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same direction, was minimum-wage legislation. Large portions of the service sector (particularly retail trade and services) were exempt from this legislation (prior to 1961) and therefore did not experience the same statutory increases for the price of unskilled labor as did the goods industries. That the service sector has increased its share of unskilled employment more than its share of total employment is evident in data on demographic characteristics such as age, sex, color, and education.

WILL THE SHIFT TO SERVICES CONTINUE?

If we had firm answers to the many questions discussed in the preceding pages, we would be in a better position to forecast whether the shift of employment to services will continue. The analysis of the period since 1929 does not suggest any inevitable trend. Sector differences in income elasticity appear to have been relatively small and, if we exclude agriculture, possibly non-existent. The difference in trends in output per man has been substantial, but it is probably attributable only in part to technological change and in large part to differential changes in hours, quality of labor, and capital intensity—changes that can be explained by circumstances peculiar to the post-1929 period. Research on income elasticities of demand and elasticities of substitution of factors, as well as detailed studies of individual service industries, should help to provide a firmer base for predicting the future. My present estimate, which is only an informed guess, is that the shift will continue. I suspect that some of our "basic" manufacturing industries will begin to resemble agriculture—i.e., they will experience rapid gains in output per man while facing demand curves that are relatively inelastic with respect to both income and price. New additions to the labor force may be absorbed, in part, by employment in new manufacturing industries and in construction, but most of the growth will probably require increased employment in services, or result in unemployment.

IMPLICATIONS FOR THE ECONOMY

The shift from primary to secondary production has had profound consequences for every industrial nation; in most the adjustment process is still going on. Similarly, the shift to the service sector probably carries with it significant implications for our economy.

To be sure, such an attempt to look into the future is subject to important qualifications. A shift in the relative importance of different industries is only one of many changes that are occurring simultaneously in the economy, and these other changes may tend to offset the effects of interindustry shifts. Also, these shifts themselves may set in motion changes with implications different from those discussed here. Nevertheless, given the rapid growth of the service industries, it is useful to consider differences between them and the rest of the economy with respect to labor, industrial organization, the demand for capital goods, and cyclical fluctuations.

LABOR

Several important sector differences in labor force characteristics are summarized in Table 8. Probably the most significant difference is that many occupations in the service sector do not make special demands for physical strength. This means that women can compete on more nearly equal terms with men; we find women holding down almost one-half of all service jobs compared with only one-fifth of those in the goods sec-