

A COMPARISON OF THE PER CAPITA INCOME OF TEXAS  
WITH THE NATIONAL AVERAGE, 1940-1950

by

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## CHAPTER I

### INTRODUCTION

A short study of the personal income data of the different states released by the Department of Commerce reveals many interesting facts. For example, the states in the North, Northeast, West, and Far West have shown the ability to increase their personal income, while the states in the South have not shown this great ability. The per capita income figures illustrate this even better than do the personal income figures. In just about all of the southern states, the per capita income has been below the national average. There are several reasons which explain this wide distribution in income. One of the best reasons stems from the pre- and post-Civil War periods, when the South came to rely principally on agriculture as the mainstay of life. The southern slave states before the Civil War concentrated more on the buying of slaves and the maintenance of their aristocratic lives than they did on investing in the factors essential for economic growth, such as transportation, urbanization, education, and most of all, industrialization. While the South concentrated on their way of life, the northern states went about the task of building up an industrialized economy, relying more on manufacturing rather than agriculture as a way of life.

*During the Reconstruction period, the South was at the mercy of the carpetbaggers who exploited the people instead of trying to build up the South economically. This type of thing prevented the South from achieving very much economic growth until the first half of the 20th Century; but even this was small. Therefore this traditional reliance upon agriculture has continued in the South. It has been only in recent years that the South has become industrialized, but moderately as compared to the North.*

*This comparison of geographic and economic areas in the United States, however, is not the concern of this study. Instead, the topic of this study is the amount of economic growth achieved by Texas.*

*After careful examination of the personal and per capita income data of Texas and their comparison to the national averages, it was decided that the years between 1940 and 1950 were of significant importance for several reasons. The first reason is that the United States, as well as the rest of the world, was slowly pulling itself out of the Great Depression decade of the 1930's. During this time period, all sections of the economy were hard hit, especially the industrial areas. The depressed conditions of the economy to a certain extent gave the South equal footing with the North. Granted, the North had the industries and the South had agriculture, and both suffered from the Depression, but now the South was in a somewhat*

better position to decrease the gap between its per capita income and that of the rest of the nation. The second reason is the outbreak of World War II, which brought about a new demand for war goods as well as food stuffs. As the war drew on, this demand increased greatly, allowing the United States to become a creditor nation rather than a debtor, as was the case prior to the war. American industries were working overtime to supply the world's needs for both manufactured goods and raw materials. Over night domestic manufacturing plants and factories sprang up to fill the shortage that existed. Both the North and South benefited economically from this expansion and production. Military installations were also built during the war years. Air Force, Army, and Navy bases were established all over the country, bringing with them prosperity to the local communities, which soon grew dependent upon these bases for revenue. Thus the war years brought prosperity once again to the United States and allowed the South to attempt to pull itself out of its depressed condition; a condition which had existed for more than three-quarters of a century.

The third reason is that Texas showed remarkable improvement in its per capita income during this particular time period. In 1940 Texas' per capita income was 73 percent of the national average, but by 1950 it had increased to 90 percent. Even though Texas was still below the national average, this 17 percent increase showed that Texas was attempting to do something about its economic conditions.

TABLE I  
PERSONAL INCOME OF THE UNITED STATES AND TEXAS,  
1940-1950.\*

Year	(Millions of Dollars)	
	United States	Texas
1940	78,522	2,776
1941	95,953	3,459
1942	122,417	4,822
1943	148,409	6,464
1944	160,118	7,123
1945	164,549	7,169
1946	175,701	7,400
1947	189,077	8,332
1948	207,414	9,054
1949	205,452	9,778
1950	225,473	10,375

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929, Washington, D. C.: U. S. Government Printing Office, 1956, p. 140-141.

TABLE II  
 PER CAPITA PERSONAL INCOME OF THE UNITED STATES  
 AND TEXAS, 1940-1950.\*

Year	United States	Texas
1940	595	432
1941	719	524
1942	909	712
1943	1,102	931
1944	1,194	1,038
1945	1,234	1,051
1946	1,249	1,028
1947	1,316	1,128
1948	1,420	1,187
1949	1,382	1,283
1950	1,491	1,340

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929, Washington, D. C.: U. S. Government Printing Office, 1956, p. 142-143.

TABLE III  
PER CAPITA PERSONAL INCOME OF TEXAS,  
PERCENT OF THE UNITED STATES,  
1940-1950.\*

Year	United States	Texas
1940	100	73
1941	100	73
1942	100	78
1943	100	85
1944	100	87
1945	100	85
1946	100	82
1947	100	86
1948	100	84
1949	100	93
1950	100	90

\*Calculated from Table II.

*This study will attempt to examine the reasons why Texas has been unable to achieve a growth rate that would put it equal to or greater than the national per capita income showed the previously mentioned 17 percent increase on the national average. First, however, it must be explained how the study plans to compare Texas with the national averages, and then some time must be spent defining the major terms which will be used in the analyses.*

*In order to reduce the problems and do away with some of the errors that can arise because of the attempt to compare averages of total figures with averages of figures that once went into the makeup of the total figures, both national and state figures have been reduced to a common denominator. Therefore, a comparison of the absolute figures is not used. Instead, this study relies upon a comparison of the percentages of those figures. The percentage increase or decrease, the percentage change and so forth will constitute the basis for this study. The percentages of the absolute figure are represented by the tables found throughout this study.*

## CHAPTER II

### THE NATURE AND CONCEPTS OF STATE PERSONAL INCOME

The Personal Income of a state can be defined as the current income, regardless of the source, received by its residents.

While cash income makes up the overwhelming bulk of the total--more than 95 percent on a national basis--personal income also includes several types of nonmonetary income, or income in kind, in order to improve the scope of the estimates and thereby make the basis of comparison by states more meaningful.<sup>1</sup>

All transfer payments from government and business, such as contributions to social security and other social insurance programs are included in the measurement of personal income. They add to income. However, transfers among individuals are excluded from the measurement. These are excluded because they cancel or reduce income, such as a personal gift from one individual to another.

It is now important to take note of two major aspects of personal income:

1. It is a before-tax measure. Personal income is defined as gross of income taxes, other personal taxes,

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<sup>1</sup>U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.,: U. S. Government Printing Office, 1956), p. 49.

and various types of so-called "nontax payments" made by individuals to the federal, state, and local governments.

2. Allowance is made for nonmonetary income, or income received in kind rather than cash. At present, this makes up about 4 percent of personal income for the country as a whole, although there is considerable variation in this regard by states.

### DEFINITION OF "RESIDENTS"

The meaning of "residents" is of primary importance in state personal income because it delimits the economics of the various states in terms of personal income.

Principally, individuals are included in the definition of resident. However, such things as private trust funds, nonprofit institutions and private pension, health, and welfare funds are also included. The nonprofit institutions category is divided into social and athletic clubs, religious organizations, charitable and welfare organizations, and other private nonprofit agencies furnishing service to individuals.<sup>3</sup> These entries, although not individuals, are called quasi-individuals because they serve individuals or are established in their behalf. The treatment of these quasi-individuals will be discussed later in this chapter.

#### Resident Individual

The term "resident individual" includes all military

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<sup>2</sup>Ibid., p. 57.

