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## CHAPTER 11

### EXPRESS COMPANIES

#### § 11a. Introduction

A very good annual report entitled "Statistics of Express Companies" is published by the Interstate Commerce Commission. This report makes it possible to obtain a fairly complete and accurate statement of the amount and distribution of the value product of this branch of industry.

#### § 11b. Disbursements to Security Holders and Building Owners

The withdrawals from the Express business by entrepreneurs and investors consist of dividends and bond interest. Owners of buildings obtain a considerable revenue from the rent of those buildings which are devoted to the Express business. These items together constitute the value withdrawals going to entrepreneurs and other property owners.

The dividends and interest received by security holders in Express Companies originate to no small degree in dividends and interest on bonds paid to the Express Companies by other corporations. For the reasons set forth in § 9b, the Express Companies must be thought of merely as agents who pass this income along to the final recipients. Table 11A has been constructed on this basis. It reveals the great irregularity in the amounts paid as bond interest or dividends and shows the rapid decline during the decade in the total disbursements to the security holders.

#### § 11c. Total Share of Security Holders and Building Owners

The share of the security holders and other property owners in the current income consists of receipts in hand plus corporate savings. Table 11B shows that, during seven years out of the ten, the corporations diminished their assets,—in other words, part or all of the dividends declared were paid out of past savings rather than from current earnings. In 1918, the deficit became far larger than the total withdrawals, the propertied classes losing during the year on their Express Company interests \$14,003,000.

In order to make the magnitude of the various sums show the changes in the ability of the propertied classes to buy consumption goods with that part of their income received from Express Companies in the various years, each item has been divided by a price index representing the approximate

TABLE 11A

## DISBURSEMENTS TO ENTREPRENEURS AND OTHER PROPERTY OWNERS OF VALUE PRODUCT ORIGINATING IN THE EXPRESS INDUSTRY

Year	Values in Thousands of Dollars				
	Total dividends <sup>a</sup> and bond interest paid by Express Companies	Dividends and bond interest received by Express Companies from other corporations	Dividends and bond interest originating in Express industry <sup>a</sup>	Rents paid for use of offices <sup>b</sup>	Total withdrawals by entrepreneurs and other property owners
1909 <i>m</i> .....	\$20,518 <i>c</i>	\$3,417 <i>c</i>	\$17,101	\$1,567 <i>c</i>	\$18,668
1910 <i>m</i> .....	24,365 <i>d</i>	4,233 <i>d</i>	20,132	1,641 <i>d</i>	21,773
1911 <i>m</i> .....	11,716 <i>e</i>	4,689 <i>e</i>	7,027	1,771 <i>e</i>	8,798
1912 <i>m</i> .....	8,460 <i>f</i>	4,522 <i>f</i>	3,938	1,949 <i>f</i>	5,887
1913 <i>m</i> .....	7,501 <i>g</i>	4,095 <i>g</i>	3,406	2,066 <i>g</i>	5,472
1914 <i>m</i> .....	5,452 <i>h</i>	3,208 <i>h</i>	2,244	2,093 <i>h</i>	4,337
1915 <i>m</i> .....	6,590 <i>i</i>	3,134 <i>i</i>	3,456	2,080 <i>i</i>	5,536
1916.....	16,064 <i>j</i>	3,677 <i>j</i>	12,387	2,127 <i>j</i>	14,514
1917.....	4,976 <i>j</i>	3,722 <i>j</i>	1,254	2,264 <i>j</i>	3,518
1918.....	2,152 <i>k</i>	1,405 <i>k</i>	747	2,435 <i>k</i>	3,182

<sup>a</sup> Paid either from current income or surplus.

<sup>b</sup> The amount here entered is 70 per cent of the amount paid by the Express Companies, the assumption being that only this fraction accrues as net rent to the owners of the offices, the rest being necessary to cover depreciation, repairs, etc.

E. = *Annual Report on the Statistics of Express Companies*, by the Interstate Commerce Commission.

<sup>c</sup> E. for 1910, pp. 15 and 26.

<sup>d</sup> E. for 1911, pp. 13 and 23.

<sup>e</sup> E. for 1912, pp. 13 and 23.

