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tween the changes in the average per capita income for the two halves of the post-War period and the corresponding changes in the average income per

gainfully occupied and per consuming unit are similarly small, but significant.

III DISTRIBUTION ACCORDING TO INDUSTRIAL ORIGIN

1 MEANING OF CLASSIFICATION

THE distribution of the national product according to industrial origin reveals in which industries the net and gross supply of commodities and services are produced. Tables 2 and 3 indicate, in dollar volumes and in percentages of the total, the amounts the various branches of the productive system contribute to gross and net national product. But the procedure by which these estimates have been obtained allows also the apportionment of income payments to individuals by the industrial characteristics of the enterprises making them. Accordingly, Table 4 gives the distribution of aggregate income payments to individuals by industrial sources.

The industrial divisions distinguished in Tables 2, 3 and 4 call for little explanation. Construction refers to contract construction alone, and does not include income originating in construction activities undertaken by business enterprises and public agencies on their own account. The transportation and other public utilities group includes throughout the following subdivisions: (a) electric light and power and manufactured gas; (b) steam railroads, Pullman and express; (c) other transportation, including pipe lines, street railways and water transportation; (d) communication, including telephone and telegraph.⁸ Trade covers both the wholesale and retail branches of distribution. The finance group covers: (a) commercial banking; (b) insurance, both life and other; (c) real estate. Real estate includes, in addition to income arising from management and handling of real estate units by corporations especially engaged in that field, all net rents to individuals owning real estate, whether in cash received by individual owners from tenants or imputed to owners of non-farm residential units who reside on their property.⁹

⁸ Estimates of national income and its elements originating in these subdivisions, as well as in the subdivisions of the finance group listed below, are given in Appendix Tables I and II.

⁹ In the distribution by type of income rents appear as a separate type. But since rents cannot be apportioned by the industrial

Government covers not only the Federal government but also all other governmental units in the United States, including income originating in public education and the Post Office. Service covers the numerous branches of service activities: religious, professional, domestic, personal, recreation and amusement, and business. The miscellaneous group is a catch-all for the various activities that cannot be measured separately and properly under the relevant division. It includes such highly dissimilar enterprises as truck and bus transportation, taxicabs, and brokerage houses.

The estimates in Table 3 were obtained by adding to income payments to individuals made by enterprises in each industrial division the net savings of these enterprises. But to get an adequate measure of business savings the available data from accounting records on business profit and loss after payment of dividends must be adjusted in several ways; and some of the adjustments can be made only for the national income total as a whole or for the major industrial divisions.¹⁰ Thus the correction for the difference between depreciation charges in cost and reproduction prices can be made only for national income as a whole, not for the various industrial divisions. For this reason, Table 3 includes an item of net business savings that is uncorrected for the disparity between depreciation and depletion charges at book value and at reproduction prices; and the total (line 11) differs in that respect from national income in current prices as shown in Table 1. However, this adjustment is relatively minor, and the effect of its omission on the distribution by industrial sources is insignificant.

The measures in Table 2 were obtained by adding to those in Table 3 the estimated volume of fixed capital consumption; and since most of the measures in Table 3 assume that depreciation and characteristics of the enterprises that pay them, they have to be treated in the industrial classification as entrepreneurial income payments in the real estate industry.

¹⁰ For a more detailed discussion of these adjustments see Section IV.

depletion charges are based on book value rather than on current reproduction prices, the volume of capital consumption added to them to obtain the entries in Table 2 was also based upon the same assumption.¹¹ But since the estimates of capital consumption are based on data different from those underlying the measures of net income, the industrial divisions for the two sets of measures are not strictly comparable. However, sizable differences in scope are present for only three industrial divisions: transportation and other public utilities, finance, and miscellaneous. The measures of capital consumption for transportation and other public utilities cover not only the four subdivisions mentioned above but also such relatively minor fields as aerial transportation, bus lines, and cartage and storage (included in the national income classification under miscellaneous). Similarly under finance, the measures of capital consumption include, besides the three subdivisions noted above, such enterprises as stock and bond brokers, sales finance companies, and loan companies (included in the national income classification under miscellaneous). The effect is to exaggerate in Table 2 the values shown for the transportation and other public utilities and the finance groups, if they are understood, as they should be, to comprise the subdivisions indicated in Appendix Table I and noted at the beginning of this Section; and to underestimate the value shown for the division of miscellaneous industries. But the distortion is hardly significant, except for the miscellaneous division, which, in any case, has little independent value in the industrial classification. It would scarcely affect the broad conclusions revealed by the distribution according to industrial origin; and with reference to these broad conclusions the classifications in Tables 2, 3 and 4 can be considered as practically identical.