<sup>3</sup>Ibid.

personnel and their families stationed in the state. All federal civilian employees working in each state are also included, even though they may not consider the state as their permanent residence. Those not counted as residents in the measurement of personal income are the members of the military and federal civilian employees who are living away from their state of usual residence. If these people are living outside the United States, then they are excluded altogether. This constitutes the only difference between the definition of state personal income and the United States personal income.<sup>4</sup>

This exclusion of the military and federal personnel illustrates a general principle:

*"Resident individuals" is defined in terms of physical residence. It is not based on usual, or permanent, or legal residence--which for a geographic area of the nation is economically less meaningful, not provided in available data, and, in fact, not really measurable.*<sup>5</sup>

It should be evident by now that only individuals actually residing in a state, regardless of their occupation, are covered in the measurement of personal income. Those people who are normally residents of the state but live elsewhere are excluded from personal income. It should also be noted that people who are tourists or in temporary stay are not counted as residents of that state.

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<sup>4</sup>Ibid.

<sup>5</sup>Ibid.

## INCOME FROM ALL SOURCES

The concept that personal income included receipts from all sources shows the comprehensiveness of the measurement. All income received by residents of each state from government, households, business, institutions and foreign countries is covered under this concept.

### Current Income

Personal income measures the current income received by residents of the state. This means that the income is actually received or disbursed to individuals and to the private nonprofit entities termed "quasi-individual." It must be noted that only that portion of corporate earnings, paid out in the form of yearly dividends, is included in personal income. Furthermore, contributions for social insurance made by individuals and by employers on their behalf are excluded because they do not constitute current personal receipts.<sup>6</sup>

Personal income can also include incomes not accruing from current production. These incomes are derived from government and business transfer payments and the interest paid to persons by government.

### The Exclusion of Transfers Among Individuals

It was noted before that transfers among individuals

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<sup>6</sup>ibid.

are excluded from personal income because they cancel income. Besides the previous example given, there are many others which can occur between an individual and a quasi-individual. These can be in the form of an individual's gift to a church and charitable organization, the income distributed to individuals by fiduciaries, and annuities paid through pension funds to individuals.<sup>7</sup>

There are, however, some transactions among persons which must be included in personal income. Those transactions which represent purchases of services rendered by factors of production must be counted.

As examples, the wages paid by housewives to domestic servants and by churches and other private nonprofit institutions are included in personal income along with other payroll disbursements. This treatment of non-transfer transactions among persons has been adopted to maintain a complete record of productive activity. Otherwise, the remuneration of labor and capital services within the personal sector would be omitted from personal income (and from the national measures of total output as well).<sup>8</sup>

One of the best reasons why most of the transfers among individuals are not included in personal income is the lack of statistical data on them. Even if there was a desire to include them in personal income, difficult problems of concept would arise.

These would include the classification of the myriad

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid., p. 59.

types of interpersonal flows, as between (1) capital transfers (which would be excluded) and (2) current transactions (which would involve the geographic redistribution of income). In addition, it would have to be decided whether the second category of transactions should (a) be counted in the incomes of both the donor and recipient areas or (b) netted from the former and entered only in the latter. By the first alternative, income is "duplicated," with the extent of duplication depending on the number of geographic areas measured). The second alternative, which would avoid such "grossing" of transactions, would appear, on balance, to be preferable, but nonetheless would have some limitations for analyses.<sup>9</sup>

### The Treatment of "Quasi-Individuals"

The treatment of those entries termed "quasi-individuals" is relatively simple. These institutions receive property income (dividends, interest, and net rent), as well as transfer payments from government and business. The states treat the income by allocating it geographically according to their location or residence.

Private pension, health, and welfare funds are assigned according to the state of residence of the employees on whose behalf they are made. Those quasi-individuals classified as trust funds or fiduciaries are assigned by states according to the residence of the beneficiaries of the funds.<sup>10</sup>

The methods used by the states in accounting for the income of quasi-individuals are different than those used in national income. In national income, quasi-individuals are

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<sup>9</sup>Ibid.

<sup>10</sup>Ibid.

*classified as persons and their income is counted in personal income. The states, on the other hand, allocate the income of these institutions according to their geographic location. The income of the various types of private funds is allocated according to the residence of the beneficiaries. This means that the individual receiving the income and the state in which he resides are matched together.<sup>11</sup>*

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<sup>11</sup> Ibid.

## CHAPTER III

### PERSONAL INCOME COMPONENTS

*Since personal income is the sum of its parts, it is important to discuss some of them so that a clear-cut definition of the total can be obtained. This chapter deals with the personal income components in the hopes of throwing additional light on the meaning and content of the personal income total.*

#### WAGE AND SALARY DISBURSEMENTS

*Wage and salary disbursements are monetary payments received by employees in the form of wages and salaries. Commissions, tips, executives' compensation, and bonuses, as well as the value of payments in kind which represent income to the receiver, are part of this component. The receipts are measured before Social Security contributions, union dues, and other things are deducted. All current period disbursements are considered, including any payments or wages earned in a previous period but paid in the current period.<sup>12</sup>*

*The wages and salary series of state's private sector of their economy covers employees working in all farm and*

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<sup>12</sup>ibid.

nonfarm business, private households, hospitals, and private educational, social service, and nonprofit institutions. The government employees, including those of federal, state, and local governments, are also covered by the measure.<sup>13</sup>

### Military Payroll

The military component of personal income is different than the industrial component which represents wage and salary disbursements as the gross earnings of employees without any kind of deductions.

Military disbursements by states are derived as the sum of two separate flows: (1) the gross earnings of military personnel stationed in each state less the amounts withheld by government and sent to their dependents or other individuals in the form of voluntary allotments of pay or benefits under the government's family allowance or dependency assistance programs; and (2) allowances and allotments received by individuals, resident in the state. The second item covers amounts withheld from the pay of military personnel wherever stationed . . . in the same state, other states, or overseas.<sup>14</sup>

This is the only element of wages and salaries that individuals receive in a non-employee status.

### Other Labor Income

The other labor income section of personal income is made up of supplementary types of labor income. These incomes, paid out or accrued during the current period, are in

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<sup>13</sup>Ibid.

<sup>14</sup>Ibid., p. 61.

the form of employer contributions made under private pension, health and welfare, and group insurance plans. They may also be compensation for injuries received on the job or elsewhere; directors' fees; pay of military reservists; and many other minor items.<sup>15</sup>

The pay of members of the military reserve is part of this section rather than wages and salaries because only a small portion of the individual's working time is involved. The employer contributions to private pension and other related funds have increased substantially in the post war period so that they now account for three-fourths of other labor income on the national level.<sup>16</sup>

#### PROPRIETOR'S INCOME

Proprietor's income measures the net business earnings of unincorporated enterprises. The earnings are almost entirely derived from sole proprietorships and partnerships, in the form of independent professional practitioners (physicians, dentists, and lawyers); farmers; entrepreneurs in nonfarm business; and others in a self-employment status. Also included under proprietors' income are producers' cooperatives and other numerically minor forms of noncorporate business.<sup>17</sup>

This measure contains the net income of unincorporated real estate businesses, including that derived from the

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<sup>15</sup>Ibid.

