire period covered by the estimates.

Although a 21-percent gain in income produced in the contract construction industry occurred from 1936 to 1937, the level in the latter year was less than half of that in 1929. In the transportation, finance, and miscellaneous groups, the net value of product in 1937 continued at less than three-fourths of the 1929 level.

The continued depressed condition of the railroads was the prime factor in the poor record for the transportation industry. All other industrial groups, with the exception of government, were from 10 to 20 percent below 1929 in 1937. Government's contribution, exclusive of work-relief activities, was nearly one-sixth higher in 1937 than in 1929. Including work relief, the rise was 44 percent. From the low year of the depression to 1937, income produced more than trebled in mining, nearly trebled in manufacturing, and more than doubled in agriculture and construction.

Business Savings.

Income produced represents the net value of all commodities produced and services rendered in the Nation during a given year. *Income paid out* represents payments made by producing units to individuals or aggregates of individuals for services rendered, and includes salaries, wages, dividends, interest, net rents and royalties, and entrepreneurial withdrawals. When income produced exceeds income paid out, the difference represents the portion of the net product retained by the business enterprise and is termed *positive business savings*. Conversely, when income paid out exceeds income produced, the difference, which is called *negative business savings*, represents a decrease in net worth as a result of the year's operations.[1]

In 1929 the national income produced exceeded the national income paid out by 2.6 billion dollars. The greater decline in income produced than in income paid out in 1930 resulted in negative business savings of approximately 5 billion dollars in that year. Negative business savings continued to increase in the next 2 years and reached a high of 9 billion dollars in 1932. The magnitude of this item was greatly reduced in 1933. Since 1935 small positive business savings have been recorded. The appearance of positive business savings in 1935 and thereafter resulted entirely from the estimated large positive savings for agriculture. Available source material does not permit a very satisfactory determination of business savings in agriculture and the estimates of this item prepared for this study are admittedly subject to a substantial margin of error.

The savings estimates for corporations are determined on a much more satisfactory basis than are the estimates of savings of unincorporated business enterprises. Corporations recorded positive savings of 1.4

[1] For a comprehensive discussion of the concepts, scope, and limitations of the national income estimates as well as the sources and methods of estimation, the reader is referred to a volume entitled, "National Income in the United States 1929-35," published in 1936 by the Department of Commerce. A bulletin, "National Income 1929-36," published by the Department of Commerce in 1937 contains a brief review of the concepts and scope of the estimates. Copies of these publications may be obtained from the Superintendent of Documents, Washington, D. C., or from any District Office of the Bureau of Foreign and Domestic Commerce, for 25 cents and 10 cents per copy, respectively.

Table 1.—Income Produced, by Industrial Divisions[1]

[In millions of dollars]

	1929	1930	1931	1932	1933	1934[2]	1934[2]	1935	1936	1937
Total income produced	81,128	68,302	53,822	40,014	42,256	50,052	50,052	55,186	63,466	69,817
Agriculture	7,263	5,681	3,706	2,442	3,316	4,388	4,388	5,185	5,883	6,223
Mining	1,789	1,237	687	478	534	929	911	954	1,212	1,456
Electric light and power, and gas	1,268	1,195	1,139	1,011	935	1,036	1,003	1,020	1,080	1,180
Manufacturing	19,310	14,205	9,620	5,621	7,735	10,078	9,950	11,802	14,261	16,744
Contract construction	3,272	2,850	1,799	798	666	733	726	852	1,221	1,475
Transportation	7,040	6,102	4,942	3,649	3,611	3,826	3,838	4,137	4,780	5,057
Communication	1,045	1,011	907	721	638	671	678	719	825	873
Trade	10,955	9,108	7,330	5,183	5,815	6,829	6,852	7,362	7,962	8,693
Finance	8,835	7,781	6,364	5,123	4,575	4,969	4,974	5,410	5,944	6,514
Government, including work-relief wages	6,540	6,720	6,847	6,727	6,907	7,949	7,949	8,247	9,785	9,445
Government, excluding work-relief wages	6,540	6,720	6,847	6,727	6,238	6,460	6,460	6,817	7,323	7,585
Work-relief wages					669	1,489	1,489	1,430	2,462	1,860
Service	9,722	8,869	7,489	5,602	5,378	6,174	6,196	6,766	7,524	8,322
Miscellaneous	4,089	3,542	2,992	2,390	2,146	2,468	2,584	2,724	2,696	2,956
Social Security contributions of employers						3	3	7	292	923
	Percentages of 1929									
Total income produced	100.0	84.2	66.3	49.3	52.1	61.7	61.7	68.0	78.2	86.1
							Percentages of 1934			
Agriculture	100.0	78.2	51.0	33.6	45.7	60.4	100.0	118.2	134.1	141.8
Mining	100.0	69.1	38.4	26.7	29.8	51.9	100.0	104.7	133.0	159.8
Electric light and power, and gas	100.0	94.2	89.8	79.7	73.7	81.7	100.0	101.7	107.7	112.7
Manufacturing	100.0	73.6	49.8	29.1	40.1	52.2	100.0	118.6	143.3	168.3
Contract construction	100.0	87.1	55.0	29.9	20.4	22.4	100.0	117.4	168.2	203.2
Transportation	100.0	86.7	70.2	51.8	51.3	54.3	100.0	107.8	124.5	131.8
Communication	100.0	96.7	86.8	69.0	61.1	64.2	100.0	106.0	121.7	129.5
Trade	100.0	83.1	66.9	47.3	53.1	62.3	100.0	107.4	116.2	126.9
Finance	100.0	88.1	72.0	58.0	51.8	56.2	100.0	108.8	119.5	131.0
Government, including work-relief wages	100.0	102.8	104.7	102.9	105.6	121.5	100.0	103.7	123.1	118.8
Government, excluding work-relief wages	100.0	102.8	104.7	102.9	95.4	98.8	100.0	105.5	113.4	117.4
Work-relief wages							100.0	96.0	165.3	124.9
Service	100.0	91.2	77.0	58.5	55.3	63.5	100.0	109.2	121.4	134.3
Miscellaneous	100.0	86.6	73.2	58.4	52.5	60.4	100.0	105.4	104.3	114.4
Social Security contributions of employers										
Bureau of Labor Statistics wholesale-price index	100.0	90.7	76.6	68.0	69.2	78.6	78.6	83.9	84.8	90.6