2 DISTRIBUTION IN CURRENT PRICES

The industrial divisions in Tables 2, 3 and 4 are assembled in three major groups. Group I, comprising agriculture, mining, manufacturing and construction, may be characterized as the industries

¹¹ For this reason, gross national product in Table 2 (line 11) and in Table 1 are equal. Gross national product would be the same, whether we add to national income, corrected for the disparity between depreciation and depletion charges based on book value and on current reproduction price, estimates of capital consumption that assume current reproduction price as the basis; or whether we add to national income, unadjusted for the disparity just mentioned, estimates of capital consumption that assume book value as the basis; see also Appendix D.

dealing primarily and largely with the production of commodities. Group II, comprising transportation and other public utilities and trade, may be characterized as commodity handling. This characterization, while true of trade, is only roughly true of transportation and other public utilities because even steam railroads carry passengers and the activities of such divisions as communication can hardly be classified as commodity handling. Still, the preponderant part of even the combined transportation and other public utilities group is devoted to commodity handling, rather than to commodity production or the provision of services to individuals. Group III, comprising finance, government, service and miscellaneous, may be characterized broadly as service industries; and while it includes some commodity handling under miscellaneous, the relative share of this activity or of commodity production is probably very small.

Table 3, Part B, reveals that a large share of total national income arises from activities that do not constitute either production or handling of new commodities; on the average, these account together for slightly over 61 per cent of national income. The rest is accounted for largely by activities that are either services by individuals to other individuals or to society as a whole, services rendered by highly durable commodities to individuals, or services rendered in connection with the production and handling of commodities but so distinct from them as to constitute a separate industry.

The industrial distribution of aggregate income payments to individuals (Table 4, Part B), when studied for the same three broad industrial groups, does not differ materially from that of national income. When an arithmetic mean of the percentage shares is taken for the period as a whole, the average share in the aggregate income payments to individuals is: Group I, 37 per cent; Group II, 24 per cent; Group III, 39 per cent. Similar average percentages for the percentage distribution of national income are 37, 25, and 39, respectively; the differences between the two sets of averages are insignificant. Nor does any significant difference appear when we consider the distribution of gross national product: the average share of Group I in Table 2, Part B, is 38 per cent; of Group II, 24 per cent; of Group III, 39 per cent.

As among the three groups, there were clear-cut differences in the movement over the period as a whole (see Chart 2). Whether expressed in percentages of the national product or of aggregate income payments, the relative share of the commod-

Table 2
DISTRIBUTION OF GROSS NATIONAL PRODUCT ACCORDING TO INDUSTRIAL ORIGIN, 1919-1934¹

Part A. Absolute Figures
(millions of dollars)

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
1 Agriculture	12,778	10,578	7,556	7,037	7,888	8,523	9,028	8,578	8,517	8,646	8,616	6,810	4,624	3,212	4,035	5,287
2 Mining	2,340	3,121	2,251	2,014	2,888	2,497	2,546	2,821	2,429	2,158	2,386	1,865	1,188	783	782	1,383
3 Manufacturing	17,322	21,200	13,914	14,565	18,357	17,150	18,482	20,054	19,147	19,989	21,984	18,373	12,972	8,049	8,389	11,372
4 Construction	1,564	2,342	1,975	1,985	2,690	2,974	3,051	3,230	3,240	3,213	3,224	2,785	1,816	816	592	874
5 Transportation and other public utilities	6,359	7,798	6,807	6,683	7,586	7,661	8,220	8,679	8,652	8,966	9,524	8,764	7,541	5,944	5,595	5,670
6 Trade	10,367	11,851	10,000	8,870	10,435	10,124	10,539	11,936	10,942	11,422	11,729	11,469	9,372	6,517	5,312	6,305
7 Finance	7,786	8,926	8,482	9,002	9,756	10,497	10,862	11,254	11,610	12,517	12,625	11,389	9,339	7,290	6,486	6,662
8 Government	1,368	7,427	6,571	6,961	7,603	7,826	8,108	8,658	9,085	9,080	9,137	8,791	7,239	6,407	7,602	8,440
9 Service	6,503	7,129	6,528	7,853	8,451	8,986	9,811	10,618	10,278	10,997	11,577	10,490	8,951	6,788	6,481	7,607
10 Miscellaneous	2,334	2,481	2,075	2,209	2,590	2,633	2,878	3,084	3,038	3,258	3,079	2,213	1,885	1,538	1,361	2,250
11 Total ²	68,750	82,836	66,148	67,186	78,215	78,791	83,414	88,780	86,778	90,051	93,640	82,724	64,752	47,201	46,538	55,764
12 Group I (1-4)	34,004	37,241	25,696	25,600	31,824	31,144	33,107	34,684	33,334	34,006	36,209	29,833	20,600	12,860	13,798	18,915
13 Group II (5 and 6)	16,725	19,649	16,807	15,553	18,022	17,785	18,758	20,615	19,594	20,388	21,253	20,233	16,914	12,461	10,907	11,975
14 Group III (7-10)	17,991	25,964	23,656	26,025	28,400	29,942	31,660	33,615	34,011	35,852	36,418	32,883	27,415	22,022	21,932	24,959

