industrial activity, the percentage of salaries to value added was abnormally high. It should be borne in mind, however, that salaried employees increased 49 p.c. during the period 1924-36 while wage-earners increased but 17·2 p.c. The percentage of wages has fluctuated 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 3·6 p.c. lower in 1936 than in 1924. The percentage was highest in 1920, when, in the post-war inflation, average wages were highest and the efficiency of production lowest (Table 20).

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 gross values, it is possible to go back to 1924 only.

27.—Percentages of Wages and Salaries Paid to the Total Net Values of Manufacturing Production, 1924-36.

NOTE.—Figures in this table have been revised since publication of the 1938 Year Book; see headnote to Table 1, p. 379.

Year.	Value Added by Processes of Manufacture.[1]	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	1,075,458,459	130,344,822	404,122,853	12·1	37·6	49·7
1925	1,167,936,726	133,409,498	436,584,944	11·4	37·4	48·8
1926	1,305,168,549	142,353,900	483,328,342	10·9	37·0	47·9
1927	1,427,649,292	151,419,411	511,285,921	10·6	35·8	46·4
1928	1,597,887,676	162,903,097	558,568,627	10·2	35·0	45·2
1929	1,755,386,937	175,553,710	601,737,507	10·0	34·3	44·3
1930	1,522,737,125	169,992,216	527,563,162	11·2	34·6	45·8
1931	1,252,017,248	172,289,095	415,277,895	13·8	33·2	47·0
1932	955,960,724	151,355,790	322,245,926	15·8	33·7	49·5
1933	919,671,181	139,317,946	296,929,878	15·1	32·3	47·4
1934	1,087,301,742	148,760,126	355,090,929	13·7	32·7	46·4
1935	1,153,485,104	160,455,080	399,012,697	13·9	34·6	48·5
1936	1,289,592,672	173,198,057	438,873,377	13·4	34·0	47·4

[1] Equivalent to "net value of products"; see footnote 1, Table 1, p. 379.

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 in which the cost of raw materials is relatively high appear to operate on a larger scale. Both measures are subject to two limitations: firstly, they depend on the fluctuation of business activity and the demand of the consumer; secondly, over any lengthy period of time there is the difficulty of comparability resulting from changes in the method of the census.