p_i=the price of the ith manufactured commodity.
q_i=the quantity of the ith manufactured commodity shipped during the year.
w_i=the average annual earnings in the ith industry.
l_i=the average number of employees in the ith industry during the year.
α_i=the ratio of number of employees to physical quantity of the ith commodity.

That is, $l_i=\alpha_i q_i$ and

$l_i/q_i=\alpha_i$, the input of labor required per unit of output.

p_m=the price of raw materials.
m_i=the quantity of materials used in the production of one unit of the ith commodity.
k_i=the markup over the cost of labor and materials in the price of the ith commodity.

Then, the value of the commodity produced by the ith manufacturing industry is

$$p_i q_i=q_i [1+k_i (w_i \alpha_i+p_m m_i)].$$

The unit value added is

$$p_i-p_m m_i=w_i \alpha_i+k_i (w_i \alpha_i+p_m m_i),$$

and the share of wages and salaries in value added in the industry is

$$\frac{w_i \alpha_i}{p_i-p_m m_i}=1-\frac{k_i (w_i \alpha_i+p_m m_i)}{p_i-p_m m_i}$$

The employees' share is defined in terms of the wage rate, the labor/output ratio, and the markup of prices over material costs. It moves with the wage rate and the labor product ratio and against the markup over direct costs. The indexes for each of these variables for all manufacturing are shown in table 1.

TABLE 1.—*Income shares—All manufacturing, 1947–56*

A. ALL EMPLOYEES

[1947–49=100]

Year	Wages and salaries / Value added: Percent	Wages and salaries / Value added: Index	Annual earnings: Real index	Annual earnings: Current index	Output / Employment: Index	Unit wage plus salary cost, index
1947	53.4	96.9	99.3	94.8	98.5	95.9
1949	56.7	102.9	103.3	105.2	98.5	102.5
1950	53.4	96.9	107.7	110.7	107.8	100.2
1951	55.1	100.0	110.7	122.9	109.0	111.1
1952	56.0	101.6	114.5	130.0	109.6	116.1
1953	56.4	102.4	119.8	137.0	112.1	118.3
1954	56.4	102.4	121.7	139.7	110.9	120.5
1955	54.8	99.5	127.9	146.4	117.3	119.8
1956	55.2	100.2	131.8	153.2	118.1	124.4

B. PRODUCTION WORKERS

Year	Wages / Value added: Percent	Wages / Value added: Index	Annual wage earnings: Real index	Annual wage earnings: Current index	Output / Employment: Index	Unit wage cost index
1947	40.7	100.7	100.6	96.1	96.2	97.7
1949	40.1	99.3	102.1	103.9	100.9	100.2
1950	38.6	95.3	108.2	111.2	110.0	98.8
1951	39.8	98.5	110.8	123.0	110.9	107.3
1952	40.1	99.1	114.9	130.4	112.8	109.2
1953	40.3	99.6	120.0	137.3	115.5	111.3
1954	38.1	94.3	118.8	136.4	117.7	108.4
1955	37.4	92.5	125.6	143.8	123.9	108.9
1956	37.3	92.2	129.1	150.0	125.8	112.0