<sup>f</sup> E. for 1913, pp. 13 and 23.

<sup>g</sup> E. for 1914, pp. 13 and 21.

<sup>h</sup> E. for 1914, pp. 13 and 21.

<sup>i</sup> E. for 1915-16, pp. 11, 12 and 17.

<sup>j</sup> E. for 1916-17, pp. 11, 12 and 17.

<sup>k</sup> E. for 1918, pp. 11, 13, and 15.

<sup>m</sup> Each of the quantities stated is half of the sum for the two fiscal years which overlap on the given calendar year.

<sup>n</sup> Excess of items in second column over those in third.

average relative prices of consumption goods purchased at each date by the wealthier classes of the population of the United States.

TABLE 11B

TOTAL SHARE OF ENTREPRENEURS AND OTHER PROPERTY OWNERS  
IN THE VALUE PRODUCT OF THE EXPRESS INDUSTRY  
(AMOUNTS WITHDRAWN, PLUS CORPORATE SAVINGS)

A	B	C	D	E	F	G	H
Year	Value in thousands of dollars at the given date			Index of prices of goods consumed by wealthy families	Index of whole- sale prices <sup>c</sup>	Values in thousands at prices of 1913 <sup>d</sup>	
	Total share	Amounts disbursed to property owners <sup>a</sup>	Cor- porate savings <sup>b</sup>			Amounts dis- bursed to property owners C ÷ E	Corporate savings D ÷ F
1909 c . .	\$15,698	\$18,668	—\$2,970	.973	.97	\$19,186	—\$3,062
1910 c . .	14,895	21,773	— 6,878	.988	.99	22,037	— 6,947
1911 c . .	11,054	8,798	2,256	.995	.95	8,842	2,375
1912 c . .	7,983	5,887	2,096	1.000	1.01	5,887	2,075
1913 c . .	4,816	5,472	— 656	1.000	1.00	5,172	— 656
1914 c . .	3,830	4,337	— 507	1.010	1.00	4,294	— 1,507
1915 c . .	8,692	5,536	3,156	.996	1.01	5,558	3,125
1916 . . .	10,957	14,514	— 3,557	1.074	1.24	13,514	— 2,869
1917 . . .	2,162	3,518	— 1,356	1.198	1.76	2,937	— 770
1918 . . .	—14,003	3,182	—17,185	1.364	1.96	2,333	— 8,768

<sup>a</sup> See Table 11A, last column.

<sup>b</sup> Includes "Income appropriations for investment in physical property" plus "Balance transferred to profit and loss" minus "Dividend appropriations of surplus." For data, see the "Income" and "Profit and Loss" accounts in the various Annual Reports by the Interstate Commerce Commission, on *The Statistics of Express Companies*.

<sup>c</sup> Each of the quantities stated is half of the sum for the two fiscal years which overlap on the given calendar year.

<sup>d</sup> Money values divided by the respective price indices.

<sup>e</sup> U. S. Bureau of Labor Statistics, Bulletin 269, on *Wholesale Prices*, p. 15.

§ 11d. The Share of the Employees

Table 11C indicates the amount of the value product of each year going to employees. This consists largely of wages and salaries, but there is included an important item entitled "Commissions." The auditor of the American Railway Express Company states that practically all of this amount is paid to railway agents at small stations as compensation for their efforts in handling Express business. It has been arbitrarily assumed that 70 per cent of the amount paid by Express Companies for "Injuries to Persons" reaches the pockets of employees. The amount is too small to be of moment. Similarly, there is included the trivial item of "Pensions." The combination of the above items gives the estimated total share of the employees.

