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 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:

<table>
<thead>
<tr>
<th>State</th>
<th>1919 Income (in Millions of Dollars)</th>
<th>1920 Income</th>
<th>1921 Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$9,029</td>
<td>$10,380</td>
<td>$9,727</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>5,734</td>
<td>5,679</td>
<td>5,069</td>
</tr>
<tr>
<td>Illinois</td>
<td>3,303</td>
<td>3,436</td>
<td>3,252</td>
</tr>
<tr>
<td>Ohio</td>
<td>3,083</td>
<td>3,040</td>
<td>2,983</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2,983</td>
<td>3,040</td>
<td>2,983</td>
</tr>
<tr>
<td>California</td>
<td>2,829</td>
<td>2,445</td>
<td>2,268</td>
</tr>
<tr>
<td>Michigan</td>
<td>2,606</td>
<td>2,445</td>
<td>2,268</td>
</tr>
</tbody>
</table>

Although the agricultural states showed the effects of the 1920 depression in decreased income, by 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:

<table>
<thead>
<tr>
<th>District</th>
<th>1919</th>
<th>1920</th>
<th>1921</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>$6,906</td>
<td>$6,103</td>
<td>$5,774</td>
</tr>
<tr>
<td>New York</td>
<td>5,961</td>
<td>5,129</td>
<td>4,921</td>
</tr>
<tr>
<td>Nevada</td>
<td>1,759</td>
<td>1,687</td>
<td>1,855</td>
</tr>
<tr>
<td>Wyoming</td>
<td>1,387</td>
<td>1,356</td>
<td>1,474</td>
</tr>
<tr>
<td>California</td>
<td>1,389</td>
<td>1,471</td>
<td>1,403</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1,091</td>
<td>1,063</td>
<td>1,130</td>
</tr>
<tr>
<td>Mississippi</td>
<td>908</td>
<td>802</td>
<td>790</td>
</tr>
<tr>
<td>Alabama</td>
<td>541</td>
<td>502</td>
<td>440</td>
</tr>
</tbody>
</table>

Publications of the National Bureau of Economic Research

The Growth of American Trade Unions, 1890-1923

Results of a comprehensive investigation of trade union membership for the years 1919, 1920, and 1921, to be issued by the Bureau of Labor Statistics for the President's Conference on Unemployment. Designed to meet the special needs of all those interested in questions of labor economics, this study offers a critical analysis of trade unionism. The presentation is based on a careful study of the trade union membership reports, supplemented by the reports of the Bureau of Labor Statistics. The report is illustrated with 12 tables, 15 charts, and included. Bound in cloth. $10 postpaid.

Employment Hours and Earnings in Prosperity and Depression

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Cleaning of 1920

A study of the data of income of all individuals in the United States, including both the earnings and the wealth of various groups. Includes tables, 20 charts, and included. Bound in cloth. $8 postpaid.

Average Employee Earnings Best in Western States

The statistics with the highest absolute payrolls are not those where the highest individual earnings are. The highest individual earnings are shown by figures taken from the forthcoming report of the National Bureau of Economic Research Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921. Three Western states—Montana, Nebraska, and Wyoming—rank highest from the standpoint of average employee earnings in 1919, the most representative year of the three under review. New York is fifth. The highest individual earnings are in New York.

Payroll Produces 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 decreases, practically continuously from $14,960,000,000 in 1909 to $34,769,200,000 in 1919. This report, 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, collaborators.

Factory Supplies Bulk of Wages

Manufacturing contributes the largest item to the nation's wage and salary roll, accounting for $18,624,401,000 in 1919; $17,068,540,000 in 1920, and $11,050,617,000 in 1921.

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

Agriculture, on the other hand, is the basic industry of the country, furnished only a little over a quarter of the total payroll, 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 44 per cent of the total wages and salaries paid 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 $3,878,779,000, while Illinois disbursed $3,384,992,000 and Ohio was fourth with $2,884,608,000. Massachusetts was fifth with $2,102,544,000, and California, with $1,017,493,000 took sixth place, pushing Michigan into seventh place with $1,507,358,000. New Jersey was eighth with $1,464,305,000.
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 the latest analysis of the relative composition of the total payrolls. A study of the classification of wages and salaries made by the Bureau of Labor Statistics in the forthcoming report Income in the Various States, Its Sources and Distribution, 1919, 1920, and 1921, indicates clearly 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.

**Economic Welfare of Individual Workers in Each State Analyzed**

The investigations of the National Bureau of Economic Research are intended to throw light upon this subject. The purpose is to ascertain what was received 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 at the middle of each year. The figures are therefore not hypothetical full-time earnings, but, presumably, are the averages of the annual incomes of the employees in the industries隐身 of the United States.

The situation in New York, however, is entirely different. In spite of the fact that the manufacturing payroll in that state is 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 seen that the community or state is not leaning too heavily on one type of industry and 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 58 per cent of the total payrolls in that state came from manufacturing industries, and 40 per cent of the total payroll being due to miscellaneous industries, in other words, the automobile industries in the State of Michigan contributed more than 50 per cent of the total wages and salaries disbursed in that state.

**Income in the Various States Will Form Book of 300 Pages**

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, which has been accompanied by curtailments in the services of military and naval personnel, has also affected the 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 earnings in the rates of pay were made in Government departments in 1920 and 1921. Government institutions, as a rule, very slow to respond to changing conditions, in 1919, and particularly in 1920, on account of the high cost of living, and high business and industrial activities of the country, are not providing any great amount of additional work for higher salaries for Government employees.

The situation was reversed, 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 case of general reductions in average earnings of employees in commercial and industrial 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 say that the earnings of employees in commercial and industrial fields, the earnings of Government employees actually increased.

**National Bureau of Economic Research, Incorporated.**

The National Bureau of Economic Research, Incorporated, was organized in 1920 to give a growing demand for exact and impartial determination of some of the facts bearing upon economic and industrial problems.

The Bureau seeks not merely to determine these facts, but to make its findings carry conviction to such Congressmen and Statesmen alike.

The Bureau, therefore, is a center of economic inquiry in which all economists and students of business are cordially welcome to share the result of their researches in the form of fact reports, papers to be read in the Bureau's publications, and thus to influence the public policy, to bear their part upon objective knowledge as distinguished from unqualified opinion.

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"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 in Washington, D.C., on September 15. The address has been issued in pamphlet form by the Institute.