[1] The grand totals in this and the following tables are obtained by an addition of the totals for each industrial field. The income subtotals by industrial fields are primarily in thousands of dollars. The subtotals entered in tables 1 and 2 are in millions of dollars. These subtotals do not, therefore, add up exactly to the grand totals given.

[2] Estimates of dividends and interest, and corporate savings in the second column for 1934 and for subsequent years, are based on a different industrial classification than are the estimates in the first column of 1934 and earlier years. See later section in this article under "Changes in 1934 industrial classification."

billion in 1929 and negative savings have appeared in every subsequent year. Negative corporate savings reached a peak of 6.4 billion dollars in 1932, declining thereafter to less than 1 billion dollars in 1936. There was a slight increase in 1937 in negative corporate savings.

Labor Income Up 12 Percent in 1937.

Aggregate compensation of employees, including wages paid on work relief projects as well as accruals under the unemployment compensation and old age insurance plans of the social-security program, increased nearly 5 billion dollars, or 12 percent, in 1937 over 1936. Preliminary estimates indicate an increase of 17 percent in dividend payments for the year. Interest payments, which are the most inelastic type of disbursement, remained practically unchanged from the 1936 level. Entrepreneurial withdrawals were 9 percent higher in 1937 than in the previous year, while net rents and royalties increased by approximately one-sixth in 1937.

Total labor income was 9 percent lower in 1937 than in 1929 as compared with declines of 10 percent in interest payments, 15 percent in entrepreneurial withdrawals, 16 percent in dividends, and 24 percent in net rents and royalties. Dividends rose 127 percent from a very low level in 1933 to 1937, as compared with a gain of 58 percent in the compensation of employees, a 45-percent increase in entrepreneurial withdrawals, and an 83-percent rise in net rents and royalties.

Social Security Contributions.

Employers' contributions to the unemployment compensation and old age insurance plans under the Social Security program are included and shown separately in the estimates of both income paid out and income produced.[2] Employees' contributions are al-

