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CHAPTER 18

ALL BRANCHES OF GOVERNMENT

§ 18a. The Components of the Net Value Product

In dealing with the product of government, the same criterion is used that has been applied in the industrial fields previously studied; namely, what book or money income do individuals, as such, derive therefrom? Evidently, governmental units expend great amounts for wages and salaries, but they pay no dividends. Large sums are, however, disbursed in interest, mostly to private individuals but to no inconsiderable extent to banks. The interest going to banks must not be included in the governmental value product since it is already accounted for as a receipt in the banking industry. In this study, the net value product of government will, then, be considered simply as the total of wages, salaries, pensions, gratuities, and interest paid to private individuals.

Because of the nature of the available statistics government expenditures have been divided into four main classes:

1. Federal.
2. State and County.
3. City and Village.
4. School Districts.

§ 18b. The Number of Employees

One of the most difficult parts of the study has been to estimate the number of employees engaged in each of these governmental fields. For the United States Government, the sources made use of are the *Official Register*, the *Statistical Abstract*, and the *Annual Reports* of the Secretary of War and of the Postmaster General. While the results are not highly accurate, it is almost certain that the errors in the estimates of the number of Federal employees are relatively small.

It is difficult, however, to obtain any reasonably accurate figures concerning the numbers of State and County employees. The United States Census of Occupations gives practically no aid, for it records only officials,¹ leaving out of account the army of clerks, stenographers, etc., who far outnumber those who are their superiors in rank. The desired number has therefore been estimated by ascertaining from a study of *The*

¹ Even these are doubtless often entered under their professions.

Census of Wealth, Debt and Taxation and of *The Financial Statistics of States*, the approximate total amounts paid as wages and salaries in the various years and then dividing these totals by the average compensation for the services of State and County employees in New York as approximated from the reports of the State Civil Service Commission. While we have no reason for believing that New York salaries are especially non-representative, a much wider base would be necessary before one could feel confidence in the results. However, time was lacking to utilize fully the scanty and ill-assorted material scattered through some of the State reports, or to canvass thoroughly all of the State records in the hope of finding better organized results which perchance may there exist. Even the rather crude analysis here made represents the results of several weeks of search and calculation.

The determination of the number of city and village employees offered a problem only slightly less difficult of solution. Using the United States Census reports and interpolating by aid of the police and fire department records of several large cities, it was found possible to approximate reasonably well the number of policemen and firemen in all cities. It is believed therefore that the results in this field are satisfactory. The number of other city employees was estimated by first calculating the total wages and salaries paid to city employees, using for this purpose the reports of the auditors or comptrollers of various cities, and the *Financial Statistics of Cities* published by the United States Census Bureau. The total for each year was divided by an average wage estimated from the same sources in order to obtain the approximate number of employees attached to the industry. In this instance, a large quantity of usable data were found and the results are therefore somewhat more dependable than in the case of the States and Counties, although they are far from exact. Table 18A summarizes the estimates.

In calculating the number of school employees, the reports of the United States Commissioner of Education were the chief sources relied upon. These reports give practically complete data for the common schools and fairly satisfactory information concerning more advanced institutions. The number of other school employees is, however, estimated from fragmentary evidence. The results as a whole are, therefore, only moderately accurate.

TABLE 18A

AN ESTIMATE^b OF THE NUMBER OF PERSONS EMPLOYED BY THE VARIOUS BRANCHES OF GOVERNMENT IN THE CONTINENTAL UNITED STATES

| Year | Thousands of employees attached to various branches of government | | | | | | | |
|------|---|------------------------|----------------|--------------------|----------------------------------|-----------------------------|---------------------|--------------------|
| | All branches | United States | | | States and Counties ^a | Cities and villages | | |
| | | Army, navy and marines | Postal service | General government | | Police and fire departments | Municipal utilities | General government |
| 1909 | 1,565 | 135 | 280 | 142 | 161 | 96 | 29 | 149 |
| 1910 | 1,620 | 133 | 283 | 144 | 173 | 97 | 30 | 573 |
| 1911 | 1,671 | 137 | 283 | 147 | 184 | 100 | 31 | 591 |
| 1912 | 1,727 | 145 | 287 | 148 | 195 | 102 | 32 | 607 |
| 1913 | 1,785 | 148 | 291 | 150 | 211 | 108 | 33 | 626 |
| 1914 | 1,866 | 159 | 293 | 160 | 231 | 108 | 34 | 644 |
| 1915 | 1,955 | 166 | 296 | 174 | 250 | 111 | 35 | 669 |
| 1916 | 2,037 | 200 | 298 | 190 | 255 | 112 | 36 | 694 |
| 1917 | 2,691 | 786 | 300 | 232 | 253 | 115 | 37 | 714 |
| 1918 | 5,129 | 3,038 | 290 | 433 | 254 | 114 | 39 | 733 |
| | | | | | | | | 724 |