<sup>16</sup>Ibid.

<sup>17</sup>Ibid.

rental of property; it excludes the rental income of the individual landlords who are not engaged primarily in the operations of a real estate business. Dividends and interest receipts are omitted from proprietors' income, as those are counted as being received by the proprietors in their personal, rather than business capacity. Finally to be noted is that capital gains and losses are excluded, and no deduction is made for depletion (a minor item for noncorporate business).<sup>18</sup>

### Farm Income

The agriculture component of proprietor's income is equal to the gross income of the farmers minus their total expenses. The following are considered to be part of gross income.

- (1) Cash receipts from farm marketings of crops and livestock.
- (2) Payments to farmers under the government soil conservation and related programs.
- (3) The value of rental food and fuel produced and consumed.
- (4) The gross rental value of farm dwellings.
- (5) The value of the change in inventories of crops and livestock.<sup>19</sup>

The last three items need further discussion in order to understand why the farm proprietors' income series measures net income from current production, not net receipts; and why it allows for the inclusion of income in kind.

Item 3 is considered as an imputation because the farmers, in effect, sell food and fuel to themselves as consumers. The value of these estimated items are valued in

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<sup>18</sup>Ibid.

<sup>19</sup>Ibid., p. 62.

terms of the actual selling prices that farmers receive for their particular kinds of products. All expenses associated with the production of food and fuel are somewhat difficult to determine. It is, therefore, impossible to reach a realistic figure.<sup>20</sup>

Item 4 of gross farm income is defined as:

The net return on dwelling investments as calculated from the estimated value of farm dwellings and the average interest rate on farm mortgage loans, plus the portion of total farm expenses estimated to be allocable to the upkeep of dwellings.<sup>21</sup>

Item 5 of gross farm income is included because of the desire to measure net current income, not net receipts. All changes in farm inventories are, therefore, valued at selling prices in farm proprietors' income, but at cost-prices in nonfarm proprietors' income. This means that net profits or losses are assigned to the farm series when they are produced; the nonfarm series assigns them when they are sold.<sup>22</sup>

#### Nonfarm Proprietors' Income

Nonfarm proprietors' income is the same thing as the income of unincorporated businesses, including inventory valuation adjustments. The income of unincorporated businesses are monetary earnings similar to net business profits. That

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<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

is, the gross receipts from business or profession minus the expense of doing business. The inventory adjustments represent the difference between the current replacement cost of inventories charged to cost of sales and their reported book value which usually reflects drive-period costs.<sup>23</sup>

### PROPERTY INCOME

Property income estimates are made up of dividends, rental income of persons, and personal interest income. The definition of these three parts of property income are discussed below.

#### Dividends

This section of property income measures the cash dividends paid by corporations, operated for profit, to the residents of the various states. All dividends which are paid by savings and loan associations and other mutual financial institutions are excluded because they are classified in personal interest income.<sup>24</sup>

#### Rental Income of Persons

The rental component of personal income is divided into two parts. The first part is the monetary earnings of persons derived from the rental of real property, as well as

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<sup>23</sup> Ibid.

<sup>24</sup> Ibid., p. 63.

from royalties on patents, copyrights, and rights to natural resources. The second part is the imputed net rental returns to owner-occupant of nonfarm dwellings.

### Personal Interest Income

Personal interest income, which measures the total interest accruing to residents of the states, is divided into two parts: Monetary and Imputed. The monetary part is the interest received from foreign as well as domestic sources. Included in this part is, in general terms, the excess of property income received by financial intermediaries from funds entrusted to them by persons, minus the property income actually returned to persons in monetary form by these intermediaries. Part of the imputed interest is equal to the value of the financial services rendered. The remaining part is the property income withheld by life insurance companies and mutual financial intermediaries on the account of persons.<sup>25</sup>

It should be noted that imputed interest represents one of the elements devised in national income and product series to account for the transactions of financial intermediaries. These intermediaries are banks, savings and loan associations and life insurance companies.

### TRANSFER PAYMENTS

Transfer payments are the receipts of individuals from government and business (other than government interest)

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<sup>25</sup>Ibid.

for which no services are rendered currently.

Government transfer payments are made by the federal, state and local governments. They are paid to individuals and private nonprofit institutions, such as hospitals, charitable and welfare organizations. The payment to individuals include such things as old-age and survivors' benefits, pensions under public employee retirement systems, unemployment benefits, direct relief, and pension, disability and related payments made to former members of the military.<sup>26</sup>

Business transfer payments are the distribution of business output to persons for which no services are received. These distributions include corporate gifts to private nonprofit institutions, individuals' bad debts to business, cash prizes, and personal injury payments by businesses, other than to employees.<sup>27</sup>

#### PERSONAL CONTRIBUTIONS TO SOCIAL SECURITY

Only the payments made by both the employees and the self-employed are included in the personal income series. Those payments made by individuals or by employers, on behalf of their employees, to social insurance programs are excluded since they are handled as an explicit deduction term.

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<sup>26</sup> Ibid., p. 64.

<sup>27</sup> Ibid.

The payments made by employees are for old-age and survivors' insurance, railroad retirement insurance, state unemployment insurance, cash sickness compensation, and federal, state, and local public employee retirement systems, as well as premium payments for government life insurance. The payments made by the self-employed are for old-age and survivors' insurance.<sup>28</sup>

#### PER CAPITA PERSONAL INCOME

The per capita estimates of the states are derived by dividing the total population of the state into the total personal income of the state.

For the most part, the population data that is used in computing per capita personal income are the mid-year estimates of the Bureau of the Census. However, during the years 1941-1947, the population of the states was measured as the sum of the civilian population plus the military personnel as compiled by the National Income Division from monthly or quarterly information furnished by the several military services.<sup>29</sup>

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<sup>28</sup> Ibid., p. 65.

<sup>29</sup> Ibid.

## CHAPTER IV

### POPULATION AND PERSONAL INCOME TRENDS

*Per capita income is derived by the division of personal income by total population. In the case of the United States the total national personal income is divided by total national population while in the case of Texas, the total Texas personal income is divided by the total population of Texas. It should be evident that per capita income is determined by two different variables. The first variable is population and the second variable is personal income; both of which can have different effects upon per capita income, depending upon which way they behave.*

*A sudden increase in population while personal income remains unchanged can cause the per capita income to become smaller, much in the same way as trying to divide a pie into ten equal parts rather than the previous six parts. On the other hand, if population was to decrease, personal income remaining unchanged, the per capita income should increase. The amount of personal income can also effect per capita income but in just the opposite way as population. An increase in personal income, population held constant, would cause the per capita income to increase while a decrease in personal income, again population held constant, would cause per capita income to decrease. Therefore, there is a direct relationship between personal income and per capita income.*

but an inverse relationship between per capita income and population.

### Population

First, the trends in population for both the United States and Texas between 1940 and 1950 must be considered. Table V shows that in 1940 the population of Texas represented 4.87 percent of the total population of the United States. In 1945 it had increased to 5.11 percent of the total--a .24 percent increase--and by 1950 the population of Texas represented 5.12 percent of the total. Therefore, there was not a real significant change in the population of Texas in regards to the percentage it represented of the national population.

