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## CHAPTER 4

### CONCLUSIONS

1. The size of the National Income in the United States during recent years can be determined with a margin of error that is probably less than 10 per cent.

2. The final estimate of the National Income in 1909-1918 runs as follows:

	(Billions)
1909	\$28.8
1910	31.4
1911	31.2
1912	33.0
1913	34.4
1914	33.2
1915	36.0
1916	45.4
1917	53.9
1918	61.0

These figures do not include any allowance for the money value of the work done by housewives for their own families, an item which would add several billions to the money total if all housewives were paid on a commercial basis.

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3. The final estimate of the National Income on a per capita basis is as follows:

1909	\$319
1910	340
1911	333
1912	346
1913	354
1914	335
1915	358
1916	446
1917	523
1918	586

4. Most of the huge increase in the National Income during the war was due merely to the rise of prices. If the preceding figures are reduced to terms of prices in 1913, we get the following results:

	National Income (Billions)	Income per Capita
1909	\$30.1	\$333
1910	32.2	349
1911	31.7	338
1912	33.2	348
1913	34.4	354
1914	33.0	333
1915	35.2	350
1916	40.7	400
1917	40.8	396
1918	38.8	372

5. Not only the National Income but also the Per Capita Income is much larger in the United States than in any other country. The following figures show the National and Per Capita Income at the outbreak of the war in countries for which estimates with a margin of error probably not exceeding 10 per cent. have been made.

## CONCLUSIONS

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1914	National Income (Billions)	Income per Capita
United States	\$33.2	\$335
United Kingdom	10.9	243
Germany	10.5	146
Australia	1.3	263

6. The share of the *net value product* of different industries which is paid to employees as compensation for their services (not by any means equivalent to the "share of labor" in industry) varies from about one-eighth of the total in agriculture to about three-quarters of the total in mining, manufacturing, water transportation and government work.

This share in most industries declined with the sudden rise of prices in 1914-16 and rose again with the advance of wages and salaries in 1917-18. The average for all industries was a trifle higher in 1918 than in 1909, but not so high as it had been in 1913.

7. In the highly organized industries conducted on a large scale, the pay of employees, including the salaries of officials, absorbs in most years some 69-72 per cent. of the net value product. The remaining 31-28 per cent. is the share of "management and capital." From it are paid interest, rent, and profits. Even in these highly organized industries, part of the work of management is paid for under the form of profits, and in some cases,

the subordinate officials and wage earners also share in the profits.

From 1909 to 1918, the extreme fluctuations in the share of management and profits varied from 33 per cent. of the net value product in 1916 to 23 per cent. in 1918.

8. Of the total payments to employees in the highly organized industries, about 92 per cent. goes to the manual workers and clerical staffs, while 8 per cent. goes to officials.

9. In 1918, the year for which the best data are available, about 86 per cent. of persons gainfully employed had incomes of less than \$2,000 per annum, and about 14 per cent. had incomes exceeding that sum.

In the same year, about 60 per cent. of the National Income was divided among the 86 per cent. of the gainfully employed who had incomes less than \$2,000 per annum, and about 40 per cent. of the National Income was divided among the 14 per cent. of the gainfully employed who had incomes exceeding \$2,000.

The net effect of our participation in the war was to diminish somewhat (at least temporarily) the inequality in the distribution of American incomes.

10. If we consider the 5 per cent. of those

gainfully employed who had each year the largest incomes, we find that their share in the aggregate of personal incomes declined from about 33 per cent. in 1913-16 to about 25 per cent. in 1918-19.

11. Data regarding the detailed distribution of personal incomes are scanty and difficult to systematize; but the best approximation this Bureau has been able to make indicates that in 1918, the most prosperous one per cent. of the income receivers had nearly 14 per cent. of the total income, the most prosperous 5 per cent. of the income receivers had nearly 26 per cent. of the total, the most prosperous 10 per cent. of the income receivers had nearly 35 per cent. of the total, and the most prosperous 20 per cent. of the income receivers had about 47 per cent. of the total income.

It should be noted that when we start from the top of the income scale, we must go down to people receiving \$8,000 per annum, in order to include one per cent. of the income receivers. Similarly, to include 5 per cent. of the income receivers, we have to descend to incomes of \$3,200-\$3,300. To include 10 per cent., we must take in part of the \$2,300-\$2,400 class; and to include 20 per cent. we must include part of the \$1,700-\$1,800 class.