¹The grand totals in this and subsequent tables are additions of the totals of each industrial branch. The income subtotals by industrial branches are primarily in thousands of dollars. Hence the rounded figures given here for the individual industries do not always add up exactly to the totals shown.

²Inclusive of non-allocable items of capital consumption consisting of fire losses and depreciation on passenger cars used for business.

Part B. Percentage Distribution

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
1 Agriculture	18.6	12.8	11.4	10.5	10.1	10.8	10.8	9.6	9.8	9.6	9.2	8.2	7.1	6.8	8.7	9.5
2 Mining	3.4	3.8	3.4	3.0	3.7	3.2	3.0	3.2	2.8	2.4	2.5	2.2	1.8	1.7	1.7	2.5
3 Manufacturing	25.2	25.6	21.0	21.7	23.5	21.7	22.1	22.6	22.0	22.1	23.4	22.1	20.0	17.0	18.0	20.4
4 Construction	2.3	2.8	3.0	3.0	3.4	3.8	3.7	3.6	3.7	3.6	3.4	3.4	2.8	1.7	1.3	1.6
5 Transportation and other public utilities	9.3	9.4	10.3	9.9	9.7	9.7	9.8	9.8	10.0	9.9	10.1	10.6	11.6	12.6	12.0	10.2
6 Trade	15.1	14.3	15.1	13.2	13.3	12.8	12.6	13.4	12.6	12.7	12.5	13.8	14.4	13.8	11.4	11.3
7 Finance	11.3	10.8	12.8	13.4	12.5	13.3	13.0	12.7	13.4	13.9	13.4	13.7	14.4	15.4	13.9	11.9
8 Government	2.0	9.0	9.9	10.4	9.7	9.9	9.7	9.7	10.4	10.1	9.7	10.6	11.1	13.5	16.3	15.1
9 Service	9.5	8.6	9.9	11.7	10.8	11.4	11.7	11.9	11.8	12.2	12.3	12.6	13.8	14.3	13.9	13.6
10 Miscellaneous	3.4	3.0	3.1	3.3	3.3	3.3	3.4	3.5	3.5	3.6	3.3	2.7	2.9	3.2	2.9	4.0
11 Total ¹	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 Group I (1-4)	49.5	44.9	38.8	38.1	40.7	39.5	39.6	39.0	38.3	37.7	38.6	36.0	31.7	27.2	29.6	33.9
13 Group II (5 and 6)	24.3	23.7	25.4	23.2	23.0	22.5	22.5	23.2	22.5	22.6	22.6	24.4	26.1	26.3	23.4	21.4
14 Group III (7-10)	26.2	31.3	35.8	38.7	36.3	38.0	37.9	37.8	39.1	39.7	38.8	39.6	42.2	46.5	47.0	44.7

¹Exclusive of the non-allocable items which range from less than 0.1 per cent of -0.3 per cent of the totals.

Table 3
DISTRIBUTION OF NATIONAL INCOME ACCORDING TO INDUSTRIAL ORIGIN, 1919-1935¹

Part A. Absolute Figures
(millions of dollars)