^a Teachers employed by States are included under "School Districts."

^b For derivation of the items in this table see the text.

§ 18c. The Amount Paid in Wages or Salaries

As previously stated, information is very incomplete concerning the amount of salaries paid by governmental units. The Departments of the Federal Government rarely give the complete totals anywhere in their reports and, in many instances, wages and other expenses are so confused that they cannot be separated. The results here given must, therefore, be regarded only as approximations to the truth, although the existence of reliable data for important payments made by the Department of Agriculture, the army and navy, and the Post Office Department make it improbable that the errors in this field are unduly large.

The estimates for States and Counties are made by assuming that the proportion of their total expenditures going as wages and salaries is the same as in the State of New York. The total expenditures are estimated from the Census reports on the *Financial Statistics of States* and on *Wealth, Debt, and Taxation*. The result cannot be deemed more than a reasonable approximation.

The salary and wage payments to employees by the general government of cities and villages are computed on the basis of the records of the sample cities of Chicago, Cincinnati, Providence and San Francisco. The assumption has been made that wages and salaries absorb the same proportion of general governmental costs in other cities as in the average of these

four. The total general governmental costs are estimated from the figures appearing in *The Financial Statistics of Cities*. The results here stated must be considered as rather rough approximations to the truth.

The estimates for the pay of employees of municipal utilities, being computed along somewhat similar lines, are only slightly more accurate. The figures for policemen and firemen are, however, believed to be much nearer the truth, being based upon the rather reasonable assumption that average wages in New York, Chicago, Boston, Charleston, and Washington (the cities for which records are available), are fairly typical for the entire nation. The figures for school employees are greatly strengthened by the fact that the United States Commissioner of Education presents nearly complete data for teachers in the public schools. The chief possibility of error arises from the lack of any but extremely fragmentary data concerning the amounts paid for the services of janitors and other non-teaching employees of school districts, colleges, and universities.

The general results are summarized in Table 18B.

TABLE 18B

AN ESTIMATE^b OF THE TOTAL AMOUNTS DISBURSED BY VARIOUS BRANCHES OF GOVERNMENT IN DIRECT PAYMENT FOR THE SERVICES OF EMPLOYEES

| Calendar year | Millions of Dollars Paid by | | | | | | | |
|---------------|-----------------------------|--|------------------------|---------------------------------|---------------------|-----------------------------|---------------------|---------------------------------|
| | All branches of government | Federal government | | | States and counties | Cities and villages | | |
| | | Army, navy and marine corps ^a | Post office Department | Miscellaneous civil departments | | Police and fire departments | Municipal utilities | Miscellaneous civil departments |
| 1909 | \$1,157 | \$ 113 | \$153 | \$148 | \$151 | \$113 | \$25 | \$158 |
| 1910 | 1,236 | 110 | 160 | 157 | 166 | 122 | 26 | 180 |
| 1911 | 1,300 | 112 | 166 | 156 | 181 | 126 | 23 | 196 |
| 1912 | 1,378 | 119 | 174 | 156 | 199 | 132 | 27 | 210 |
| 1913 | 1,470 | 123 | 187 | 163 | 222 | 137 | 30 | 221 |
| 1914 | 1,571 | 128 | 199 | 177 | 250 | 141 | 33 | 229 |
| 1915 | 1,684 | 133 | 206 | 194 | 276 | 144 | 33 | 256 |
| 1916 | 1,814 | 182 | 214 | 211 | 287 | 146 | 35 | 264 |
| 1917 | 2,530 | 769 | 220 | 271 | 293 | 151 | 37 | 268 |
| 1918 | 4,591 | 2,391 | 243 | 572 | 305 | 164 | 39 | 299 |

^a Includes allowance for board, lodging, clothing, etc., furnished.

