New York Gets 15 Per Cent of National Income

Seven States Receive Half of Total — Pennsylvania Is Second; Nevada Last

THE people of the State of New York receive 15 per cent of the total current income of the country, according to advance figures taken from the forthcoming report of the National Bureau of Economic Research on *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921.* The people of Nevada receive only one-tenth of 1 per cent.

The seven states at the top of the list, New York, Pennsylvania, Illinois, Ohio, Massachusetts, California, and Michigan, account for fifty per cent of the total national current income. The seven states, Utah, Arizona, Vermont, Wyoming, New Mexico, Delaware, and Nevada, at the bottom, receive scarcely 2 per cent.

Plan of Investigation

These figures should not be confused with income data appearing in recently issued Federal income tax reports, for "net taxable income," as defined by law, is subject to so many exemptions that it does not give a true picture of the nation's economic condition.

With the aim of determining approximately the whole income, the National Bureau of Economic Research embarked upon a comprehensive investigation, the results of which are now being made public.

Current income as used in this report represents roughly the amount that the people have to spend or to save currently; in other words, the amount that is disbursed to them during the year in the form of actual money, commodities, or services upon which a pecuniary value is ordinarily placed. It does not include changes in business surpluses or in the values of inventories.

Seven Highest States

How this income has varied in the seven highest states in a three-year period is shown by the figures of the National Bureau of Economic Research for 1919, 1920, and 1921, the latest years for which basic data are available:

	Total Current Income in Millions of Dollars		
	1919	1920	1921
New York	$9,259	$10,580	$9,797
Pennsylvania	5,734	6,749	5,626
Illinois	4,991	5,287	4,706
Ohio	3,803	4,316	3,232
Massachusetts	3,003	3,640	3,085
California	2,829	3,445	3,268
Michigan	2,406	2,848	2,098

Although the agricultural states showed the effects of the 1921 depression in decreased income, in a few sections the per capita current income in 1921 was greater than in 1919, notably in the District of Columbia, New York, California, and Rhode Island.

How per capita current income varied in eight selected districts in the three-year period is shown in the subjoined table:

	Per Capita Current Income of the Entire Population		
	1919	1920	1921
District of Columbia	$955	$1,093	$1,174
New York	897	1,012	921
Nevada	872	944	805
Wyoming	864	864	749
California	839	989	898
Rhode Island	734	861	753
Mississippi	328	253	207
Alabama	321	302	250

An Organization for Impartial Investigation

NEWS-BULLETIN

National Bureau of Economic Research, Inc.

To Find Facts Divested of Propaganda

No. 15 — 474 WEST 24th STREET, NEW YORK CITY — October 15, 1925

Payrolls Produce 58 Per Cent of National Income

Manufacturing Wage Bill Almost 10 Times Total Paid to Farm Hands

Earnings of Employees Are Compared

New York Leads States in Total Amount Paid for Services but Is Fifth in Annual Average Received by Workers

TOTAL WAGES and salaries paid by the various branches of industry in the Continental United States increased with the exception of only minor recessions, practically continuously from $14,960,000,000 in 1909 to $34,769,362,000 in 1919.

The unusual activity in manufacturing industries in 1920 lifted the total payrolls to $41,560,157,000, while the great decline in 1921 in the incomes from manufacturing, mining, construction, transportation, and agriculture led to an equally sharp payroll drop to $34,700,877,000.

In 1909 wages and salaries formed 55 per cent of the total current income of the entire population; in 1921 wages and salaries accounted for 58 per cent.

These figures are taken from advance sheets of a report soon to be issued by the National Bureau of Economic Research under the title *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921.* This report will give the results of an exhaustive investigation just completed by Dr. Willford I. King, Mr. Maurice Leven and a corps of assistants under the general supervision of Dr. Edwin F. Gay and Dr. Wesley C. Mitchell, co-directors of research.

Factories Supply Bulk of Wages

Manufacturing contributes the largest item to the nation's wage and salary roll, accounting for $13,624,401,000 in 1919; $17,368,540,000 in 1920, and $11,050,617,000 in 1921.

In 1919, the most representative year, about 39 per cent of the total wages and salaries in the Continental United States was derived from manufactures.

Agriculture, on the other hand, which is the basic industry of the country, furnished only a little over 4 per cent of the total payrolls, surpassing the mining and construction industries by only a very small amount. One reason for Agriculture's low wage bill is found in the fact that most of the labor is performed by the farmer himself and his immediate family.

Empire State Leads

New York leads all the other states in the amount of total payrolls. In 1919 the employees residing in New York received over 14.4 per cent of the total wages and salaries disbursed in the country. This percentage is particularly striking when it is noted that New York at that time had only about 9.8 per cent of the total population.