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
1 Agriculture	11,236	8,986	6,226	5,828	6,690	7,325	7,769	7,294	7,199	7,282	7,231	5,510	3,488	2,182	3,080	4,276	4,696
2 Mining	1,832	2,508	1,709	1,430	2,183	1,810	1,954	2,288	1,945	1,719	1,893	1,471	872	503	503	1,007	1,116
3 Manufacturing	16,171	19,907	12,627	13,079	16,784	15,598	16,833	18,151	17,186	17,927	19,828	16,179	10,997	6,248	6,644	9,814	11,546
4 Construction	1,501	2,258	1,895	1,910	2,617	2,892	2,955	3,128	3,129	3,100	3,091	2,646	1,688	708	506	795	878
5 Transportation and other public utilities	5,989	7,461	6,371	6,228	7,089	7,127	7,624	7,934	7,838	8,043	8,513	7,715	6,395	4,860	4,583	4,654	4,991
6 Trade	10,115	11,587	9,692	8,562	10,091	9,742	10,082	11,486	10,465	10,895	11,177	10,901	8,789	6,006	4,846	5,819	6,863
7 Finance	5,397	5,918	6,299	6,810	7,363	7,997	8,304	8,489	8,786	9,551	9,541	8,344	6,644	4,906	4,171	4,193	4,643
8 Government	923	6,906	6,151	6,555	7,153	7,361	7,628	8,144	8,531	8,505	8,535	8,184	6,641	5,859	7,020	7,793	7,719
9 Service	6,413	7,022	6,408	7,691	8,290	8,798	9,611	10,195	10,015	10,693	11,224	10,136	8,602	6,375	6,111	7,236	8,261
10 Miscellaneous	2,264	2,416	2,014	2,159	2,538	2,607	2,861	3,083	3,054	3,257	3,077	2,211	1,883	1,537	1,361	2,248	2,397
11 Total	61,842	74,969	59,593	60,254	70,799	71,257	75,621	80,192	78,128	80,970	84,111	73,297	56,000	39,184	38,824	47,834	53,110
12 Group I (1-4)	30,740	33,659	22,457	22,248	28,274	27,624	29,510	30,861	29,459	30,027	32,044	25,805	17,045	9,641	10,733	15,891	18,236
13 Group II (5 and 6)	16,104	19,048	16,063	14,791	17,181	16,869	17,706	19,420	18,303	18,938	19,690	18,616	15,164	10,866	9,430	10,473	11,854
14 Group III (7-10)	14,998	22,262	20,872	23,215	25,344	26,764	28,405	29,911	30,367	32,005	32,377	28,875	23,770	18,677	18,662	21,469	23,020

(6)

¹Not adjusted for the disparity between depreciation and depletion at cost prices and at current reproduction prices.

Part B. Percentage Distribution

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
1 Agriculture	18.2	12.0	10.5	9.7	9.4	10.3	10.3	9.1	9.2	9.0	8.6	7.5	6.2	5.6	7.9	8.9	8.8
2 Mining	3.0	3.3	2.9	2.4	3.1	2.5	2.6	2.9	2.5	2.1	2.3	2.0	1.6	1.3	1.3	2.1	2.1
3 Manufacturing	26.1	26.6	21.3	21.7	23.7	21.9	22.3	22.6	22.0	22.1	23.6	22.1	19.6	15.9	17.1	20.5	21.7
4 Construction	2.4	3.0	3.2	3.2	3.7	4.1	3.9	3.9	4.0	3.8	3.7	3.6	3.0	1.8	1.3	1.7	1.7
5 Transportation and other public utilities	9.7	10.0	10.7	10.3	10.0	10.0	10.1	9.9	10.0	9.9	10.1	10.5	11.4	12.4	11.8	9.7	9.4
6 Trade	16.4	15.5	16.3	14.2	14.3	13.7	13.3	14.3	13.4	13.5	13.3	14.9	15.7	15.3	12.5	12.2	12.9
7 Finance	8.7	7.9	10.6	11.3	10.4	11.2	11.0	10.6	11.2	11.8	11.3	11.4	11.9	12.5	10.7	8.8	8.7
8 Government	1.5	9.2	10.4	10.9	10.1	10.3	10.1	10.2	10.9	10.5	10.1	11.2	11.9	15.0	18.1	16.3	14.5
9 Service	10.4	9.4	10.8	12.8	11.7	12.3	12.7	12.7	12.8	13.2	13.3	13.8	15.4	16.3	15.7	15.1	15.6
10 Miscellaneous	3.7	3.2	3.4	3.6	3.6	3.7	3.8	3.8	3.9	4.0	3.7	3.0	3.4	3.9	3.5	4.7	4.5
11 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 Group I (1-4)	49.7	44.9	37.8	36.9	39.9	38.8	39.0	38.5	37.7	37.1	38.1	35.2	30.4	24.6	27.6	33.2	34.3
13 Group II (5 and 6)	26.0	25.4	27.0	24.5	24.3	23.7	23.4	24.2	23.4	23.4	23.4	25.4	27.1	27.7	24.3	21.9	22.3
14 Group III (7-10)	24.3	29.7	35.1	38.5	35.8	37.6	37.6	37.3	38.9	39.5	38.5	39.4	42.4	47.7	48.1	44.9	43.3

