**Percentages of Salaries and Wages to Net Value of Products.**—Table 28 shows the relation between salaries and wages paid by manufacturers and the total net value of production. Figures of gross production are often used in such calculations, but the values out of which the wages of employees must come in the long run are the values added to the raw materials while they are in the factory. Such added values constitute the real production of the manufacturing plant and are alone available for payment of salaries and wages, interest, rent, taxes, repairs, and all other overhead charges that ordinarily must be met. The percentage declined steadily with the increasing manufacturing production from 1924 to 1929, while from 1931 to 1935 and again in 1938 and 1939, due to decreased industrial activity, the percentage of salaries to value added was above normal. It should be borne in mind, however, that salaried employees increased 172 p.c. during the period 1924-45 while wage-earners increased 122 p.c. The percentage of wages has fluctuated much less than that of salaries. The number of wage-earning employees may be more rapidly adjusted to the activity of the industry and wage levels likewise may be more readily adjusted to the price levels of the products. Of the increase in the net value of production amounting to $2,033,263,998 since 1939, $1,107,962,296 or 54·5 p.c. was passed along in increased salaries and wages.

**28.—Percentages of Salaries and Wages Paid to the Total Net Values of Manufacturing Production, 1933-45**

| Year | Value Added by Processes of Manufacture[1] | Salaries Paid | Wages Paid | Percentages— | | |
|---|---|---|---|---|---|---|
| | | | | of Salaries to Value Added | of Wages to Value Added | of Total Salaries and Wages to Value Added |
| | $ | $ | $ | p.c. | p.c. | p.c. |
| 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 |
| 1927............. | 1,508,924,867 | 195,983,475 | 525,743,562 | 13·0 | 34·8 | 47·8 |
| 1938.............. | 1,428,286,778 | 207,386,381 | 498,282,208 | 14·5 | 34·9 | 49·4 |
| 1939.............. | 1,531,051,901 | 217,839,334 | 519,971,819 | 14·2 | 34·0 | 48·2 |
| 1940.............. | 1,942,471,238 | 241,599,761 | 679,273,104 | 12·0 | 35·0 | 47·0 |
| 1941.............. | 2,605,119,788 | 286,336,861 | 978,525,782 | 11·0 | 37·6 | 48·6 |
| 1942.............. | 3,309,973,758 | 334,870,793 | 1,347,934,049 | 10·1 | 40·7 | 50·8 |
| 1943.............. | 3,816,413,541 | 388,857,505 | 1,598,434,879 | 10·2 | 42·0 | 52·2 |
| 1944.............. | 4,015,776,010 | 418,065,594 | 1,611,555,776 | 10·4 | 40·2 | 50·6 |
| 1945.............. | 3,564,315,899 | 417,857,619 | 1,427,915,830 | 11·7 | 40·1 | 51·8 |

[1] Equivalent to "net value of products"; Table 1, p. 522, see footnote 1.

## Subsection 4.—Size of Manufacturing Establishments

The size of the manufacturing establishment is generally measured either by the value of product, or by the number of employees, but each of these methods has its limitations. The latter 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 an increase in production concurrently with a decrease in the number of employees. The former 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.