much less than that of salaries. The number of wage-earning employees may be more readily adjusted to the activity of the industry and wage levels likewise more readily adjusted to the price levels of the products. The percentage of wages to the values added in manufacture was thus only 5·1 p.c. lower in 1934 than in 1924. The percentage was highest in 1920, when, in the post-war inflation, average wages were highest (Table **25**) and the efficiency of production lowest (Table **19**).

In previous reports on manufactures the percentage of wages and salaries paid to the value added by manufacture was carried back to 1917. Under the new method of calculating the value added, whereby the cost of materials plus fuel and electricity is deducted from the gross value of the products, it is only possible to go back to 1924. Under the old method of calculating the value added by manufacture only the cost of the materials used was deducted from the gross value of the products.

26.—Percentages of Wages and Salaries Paid to the Total Net Values of Manufacturing Production, 1924-34.

Year.	Value Added by Processes of Manufacture.	Salaries Paid.	Wages Paid.	Percentage—		
				of Salaries to Value Added.	of Wages to Value Added.	of Total Salaries and Wages to Value Added.
	$	$	$	p.c.	p.c.	p.c.
1924	1,180,699,241	139,614,639	420,269,406	11·8	35·6	47·4
1925	1,280,504,159	143,056,516	452,958,655	11·2	35·4	46·6
1926	1,406,574,164	152,705,944	501,144,989	10·9	35·6	46·5
1927	1,544,296,557	162,348,978	531,583,250	10·5	34·4	44·9
1928	1,725,338,540	174,770,879	580,428,493	10·1	33·6	43·7
1929	1,894,910,456	188,747,672	624,302,170	10·0	32·9	42·9
1930	1,665,631,770	184,239,117	551,853,649	11·1	33·1	44·2
1931	1,390,409,237	186,810,794	437,734,767	13·4	31·5	44·9
1932	1,097,284,291	164,695,605	341,187,718	15·0	31·1	46·1
1933	1,048,259,450	151,860,323	313,701,767	14·5	29·9	44·4
1934	1,222,943,899	160,986,876	372,607,759	13·2	30·5	43·7

Subsection 4.—Size of Manufacturing Establishments.

A modern characteristic of industry in all industrial countries has been the increase in the size of the typical manufacturing establishment. The full utilization of highly specialized machinery necessitates large-scale production, while the improvements in transportation have widened the market.

The size of the manufacturing establishment is generally measured either by the number of employees or by the value of product, but each of these methods has its limitations. The former takes no account of the differences in capital equipment at different times or in various industries and obviously the increased use of machinery, as in the flour-milling industry, may lead to increased production concurrently with a decrease in the number of employees. The latter measure has to be adjusted for changes in the price level; and, as between industries, it makes those which handle expensive raw materials appear to operate on a larger scale. Both measures are subject to two limitations: first, they depend on the fluctuation of business activity and the demand of the consumer; second, over any lengthy period of time there is the difficulty of comparability resulting from changes in the method of the census. Since 1932, for example, due to the difficulty of eliminating duplication in the value of production in central electric stations, as well as the difficulty of apportioning the capital investment as between different cities, it has been found necessary to exclude figures for central electric stations in showing statistics of size of establishment as well as statistics of cities and towns.

Size as Measured by Gross Value of Products.—While in 1922 the 420 establishments each producing over $1,000,000 had an aggregate value of products of $1,268,056,129 or 51 p.c. of the total production of all manufacturing industries,