Table VI illustrates the percentage change in both the population of Texas and the United States between 1940 and 1950. The data given in this table shows that the population of the United States increased by 20.5 percent while the population of the Texas increased by 14.6 percent. Twelve percent of the increase in Texas population occurred during the 1940 to 1946 period when there was a great influx of military personnel in Texas. The United States population was about evenly distributed during the 1940 to 1950 time period, with a 6.6 percent increase between 1940 and 1946 and an 8.0 percent increase between 1946 and 1950.

Even though the percentage change in Texas income was greater than the United States, it is felt that this

TABLE IV  
 POPULATION MOVEMENTS IN THE UNITED STATES  
 AND TEXAS, 1940-1950\*

Year	(Thousands)	
	United States	Texas
1940	131,954	6,425
1941	133,417	6,599
1942	134,670	6,770
1943	134,697	6,944
1944	134,075	6,861
1945	133,387	6,822
1946	140,638	7,199
1947	143,665	7,384
1948	146,093	7,626
1949	148,665	7,623
1950	151,234	7,745

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929, Washington, D. C.: U. S. Government Printing Office, 1956, p. 144-145.

TABLE V

POPULATION MOVEMENTS IN TEXAS, PERCENT OF THE  
UNITED STATES, 1940-1950\*

Year	Texas
1940	4.87
1941	4.94
1942	5.02
1943	5.16
1944	5.12
1945	5.11
1946	5.12
1947	5.14
1948	5.22
1949	5.13
1950	5.12

\* Calculated from Table IV.

TABLE VI

TRENDS IN POPULATION MOVEMENTS IN THE UNITED STATES  
AND TEXAS, SELECTED YEARS, 1940-1950\*

	Percent Change		
	1940-1950	1940-1946	1946-1950
United States	14.6	6.6	8.0
Texas	20.5	12.0	8.5

\* Calculated from Table IV.

increase was not sufficient enough to keep the per capita income of Texas below the national average. Instead of decreasing, which should have been the case, the per capita income of Texas was increasing during this period; from 73 per cent of the national average in 1940 to 90 percent in 1950. If population had played an important role in keeping the per capita income low in Texas, it would not have increased by 17 percent on the national average.

### Personal Income

The percent that the personal income of Texas represents of total personal income has increased 1.07 percent between 1940 and 1950. This is illustrated by Table VII. Table III shows that the per capita income of Texas as a percentage of the United States has increased even faster than personal income. In 1940 the percentage that Texas per capita represented to the total was 73 percent while in 1950 it was 90 percent. However, these two tables only show that the personal and per capita income of Texas, although increasing during 1940 to 1950, were below the national averages. They do not explain why, or rather they show only the effect but not the causes. Therefore, the study must rely on other tables for its analyses.

TABLE VII

## PERSONAL INCOME OF TEXAS, PERCENT OF THE UNITED STATES, 1940-1950\*

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<i>Year</i>	<i>United States</i>	<i>Texas</i>
1940	100.00	3.54
1941	100.00	3.60
1942	100.00	3.94
1943	100.00	4.36
1944	100.00	4.45
1945	100.00	4.36
1946	100.00	4.21
1947	100.00	4.41
1948	100.00	4.37
1949	100.00	4.76
1950	100.00	4.61

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\*Calculated from Table I.

A comparison of Table X and Table XI shows that the personal income of Texas and its components changed at a much greater rate than did the personal income of the United States and its components. For example, between 1940 and 1950 the personal income of Texas changed by 273 percent while the personal income of the United States changed by only 187 percent. These changes can be misleading unless Table XII and Table XIII are introduced into the discussion. These two tables show the percent that each major component of personal income represents to total personal income. Table XII represents the personal income of the United States while Table XIII represents the personal income of Texas.

An examination of these two tables reveals several relationships. First, the amount that wage and salary disbursements represent to the total personal income of Texas was 56.0 percent in 1940 and 60.0 percent in 1950. At the same time the wage and salary disbursements section of the United States personal income was 53.2 percent in 1940 and 64.1 percent in 1950. This points out that Texas was somewhat below the national averages in regards to total wage and salary disbursements, since Texas was 7.2 percent lower than the national average in 1940 and 4.1 percent lower in 1950. It should be further noted that the wage and salary disbursements section of personal income in Texas increased much faster than did the national figures.

The second significant relationship that can be seen from these two tables is that the manufacturing sector of

TABLE VIII

PERSONAL INCOME OF THE UNITED STATES, BY MAJOR  
SOURCES, SELECTED YEARS, 1940-1950\*

Item	1940	1946	1950
(Millions of Dollars)			
Personal Income	78,522	175,701	225,473
Wage & Salary Disbursements	49,656	109,576	145,092
Farms	1,031	2,553	2,724
Mining	1,287	2,368	3,158
Contract Construction	1,709	4,412	7,913
Manufacturing	15,584	36,476	49,393
Wholesale & Retail Trade	9,020	19,560	27,322
Finance, Insurance, Real Estate	2,453	4,097	5,806
Transportation	3,639	8,509	9,811
Communication & Public Utilities	1,543	2,854	4,214
Services	5,026	10,208	13,656
Government	8,253	18,283	20,777
Other Industries	106	251	318
Other Labor Income	687	1,891	3,823
Proprietors' Income	13,010	35,265	36,140
Farm	4,563	13,944	13,285
Nonfarm	8,442	21,321	22,855
Property Income	12,709	19,568	28,308
Transfer Payments	3,114	11,307	14,969

\* U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.: U. S. Government Printing Office, 1956), p. 147.

TABLE IX

PERSONAL INCOME OF TEXAS BY MAJOR SOURCES,  
SELECTED YEARS, 1940-1950\*

Item	(Millions of Dollars)		
	1940	1946	1950
Personal Income	2,776	7,400	10,375
Wage and Salary	1,555	4,221	6,229
Disbursements			
Farms	74	230	290
Mining	122	237	412
Contract Construction	66	211	422
Manufacturing	236	682	1,092
Wholesale & Retail Trade	313	852	1,283
Finance, Insurance, Real Estate	69	131	227
Transportation	155	416	515
Communications & Public Utilities	54	116	205
Services	160	431	621
Government	301	907	1,153
Other Industries	4	8	10
Other Labor Income	25	86	156
Proprietors' Income	723	1,835	2,201
Farm	345	748	917
Nonfarm	378	1,087	1,284
Property Income	411	817	1,229
Transfer Payments	81	520	678

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.: U. S. Government Printing Office, 1956), p. 191.

TABLE X

TRENDS IN THE PERSONAL INCOME OF THE UNITED STATES  
BY MAJOR SOURCES, SELECTED YEARS, 1940-1950.\*

Item	Percent Change		
	1940-1950	1940-1946	1946-1950
<i>Personal Income</i>	187	123	64
<i>Wage and Salary Disbursements</i>	192	121	71
<i>Farms</i>	164	147	17
<i>Mining</i>	145	83	62
<i>Contract Construction</i>	363	158	205
<i>Manufacturing</i>	216	143	73
<i>Wholesale &amp; Rental Trade</i>	202	116	86
<i>Finance, Insurance,     Real Estate</i>	136	67	69
<i>Transportation</i>	169	133	36
<i>Communications and Public     Utilities</i>	173	84	89
<i>Services</i>	171	103	68
<i>Government</i>	151	121	30
<i>Other Industries</i>	200	136	64
<i>Other Labor Income</i>	456	175	281
<i>Proprietors' Income</i>	177	171	7
<i>Farm</i>	190	205	15
<i>Nonfarm</i>	170	152	18
<i>Property Income</i>	122	53	69
<i>Transfer Payments</i>	380	263	117

\* Calculated from Table VIII.