^b For derivation, see text.

§ 18d. The Average Annual Earnings of Employees

The division of the items in Table 18B by the corresponding ones in Table 18A gives the figures appearing in Table 18C, these figures representing the average annual pay per employee in each of the divisions considered.

TABLE 18C

AN ESTIMATE^a OF THE AVERAGE ANNUAL PAY PER EMPLOYEE IN VARIOUS BRANCHES OF GOVERNMENTAL SERVICE IN THE CONTINENTAL UNITED STATES

| Calendar Year | All Branches of Government | Federal Government | | | States and Counties | Cities and Villages | | | Schools |
|---------------|----------------------------|---|------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|---------|
| | | Army, navy, and marine corps ^b | Post office Department | Miscellaneous civil | | Police and fire departments | Municipal utilities | Miscellaneous civil | |
| 1909 | \$739 | \$838 | \$547 | \$1,040 | \$ 938 | \$1,176 | \$ 843 | \$1,058 | \$517 |
| 1910 | 763 | 830 | 565 | 1,090 | 958 | 1,249 | 845 | 1,066 | 535 |
| 1911 | 778 | 818 | 585 | 1,061 | 982 | 1,262 | 845 | 1,079 | 555 |
| 1912 | 798 | 819 | 608 | 1,055 | 1,018 | 1,289 | 855 | 1,091 | 578 |
| 1913 | 823 | 830 | 644 | 1,088 | 1,053 | 1,263 | 903 | 1,103 | 601 |
| 1914 | 842 | 808 | 678 | 1,108 | 1,083 | 1,314 | 951 | 1,077 | 619 |
| 1915 | 861 | 803 | 696 | 1,117 | 1,104 | 1,291 | 954 | 1,120 | 635 |
| 1916 | 891 | 912 | 718 | 1,113 | 1,125 | 1,302 | 964 | 1,138 | 656 |
| 1917 | 940 | 978 | 736 | 1,165 | 1,157 | 1,314 | 982 | 1,141 | 711 |
| 1918 | 895 | 787 | 839 | 1,320 | 1,203 | 1,441 | 1,014 | 1,257 | 798 |

^a For mode of derivation, consult text.

^b Includes an allowance for board, lodging, clothing, etc., furnished.

In Table 18D the average pay is reduced to purchasing power at a constant price level.

TABLE 18D

AN ESTIMATE OF THE PURCHASING POWER AT PRICES OF 1913 OF THE PAY OF THE AVERAGE EMPLOYEE IN EACH OF THE LEADING BRANCHES OF GOVERNMENTAL SERVICE

| Cal- en- dar year | Index of prices of goods used by working classes | Purchasing power of annual earnings of employees of a | | | | | | | | |
|----------------------------|---|---|--|-----------------------------------|---|---------------------------|--|-----------------------------|---|---------|
| | | All branches of gov- ernment | Federal Government | | | States and Counties | Cities and Villages | | | Schools |
| | | | Army, navy and marine corps ^b | Post office Depart- ment | Miscella- neous civil depart- ments | | Police and fire depart- ments | Munic- ipal utilities | Miscella- neous civil depart- ments | |
| 1909 | .955 | \$774 | \$877 | \$573 | \$1,089 | \$ 982 | \$1,231 | \$883 | \$1,108 | \$541 |
| 1910 | .978 | 780 | 849 | 578 | 1,115 | 980 | 1,303 | 864 | 1,090 | 547 |
| 1911 | .984 | 791 | 831 | 595 | 1,078 | 998 | 1,283 | 859 | 1,097 | 564 |
| 1912 | .994 | 803 | 824 | 612 | 1,061 | 1,024 | 1,297 | 860 | 1,098 | 581 |
| 1913 | 1.00 | 823 | 830 | 644 | 1,088 | 1,053 | 1,263 | 903 | 1,103 | 601 |
| 1914 | 1.01 | 833 | 800 | 671 | 1,097 | 1,073 | 1,301 | 942 | 1,066 | 613 |
| 1915 | 1.03 | 836 | 780 | 676 | 1,084 | 1,072 | 1,253 | 926 | 1,087 | 617 |
| 1916 | 1.10 | 810 | 829 | 653 | 1,012 | 1,023 | 1,184 | 876 | 1,035 | 605 |
| 1917 | 1.29 | 729 | 758 | 571 | 903 | 897 | 1,019 | 761 | 884 | 551 |
| 1918 | 1.58 | 567 | 498 | 531 | 835 | 761 | 912 | 642 | 796 | 505 |

^a Derived by dividing the respective items in Table 18C by the indices in the second column of this table.

