What are the sources of American incomes? Since the end of World War II, labor income generally has averaged around 70% of total personal income. While wages and salaries form the bulk of labor income, various employee benefits have risen steadily since the 1940s, from less than 1% of personal income to a peak of 7% in 1994.

The remaining 30% of income is earned by capital. Since the end of World War II, proprietor’s income has fallen steadily from 20% to 8%, possibly as the result of a drop in small businesses. Interest income exhibited a continual climb through the 1980s, when interest rates were high, but has fallen off more recently. Rental and dividend income are both fairly small components of total income and have not shown much by way of trend.

Which sectors of the economy generate U.S. output? Excluding government, the largest sectors are services, finance, insurance, and real estate (FIRE), and manufacturing, each accounting for 19% to 23% of private production. However, both services and FIRE have been growing over time, while manufacturing has been shrinking. Agriculture’s share of production has fallen from 10% of the total in 1947 to around 2% today. The remaining sectors of the economy show little trend in the postwar period. The rise in mining in the mid- and late 1970s is due to the run-up and subsequent decline in the real price of oil.