

tions, 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 173 p.c. during the period 1924-47 while wage-earners increased 125 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 since 1939, 49 p.c. was passed along in increased salaries and wages.

26.—Percentages of Salaries and Wages Paid to the Total Net Values of Manufacturing Production, 1938-47

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.
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
1946.....	3,467,004,980	410,875,776	1,329,811,478	11.8	38.4	50.2
1947.....	4,292,055,802	474,693,800	1,611,232,166	11.0	37.6	48.6

¹ Equivalent to "net value of products"; see footnote 1, Table 1, p. 576.

Section 5.—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 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. 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 may lead to an increase in production concurrently with a decrease in number of employees.

Size as Measured by Gross Value of Products.—In 1929, the 719 establishments producing over \$1,000,000 each had an aggregate value of products of \$2,516,064,954, or 62 p.c. of the total for all manufacturing establishments. In 1931 the number of plants in that category dropped to 482, their output being valued at \$1,451,658,954, or 53 p.c. of the total. However, by 1944, war demands resulted in an increase and the number of plants with a production of \$1,000,000 rose to