^b Includes an allowance for subsistence.

The figures in Table 18D indicate that from 1909 to 1915, the earnings of governmental employees were increasing steadily but that after that date, mainly because of the sharp rise in the price level, nearly every class suffered a loss in economic prosperity measured in terms of the amount of commodities that the salaries would buy.

§ 18e. Pensions

In addition to the sums paid out as wages and salaries for present labor, governments expend large sums as pensions and annuities, payments which may best be thought of as payments for services rendered in the past by the employees of that day. The largest item in this list is, of course, the army pension list, and records for this line are complete. It is feasible also to obtain a general idea of the amounts paid by State and local governments for pensions and gratuities. The final results of a compilation of data on this subject are recorded in Table 18E.

TABLE 18E

APPROXIMATE AMOUNT OF PENSIONS AND GRATUITIES PAID OUT BY
THE VARIOUS BRANCHES OF GOVERNMENT IN THE CONTINENTAL
UNITED STATES

| Year | Thousand of dollars | | | | |
|-----------|----------------------------------|----------------------------------|---------------------|--------------------|----------------------|
| | All branches of government | City and village ^a | County ^b | State ^b | Federal ^c |
| 1909..... | \$186,520 | \$ 5,900 | \$ 9,246 | \$10,400 | \$160,974 |
| 1910..... | 185,458 | 6,062 | 9,746 | 11,000 | 158,650 |
| 1911..... | 185,491 | 8,398 | 10,287 | 11,650 | 155,156 |
| 1912..... | 196,053 | 9,300 | 10,854 | 12,320 | 163,579 |
| 1913..... | 207,965 | 10,125 | 11,475 | 13,070 | 173,295 |
| 1914..... | 205,951 | 10,845 | 12,198 | 13,940 | 168,968 |
| 1915..... | 201,918 | 11,705 | 12,993 | 14,883 | 162,337 |
| 1916..... | 202,883 | 12,800 | 13,993 | 16,065 | 160,025 |
| 1917..... | 216,197 | 13,960 | 14,810 | 17,062 | 170,365 |
| 1918..... | 250,540 | 14,880 | 16,087 | 18,576 | 200,997 |

^a Estimated from the *Financial Statistics of Cities* issued by the Census Bureau.

^b Estimated from the *Financial Statistics of States* published by the Census Bureau.

^c *Statistical Abstract of the United States*, 1919, p. 741.

§ 18f. Interest on Public Debts

The principal payments ¹ made by government as a return for the services of property consist of interest on the public debt. A considerable share of this interest is paid to banks and, being accounted for in their income, is therefore excluded from the net value product of government. It is impossible to measure with accuracy the total volume of such interest payments; but data are available indicating the approximate amount of domestic governmental securities held by banks and by applying to this total an estimated interest rate, one is enabled to approximate the amount of this kind of interest payments made each year. Table 18F indicates the procedure followed.

Corporations other than banks receive no inconsiderable share of the bond interest paid by government, but since bond interest receipts are excluded from the value product of such corporations it follows that interest payments made to them must be treated just like those made to individuals. They have therefore been counted as part of the value product of government.

There is, however, strong ground for contending that most governmental interest payments, no matter to whom paid, should be excluded from the

¹ Some money is expended for rent of leased buildings, but the amount is normally small and hence has been omitted in this study.