TABLE 11C

THE SHARE OF THE EMPLOYEES IN THE TOTAL VALUE PRODUCT OF  
THE EXPRESS INDUSTRY

(Values in Thousands of Dollars)

A	B	C	D	E	F	G	H	I
Year	Wages and salaries <sup>a</sup>	Indemnity for personal injuries <sup>ab</sup>	Pensions <sup>a</sup>	Total compensation to full-time employees B+C+D	Commissions <sup>a</sup>	Total share of employees E+F	Index of prices of goods bought by manual and clerical workers <sup>d</sup>	Share of employees at price level of 1913 G ÷ H
1909 <sup>c</sup>	\$36,230	\$104	\$125	\$36,459	\$6,922	\$43,381	.955	\$45,425
1910 <sup>c</sup>	39,238	134	135	39,507	7,489	46,996	.978	48,053
1911 <sup>c</sup>	42,445	146	151	42,742	7,906	50,648	.984	51,472
1912 <sup>c</sup>	45,710	151	164	46,025	8,173	54,198	.994	54,525
1913 <sup>c</sup>	46,774	172	181	47,127	7,988	55,115	1.000	55,115
1914 <sup>c</sup>	43,926	190	209	44,325	7,320	51,645	1.01	51,134
1915 <sup>c</sup>	44,510	200	245	44,955	7,421	52,376	1.03	50,850
1916	52,345	238	275	52,858	8,502	61,360	1.10	55,796
1917	64,356	312	310	64,978	9,382	74,360	1.29	57,643
1918	82,437	449	317	83,203	10,240	93,443	1.58	59,141

<sup>a</sup> All data taken from the "Analyses of Operating Expenses" in the Annual Reports by the Interstate Commerce Commission on *The Statistics of Express Companies*.

<sup>b</sup> 70 per cent of payments made by Express Companies.

<sup>c</sup> Each of the quantities stated is half of the sum for the two fiscal years which overlap on the given calendar year.

<sup>d</sup> U. S. Bureau of Labor Statistics index carried back by this Bureau. For details see Table 2C.

Table 11C shows that, while the share of the property owners has been diminishing, labor has been getting an increasing absolute share in the product of the Express industry. Since the number of employees is not recorded, there is no way of determining accurately whether the compensation per employee has increased or diminished during the decade.

### § 11e. The Total Net Value Product and Its Distribution

In Table 11D appears an estimate of the entire value product of the Express industry. To the shares of the propertied classes and of the employees has been added a small item entitled "Uncollectible Revenue from Transportation." This has been done because the value received by the shipper in such cases is evidently a part of his income and also a part of the product of the Express industry; although it does not accrue to either the Express Companies or their employees. However, the amount is too small to be of consequence.

TABLE 11D

THE ESTIMATED NET VALUE PRODUCT PER CAPITA OF THE EXPRESS INDUSTRY IN THE CONTINENTAL UNITED STATES AND THE PER CENT OF THE NET PRODUCT GOING TO THE EMPLOYEES

A	B	C	D	E	F	G	H	I	J
(Amounts in thousands)					Per cent of value product going to employees C ÷ E	Population of United States/ (Thousands)	Value product per capita E ÷ G	Index of prices of Express service <sup>g</sup>	Per capita value product at prices of Express service in 1913 100 H I
Share of entrepreneurs and other property owners <sup>b</sup>	Share of employees <sup>c</sup>	Uncollectible charges for transportation	Total value product of industry B+C+D						
1909 <sup>a</sup>	\$15,698	\$43,381	\$20 <sup>e</sup>	\$59,099	73.4	90,370	\$0.65	100.0	\$0.65
1910 <sup>a</sup>	14,895	46,996	20 <sup>e</sup>	61,911	75.9	92,229	.67	100.0	.67
1911 <sup>a</sup>	11,054	50,648	20 <sup>e</sup>	61,722	82.1	93,811	.66	100.0	.66
1912 <sup>a</sup>	7,983	54,198	20 <sup>e</sup>	62,201	87.1	95,338	.65	100.0	.65
1913 <sup>a</sup>	4,816	55,115	20 <sup>e</sup>	59,951	91.9	97,278	.62	100.0	.62
1914 <sup>a</sup>	3,830	51,645	20 <sup>d</sup>	55,495	93.1	99,194	.56	100.0	.56
1915 <sup>a</sup>	8,692	52,376	28 <sup>d</sup>	61,096	85.7	100,428	.61	89.5	.68
1916	10,957	61,360	41 <sup>d</sup>	72,358	84.8	101,722	.71	89.5	.79
1917	2,162	74,360	71 <sup>d</sup>	76,593	97.1	103,059	.74	89.5	.83
1918	-14,003	93,443	76 <sup>d</sup>	79,516	117.5	104,182	.76	98.6	.77

<sup>a</sup> Each of the quantities stated is half of the sum for those two fiscal years which overlap on the given calendar year.