New York, with a total payroll of over five billion dollars, was far ahead of its nearest competitor, Pennsylvania, whose industries disbursed $3,673,-779,000, while Illinois was third with $2,734,692,000 and Ohio was fourth with $2,384,508,000.

Massachusetts was fifth with $1,902,544,000, and California with $1,517,403,000 took sixth place, pushing Michigan into seventh place with $1,507,-358,000. New Jersey was eighth with $1,464,335,000.

Average Employee Fares Best in Western States

THAT the states with the highest absolute payrolls are not those where average individual earnings are highest is shown by figures taken from the forthcoming report of the National Bureau of Economic Research on *Income in the Various States, Its Sources and Distribution, 1919, 1920 and 1921.*

Three Western states—Montana, Nevada and Wyoming—rank highest from the standpoint of average employees' earnings in 1919, the most representative year of the three under review. New York is fifth. The lowest state is Mississippi.

Average earnings per employee in each of six selected states in the three years are as follows:

	1919	*1920*	*1921*
Montana	$1,363	$1,496	$1,120
Nevada	1,344	1,647	1,313
Wyoming	1,325	1,699	1,479
Michigan	1,305	1,595	1,061
New York	1,290	1,609	1,380
Mississippi	660	737	613

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

THE National Bureau of Economic Research, Incorporated, was organized in 1920 in response to a growing demand for exact and impartial determinations of the facts bearing upon economic, social, and industrial problems.

The Bureau seeks not merely to determine facts, but to determine them under such auspices as shall make its findings carry conviction to Liberals and Conservatives alike. It deals only with topics of national importance which are susceptible of quantitative treatment.

By issuing its findings in the form of fact reports, entirely divorced from propaganda, the Bureau hopes to aid all thoughtful men, however divergent their views of public policy, to base their discussions upon objective knowledge as distinguished from subjective opinion.

No report of the Research staff may be published without the approval of the Board of Directors. Rigid provisions guard the Bureau from becoming a source of profit to its members, directors or officers, and from becoming an agency for propaganda.

The Bureau assumes no obligation to present or future contributors, except to determine and publish facts.

How and Why Income in Different Regions Varies Is Explained in Report

NEW LIGHT on the economic stability of a given section of the country, is thrown by the National Bureau of Economic Research in its analysis of the relative composition of the total payrolls. A study of the classification of wages and salaries made by the Bureau in connection with its forthcoming report *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* indicates clearly why the income of some sections of the country is likely to be subject to greater cyclical fluctuations than that of others.

The strong position of New York in this respect is clearly revealed by a consideration of the apparent diversity of its industrial activities. Unlike some of the other highly industrialized states, the sources of the income of New York's inhabitants, and particularly of those dependent upon wages or salaries, are greatly varied in character.

In New Jersey, over 53 per cent of the total payrolls comes from manufacturing. Approximately the same condition is found to exist in Ohio and Massachusetts, while in Connecticut, manufacturing industries contribute over 65 per cent of the total wages and salaries disbursed.

The situation in New York, however, is entirely different. In spite of the fact that the manufacturing payrolls in that state are the highest in the country, they represent less than 40 per cent of the total wages and salaries in the state, the bulk of the payroll being due to miscellaneous industries, of which commerce and the allied activities form a very important part. It can readily be conceived that the community or state not leaning too heavily on one type of industry is in a better position to weather business depressions.

In this connection, the State of Michigan furnished a good example of excessive concentration along specialized lines. In 1919, about 53 per cent of the total payrolls in that state came from manufacturing industries. Of the total of these manufacturing payrolls, about 43 per cent was received by employees in the automobile industries; in other words, the automobile industries in the State of Michigan contributed roughly 23 per cent of the total wages and salaries disbursed in that state.

Director Addresses Accountants

"Taxable Income and Accounting Bases for Determining It," is the subject of an address delivered by George O. May, Vice-President of the National Bureau of Economic Research, before the American Institute of Accountants meeting in Washington, D. C., on September 15. The address has been issued in pamphlet form by the Institute.

Economic Welfare of Individual Workers in Each State Analyzed

THE study of geographic units from the standpoint of the total amount of income received in each is undoubtedly of value, but, after all, of more intimate interest are the social units—the individual or the family. To say that the wage earners in a certain state received 10 per cent of the total amount disbursed in the entire country does not tell anything about the individual income of the wage earners.