TABLE XI

## TRENDS IN THE PERSONAL INCOME OF TEXAS BY MAJOR SOURCES, SELECTED YEARS, 1940-1950\*

Item	Percent Change		
	1940-1950	1940-1946	1946-1950
Personal Income	273	166	107
Wage and Salary Disbursements	300	171	229
Farms	292	210	82
Mining	237	94	143
Contract Construction	539	313	226
Manufacturing	362	188	174
Wholesale & Retail Trade	309	172	137
Finance, Insurance, Real Estate	228	89	139
Transportation	232	168	64
Communications & Public Utilities	279	114	165
Services	288	169	119
Government	283	201	82
Other Industries	150	100	50
Other Labor Income	525	244	281
Proprietors' Income	204	153	51
Farm	165	116	49
Nonfarm	239	187	52
Property Income	199	98	101
Transfer Payments	737	541	196

\* Calculated from Table IX.

TABLE XII

RELATIVE TRENDS IN THE PERSONAL INCOME OF THE  
UNITED STATES BY MAJOR SOURCES,  
SELECTED YEARS, 1940-1950\*

Item	(Percent of Personal Income)		
	1940	1946	1950
Personal Income	100.0	100.0	100.0
Wage and Salary Disbursements	63.2	62.4	64.1
Farms	1.3	1.5	1.2
Mining	1.6	1.4	1.4
Contract Construction	2.2	2.5	3.5
Manufacturing	19.9	20.8	22.0
Wholesale & Retail Trade	11.5	11.1	12.1
Finance, Insurance, Real Estate	3.1	2.3	2.6
Transportation	4.6	4.3	4.4
Communications & Public Utilities	2.0	1.6	1.9
Services	6.4	5.8	6.1
Government	10.5	10.4	9.2
Other Industries	.1	.3	.1
Other Labor Income	.9	1.1	1.7
Proprietors' Income	16.6	20.1	16.0
Farm	5.8	7.9	5.9
Nonfarm	10.8	12.1	10.1
Property Income	16.2	11.1	12.6
Transfer Payments	4.0	6.4	6.6

\* Calculated from Table VIII.

TABLE XIII

RELATIVE TRENDS IN THE PERSONAL INCOME OF TEXAS  
BY MAJOR SOURCES, SELECTED YEARS, 1940-1950.\*

Item	(Percent of Personal Income)		
	1940	1946	1950
Personal Income	100.0	100.0	100.0
Wage and Salary Disbursements	56.0	57.0	60.0
Farms	2.7	3.1	2.8
Mining	4.4	3.2	4.0
Contract Construction	2.4	2.9	4.0
Manufacturing	8.5	9.2	10.5
Wholesale and Retail Trade	11.3	11.5	12.4
Finance, Insurance, Real Estate	2.5	1.8	2.2
Transportation	5.6	5.6	5.0
Communications & Public Utilities	1.9	1.6	2.0
Services	5.8	5.8	6.0
Government	10.8	12.3	11.1
Other Industries	.1	.1	.1
Other Labor Income	.9	1.2	1.5
Proprietors' Income	26.0	24.8	21.2
Farms	12.4	10.1	8.8
Nonfarm	13.6	14.7	12.4
Property Income	14.8	11.0	11.8
Transfer Payments	2.9	7.0	6.5

\* Calculated from Table IX.

personal income of the United States was over half as great as that of Texas. In 1940 the manufacturing sector for the United States was 19.9 percent of the personal income while Texas' manufacturing sector was only 8.5 percent of the personal income. By 1950 the United States' manufacturing sector had increased to 22.0 of personal income while Texas' manufacturing sector had increased to 10.5 percent of personal income. This comparison shows that manufacturing development of Texas was very slow during these years, and as a result, wages and salaries from these industries were small in comparison to the National figures.

The last major thing to be viewed from these two tables is that the proprietors' income section of Texas' personal income was 9.4 percent greater than the national average in 1940 and 5.2 percent greater in 1950. However, while this sector and its components fluctuated only slightly for the nation, Texas' proprietors' income showed a rapid decrease. This decrease was from 26.0 percent in 1940 to 21.2 percent in 1950, and was caused by the decrease in proprietors' income of the farm; from 12.4 percent in 1940 to 8.8 percent in 1950.

In order to understand perhaps why the wage and salaries disbursements of Texas was below the national average, Table XIV and Table VX must be considered. Each table shows the percent that each component of wage and salaries contributes to the total figure. Table XIV represents the

TABLE XIV

RELATIVE TRENDS IN WAGE AND SALARY DISBURSEMENTS  
OF THE UNITED STATES BY MAJOR SOURCES,  
SELECTED YEARS, 1940-1950.\*

Item	Percent of Wage and Salary Disbursements		
	1940	1946	1950
Wage and Salary Disbursements	100.0	100.0	100.0
Farms	2.1	2.3	1.9
Mining	2.6	2.1	2.2
Contract Construction	3.4	4.0	5.5
Manufacturing	31.4	33.3	34.0
Wholesale and Retail Trade	18.2	17.9	18.8
Finance, Insurance, Real Estate	4.9	3.7	4.0
Transportation	7.3	7.8	6.8
Communications and Public Utilities	3.1	2.6	2.9
Services	10.1	9.3	9.4
Government	16.6	16.7	14.3
Other Industries	.2	.2	.2

\* Calculated from Table VIII.

TABLE XV

RELATIVE TRENDS IN WAGE AND SALARY DISBURSEMENTS  
OF TEXAS BY MAJOR SOURCES, SELECTED YEARS,  
1940-1950.\*

Item	Percent of Wage and Salary Disbursements		
	1940	1946	1950
Wage and Salary Disbursements	100.0	100.0	100.0
Farms	4.8	5.4	4.7
Mining	7.9	5.6	6.6
Contract Construction	4.2	5.0	6.8
Manufacturing	15.2	16.2	17.5
Wholesale & Retail Trade	20.1	20.2	20.6
Finance, Insurance, Real Estate	4.4	3.1	3.6
Transportation	10.0	9.9	8.3
Communications & Public Utilities	3.5	2.7	3.3
Services	10.3	10.2	10.0
Government	19.4	21.5	18.5
Other Industries	.3	.3	.2

\*Calculated from Table IX.

wage and salary disbursements of the United States, while Table XV represents Texas.

A comparison of these two tables reveals some very interesting trends. First, the percentage that manufacturing represents to the total wage and salary disbursements of Texas is far below the percentage for the nation. In 1940 the percent that manufacturing represented to the total wage and salary disbursements for Texas was 20.1 percent, while the national average for manufacturing was 31.4 percent. In 1946 the Texas figure was 20.2 percent, while the national average was 33.3 percent, and by 1950 the national average was 34.0 percent, but Texas had increased to only 20.6 percent. These figures give further evidence to the weakness of manufacturing in Texas.