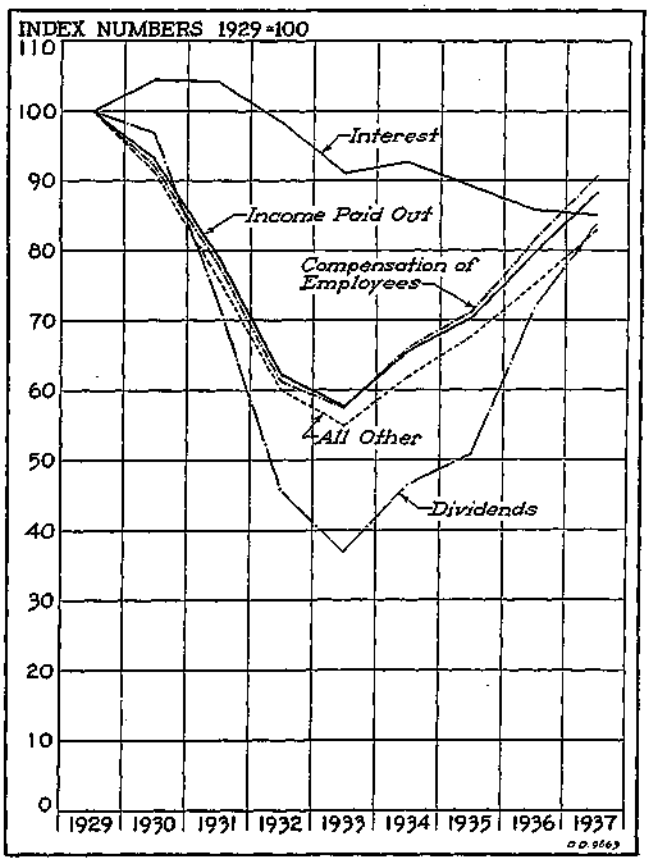

Figure 2.—Indexes of Income Paid Out by Type of Payment, 1929–37.
Interest includes net balance of international flow of property incomes.

[2] Estimates of social-security contributions of employers were prepared by the Division of Unemployment Compensation, Bureau of Research and Statistics, Social Security Board.

Table 2.—National Income Paid Out, by Type of Payment

[In millions of dollars]

ITEM	1929	1930	1931	1932	1933	1934	1935	1936	1937
Total income paid out	78,556	73,290	62,032	49,024	45,317	51,510	55,137	62,586	69,330
Total compensation of employees	51,509	47,551	40,188	31,563	29,596	34,051	36,579	41,906	46,728
Salaries (selected industries) [1]	5,606	5,645	4,694	3,423	2,947	3,379	3,574	3,936	4,593
Wages (selected industries) [1]	17,093	14,214	10,585	7,243	7,271	9,019	10,218	11,909	14,037
Salaries and wages (all other industries)	27,873	26,700	23,827	19,798	17,746	19,258	20,433	22,226	24,197
Work-relief wages [2]					669	1,489	1,430	2,462	1,860
Social Security contributions of employers						3	7	292	923
Other labor income	937	986	1,081	1,099	964	903	1,017	1,081	1,117
Total dividends and interest [3]	11,331	11,396	9,913	8,017	7,088	7,748	7,812	8,881	9,563
Dividends	5,978	5,801	4,335	2,745	2,209	2,793	3,038	4,284	5,010
Interest	5,202	5,393	5,295	5,019	4,710	4,862	4,725	4,652	4,056
Entrepreneurial withdrawals	12,296	11,581	9,848	7,887	7,214	8,021	8,729	9,565	10,441
Net rents and royalties	3,419	2,763	2,083	1,558	1,418	1,690	1,917	2,234	2,599
	Percentages of 1929								
Total income paid out	100.0	93.3	79.0	62.4	57.7	65.6	70.2	79.7	88.3
Total compensation of employees	100.0	92.3	78.0	61.3	57.5	66.1	71.2	81.4	90.7
Salaries (selected industries) [1]	100.0	100.7	83.7	61.1	52.6	60.3	63.8	70.2	81.9
Wages (selected industries) [1]	100.0	83.2	61.9	42.4	42.5	52.8	59.8	69.7	82.1
Salaries and wages (all other industries)	100.0	95.8	85.5	71.0	63.7	69.1	73.3	79.7	86.8
Work-relief wages [2]									
Social Security contributions of employers									
Other labor income	100.0	105.2	115.4	117.3	102.9	96.4	108.5	115.4	119.2
Total dividends and interest [3]	100.0	100.6	87.5	70.8	62.6	68.4	68.9	78.4	84.4
Dividends	100.0	97.0	72.5	45.9	37.0	46.7	50.8	71.7	83.8
Interest	100.0	103.7	101.8	96.5	90.5	93.5	90.8	89.4	89.5
Entrepreneurial withdrawals	100.0	94.2	80.1	64.1	58.7	65.2	71.0	77.8	84.9
Net rents and royalties	100.0	80.8	60.9	45.6	41.5	49.4	56.1	65.3	76.0
Bureau of Labor Statistics cost-of-living index	100.0	97.5	89.1	80.2	76.2	79.1	81.1	82.1	84.7

[1] Includes mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.
[2] Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D. C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Federal Government employment and pay-roll figures.
[3] Includes also net balance of international flow of property incomes.

