

Gross labour share of U.S.A (1947-2017). How to compute it.

Acronym	Meaning	Acronym	Meaning
CE	Compensation to employees	CP	Corporate profits
PI	Proprietors income	NI	Net interest
RI	Rental Income	T-S	Taxes-Subsidies
CSGE	Current surplus Government enterprises	BCTP	Business current transfers payments

1. **Unambiguous capital income (UCI).** It is the part of the GDP's capital that we are sure that it is included fully in the profit share.

$$UCI = RI + CP + NI + CSGE$$

2. **Unambiguous income (UI).** These are the elements of the GDP that we are sure about its classification (labour share of profit share):

$$UI = UCI + Depreciation + CE$$

3. **Θ.** It is the proportion of UCI to UI:

$$\Theta = (UCI + Depreciation)/UI$$

4. **Ambiguous Income (AI).** These are the elements of the GDP that are not clear where to be allocated (profit or labour share):

$$AI = PI + T - S + BCTP$$

**We should add statistical discrepancy into AI but we could not find data for it.*

5. **Ambiguous capital income (ACI).** We calculate it by multiplying the ratio **Θ** by AI. With this we apply the same proportion of the capital in the unambiguous income to the ambiguous part:

$$ACI = \Theta * AI$$

6. **Capital income (CI).** We obtain it by summing both the ambiguous and unambiguous capital income plus the depreciation:

$$CI = UCI + Depreciation + ACI$$

7. **Output (Y).** It is just the sum of the unambiguous income and ambiguous income:

$$Y = AI + UI$$

8. **Gross labour share (GLS).** It can be interpreted as the total income (since it is a proportion it is equal to 1) without capital income. Then this is divided by the output Y.

$$GLS = 1 - (CI/Y)$$

As a result we have this graph for US Gross Labour Share during the period 1947-2017. We can observe that it has a downward slope.