How Employees Fare

The investigations of the National Bureau of Economic Research are intended to throw light upon this subject. The averages to be presented in *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* are based on estimates of total wages and salaries disbursed in all industries in each state during 1919, 1920 and 1921, and estimates of the total number of the employees attached to all industries in each state at the middle of each year. The figures therefore are not hypothetical fulltime earnings, but, presumably, are the averages of the approximate amounts actually received by all employees, irrespective of the length of time employed in each year. The year 1919 is again chosen as the representative of the three years studied.

West in Lead; South in Rear

It is interesting to note that all the states included in the Mountain and Pacific divisions, with the exception of New Mexico, fall in the first half of the array.

The Southern states are practically all included in the lowest quarter, with Mississippi bringing up the rear.

The industrial states are all to be found in the upper part of the array, while the agricultural states of the Middle West occupy the center.

Although New York leads with the largest total payroll, it ranks fifth according to average earnings per employee in 1919. Pennsylvania with the second largest payroll is thirteenth in employees' prosperity and Illinois, third in total, is eighth in the average earnings list.

Where Earnings Increased

The most important point that strikes the student of the National Bureau's figures is the fact that not in all states were average earnings lower in 1921 than in 1919. The depression of 1921 seems to have missed a number of states—at least in so far as wages and salaries are concerned—so much so that in such states the average earnings were actually higher in 1921 than in 1919.

Income in the Various States Will Form Book of 300 Pages

AFTER many delays caused by the technical nature of the report, the manuscript of *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* has been sent to the printer. The fact that forty-eight states and the District of Columbia are dealt with separately has multiplied the difficulties.

The complete report will form a volume of over 300 printed pages, 9 x 6 inches in size, and will include 17 charts and 67 tables. A comprehensive index will also be included.

The first copies will be furnished with the compliments of the Bureau to its contributing subscribers through whose assistance the work has been furthered thus far. New contributing subscribers who enroll during October will also receive a complimentary copy in addition to all other reports to be issued during a full year from date of beginning of subscription.

The most striking increase in average earnings is shown in the case of the District of Columbia, where Government employment is the dominant influence. The reduction of personnel in Government departments since the War apparently affected the lower positions more than the higher ones.

In addition to this explanation, the increase in average earnings of employees may also be explained by the fact that actual increases in the rates of pay were made in Government departments in 1920 and 1921. Government institutions are, as a rule, very slow to respond to changes in conditions. In 1919, and particularly in 1920, on account of the high cost of living and the high business and industrial activities of the country, there was a great agitation for higher salaries for Government employees. The claims were deemed just, and steps were taken to relieve the situation. However, it appears that Government inertia introduced a lag between the application of the pressure, or the cause, and the final relief.

We therefore observe the characteristic situation that, in the wake of general reductions in average earnings of employees in non-governmental fields, the earnings of Government employees actually increased.

Nineteen States Gain

The District of Columbia was not alone in showing an increase in average earnings of employees in 1921 in comparison with 1919. Nineteen states, including New York and California, showed the same condition.

In addition, there were a number of states where the difference between 1919 and 1921 was so slight that we might properly make the statement that less than 50 per cent of the states showed any appreciable decrease in average earnings in 1921 when compared with 1919.

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

THE National Bureau of Economic Research, Incorporated, was organized in 1920 in response to a growing demand for exact and impartial determinations of the facts bearing upon economic, social, and industrial problems.

The Bureau seeks not merely to determine facts, but to determine them under such auspices as shall make its findings carry conviction to Liberals and Conservatives alike. It deals only with topics of national importance which are susceptible of quantitative treatment.

By issuing its findings in the form of fact reports, entirely divorced from propaganda, the Bureau hopes to aid all thoughtful men, however divergent their views of public policy, to base their discussions upon objective knowledge as distinguished from subjective opinion.

No report of the Research staff may be published without the approval of the Board of Directors. Rigid provisions guard the Bureau from becoming a source of profit to its members, directors or officers, and from becoming an agency for propaganda.

The Bureau assumes no obligation to present or future contributors, except to determine and publish facts.

How and Why Income in Different Regions Varies Is Explained in Report

NEW LIGHT on the economic stability of a given section of the country, is thrown by the National Bureau of Economic Research in its analysis of the relative composition of the total payrolls. A study of the classification of wages and salaries made by the Bureau in connection with its forthcoming report *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* indicates clearly why the income of some sections of the country is likely to be subject to greater cyclical fluctuations than that of others.

The strong position of New York in this respect is clearly revealed by a consideration of the apparent diversity of its industrial activities. Unlike some of the other highly industrialized states, the sources of the income of New York's inhabitants, and particularly of those dependent upon wages or salaries, are greatly varied in character.

In New Jersey, over 53 per cent of the total payrolls comes from manufacturing. Approximately the same condition is found to exist in Ohio and Massachusetts, while in Connecticut, manufacturing industries contribute over 65 per cent of the total wages and salaries disbursed.