ready accounted for in the figures on salaries and wages and are apportioned among their respective industries, but data are not available for properly allocating employers' payments. Contributions by both employers and employees do not flow immediately nor directly to employees but rather they accrue to the benefit of employees for actual payment at some later date. From the point of view of the employer they represent

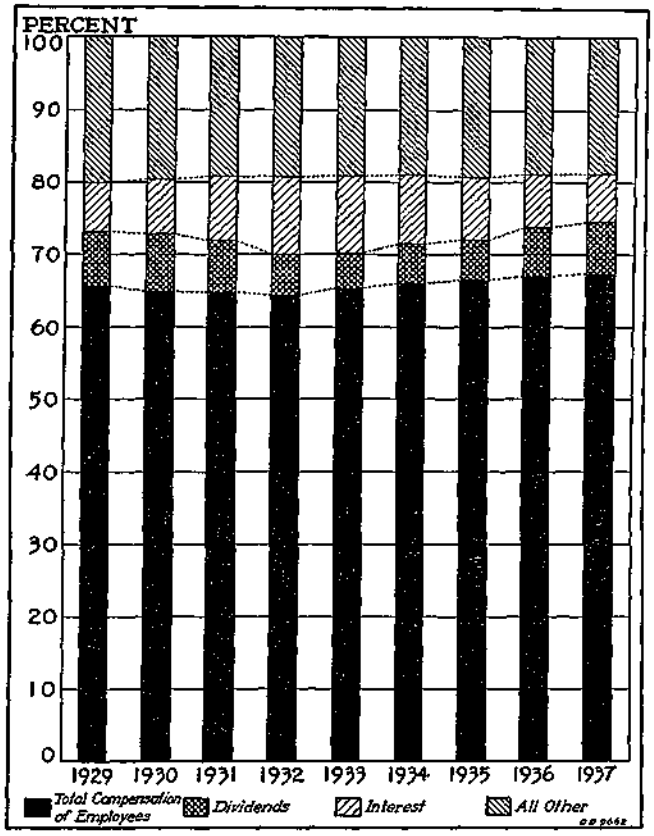

Figure 3.—Percentage Distribution of Income Paid Out, by Type of Payment, 1929–37.

a disbursement similar to regular salaries and wages. It is essential to the proper estimation of income produced by the method followed in these studies, that employers' contributions as well as employees' contributions be included in the estimates.

In 1934 and 1935, contributions to unemployment compensation were confined to payments made by Wisconsin employers in compliance with the Wisconsin unemployment compensation law. In 1936, employers contributed 292 million dollars, all of which was made in accordance with provisions of unemployment compensation laws. Total employers' payments jumped to 923 million dollars in 1937 as a result of the first year's operation of the Federal old age insurance program and the increase in the tax rate for unemployment compensation as well as the general increase in pay rolls. Of the 1937 contributions, slightly over two-thirds were accounted for by the assessments under the unemployment compensation plan and the balance under the Federal old age insurance plan.

Employees' Share of Income Paid Out Increased in 1937.

As shown in table 3, total payments and accruals to employees increased from 66.9 percent of total income paid out in 1936 to 67.4 percent in 1937. These ratios compare with 65.6 percent in 1929 and a low of 64.4 percent in 1932. Part of the increasing proportion in 1937 represented a growth in payments which accrued to workers under the social-security program but which were not actually received by workers. The decline in work-relief pay rolls effected an opposite tendency. If both work-relief wages and social-security contributions by employers were excluded from total employees' compensation and from total income paid out, the ratio of the former to the latter would show a rise from 65.4 percent in 1936 to 66 percent in 1937 as compared with the 1929 and 1932 proportions given above.

Dividends accounted for 6.8 percent of income paid out in 1936 and 7.2 percent in 1937 as compared with a peak for the period under study of 7.9 percent in 1930 and a low of 4.9 percent in 1933. Interest payments, the relative importance of which had increased from 6.6 percent in 1929 to 10.4 percent in 1933, declined steadily in proportion to total income payments after 1933 and in 1937 interest bore approximately the same relationship to the total as in 1929. Both entrepreneurial withdrawals and net rents and royalties showed only slight changes in relative importance from 1936 to 1937.