Table 4
DISTRIBUTION OF AGGREGATE INCOME PAYMENTS TO INDIVIDUALS ACCORDING TO INDUSTRIAL ORIGIN, 1919-1935

Part A. Absolute Figures
(millions of dollars)

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
1 Agriculture	8,480	9,757	6,592	6,350	7,022	7,094	7,197	7,351	7,333	7,328	7,354	6,617	5,258	4,041	3,813	4,152	4,545
2 Mining	1,796	2,494	1,861	1,703	2,428	2,099	2,054	2,362	2,111	1,886	2,059	1,712	1,186	799	790	1,111	1,167
3 Manufacturing	14,292	16,780	11,732	12,255	15,262	14,553	15,383	16,168	16,260	16,893	18,035	15,864	12,288	8,567	8,516	10,509	11,710
4 Construction	1,541	2,093	1,623	1,975	2,657	2,702	2,852	2,951	2,909	3,063	3,031	2,518	1,644	833	794	938	908
5 Transportation and other public utilities	5,867	7,287	6,059	6,014	6,690	6,751	6,956	7,243	7,378	7,405	7,777	7,498	6,554	5,306	4,803	4,964	5,205
6 Trade	8,034	9,039	7,676	8,032	8,802	9,029	9,478	9,970	9,807	10,030	10,650	10,178	8,926	7,016	6,239	6,749	7,117
7 Finance	5,193	5,874	6,223	6,806	7,390	7,939	8,232	8,375	8,626	9,208	9,698	8,714	7,280	5,653	4,771	4,528	4,780
8 Government	5,202	5,299	5,492	5,553	5,728	5,896	6,058	6,267	6,514	6,741	7,028	7,209	7,341	7,265	7,838	8,974	9,364
9 Service	5,202	6,302	6,050	7,250	7,502	8,191	8,953	9,241	9,495	10,097	10,751	9,975	9,092	7,806	8,115	8,130	9,023
10 Miscellaneous	1,893	2,130	1,868	2,103	2,375	2,508	2,759	2,874	2,948	3,173	3,425	3,334	2,996	2,499	2,200	2,330	2,468
11 Total	57,499	67,056	55,177	58,041	65,854	66,763	69,921	72,823	73,381	75,823	79,808	73,620	62,565	49,785	47,880	52,385	56,287
12 Group I (1-4)	26,108	31,124	21,809	22,283	27,368	26,448	27,486	28,853	28,613	29,170	30,479	26,711	20,376	14,240	13,913	16,710	18,330
13 Group II (5 and 6)	13,901	16,326	13,735	14,046	15,492	15,780	16,433	17,213	17,185	17,434	18,427	17,676	15,480	12,322	11,042	11,713	12,322
14 Group III (7-10)	17,489	19,605	19,633	21,712	22,994	24,534	26,002	26,757	27,583	29,218	30,902	29,233	26,710	23,223	22,924	23,962	25,635

Part B. Percentage Distribution

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
1 Agriculture	14.7	14.6	11.9	10.9	10.7	10.6	10.3	10.1	10.0	9.7	9.2	9.0	8.4	8.1	8.0	7.9	8.1
2 Mining	3.1	3.7	3.4	2.9	3.7	3.1	2.9	3.3	2.9	2.5	2.6	2.3	1.9	1.6	1.6	2.1	2.1
3 Manufacturing	24.9	25.0	21.3	21.1	23.2	21.8	22.0	22.2	22.2	22.3	22.6	21.5	19.6	17.2	17.8	20.1	20.8
4 Construction	2.7	3.1	2.9	3.4	4.0	4.0	4.1	4.1	4.0	4.0	3.8	3.4	2.6	1.7	1.7	1.8	1.6
5 Transportation and other public utilities	10.2	10.9	11.0	10.4	10.2	10.1	9.9	9.9	10.1	9.9	9.7	10.2	10.5	10.7	10.0	9.5	9.2
6 Trade	14.0	13.5	13.9	13.8	13.4	13.5	13.6	13.7	13.4	13.2	13.3	13.8	14.3	14.1	13.0	12.9	12.6
7 Finance	9.0	8.8	11.3	11.7	11.2	11.9	11.8	11.5	11.8	12.1	12.2	11.8	11.6	11.4	10.0	8.6	8.5
8 Government	9.0	7.9	10.0	9.6	8.7	8.8	8.7	8.6	8.9	8.9	8.8	9.8	11.7	14.6	16.4	17.1	16.6
9 Service	9.0	9.4	11.0	12.5	11.4	12.3	12.8	12.7	12.9	13.3	13.5	13.5	14.5	15.7	16.9	15.5	16.0
10 Miscellaneous	3.3	3.2	3.4	3.6	3.6	3.8	3.9	3.9	4.0	4.2	4.3	4.5	4.8	5.0	4.6	4.4	4.4
11 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
12 Group I (1-4)	45.4	46.4	39.5	38.4	41.6	39.6	39.3	39.6	39.0	38.5	38.2	36.3	32.6	28.6	29.1	31.9	32.6
13 Group II (5 and 6)	24.2	24.3	24.9	24.2	23.5	23.6	23.5	23.6	23.4	23.0	23.1	24.0	24.7	24.8	23.1	22.4	21.9
14 Group III (7-10)	30.4	29.2	35.6	37.4	34.9	36.7	37.2	36.7	37.6	38.5	38.7	39.7	42.7	46.6	47.9	45.7	45.6