The situation in New York, however, is entirely different. In spite of the fact that the manufacturing payrolls in that state are the highest in the country, they represent less than 40 per cent of the total wages and salaries in the state, the bulk of the payroll being due to miscellaneous industries, of which commerce and the allied activities form a very important part. It can readily be conceived that the community or state not leaning too heavily on one type of industry is in a better position to weather business depressions.

In this connection, the State of Michigan furnished a good example of excessive concentration along specialized lines. In 1919, about 53 per cent of the total payrolls in that state came from manufacturing industries. Of the total of these manufacturing payrolls, about 43 per cent was received by employees in the automobile industries; in other words, the automobile industries in the State of Michigan contributed roughly 23 per cent of the total wages and salaries disbursed in that state.

Director Addresses Accountants

"Taxable Income and Accounting Bases for Determining It," is the subject of an address delivered by George O. May, Vice-President of the National Bureau of Economic Research, before the American Institute of Accountants meeting in Washington, D. C., on September 15. The address has been issued in pamphlet form by the Institute.

Economic Welfare of Individual Workers in Each State Analyzed

THE study of geographic units from the standpoint of the total amount of income received in each is undoubtedly of value, but, after all, of more intimate interest are the social units—the individual or the family. To say that the wage earners in a certain state received 10 per cent of the total amount disbursed in the entire country does not tell anything about the individual income of the wage earners.

How Employees Fare

The investigations of the National Bureau of Economic Research are intended to throw light upon this subject. The averages to be presented in *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* are based on estimates of total wages and salaries disbursed in all industries in each state during 1919, 1920 and 1921, and estimates of the total number of the employees attached to all industries in each state at the middle of each year. The figures therefore are not hypothetical fulltime earnings, but, presumably, are the averages of the approximate amounts actually received by all employees, irrespective of the length of time employed in each year. The year 1919 is again chosen as the representative of the three years studied.

West in Lead; South in Rear

It is interesting to note that all the states included in the Mountain and Pacific divisions, with the exception of New Mexico, fall in the first half of the array.

The Southern states are practically all included in the lowest quarter, with Mississippi bringing up the rear.

The industrial states are all to be found in the upper part of the array, while the agricultural states of the Middle West occupy the center.

Although New York leads with the largest total payroll, it ranks fifth according to average earnings per employee in 1919. Pennsylvania with the second largest payroll is thirteenth in employees' prosperity and Illinois, third in total, is eighth in the average earnings list.

Where Earnings Increased

The most important point that strikes the student of the National Bureau's figures is the fact that not in all states were average earnings lower in 1921 than in 1919. The depression of 1921 seems to have missed a number of states—at least in so far as wages and salaries are concerned—so much so that in such states the average earnings were actually higher in 1921 than in 1919.

Income in the Various States Will Form Book of 300 Pages

AFTER many delays caused by the technical nature of the report, the manuscript of *Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921,* has been sent to the printer. The fact that forty-eight states and the District of Columbia are dealt with separately has multiplied the difficulties.

The complete report will form a volume of over 300 printed pages, 9 x 6 inches in size, and will include 17 charts and 67 tables. A comprehensive index will also be included.

The first copies will be furnished with the compliments of the Bureau to its contributing subscribers through whose assistance the work has been furthered thus far. New contributing subscribers who enroll during October will also receive a complimentary copy in addition to all other reports to be issued during a full year from date of beginning of subscription.

The most striking increase in average earnings is shown in the case of the District of Columbia, where Government employment is the dominant influence. The reduction of personnel in Government departments since the War apparently affected the lower positions more than the higher ones.

In addition to this explanation, the increase in average earnings of employees may also be explained by the fact that actual increases in the rates of pay were made in Government departments in 1920 and 1921. Government institutions are, as a rule, very slow to respond to changes in conditions. In 1919, and particularly in 1920, on account of the high cost of living and the high business and industrial activities of the country, there was a great agitation for higher salaries for Government employees. The claims were deemed just, and steps were taken to relieve the situation. However, it appears that Government inertia introduced a lag between the application of the pressure, or the cause, and the final relief.

We therefore observe the characteristic situation that, in the wake of general reductions in average earnings of employees in non-governmental fields, the earnings of Government employees actually increased.

Nineteen States Gain

The District of Columbia was not alone in showing an increase in average earnings of employees in 1921 in comparison with 1919. Nineteen states, including New York and California, showed the same condition.

In addition, there were a number of states where the difference between 1919 and 1921 was so slight that we might properly make the statement that less than 50 per cent of the states showed any appreciable decrease in average earnings in 1921 when compared with 1919.