The second important thing to be viewed from Tables XIV and XV is that the government payment of wages and salaries in Texas was above the national averages in 1940, 1946, and 1950. In 1940 the percentage that the government, on all levels--state, local, and federal, contributed to total wage and salary disbursements in Texas was 19.4 percent, while the national average was 16.6 percent. In 1946 the Texas figure was 21.5 percent, and the national average was 16.7 percent. However, by 1950 the government contribution to wage and salary disbursement had fallen in Texas', but it was still 4.2 percent above the national average.

The other components of wage and salary disbursements of Texas, such as wholesale and retail trade, transportation, farming, and construction were above the national average by anywhere from one to three percent. The services, communication, and other industries remained about the same for both Texas and the nation. Mining was the only other component of wage and salary disbursements which showed a great difference between Texas and the national average. In 1940 the percent that mining contributed to the wage and salary disbursements of the United States was 2.6 percent while in Texas it was 7.9 percent. In 1950 the national percentage for mining had fallen to 2.2 percent and mining in Texas had fallen to 6.6 percent. This difference in mining for Texas and the nation was due no doubt to the oil industry in Texas and the great demand placed on oil as a result of World War II.

## CHAPTER V

### THE LEADING COMPONENTS OF WAGE AND SALARY DISBURSEMENTS

The growth of the Texas economy between 1940 and 1950, as pointed out in Chapter IV, primarily occurred in the wage and salary disbursements section of Texas' personal income. This particular section showed the greatest percentage increase on the national average and represented the greatest percent of total personal income. Since this section is so important, it is necessary to examine in more detail the leading components of wages and salaries and compare their growth to the national average. Each component that will be discussed made a major contribution to the growth of Texas per capita income between 1940 and 1950.

#### Wholesale Trade and Retail Trade

Table XVIII shows the trends in wholesale trade for both the United States and Texas. As it can be viewed from this table, the percentage change in the number of establishments in Texas, 13.4 percent, was far below the national average of 44.6 percent. However, the percentage change in both sales and payroll for Texas was far greater than the percentage change for the United States between 1939 and 1943, the only dates where data were available. The percentage change for both sales and payroll in Texas was 310

TABLE XVI

WHOLESALE TRADE ESTABLISHMENTS IN THE  
UNITED STATES, SELECTED YEARS,  
1939-1948.\*

Item	1939	1948
Establishments	168,262	243,366
Sales (thousands of dollars)	\$54,888,480	\$188,688,801
Payroll (thousands of dollars)	\$2,539,876	\$7,990,713
Active Proprietors	133,466	163,490

\*U. S. Bureau of the Census, Census of Business:  
1948, IV, 1.05.

TABLE XVII

WHOLESALE TRADE ESTABLISHMENTS IN TEXAS,  
SELECTED YEARS, 1939-1948.\*

Item	1939	1948
Establishments	10,253	11,624
Sales (thousands of dollars)	\$2,019,821	\$8,291,342
Payroll (thousands of dollars)	\$85,214	\$349,553
Active Proprietors	7,605	8,296

\*U. S. Bureau of Census, Census of Business: 1948,  
III, 42.02.

TABLE XVIII

TRENDS IN WHOLESALE TRADE IN TEXAS AND THE  
UNITED STATES, SELECTED YEARS,  
1939-1948.\*

Item	Percent Change	
	United States	Texas
Establishments	44.6	13.4
Sales	244	310
Payroll	203	310
Active Proprietors	22.5	9.1

\* Calculated from Table XVI and Table XVII.

percent, while the percentage change for the national average in sales was 244 percent for sales and 208 percent for payroll. The percentage change for active proprietors was far greater for the United States than for Texas, since the national average changed 22.5 percent while Texas had only a 9.1 percent change.

Table XXI shows the trends in retail trade for the United States and Texas between 1939 and 1948. According to this table, the percentage change for the number of establishments in Texas was a negative .1 percent, while the percentage change for the number of retail trade establishments in Texas was 6.5 percent. The percentage change for retail sales in Texas was 261 percent, while the national average was only 210 percent. This represented a 51 percent difference between Texas and the nation. The percentage change for payroll in Texas was 267 percent, and at the same time, the national average was only 200 percent. This amounted to a 67 percent difference. The percentage change for active proprietors for Texas was only 2 percent greater than the national average.

Table XVIII and Table XXI point out why Texas was above the national average for wholesale and retail trade, as previously mentioned in Chapter IV. In Chapter IV it was noted that the wholesale and retail trade sections of wage and salary disbursements for Texas were about two percent above the national average for 1940, 1946, and 1950.

The fact that Texas was above the national average for wholesale and retail trade explains why it was above the national average in regards to the wage and salary disbursement section of personal income of Texas.

TABLE XIX

RETAIL TRADE ESTABLISHMENTS IN THE UNITED STATES, SELECTED YEARS 1939-1948.\*

Item	1939	1948
Establishments	1,770,355	1,769,540
Sales (Thousands of dollars)	\$42,041,790	\$130,520,548
Payroll (Thousands of dollars)	\$4,529,499	\$13,567,997
Active Proprietors	1,613,673	1,742,046

\*U. S. Bureau of Census, Census of Business: 1948, I, 1.05.

TABLE XX

RETAIL TRADE ESTABLISHMENTS IN TEXAS,  
SELECTED YEARS, 1939-1948.\*

Item	1939	1948
Establishments	85,249	90,772
Sales (thousands of dollars)	\$1,803,716	\$6,518,877
Payroll (thousands of dollars)	\$171,690	\$630,650
Active Proprietors	79,648	87,594

\*U. S. Bureau of Census, Census of Business: 1948,  
III, 42.02.

TABLE XXI

TRENDS IN RETAIL TRADE IN TEXAS AND THE  
UNITED STATES, SELECTED YEARS,  
1939-1948.\*

Item	Percent Change	
	United States	Texas
Establishments	-.1	6.5
Sales	210	261
Payroll	200	267
Active Proprietors	8	10

\* Calculated from Tables XIX and XX.

Manufacturing

Tables XXIV and XXV show the trends in manufacturing for the United States and Texas from 1939 to 1950. Table XXIV is concerned with the trends of manufacturing in the United States, while Table XXV is concerned with the trends of manufacturing in Texas. The most important things to be gained from these two tables are that Texas was above the national average in the percentage change of total salaries and wages, and that Texas was above the national average for the percentage change in value added by manufacturing. During the 1939 to 1950 time period, the percentage change for total salaries and wages for Texas was 482 percent, while the national average was only 413 percent. This meant that Texas increased 69 percent faster than did the national average for total salaries and wages paid in manufacturing. The percentage change for value added by manufacturing in Texas was 401 percent, while the percentage change for the national average was only 264 percent. This was a 137 percent difference between Texas and the national average.

Tables XXIV and XXV seem to contradict the previous conclusion drawn in Chapter IV. In Chapter IV it was shown that Texas was far below the national average in regards to manufacturing. Tables XIV and XV in that chapter point out that in 1940 the percent that manufacturing represented to the total wage and salary disbursements for Texas was 20.1

TABLE XXII

MANUFACTURING IN THE UNITED STATES,  
SELECTED YEARS, 1939-1950.