<sup>b</sup> See Table 11B.

<sup>c</sup> See Table 11C.

<sup>d</sup> From Income Accounts in Annual Reports of the Interstate Commerce Commission on the *Statistics of Express Companies*.

<sup>e</sup> Assumed same as in 1914.

<sup>f</sup> See Table 2A.

<sup>g</sup> Roughly estimated from the *Reports of the Interstate Commerce Commission*, Vol. XXXV, p. 6, and Vol. L, p. 385.

The conclusion to be drawn from Table 11D is that during the decade the amount of service rendered by the Express Companies has more than kept pace with the growth of population. The index of prices of Express service is based on very poor data and hence the figures in the last column of Table 11D are not accurate. However, it seems probable that the broad conclusion just stated accords with the facts.

Column F of the table shows that the relative share of labor in the value product of the industry increased greatly, until, in 1918, it absorbed not only the entire value product but also fourteen millions of dollars from the assets which the companies had accumulated in past years. This means that it was necessary to draw upon the value products of other industries in order to obtain sufficient income to pay the employees for the work done in carrying on the Express business. This draft on other industries was possible because the Express Companies had in former years accumulated large surpluses mainly in the form of investments, or, in other words,

claims to assets employed in other fields. Stocks and bonds of outside corporations are examples of such claims. Such securities can, of course, be readily sold and the money thus obtained may be used to meet current-expenses.

### § 11f. The Number of Employees

As previously mentioned, no record has been found of the number of employees engaged in this field of work, yet it is essential for the general purposes of this study that the number be estimated. The United States Bureau of Labor Statistics in its bulletins on *The Union Scales of Wages and Hours of Labor* gives rates for teamsters in all sections of the country. The Interstate Commerce Commission, in its Statistics of Railways, presents figures which enable one to compute the average salaries for office workers from year to year. It has been assumed that a combination of the rates for teamsters and office workers,<sup>1</sup> giving the former twice the weight of the latter, might represent fairly well the average earnings of Express employees for full time work. Before 1913, only the railway data are available, hence the average has been carried back for earlier years in proportion to the variations in those figures only. The results of this computation are presented in Table 11E.

The average fraction of those employees attached to the industry who were at work in the various years has been assumed to be very similar to that calculated as representing the railway workers. Certain adjustments have been made in order to make the fractions conform to the idea that the number of persons attached to any industry normally tends to vary along a smooth curve rather than in an irregular fashion. Table 11E shows the estimates which have been arrived at. This completes the usual list of inquiries in so far as the nature of the available data will permit.

<sup>1</sup> Office workers include division officers, clerks, and station agents, masters, and employees.

TABLE 11E

AN ESTIMATE OF THE NUMBER OF PERSONS NORMALLY DEPENDENT FOR A LIVING UPON EMPLOYMENT WITH THE EXPRESS COMPANIES OF THE CONTINENTAL UNITED STATES

A	B	C	D	E	F
Calendar year	Total wages and salaries paid <sup>a</sup> (Thousands)	Estimated average annual full-time money wage <sup>b</sup>	Estimated average number of employees actually at work $B \div C$	Estimated fraction of those attached to industry actually at work <sup>c</sup>	Estimated number of employees attached to industry $D \div E$
1909. ....	\$36,230	\$640	56,609	.963	58,784
1910. ....	39,238	635	61,900	.985	62,800
1911. ....	42,445	663	64,020	.963	66,430
1912. ....	45,710	670	68,224	.985	69,263
1913. ....	46,774	684	68,383	.968	70,644
1914. ....	43,926	698	63,648	.887	71,756
1915. ....	44,510	699	63,678	.869	73,277
1916. ....	52,345	728	71,902	.948	75,815
1917. ....	64,356	770	83,579	.989	84,509
1918. ....	82,437	938	87,886	.939	88,863

<sup>a</sup> See Table 11C, Column B.

<sup>b</sup> For mode of derivation, see text.

<sup>c</sup> Derived by a special study described in Sec. 2d.