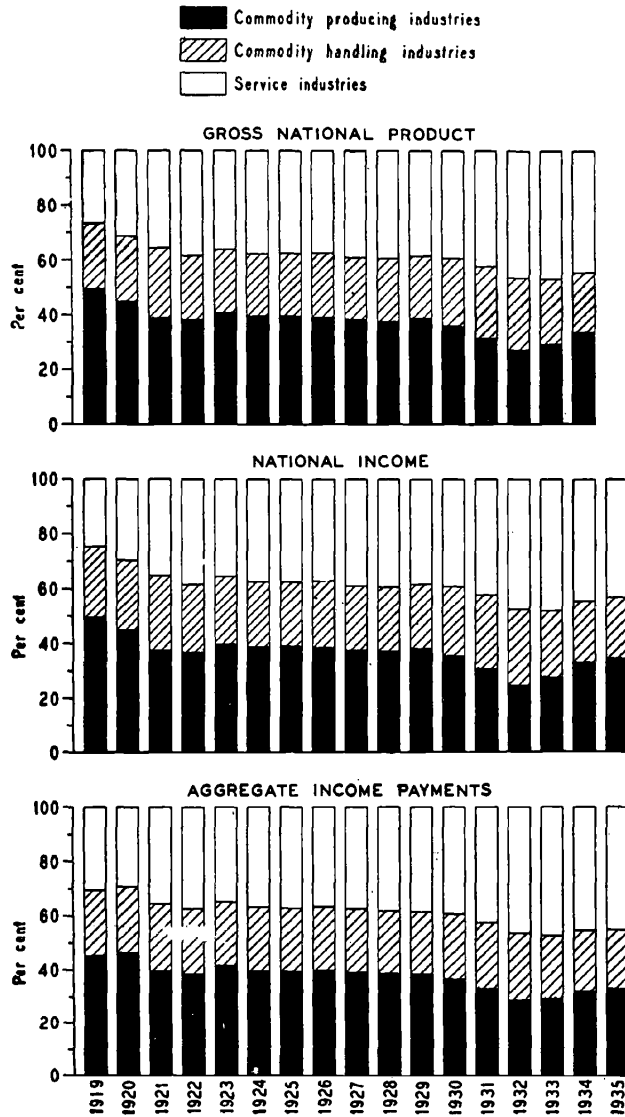
NATIONAL INCOME AND CAPITAL FORMATION

ity producing branches declined. Most of the decline occurred from 1919 to 1921 and from 1929 to 1932, but there was a downward drift even from 1923 to 1929; and inspection of the percentages for each industrial division in this group shows that in three—agriculture, mining, and manufacturing

decline. It varies somewhat from year to year, both for the group as a whole and for its two divisions, but reveals no definite trend over the period. The distinct and different trends in the shares of the various industrial branches included under transportation and other public utilities over the period (e.g., the growth in the importance of electric light and power and gas, and of communications, and the decline in that of steam railroads and other transportation) are canceled when the branches are combined.

The share of each important subdivision of the service industries—finance, government, and service—rose distinctly over the period. The conclusion is thus unavoidable that the development of the economic system since the War has meant, as far as the composition of the national product in current prices is concerned, a shift from the production of commodities to service activities that are significantly different in character and industrial organization from the production and handling of commodities.

Chart 2
PERCENTAGE DISTRIBUTION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME AND AGGREGATE INCOME PAYMENTS BY MAJOR INDUSTRIAL DIVISIONS 1919 - 1935



3 DISTRIBUTION IN 1929 PRICES

Are the changes in the industrial distribution of the totals in Tables 2-4 due to the differential movement of prices for various groups of commodities and services, or would they persist even with the dollar volumes adjusted for changes in the specific price levels? While data are scanty, some attempt to adjust for price changes can be made with reference to the broad industrial distribution of gross national product and of national income.