TABLE 18F

**AN ESTIMATE^a OF THE AMOUNT OF INTEREST PAID BY ALL BRANCHES OF GOVERNMENT TO THE BANKS
OF THE CONTINENTAL UNITED STATES**

| A | B | C | D | E | F | G | H | I | J |
|----------|---|---|---|--|---|--|--|---|---|
| Year | Federal securities held by banks (Millions) | Estimated average interest rate on Federal securities | Estimated interest on Federal securities (Thousands) $B \times C$ | State and local securities held (Millions) | Estimated average interest rate on State and local securities | Estimated interest on State and local securities (Thousands) | Federal, State and local securities held by banks (Millions) $B + E$ | Estimated average interest rate on all securities | Interest paid to banks on all government securities (Thousands) $D + G$ or $H \times I$ |
| 1909.... | \$784 | .021 | \$16,464 | \$1,091 | .045 | \$49,095 | \$1,874 | | \$65,559 |
| 1910.... | 778 | .021 | 16,338 | 1,246 | .045 | 56,070 | 2,024 | | 72,408 |
| 1911.... | 773 | .021 | 16,233 | 1,200 | .045 | 54,000 | 1,972 | | 70,233 |
| 1912.... | 822 | .021 | 17,262 | 1,273 | .045 | 57,285 | 2,095 | | 74,547 |
| 1913.... | 818 | .021 | 17,178 | 1,240 | .045 | 55,800 | 2,058 | | 72,978 |
| 1914.... | 819 | .021 | 17,199 | 1,353 | .045 | 60,885 | 2,173 | | 78,084 |
| 1915.... | 811 | .021 | 17,031 | 1,489 | .045 | 67,005 | 2,300 | | 84,036 |
| 1916.... | ^b | | | ^b | | | 2,289 ^c | .037 | 84,693 |
| 1917.... | ^b | | | ^b | | | 2,520 ^c | .037 | 93,240 |
| 1918.... | ^b | | | ^b | | | 4,601 ^c | .037 | 170,237 |
| 1919.... | ^b | | | ^b | | | 7,127 ^c | .040 | 285,090 |

^a All calculations based upon data in the *Annual Reports* of the Comptroller of the Currency. The interest rates are estimated upon the basis of scattered and incomplete data.

^b Data not available.

^c Obtained from the *Annual Reports* of the Comptroller of the Currency by subtracting from the total value of securities held by banks the estimated amount of foreign and corporate securities held.

net income of the people. For reasons discussed in § 1m, it has been decided that accurate accounting requires their retention.

An estimate of the disbursements by the various branches of government in the form of interest paid to private parties is presented in Table 18G.

TABLE 18G

AN ESTIMATE OF THE TOTAL AMOUNT OF INTEREST PAID TO INDIVIDUALS BY THE DIFFERENT BRANCHES OF GOVERNMENT IN THE CONTINENTAL UNITED STATES

| Year | Millions of dollars paid | | | | |
|------------|---|---|----------------------------------|---|--|
| | A | B | C | D | E |
| | Interest paid to banks and individuals by | | | By all branches of government to banks ^c | By all branches of government to private individuals C — D |
| | Federal government ^a | State and local government ^b | All branches of government A + B | | |
| 1909 | \$ 22 | \$140 | \$162 | \$ 65 | \$ 96 |
| 1910 | 21 | 172 | 193 | 72 | 121 |
| 1911 | 22 | 184 | 206 | 70 | 136 |
| 1912 | 23 | 194 | 216 | 75 | 142 |
| 1913 | 23 | 201 | 224 | 73 | 151 |
| 1914 | 23 | 219 | 242 | 78 | 164 |
| 1915 | 23 | 241 | 264 | 84 | 180 |
| 1916 | 24 | 251 | 275 | 85 | 190 |
| 1917 | 111 | 259 | 370 | 93 | 277 |
| 1918 | 407 | 274 | 680 | 170 | 510 |

^a *Statistical Abstract of the United States* for 1919, p. 756,—averages for pairs of fiscal years.

^b Data from the *Census of Wealth, Debt, and Taxation* for 1913, Vol. II, pp. 40-43 and from the *Financial Statistics of States*, and the *Financial Statistics of Cities* published by the Bureau of the Census.

^c See Table 18F, Column J.

Table 18G shows clearly the steady increase in interest payments by governmental units to private recipients and the especially rapid rise in 1917 and 1918 due mainly to the sale of Liberty Bonds by the Federal Government. Before that date, the Federal debt was practically stationary, the increase nearly all coming from State and local governments.