There are important qualifications connected with the above figures which should be noted. Although the items represent payments by producing units for services rendered, they do not represent in all cases immediate receipts by those contributing the services

Table 3.—Percentage Distribution of National Income Paid Out, by Type of Payment

	1929	1930	1931	1932	1933	1934	1935	1936	1937
Total income paid out	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total compensation of employees	65.6	64.9	64.7	64.4	65.8	66.1	66.5	66.9	67.4
Total salaries and wages	64.4	63.5	63.0	62.2	61.7	61.5	62.1	60.8	61.8
Work-relief wages [1]					1.5	2.9	2.6	3.9	2.7
Social Security contributions of employers								.5	1.3
Other labor income	1.2	1.4	1.7	2.2	2.1	1.7	1.8	1.7	1.6
Total dividends and interest [2]	14.4	15.5	16.0	16.3	15.7	15.0	14.2	14.2	13.8
Dividends	7.6	7.9	7.0	5.6	4.9	5.4	5.5	6.8	7.2
Interest	6.6	7.4	8.5	10.2	10.4	9.4	8.6	7.4	6.7
Entrepreneurial withdrawals	15.6	15.8	15.9	16.1	15.9	15.6	15.8	15.3	15.1
Net rents and royalties	4.4	3.8	3.4	3.2	3.1	3.3	3.5	3.6	3.7

[1] Includes pay roll and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D. C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Government employment and pay-roll figures.

[2] Includes also net balance of international flow of property incomes.

Thus, the estimates of compensation of employees include both employers' and employees' contributions to social security programs, the latter included in the estimates of salaries and wages. Neither of these are received currently by workers but, rather, they accrue for the benefit of workers and might be viewed as a form of savings. In time, of course, payments under the social-security programs will be made in substantial sums, but for the period shown in the accompanying tables, benefits were paid only in Wisconsin during the last half of 1936 and during 1937 and were of small proportions.

As to dividends, interest, and perhaps rents, part of these payments by producing units do not flow directly and immediately to individuals, but are paid to "aggregates of individuals" such as life insurance companies, savings banks, building and loan associations, and other organizations for collective savings. Payments of dividends and interest to these institutions are included in the estimates rather than payments by such institutions to individuals. This procedure is adopted because of the difficulty of ascertaining the portion of actual disbursements by these institutions to individuals, which represents income as distinguished from the portion representing withdrawals of savings.

While corporate savings may not accrue to stockholders in the same manner that social security assessments accrue to employees, nevertheless they should be given some consideration in connection with dividends in evaluating and analyzing shares of income of different groups. Stockholders may not necessarily benefit directly and immediately in proportion with increases in positive business savings or decreases in negative business savings and vice versa, but they are immediately concerned with the market prices of securities. Prices of shares do reflect to some extent the magnitude of business savings. Profits or losses realized from the sale of securities are not included in the income estimates. It is apparent from these qualifications that the comparison of income shares as shown in table 3 should not be interpreted as reflecting the relative changes in actual receipts of different groups of income recipients.

Per Capita Earnings $1,316 in 1937.

For the purposes of determining trends in per capita incomes from one industry to another, estimates of the full-time-equivalent number of employees have been prepared along with the income estimates. Available data do not permit an equally satisfactory conversion of total employment figures to a full-time-equivalent basis for each industry. Nevertheless, the per capita income figures derived by dividing salaries and wages by the number of full-time-equivalent employees are indicative within broad limits of changes in average annual earnings of full-time employees.

Average full-time earnings of all workers as shown in table 4 increased from $1,235 in 1936 to $1,316 in 1937, bringing the level in 1937 to within 9.3 percent of that in 1929. In those industries in which salaried workers and salaries could be segregated from wage earners and wages, per capita wages rose 9 percent in 1937 over 1936. Per capita salaries were 6.3 percent lower in 1937 than in 1929 whereas per capita wages were down 9.6 percent for the same period.

Table 4.—Number of Employees and the Per Capita Income of Employees [1]

