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these services. Despite the absence of definitive figures, it seems clear that aggregate government services rendered final consumers rose more rapidly than the rest of the nation's real product.

Second, the developments underlying the rise in national income brought with them certain costs which were met by government action. Among these are the costs of providing services essential to urban life. There are also the costs of regulating our increasingly complicated, interdependent economy and providing relief from the aberrations of its operation. The nation's progressive recognition of its responsibility created the demand for these services, and ensured satisfaction of this demand by government. Whether this sense of responsibility would have deepened as it did in an environment not characterized by a rising secular trend in income per capita or whether it is being satisfied in the most effective way by current government activity are questions into which I shall not go.

The third development may be described most simply and vividly in terms of some of the figures assembled here. In 1900 only about 160,000 persons—civilians in the nation's military establishment as well as uniformed men in the armed forces—were directly engaged in national defense. By 1925, at the middle of the period under review, the number was more than double, 350,000. Today it is 2.3 million, over six times the 1925 figure. Third, then, is the changing international scene and our reactions to it.

NOTE ON STATISTICAL SOURCES

The Census of Population data on government employment, plotted in Charts 1, 2, and 6, are derived from Bureau of the Census reports on the status of employers (1940 and 1948), on occupations and industries (1910 and 1930), or on occupations alone (1900 and 1920). The 1900-40 data are actual censuses for Census dates; the 1948 data are based on Bureau of the Census sample surveys

for the week of March 7-13 published in the *Monthly Report on the Labor Force*. In preparing the 1900-30 figures Daniel Carson's estimates of the industrial distribution of the working force were used. The employment figures for years prior to 1930 are rough estimates derived from labor force figures.

The payroll data in Charts 1-5, 7, and 8, and in Tables 1-4, are derived from government reports on the number employed. The federal data are primarily from Civil Service Commission annual reports, supplemented by a special report for 1896 and unpublished data, and annual reports of the War, Navy, and Post Office Departments. The data on schools are chiefly from the Office of Education for years before 1946, and from Bureau of the Census reports on government employment for 1946-48. The state and local government nonschool data are from Bureau of the Census reports on government employment for 1940-48; the WPA-BLS study of public employment for 1929-39; Census reports on financial and other statistics of cities for 1903; employment reports from a rather small sample of cities and states for years before 1929; and the Census report on financial statistics of local government for 1902 (used to estimate the 1900 figure for 'other local, nonschool' in Chart 3). The public emergency data are from the Department of Commerce, National Income Division. There was probably some 'made-work' during depressions before that of the 1930's, but to judge from available information it was negligible.

The full-time equivalent numbers of state and local government nonschool employees are the sums of the full-time numbers plus one-third of the part-time and temporary numbers reported by the Bureau of the Census for 1940-48 (the ratio used by the Department of Commerce, National Income Division); prior to 1940, the 1940 proportion of the full-time equivalent to the total was assumed to prevail. We took the Department of Commerce proportion for schools too. For the federal government, only one adjustment was made: the number of fourth class postmasters and third and fourth class postal clerks was reduced three-quarters to yield a full-time equivalent.

Payroll data are either annual averages or as of June 30. Since the federal series covers 'off-continent' employees it may include a fairly considerable number of nonresident foreigners, especially during 1943-46.

All sources and methods for the charts and tables, and other figures mentioned in the Paper, will be described in detail in the full report.