In *Bulletin 59* (May 4, 1936) we presented indexes of physical volume of output in several industrial branches, and indicated under what assumptions they were a good approximation to the changes in income produced in these branches in terms of a constant price level (see Appendix Table 2, p. 24, and discussion on p. 5). These assumptions can easily be modified to apply to gross income originating in industrial branches, 'gross' in the sense used in the present discussion.

Bulletin 59 provides indexes of the movement of net and gross income, in constant prices, originating in each of the four divisions of Group I (agriculture, mining, manufacturing, and construction). If these indexes, in terms of the level for 1919-34 as 100, are converted to the 1929 level as 100 and multiplied: (a) by income originating in each of the four divisions in Group I in 1929 (Table 3), and then added, the result would be annual esti-

—this downward movement in the percentage share of gross and net national product and of aggregate income payments is clearly and consistently present. Only in construction, owing to the long swing characteristic of the industry, is this declining trend in relative importance not obvious. The share of the national product or of aggregate income payments to individuals accounted for by 'commodity handling', on the contrary, does not

DISTRIBUTION ACCORDING TO INDUSTRIAL ORIGIN

ates of the part of national income, in 1929 prices, added, the result would be annual estimates of the
 originating in commodity producing industries; part of gross national product in 1929 prices orig-
 b) by gross income originating in each of the four inating in the commodity producing industries.
 divisions in Group I in 1929 (Table 2), and then These results are entered in Table 5. We have also,

Table 5

DISTRIBUTION OF GROSS NATIONAL PRODUCT AND NATIONAL INCOME IN 1929 AND CURRENT PRICES BY ORIGIN IN COMMODITY PRODUCING AND IN OTHER INDUSTRIES, 1919-1934

Part A Gross National Product

YEAR	ABSOLUTE TOTALS IN 1929 PRICES		PERCENTAGE DISTRIBUTION			
	PRODUCT ORIGINATING IN		1929 PRICES		CURRENT PRICES	
	COMMODITY PRODUCING INDUSTRIES	OTHER INDUSTRIES	COMMODITY PRODUCING INDUSTRIES	OTHER INDUSTRIES	COMMODITY PRODUCING INDUSTRIES ¹	OTHER INDUSTRIES ¹
	(1)	(2)	(3)	(4)	(5)	(6)
1919	25,589	38,386	40.0	60.0	49.5	50.5
1920	26,822	40,065	40.1	59.9	45.0	55.0
1921	22,759	39,792	36.4	63.6	38.8	61.2
1922	27,282	41,200	39.8	60.2	38.1	61.9
1923	30,270	47,141	39.1	60.9	40.7	59.3
1924	29,534	48,738	37.7	62.3	39.5	60.5
1925	31,589	50,238	38.6	61.4	39.7	60.3
1926	33,099	53,263	38.3	61.7	39.1	60.9
1927	33,030	52,760	38.5	61.5	38.4	61.6
1928	35,182	54,986	39.0	61.0	37.8	62.2
1929	36,209	57,414	38.7	61.3	38.7	61.3
1930	31,991	52,881	37.7	62.3	36.1	63.9
1931	28,887	43,762	39.8	60.2	31.8	68.2
1932	23,277	34,979	40.0	60.0	27.2	72.8
1933	24,483	35,999	40.5	59.5	29.6	70.4
1934	25,322	43,602	36.7	63.3	33.9	66.1
Average						
1919-26			38.8	61.2	41.3	58.7
Average						
1927-34			38.9	61.1	34.2	65.8

Part B National Income

1919	22,560	33,285	40.4	59.6	51.3	48.7
1920	23,621	35,137	40.2	59.8	46.5	53.5
1921	20,048	34,706	36.6	63.4	38.5	61.5
1922	24,104	36,206	40.0	60.0	37.3	62.7
1923	26,731	42,349	38.7	61.3	40.6	59.4
1924	26,069	43,798	37.3	62.7	39.3	60.7
1925	27,933	45,164	38.2	61.8	39.4	60.6
1926	29,252	47,687	38.0	62.0	38.8	61.2
1927	29,209	47,140	38.3	61.7	38.0	62.0
1928	31,137	49,215	38.8	61.2	37.3	62.7
1929	32,044	51,363	38.4	61.6	38.4	61.6
1930	28,238	46,408	37.8	62.2	35.4	64.6
1931	25,403	37,136	40.6	59.4	30.4	69.6
1932	20,359	28,201	41.9	58.1	24.3	75.7
1933	21,441	29,557	42.0	58.0	27.3	72.7
1934	22,216	37,056	37.5	62.5	33.2	66.8
Average						
1919-26			38.7	61.3	41.5	58.5
Average						
1927-34			39.4	60.6	33.0	67.0

¹ The percentages in Part A differ from those in Table 2, Part B, because of the inclusion here of non-allocable items with 'other' industries. The percentages in Part B differ from those in Table 3, Part B, because total national income distributed here, in contrast to that in Table 3, has been adjusted for the disparity between depreciation and depletion deductions in cost prices and in current reproduction prices.