ITEM	1929	1930	1931	1932	1933	1934	1935	1936	1937
NUMBER OF EMPLOYEES (THOUSANDS)									
All employees [2]	34,863	32,857	29,427	26,022	25,973	28,043	29,033	30,833	32,546
Salaried employees (selected industries) [3]	2,191	2,183	1,903	1,577	1,452	1,601	1,658	1,775	1,916
Wage earners (selected industries) [3]	12,208	10,784	8,961	7,465	7,917	9,002	9,560	10,286	11,085
Salaried employees or wage earners (all other industries)	20,464	19,890	18,563	16,980	16,604	17,380	17,816	18,772	19,546
PER CAPITA INCOME OF EMPLOYEES									
All employees [2]	$1,451	$1,417	$1,329	$1,171	$1,077	$1,129	$1,179	$1,235	$1,316
Salaried employees (selected industries) [3]	2,559	2,586	2,467	2,171	2,030	2,111	2,156	2,217	2,398
Wage earners (selected industries) [3]	1,400	1,318	1,181	970	918	995	1,069	1,158	1,266
Salaried employees or wage earners (all other industries)	1,362	1,343	1,284	1,166	1,069	1,108	1,147	1,184	1,238
	Percentages of 1929								
NUMBER OF EMPLOYEES									
All employees [2]	100.0	94.2	84.4	74.6	74.5	80.4	83.3	88.4	93.4
Salaried employees (selected industries) [3]	100.0	99.6	86.9	72.0	66.3	73.1	75.7	81.0	87.4
Wage earners (selected industries) [3]	100.0	88.3	73.4	61.1	64.9	74.2	78.3	84.3	90.8
Salaried employees or wage earners (all other industries)	100.0	97.2	90.7	83.0	81.1	84.9	87.1	91.7	95.5
PER CAPITA INCOME OF EMPLOYEES									
All employees [2]	100.0	97.7	91.6	80.7	74.2	77.8	81.3	85.1	90.7
Salaried employees (selected industries) [3]	100.0	101.1	96.4	84.8	79.3	82.5	84.3	86.6	93.7
Wage earners (selected industries) [3]	100.0	94.1	84.4	69.3	65.6	71.1	76.4	82.7	90.4
Salaried employees or wage earners (all other industries)	100.0	98.6	94.3	85.6	78.5	81.4	84.2	86.9	90.9
Bureau of Labor Statistics cost-of-living index	100.0	97.5	89.1	80.2	76.2	79.1	81.1	82.1	84.7

[1] The estimates of the number employed are averages for the year and represent full-time-equivalent numbers for industries in which data permit such adjustments.
[2] Does not include employers and self-employed persons, such as farmers, merchants, independent professional practitioners, etc., nor work-relief employees and unpaid family farm labor.
[3] Includes mining, manufacturing, construction, steam railroads, Pullman, railway express, and water transportation.

It is interesting to note that while average annual earnings of full-time employees in 1937 were 9.3 percent below the 1929 average, the Bureau of Labor Statistics index of the cost of living was 15.3 percent lower in 1937 than in 1929. This cost of living index, as constructed, applies only to urban wage earning families and therefore is not entirely adequate as a measure of changes of living costs of all families. However, the above difference is certainly sufficient to suggest the conclusion that the real income per full-time employed worker in 1937 was above that of 1929. In this connection, however, it is important to consider the fact that a substantial number of persons were unemployed in 1937 and that they were dependent at least in part on the earnings of employed workers for their support.

Table 5 is presented for the purpose of indicating recent trends in the salaries and wages of employees in various industrial groups as well as subgroups. Salaries and wages are allocated industrially but other labor income items, consisting primarily of pensions and compensation for injuries to employees, are shown only for all industries combined. The marked variations in the magnitude of the declines subsequent to 1929 and of the recovery in recent years give evidence of the varying incidence of business fluctuations on different industries. Generally, the industries in which the declines had been most severe recorded the greatest recovery, with the marked exception of the construction and railroad industries.

Change in 1934 Industrial Classification.

It will be noted that in table 1 two columns are given for the year 1934. This is the result of a change brought about by the Revenue Act of 1934 which limited the privilege of filing consolidated returns to railroad corporations, whereas in prior years this privilege was allowed to all corporations. For 1934, a total of 27,376 returns were filed by corporations which had filed 7,101 consolidated returns for 1933. The returns of these corporations accounted for 5.2 percent of all returns in 1934 and 37.8 percent of the total tax paid by corporations for 1934.

This change had two marked effects on the comparability of the statistics for 1934 and subsequent years with those for 1933 and earlier years. In the first place, many items increased in size because of the fact that "intercompany eliminations" occur in the consolidation of returns. However, for the items essential to the preparation of income estimates, receipts by corporations increased correspondingly with payments by corporations. Thus, dividends received by all corporations rose correspondingly with dividends paid by all corporations so that the estimates of dividends paid to individuals were not affected by the change. The same is substantially true of interest payments to individuals but, under the method of estimating this item, intercorporate interest receipts from long-term obligations do not exactly offset intercorporate payments of interest and some minor changes in the total interest item occurred on this account.