§ 18g. The Net Value Product and Its Division

We are now in a position to measure the total value product of government and the percentage thereof going to employees. For reasons previously stated, government pensions, like pensions paid by corporations, have been included with the share of the employees. The items have, however, been separately stated so that anyone who disagrees with this

point of view can easily make such adjustments as he may believe necessary. In any case, the effect on the percentage will not be very great.

TABLE 18H

THE NET VALUE PRODUCT OF ALL BRANCHES OF GOVERNMENT IN THE CONTINENTAL UNITED STATES AND THE PERCENTAGE THEREOF GOING AS PAYMENT FOR THE SERVICES OF PAST AND PRESENT EMPLOYEES

| A | B | C | D | E | F | G |
|------|---|--|---|---|--|--|
| Year | Wages and salaries ^a (Millions) | Pensions and gratuities ^b (Millions) | Share of employees, past and present (Millions) B + C | Interest payments to private individuals ^c (Millions) | Net value product of government (Millions) D + E | Per cent of value product going to employees $\frac{100D}{F}$ |
| 1909 | \$1,157 | \$187 | \$1,343 | \$ 96 | \$1,440 | 93.3 |
| 1910 | 1,236 | 185 | 1,422 | 121 | 1,542 | 92.2 |
| 1911 | 1,300 | 185 | 1,486 | 136 | 1,622 | 91.6 |
| 1912 | 1,378 | 196 | 1,574 | 142 | 1,716 | 91.7 |
| 1913 | 1,470 | 208 | 1,678 | 151 | 1,829 | 91.7 |
| 1914 | 1,571 | 206 | 1,777 | 164 | 1,941 | 91.6 |
| 1915 | 1,684 | 202 | 1,886 | 180 | 2,066 | 91.3 |
| 1916 | 1,814 | 203 | 2,017 | 190 | 2,207 | 91.4 |
| 1917 | 2,530 | 216 | 2,746 | 277 | 3,023 | 90.8 |
| 1918 | 4,591 | 251 | 4,842 | 510 | 5,352 | 90.5 |

^a See Table 18B.

^b See Table 18E.

^c See Table 18G, Column E.

It is clear that past or present employees get most of the net value product of government, only about one-tenth of the whole going to the creditors in the form of interest. In 1917 and 1918 there is discernible a slight diminution in the percentage going to employees, a diminution which will probably increase in 1919 and 1920 owing to the increased size of the Federal debt, and the smaller number of Federal employees.

Having arrived at the net value product of the different branches of government within the United States, it is a matter of interest to reduce the results to terms of purchasing power. This is done in Table 18I.

A glance at Table 18I makes it evident that governmental outlays have more than doubled during the decade, even when all the effects of price inflation have been eliminated. The very sharp increase in 1918 was mainly due to the war and may of course soon be partially offset by reductions.

TABLE 18I

AN ESTIMATE OF THE PURCHASING POWER AT PRICES OF 1913 OF THE NET VALUE PRODUCT OF ALL BRANCHES OF GOVERNMENT IN THE CONTINENTAL UNITED STATES

| A | B | C | D | E | F | G | H |
|---------|---|---|--|--|---|--|--|
| Year | Total share of past and present employees ^a (Millions) | Index of prices of goods consumed by manual and clerical workers ^b | Purchasing power of share of employees ^d at prices of 1913 (Millions) B ÷ C | Interest paid to individuals ^c (Millions) | Index of prices of goods consumed by individual holders of government securities ^c | Purchasing power of share of security holders (Millions) E ÷ F | Purchasing power of net value product of government (Millions) D + G |
| 1909... | \$1,343 | .955 | \$1,407 | \$ 96 | .964 | \$100 | \$1,507 |
| 1910... | 1,422 | .978 | 1,453 | 121 | .983 | 123 | 1,576 |
| 1911... | 1,486 | .984 | 1,510 | 136 | .989 | 138 | 1,648 |
| 1912... | 1,574 | .994 | 1,584 | 142 | .998 | 142 | 1,726 |
| 1913... | 1,678 | 1.000 | 1,678 | 151 | 1.000 | 151 | 1,829 |
| 1914... | 1,777 | 1.01 | 1,759 | 164 | 1.011 | 162 | 1,921 |
| 1915... | 1,886 | 1.03 | 1,831 | 180 | 1.006 | 179 | 2,010 |
| 1916... | 2,017 | 1.10 | 1,834 | 190 | 1.084 | 175 | 2,009 |
| 1917... | 2,746 | 1.29 | 2,129 | 277 | 1.234 | 224 | 2,353 |
| 1918... | 4,842 | 1.58 | 3,064 | 510 | 1.439 | 354 | 3,419 |

^a See Table 18H, Column D; includes pensions.