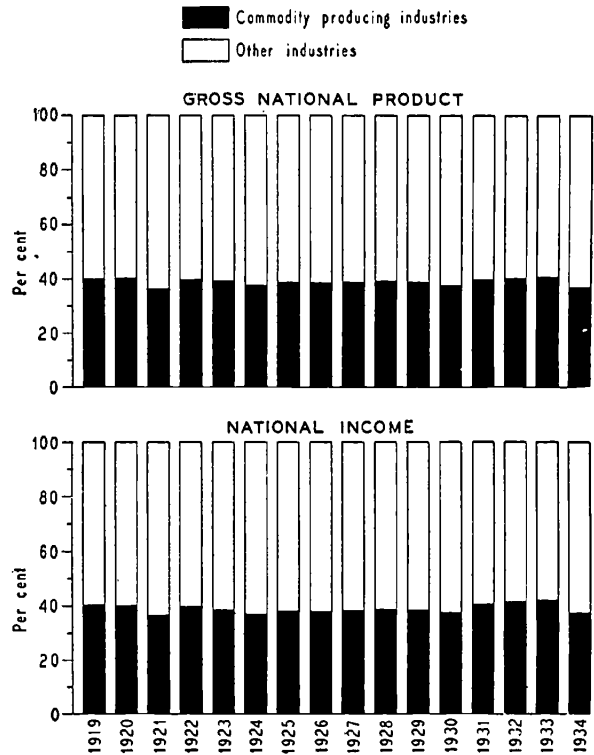
from Table 1, the annual volume of gross and net national product in 1929 prices. By subtracting (b), i.e., the part originating in the commodity producing industries, from total gross national product in 1929 prices, we obtain the part in 1929 prices originating in all the other industries. Also, by subtracting (a), i.e., the part originating in the commodity producing industries, from total net national product or national income in 1929 prices, we obtain the part in 1929 prices originating in all the other industries. The latter subtraction involves some inconsistency since the national income figure in Table 1 has been adjusted for the disparity between depreciation and depletion charges on a book value and a current reproduction price basis, an adjustment that could not be made for the industrial divisions of the national total. But the adjustment is small and could scarcely affect the comparison between net income originating in the commodity producing industries and national income, both in constant prices. Accordingly, Table 5 presents this rough apportionment of gross and net national product into two major industrial groups: commodity producing industries and all other industries (see also Chart 3).

This adjustment for price changes is admittedly rough. While the adjusted estimates of gross and net national product, and of the parts originating in the commodity producing industries, may themselves be tolerably reliable, the derivation of the shares, in 1929 prices, of 'other industries' by subtraction makes the latter estimates bear the brunt of errors in both the total and the subtrahend. But the primary emphasis here is on the broad movement of the percentage distribution; and this movement is, perhaps, not too greatly affected by the crudities of the procedure.

It appears from Table 5 and Chart 3 that when the national product totals and those shares that originate in the commodity producing and other industries are adjusted for changes in prices, the tendency for the share of the former to decline disappears completely. If the estimates underlying Table 5 are to be trusted, the apparent decline over the period in the relative share of the commodity producing industries in the economic system, as

measured by the industrial distribution of the national product, was due exclusively to the decline in the prices of commodities which was greater than in the prices of services. This conclusion checks with general impressions concerning the price movements of various categories of economic goods since the War. There is little doubt that ag

Chart 3
PERCENTAGE APPORTIONMENT OF GROSS NATIONAL PRODUCT AND NATIONAL INCOME IN 1929 PRICES, BY ORIGIN IN COMMODITY PRODUCING AND IN OTHER INDUSTRIES 1919 - 1934



gricultural products and other basic commodities declined more appreciably in price than transportation, distributive, financial and other services. That this difference in the price change was so substantial as to create the downward movement of the share in the national product, in current prices, of the commodity producing industries is indicated by Tables 2, 3 and 5. But in view of the slender basis upon which the difficult adjustment for price changes rests, it is perhaps best to leave this conclusion as a tentative suggestion deserving further exploration.