A more important effect of the change in the revenue act was the shift in the industrial classification of corporations. In classifying consolidated returns industrially, the corporation was assigned to an industry on the basis of the predominant industrial activity of the consolidated group. When separate returns were filed in 1934 for each subsidiary or affiliate, each was classified according to its own predominant industrial activity, which in many instances differed from the predominant industrial activity of the affiliated group of corporations of which it was a member. Special tabulations of the 1934 returns were prepared by the Bureau of Internal Revenue for the Department of Commerce showing the 1934 returns classified as they had been in 1933 on the consolidated basis. This permitted showing the 1934 unconsolidated returns classified industrially as they were in 1933 when consolidated. In the estimates of aggregate income produced or total income paid out, the two columns for 1934 do not reveal pronounced differences in the totals for each industrial group. However, for dividends, interest, and corporate savings considered separately there are marked differences in several industrial groups. Also for more detailed industrial subgroups than those shown in these summary tables, there were substantial differences not only in specific items but also for total income produced and paid out. Adjustments necessary to make the series comparable for each item in each industry will require some partly arbitrary procedure which may be attempted after further analysis.

Table 5.—Total Compensation of Employees by Industrial Groups, 1929–37

ITEM	Actual amounts in millions of dollars									Percentages of 1929				
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1932	1933	1935	1936	1937
Total compensation of employees [1]	51,509	47,551	40,188	31,563	29,596	34,051	36,679	41,906	46,728	60.8	57.5	71.2	81.4	90.7
Total salaries and wages	50,573	46,565	39,106	30,464	27,963	31,656	34,225	38,071	42,828	60.2	55.3	67.7	75.3	84.7
Agriculture, total	1,313	1,112	807	523	484	518	553	633	742	39.8	36.9	42.1	49.7	56.5
Mining, total	1,508	1,317	963	663	671	882	927	1,058	1,197	44.0	44.5	61.5	70.2	79.4
Anthracite	257	247	200	146	128	154	136	129	122	56.8	49.8	52.9	50.2	47.5
Bituminous coal	635	531	401	276	297	413	443	519	555	43.5	46.8	69.8	81.7	87.4
Metal	212	176	110	58	57	76	99	138	206	27.4	26.9	46.7	65.1	97.2
Nonmetal	151	139	107	68	62	76	84	104	119	45.0	41.1	55.6	68.9	78.8
Oil and gas	253	224	145	115	127	163	165	168	195	45.5	50.2	65.2	66.4	77.1
Manufacturing, total	14,770	12,811	9,991	7,002	7,034	8,811	9,892	11,231	13,381	47.4	47.6	67.0	76.0	90.6
Food and tobacco	1,320	1,276	1,092	804	900	1,105	1,139	1,212	1,378	57.7	68.9	86.3	91.8	104.4
Paper, printing, and publishing	1,538	1,549	1,324	1,023	906	1,042	1,112	1,196	1,342	66.5	58.9	72.3	77.8	87.3
Textiles and leather	2,700	2,258	1,982	1,439	1,575	1,852	2,046	2,107	2,259	53.3	58.3	75.8	78.0	83.7
Construction materials and furniture	1,706	1,368	935	558	572	712	842	1,019	1,194	32.7	33.5	49.4	59.7	70.0
Chemicals and petroleum refining	781	747	622	483	488	580	621	671	825	61.8	62.5	79.5	85.9	105.6
Metal and metal products	5,558	4,523	3,155	1,968	1,993	2,804	3,363	4,164	5,374	35.4	35.9	60.5	74.9	96.7
Miscellaneous and rubber	567	480	374	268	270	340	372	427	491	47.3	47.6	65.6	75.3	86.6
Central administrative offices	600	610	597	369	321	376	397	435	518	61.5	53.5	66.2	72.5	86.3
Construction, total	2,722	2,438	1,617	1,029	674	694	766	1,065	1,314	37.8	24.8	28.1	39.1	48.3
Transportation, total	4,886	4,451	3,767	2,846	2,606	2,855	3,113	3,493	3,833	58.2	53.3	63.7	71.5	78.4
Steam railroads, Pullman and express	3,227	2,850	2,333	1,686	1,561	1,690	1,831	2,057	2,223	52.2	48.4	56.7	63.7	68.9
Water transportation	472	443	374	286	277	322	376	434	516	60.6	58.7	79.7	91.9	109.3
Motor transportation and public warehouses	670	674	625	518	454	509	558	632	697	77.3	67.8	83.3	94.3	104.0
