

68 PRICES AND WAGES IN MANUFACTURING INDUSTRIES

2. The share of the service sector in the private domestic economy

The data presenting gross product originating by industry also shows a shift in the relative importance of services. Tabulated in table 5 is the relative importance of the major industrial groups for 1947-57. The service sector as an aggregate increased from 24 to 25.4 percent from 1947 to 1957; and from 23.2 percent in 1953 when the manufacturing industries, reaching their postwar peak importance, supplied both consumers and the Military Establishment with goods.

TABLE 5.—Gross output originating in the private domestic economy, percentage distribution by industry 1947-57

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
Agriculture.....	11.5	12.6	12.5	11.8	10.5	10.5	10.3	11.1	10.7	10.1	9.9
Mining.....	2.5	2.5	2.3	2.3	2.4	2.3	2.2	2.2	2.2	2.2	2.2
Contract construction.....	5.0	5.3	5.5	5.6	6.0	5.8	5.6	5.9	5.7	5.7	5.6
Manufacturing.....	34.9	34.3	33.2	34.3	35.8	35.7	37.2	34.6	35.8	35.6	35.0
Wholesale trade.....	6.9	6.7	6.8	7.0	7.0	7.0	6.7	6.7	6.6	6.6	6.4
Retail trade.....	15.2	15.0	15.5	15.6	14.9	15.1	14.9	15.4	15.3	15.2	15.4
Finance and insurance.....	2.9	2.8	3.0	3.2	3.0	3.5	3.5	3.7	3.6	3.7	3.9
Rail transportation.....	3.7	3.4	3.0	2.9	3.0	2.7	2.6	2.4	2.5	2.5	2.3
Other transportation.....	3.1	3.1	3.2	3.3	3.4	3.3	3.4	3.4	3.4	3.6	3.7
Communications.....	1.4	1.5	1.6	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.9
Public utilities.....	1.7	1.7	1.9	1.9	2.1	2.2	2.2	2.4	2.4	2.6	2.8
Services ¹	11.2	11.1	11.5	10.6	10.3	10.3	9.9	10.5	10.1	10.5	10.8
Total private domestic economy ²	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Addenda:											
Goods sector.....	53.9	54.7	53.5	54.0	54.7	54.3	55.3	53.8	54.4	53.6	52.7
Less agriculture.....	(42.4)	(42.1)	(42.0)	(42.2)	(44.2)	(43.8)	(45.0)	(42.7)	(43.7)	(43.5)	(42.8)
Service sector.....	24.0	23.6	24.2	23.4	23.3	23.6	23.2	24.1	23.7	24.7	25.4
Services industries ³	(11.2)	(11.1)	(11.5)	(10.6)	(10.3)	(10.3)	(9.9)	(10.5)	(10.1)	(10.5)	(10.8)
Other services ³	(12.8)	(12.5)	(12.7)	(12.8)	(13.0)	(13.3)	(13.3)	(13.6)	(13.6)	(14.2)	(14.6)
Commercial sector.....	22.1	21.7	22.3	22.6	21.9	22.1	21.6	22.1	21.9	21.8	21.8

¹ See definition in appendix.

² The real estate industry has been omitted. May not add because of rounding.

³ Finance and insurance, rail and other transportation, communications, public utilities.

Source: Charles L. Schultze, "Prices, Costs and Output," table 2 and "U.S. Income and Output" table I-10. The table was constructed by aggregating the Schultze real output indexes using 1947 net national income originating weights.

A 1.4 percentage point increase in relative importance may appear to be small, but the nonagricultural goods producing industries in the aggregate increased in relative importance only 0.4 points. The relative importance of services was 5.8 percent greater in 1957 than in 1947. In comparison, the relative importance of manufacturing was less than 1 percent greater and the relative importance of agriculture declined 14 percent.

II. EMPLOYMENT

A. THE POSTWAR RECORD

Employment in the service sector has increased at a fairly constant rate with some acceleration near the end of the period. Total employment was little affected by the general business cycle; service sector employment dipped much less than employment in nonservice sectors. In fact, the average number of full-time and part-time employees in the service industries increased during the 1948-49 and the 1957-58 recessions and remained constant in 1954.

Table 6 below presents in index number form the record of employment in the service sector. The left-hand panel shows the average number of full-time and part-time wage and salary employees; the right-hand panel shows full-time equivalent persons participating in production.⁶ Comparison of the index of employ-

⁶ The two concepts differ as follows: the first series measures the average number of full-time and part-time jobs filled during the year by wage and salary earners. The second series measures man-years of full-time employment by persons working for wages or salaries and by active proprietors of unincorporated enterprises devoting a major portion of their time to the business. This series falls short of measuring total man-years by excluding unpaid family workers. It falls short of measuring total number of persons holding jobs because part-time employee is counted as a fraction of a full-time employee.

Both series are shown here because both part-time employment and participation by proprietors are important in the service sector. A single series showing both together is not available.

Primary reliance is not placed on the Bureau of Labor Statistics data for aggregate service and miscellaneous employment because that series does not cover household workers and because detail for the "miscellaneous" part is not available. The BLS series and the first series referred to above move in very close harmony, however.

(See footnotes to tables VI-13, VI-14, and VI-16 in "U.S. Income and Output" for further discussion.)