^b U. S. Bureau of Labor Statistics index carried back by means of a special study; see Table 2C.

^c See Table 18G, Column E.

^d Includes pensions.

^e A combined index for working class families and families spending respectively \$5,000 and \$25,000 annually for consumption goods, the weights in order being 1, 1 and 2.

§ 18h. The Per Capita Net Value Product

It is worth while to compare next the relative rates of growth of the net value product of government when reduced to terms of constant price level, with the increase in the population of the country. This comparison appears in Table 18J.

The decade has increased the purchasing power of income derived from government to about twice as much per person in the United States as was the case in 1909, but the really striking increase did not come until the advent of the war, most of it being in 1919. This index represents fairly well the relative services of government to the people and its burdensomeness to the taxpayers in the different years.

TABLE 18J

THE PER CAPITA NET VALUE PRODUCT AT PRICES OF 1913 OF ALL
BRANCHES OF GOVERNMENT IN THE CONTINENTAL UNITED
STATES

| A | B | C | D |
|-----------|--|---|---|
| Year | Purchasing power of net value product ^a (Millions) | Population of the Continental United States ^b (Thousands) | Per capita purchasing power $\frac{B}{C}$ |
| 1909..... | \$1,507 | 90,370 | \$17 |
| 1910..... | 1,576 | 92,229 | 17 |
| 1911..... | 1,648 | 93,811 | 18 |
| 1912..... | 1,726 | 95,338 | 18 |
| 1913..... | 1,829 | 97,278 | 19 |
| 1914..... | 1,921 | 99,194 | 19 |
| 1915..... | 2,010 | 100,428 | 20 |
| 1916..... | 2,009 | 101,722 | 20 |
| 1917..... | 2,353 | 103,059 | 23 |
| 1918..... | 3,419 | 104,182 | 33 |

^a See Table 18I, Column H.

^b See Table 2A.

§ 18i. The Share of Government in the National Value Product

One of the most interesting questions to be answered by this study is whether the activities of government are an increasing or diminishing factor in our national life. This query is partially answered by Table 18K. Of course, the very rapid development of governmental activity during the war years can scarcely be assumed to have any significant relationship to the trend under discussion until later developments show whether the encroachments of government upon the former domain of private activity are permanent or transitory.

While it is perfectly clear that there was a sharp increase in the relative activity of government in 1918, it is somewhat doubtful whether there was any real growth in the percentage before that date. The probabilities are, however, that the trend was slightly upward throughout the decade but the movement was certainly not striking enough either to satisfy the proponents of government ownership or greatly to alarm its opponents.

TABLE 18K

**THE ESTIMATED SHARE OF GOVERNMENT IN THE NET VALUE
PRODUCT OF ALL THE INDUSTRIES OF THE CONTINENTAL UNITED
STATES**

| A | B | C | D |
|-----------|---|---|--|
| Year | Net value product of all industries ^b (Millions) | Net value product of all branches of government ^a (Millions) | Per cent of value product originating in government activity C B |
| 1909..... | \$28,775 | \$1,440 | 5.00 |
| 1910..... | 31,766 | 1,542 | 4.85 |
| 1911..... | 31,188 | 1,622 | 5.20 |
| 1912..... | 33,554 | 1,716 | 5.12 |
| 1913..... | 35,580 | 1,829 | 5.14 |
| 1914..... | 33,936 | 1,941 | 5.72 |
| 1915..... | 36,109 | 2,066 | 5.72 |
| 1916..... | 45,418 | 2,207 | 4.86 |
| 1917..... | 53,860 | 3,023 | 5.61 |
| 1918..... | 60,366 | 5,352 | 8.87 |

^a See Table 18H, Column F.

^b See Vol. I, Table 2.