Street railways	459	429	382	312	270	285	292	308	324	68.0	58.8	63.6	67.1	70.6
Air transportation	8	11	14	14	14	14	18	21	24	175.0	175.0	225.0	262.5	300.0
Pipe lines	50	44	30	30	30	35	38	41	49	60.0	60.0	76.0	82.0	98.0
Electric light and power and manufactured gas, total	500	521	484	399	360	389	407	444	498	79.8	72.0	81.4	88.8	99.6
Electric light and power	391	412	378	303	260	286	304	338	386	77.5	66.5	77.7	86.4	98.7
Manufactured gas	109	109	106	96	100	103	103	106	112	88.1	91.7	94.5	97.2	102.8
Communication, total	707	717	641	534	461	488	504	543	610	75.5	65.2	71.3	76.8	86.3
Telephone	590	597	536	458	393	413	427	459	518	77.6	66.6	72.4	77.8	87.8
Telegraph	117	120	105	76	68	75	77	84	92	65.0	58.1	65.8	71.8	78.6
Trade, total	8,079	7,695	6,711	5,216	4,580	5,093	5,293	5,631	6,211	64.6	56.8	65.5	69.7	76.9
Retail trade	5,076	4,840	4,264	3,303	2,901	3,156	3,210	3,427	3,778	65.1	57.2	63.2	67.5	74.4
Wholesale trade	3,003	2,855	2,447	1,913	1,688	1,937	2,083	2,204	2,433	63.7	56.2	69.4	73.4	81.0
Finance, total	2,531	2,362	2,108	1,804	1,709	1,805	1,880	2,044	2,228	73.6	67.5	74.3	80.8	88.0
Banking [2]	1,029	974	855	766	716	739	721	768	849	74.4	69.6	70.1	74.6	82.5
Insurance	924	939	900	830	756	796	835	881	929	89.8	81.8	90.4	95.3	100.5
Real estate	578	449	353	268	237	270	324	395	450	46.4	41.0	56.1	68.3	77.9
Government, total	4,794	4,980	4,970	4,777	4,323	4,501	4,831	5,236	5,410	99.6	90.2	100.8	109.2	112.8
Federal [3]	1,398	1,425	1,444	1,359	1,221	1,417	1,681	1,807	1,918	97.2	87.3	120.2	135.7	137.2
State	342	364	385	384	373	334	415	449	469	112.3	109.1	121.3	131.3	137.1
City	1,167	1,194	1,138	1,112	934	954	976	1,040	1,102	95.3	80.0	83.6	89.1	94.4
County, township and minor units	376	386	382	377	331	337	351	372	396	100.3	88.0	93.4	98.9	105.3
Public education	1,511	1,591	1,621	1,545	1,464	1,409	1,408	1,478	1,525	102.3	96.9	93.2	97.8	100.9
Service, total	6,565	6,107	5,274	4,207	3,742	4,190	4,534	4,992	5,527	64.1	57.0	69.1	76.0	84.2
Professional service [4]	1,212	1,241	1,178	1,075	988	992	1,039	1,104	1,161	88.7	81.5	85.7	91.1	95.8
Personal service [5]	2,114	1,980	1,737	1,371	1,200	1,427	1,579	1,754	1,921	64.9	56.8	74.7	83.0	90.9
Recreation and amusement [6]	478	439	368	294	259	283	316	347	390	61.5	54.2	66.1	72.6	81.6
Domestic service	1,800	1,526	1,172	820	723	866	970	1,118	1,324	45.6	40.2	53.9	62.1	73.6
Business service [7]	484	465	418	336	299	325	328	347	376	69.4	61.8	67.8	71.7	77.7
Miscellaneous service [8]	477	456	401	311	273	297	302	322	355	65.2	57.2	63.3	67.5	74.4
Miscellaneous, total	2,197	2,074	1,774	1,404	1,310	1,430	1,525	1,681	1,877	63.9	59.6	69.4	76.5	85.4
Work-relief wages	------	------	------	------	669	1,489	1,430	2,462	1,860	------	------	------	------	------
Employers' contributions to Social Security	------	------	------	------	------	3	7	292	923	------	------	------	------	------
Other labor income	937	986	1,081	1,099	964	903	1,017	1,081	1,117	117.3	102.9	108.5	115.4	119.2

[1] Includes salaries and wages, work-relief wages, compensation for injuries, pensions granted under formal private plans, and contributions of employers to Social Security. The industrial classification covers only salaries and wages.
[2] Does not include certain miscellaneous financial institutions which have been included in "Miscellaneous."
[3] Does not include work-relief wages.
[4] Includes religious, private educational, curative, legal, and engineering (consulting) activities.
[5] Includes hotels, restaurants, laundries, cleaning and dyeing establishments, apartment houses, and office buildings, etc.
[6] Includes motion-picture production and exhibition, radio broadcasting, and all other activities primarily providing entertainment.
[7] Includes accounting firms, advertising agencies, trade associations, chambers of commerce, and other enterprises serving business establishments.
[8] Includes various industries rendering services to automobiles, radios, elevators, watches, and other commodities.