Item	1939 <sup>a</sup>	1947 <sup>b</sup>	1950 <sup>c</sup>
Number of Establishments	184,230	240,881	260,000
Total Number of Persons Employed in Manufacturing	7,886,567	14,294,304	14,467,149
Total Salaries and Wages (Thousands of Dollars)	\$9,089,941	\$39,689,527	\$46,642,786
Value Added by Manufacturing (Thousands of Dollars)	\$24,682,918	\$74,425,825	\$89,749,765

<sup>a</sup>U. S. Bureau of the Census, Sixteenth Census of the United States: 1940. Manufacturers, 1939, III, 19.

<sup>b</sup>U. S. Bureau of the Census, Census of Manufacturers: 1947, I, 23.

<sup>c</sup>U. S. Bureau of the Census, Census of Manufacturers: 1954, I, 3.

TABLE XVIII

MANUFACTURING IN TEXAS, SELECTED YEARS,  
1939-1950

Item	1939 <sup>a</sup>	1947 <sup>b</sup>	1950 <sup>c</sup>
Number of Establishments	5,376	7,128	N. A.
Total Number of Persons Employed in Manufacturing	146,520	297,053	331,820
Total Salaries and Wages (Thousands of Dollars)	\$171,801	\$755,411	\$1,001,317
Value Added by Manufacturing (Thousands of Dollars)	\$453,105	\$1,727,464	\$2,263,663

<sup>a</sup>U. S. Bureau of the Census, Sixteenth Census of the United States: 1940. Manufacturers. 1939, III, 982.

<sup>b</sup>U. S. Bureau of the Census, Census of Manufacturers: 1947, III, 531.

<sup>c</sup>U. S. Bureau of the Census, Census of Manufacturers: 1954, III, 142.

TABLE XXIV

TRENDS IN MANUFACTURING IN THE UNITED STATES,  
SELECTED YEARS, 1939-1950\*

Item	Percent Change		
	1939-1950	1939-1947	1947-1950
Number of Establishments	41.1	30.8	10.3
Total Number of Persons Employed in Manu- facturing	83.4	81.2	2.2
Total Salaries and Wages	413	337	76
Value Added by Manu- facturing	264	202	62

\* Calculated from Table XXII.

TABLE XXV

TRENDS IN MANUFACTURING IN TEXAS, SELECTED  
YEARS 1939-1950\*

Item	Percent Change		
	1939-1950	1939-1947	1947-1950
Number of Establishments	NA	69.7	NA
Total Number of Persons Employed in Manufac- turing	12.6	10.2	2.4
Total Salaries and Wages	482	340	142
Value Added by Manu- facturing	401	281	120

\* Calculated from Table XXIII.

percent, while the national average for manufacturing was 31.4 percent. In 1950 the national average was 34.0 percent, while Texas had increased to only 20.6 percent. If these figures are true, then how can Texas have had a percentage change in both total salaries and wages and value added by manufacturing that was far above the national average? Perhaps this can be explained by the following example. If a person has one dollar and is given another dollar, he then has two dollars. This acquiring of the second dollar has resulted in a 100 percent increase or change. However, if a person has ten dollars and is given another dollar, only a 10 percent increase or change has occurred. This example applies to both Texas and the national average. The amount of total salaries and wages for Texas was so small that a monetary increase reflected a larger percentage change or increase. The national average, on the other hand, was large to start with so that a monetary change reflected a smaller percentage change or increase.

### Construction

Table XXVII shows the percentage change of construction by type for the United States and Texas from 1940 to 1950. It is seen that the percentage change for total new construction, total private construction, and total public construction for Texas was above the national average. Texas had a 380 percent increase for total new

TABLE XXVI

CONSTRUCTION ON THE UNITED STATES, SELECTED YEARS,  
1940-1950

Item	1940	1950
Total New Construction <sup>a</sup> (Millions of Dollars)	\$8,682	\$28,454
Total Public Construction <sup>b</sup> (Millions of Dollars)	\$5,054	\$21,454
Total Public Construction <sup>c</sup> (Millions of Dollars)	\$3,628	\$7,000

<sup>a</sup>U. S. Department of Commerce, Construction and Building Materials, New Construction by Regions and States, 1939-1952, p. 4-5.

<sup>b</sup>Ibid., p. 6-7.

<sup>c</sup>Ibid., p. 14-15.

TABLE XXVII  
 CONSTRUCTION IN TEXAS,  
 SELECTED YEARS,  
 1940-1950

Item	1940	1950
Total New Construction <sup>a</sup> (Millions of Dollars)	421	2,023
Total Public Construction <sup>b</sup> (Millions of Dollars)	243	1,666
Total Public Construction <sup>c</sup> (Millions of Dollars)	179	357

<sup>a</sup>U. S. Department of Commerce, Construction and Building Materials, New Construction by Regions and States, 1939-1952, p. 4-5.

<sup>b</sup>Ibid., p. 6-7.

<sup>c</sup>Ibid., p. 14-15.

TABLE XXVIII

PERCENT CHANGE IN CONSTRUCTION FOR THE  
UNITED STATES AND TEXAS, SELECTED  
YEARS, 1940-1950\*

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<i>Item</i>	<i>United States</i>	<i>Texas</i>
<i>Total New Construction</i>	228	380
<i>Total Private Construction</i>	324	586
<i>Total Public Construction</i>	92.9	155

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\* Calculated from Tables XXVI and XXVII.

construction, while the national average was only 228 percent. This was a 152 percent difference. Total private construction for Texas had a 586 percent increase, while the national average increased only 324 percent. This was a 262 percent difference between Texas and the United States. Total public construction for Texas was 155 percent, while the national average 92.9 percent; thus there was a 62.1 percent difference.

This table explains why the construction section of wage and salary disbursements for Texas, as previously mentioned in Chapter IV, was above the national average. Since the amount of new, private, and public construction in Texas had increased so much as was above the national average then, it stands to reason that wages and salaries paid to construction workers should also be above the national average. In 1940 the amount that construction contributed to total wages and salaries in Texas was .8 percent above the national average, and by 1950 it was 1.1 percent above the average. This can be seen by observing tables XIV and XV in the previous chapter.

#### Government

The breakdown on the government payment of wages and salaries is presented in Table XXXI. This particular table shows that the principle sources of the increase in government payment of wages and salaries, as shown in Chapter IV,

TABLE XXIX

GOVERNMENT CONTRIBUTION TO WAGES AND SALARIES  
FOR THE UNITED STATES BY MAJOR SOURCES,  
SELECTED YEARS, 1940-1950\*

Item	(Millions)	
	1940	1950
Total Government Payment	8,258	20,777
Federal, Civilian	3,463	6,583
Federal, Military	441	3,826
State and Local	4,354	10,368

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.: U. S. Government Printing Office, 1956), p. 147.

TABLE XXX

GOVERNMENT CONTRIBUTION TO WAGES AND SALARIES  
FOR TEXAS BY MAJOR SOURCES, SELECTED YEARS,  
1940-1950\*

Item	(Millions)	
	1940	1950
Total Government Payment	301	1,153
Federal, Civilian	132	288
Federal, Military	26	410
State and Local	143	455

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.: U. S. Government Printing Office, 1956), p. 191.

TABLE XXXI

PERCENT CHANGE IN GOVERNMENT PAYMENT OF WAGES AND  
SALARIES FOR THE UNITED STATES AND  
TEXAS, SELECTED YEARS,  
1940-1950\*

Item	United States	Texas
Total Government Payment	151	283
Federal, Civilian	90	116
Federal Military	767	1477
State and Local	138	250

\*Calculated from Tables XXIX and XXX.

came from the federal military, and state and local governments. The percentage change in federal military payments for the United States was 767 percent, while the percentage change for Texas was 1477 percent. This indicates that during this period, there was a heavy concentration of military activities in Texas, no doubt in the form of military installations.

The change in state and local government payments for the United States was 138 percent, while Texas changed by 250 percent. It is reasonable to assume that this difference resulted from the depression years of the Thirties and the war years of the Forties. During these years the state and local governments took an active part in trying to stimulate economic activity.

Mining

In Chapter IV it was briefly mentioned that mining in Texas was above the national average. Table XXXIV explains why. According to this table, the principle reasons were the production of petroleum and natural gas and mining and quarrying other than petroleum. Petroleum and natural gas in the United States increased by 188 percent, while in Texas they increased by 240 percent. At the same time, mining and quarrying in the United States increased 123 percent, while Texas increased 200 percent.

TABLE XXXII

MINING CONTRIBUTION TO WAGES AND SALARIES IN  
UNITED STATES BY MAJOR SOURCES,  
SELECTED YEARS, 1940-1950\*

Item	(Millions)	
	1940	1950
Total Mining	1,287	3,158
All Coal	660	1,524
Petroleum and Natural Gas	336	969
Mining and Quarrying	291	665

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929 (Washington, D. C.: U. S. Government Printing Office, 1956), p. 147.

TABLE XXXIII

MINING CONTRIBUTION TO WAGES AND SALARIES  
IN TEXAS BY MAJOR SOURCES, SELECTED  
YEARS, 1940-1950\*

Item	1940	1950
Total Mining	122	412
All Coal	1	NA
Petroleum and Natural Gas	114	388
Mining and Quarrying	8	24

\*U. S. Department of Commerce, Office of Business Economics, Personal Income by States, Since 1929, Washington D. C., 1956, p. 147.

TABLE XXXIV

PERCENT CHANGE IN MINING FOR UNITED STATES  
AND TEXAS, SELECTED YEARS, 1940-1950\*

Item	United States	Texas
Total Mining	145	237
All Coal	130	NA
Petroleum and Natural Gas	183	240
Mining and Quarrying	128	200

\*Calculated from Table XXXII and Table XXXIII.

## CHAPTER VI

## SUMMARY

*It is now time to summarize what was said in the previous chapters, in order to arrive at a reasonable conclusion concerning the economic growth of Texas between 1940 and 1950.*

*It was noted early in the study that Texas was below the national average in regards to per capita income. In 1940 Texas' per capita income was 73 percent of the national average or 27 percent below it. However, by 1950 Texas was 90 percent of the national average, or just 10 percent below it. Therefore within ten years, Texas gained 17 percent on the national average for reasons not revealed in the personal income figures of Table I or the per capita income figures of Table II. In order to explain not only why Texas was below the national per capita income average, but also why Texas made a 17 percent gain on the national average, a detailed investigation was conducted. The more important results of this investigation may be summarized as follows:*

- 1. It was pointed out in Chapter III that per capita income is a function of personal income and population. Population during the 1940 to 1950 time period had no restrictive effects on the per capita income of Texas. In fact, just the opposite was true. The population of Texas that is, increased at a greater rate than did the population*

of the United States, while at the same time, the per capita income of Texas also increased. It therefore had to be personal income and its components which kept Texas below the national per capita income level. At the same time, it allowed Texas to make a 17 percent gain on the national per capita income average.

2. Although the personal income of Texas and its components changed at a much greater rate than did the personal income of the United States and its components, the wage and salary disbursements component of the personal income of Texas was below the national average. It did, however, increase at a much faster rate than did the national average, as illustrated on Tables XII and XIII. This increase therefore became the center of the investigation.

3. The percent that manufacturing contributed to personal income of Texas was far below the national average, as illustrated in Tables XII, XIII, XIV, and XV. This weakness in manufacturing was further pointed out in Chapter Five by the fact that the percentage change in the number of persons employed in Texas manufacturing was less than the national average, even though the percentage change in payrolls was larger than the national average. This weakness in manufacturing is perhaps the main reason why Texas was below the national per capita income average during this time period. As pointed out in an earlier chapter, the 1940 national average in regards to how much manufacturing contributed not only

to wage and salary disbursements, but also to personal income was over twice that contributed by manufacturing in Texas. In 1940 the percentage that manufacturing contributed to total United States personal income was 19.9 percent, and the amount it contributed to total wages and salaries was 31.4 percent. On the other hand, Texas manufacturing contributed only 8.5 percent to personal income and 15.2 percent to total wages and salaries. In 1950 the national average for manufacturing in regards to personal income was 22.0 percent, and for wages and salaries it represented 34.0 percent. Texas manufacturing in 1950, however, represented only 10.5 percent of personal income and 17.5 percent of total wages and salary disbursements. This low contribution of manufacturing to the personal income of Texas prevented Texas from obtaining a position equal to or greater than the national per capita income average.

4. Wholesale and retail trade establishments were viewed, and it was observed that the percentage change in payrolls for both were higher in Texas than they were for the national average. This fact gave further evidence to why wholesale and retail trade and the percentage they contributed to wages and salaries and thus personal income of Texas were above the national average.

5. Construction was discussed, and it was noted that the percentage change in new, private, and public construction was greater in Texas than it was in the United States. Since

there was more construction, percentage wise, in Texas than in the nation, there is little wonder that the payment of wages to construction workers, percentage wise, was greater in Texas than in the United States.

6. The reasons why Texas was above the national average in regards to the government contribution to wages and salaries were the federal military and the state and local government. The percentage increase for both of these was greater for Texas than the national average.

7. The greater percentage increase in petroleum, natural gas, mining and quarrying in Texas as compared to the nation caused mining in Texas to be above the national average.

8. The proprietor's income of Texas was greater than the national average, but it showed a very rapid decrease during the selected ten-year period.

It was the wage and salary disbursements section of Texas' per capita income which allowed Texas to gain on the national per capita average. It was, however, this same section, or rather a component of this section, which was instrumental in keeping Texas below the national per capita income level.

Components of wage and salary disbursements, such as wholesale and retail trade, mining, farming, construction and government, allowed Texas to make a 17 percent gain on the national average. This was accomplished through a great

*increase in economic activity in these areas. It was, on the other hand, the manufacturing component of wages and salaries disbursements, along with the decrease in the proprietors' income, which kept the per capita income of Texas below the national average. If the manufacturing sector had increased greater than it did, and if the proprietors' income had increased rather than showing a decrease, then there is little doubt that Texas would have been greater than the national average. However, this was not the case.*

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