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Survey Indicates Real Income of Colorado Lawyers Less Than in 1940

SURVEY INDICATES REAL INCOME OF COLORADO LAWYERS LESS THAN IN 1940

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Between 1940 and 1949 there was only an increase of 7% in the real income of Colorado lawyers, according to the report recently made by the Economic Survey Committee. If these figures, gathered by means of the questionnaire distributed last summer to all bar association members, were "after taxes" then we would find that in 1949 the real earnings of most Colorado lawyers were less than in 1940.

The latter year was the "normal year" selected by a previous committee for a similar survey. These 1940 figures, together with the findings of the U. S. Department of Commerce's recent study which yielded 1947 income figures for Colorado lawyers, have been used as standards with which the current survey is compared. The per capita income payments for all people in Colorado were also used as a standard of comparison, and it was found that whereas there was an increase between 1940 and 1947 of 176% in the Colorado per capita income, during the same period Colorado lawyers' incomes arose only 53%.

In deriving the income figures for Colorado lawyers for 1949, the present Economic Survey Committee utilized 811 of the replies received as a result of the 1343 questionnaires mailed out to the association membership in June. This was a very high rate of return and yielded a most satisfactory sample, far greater than is regarded as necessary for such purpose by most statisticians. The total of 811 includes 103 returns from cities having a population of less than 5000, 194 from cities ranging in population from 5,000 to 25,000, and 514 from cities with more than 25,000 population.

Both mean and median income figures are available as the result of the current survey, as well as from the 1947 study of the Department of Commerce. The *mean* income is equal to the sum of all of the incomes divided by the number of income recipients, whereas the *median* income is that income below which and above which half of all the income recipients fall. The use of only the mean, or average, income is misleading because the presence of a relatively small number of high incomes or large losses causes the mean to be disproportionately higher or lower, as the case may be, and out of line with the majority of incomes. Thus, the use of a median figure gives a truer picture of the majority's situation. The very excellent 1940 survey used only mean income figures, but Mark H. Harrington, chairman of the committee and author of the article in DICTA describing the survey, achieved somewhat the same result as a median income figure by eliminating five incomes

"which seemed disproportionately large for the classifications under which they came", thus arriving at an adjusted overall average of \$3,031.00 for the Colorado lawyer.¹

The following table shows the results for 1949 derived from the current survey and compares figures for the entire state with the results of the earlier studies, all measured against the purchasing value of the dollar:

	1949		1947		1940
	Mean	Median	Mean	Median	Adjusted Mean
Cities under 5,000 (103 returns)	5,660.49	5,000.00			
Cities 5-25,000 (194 returns)	5,715.89	5,054.10			
Cities over 25,000 (514 returns)	7,885.54	6,019.00			
Entire State (811 returns)	7,083.95	5,413.22	5,785.00	4,643.00	3,031.00
Purchasing Value of Dollar (Consumers Price Index —Jan. 1939 dollar=100c)	59c		61c		98c

It is thus noted that the median net income in 1947 was 53 per cent greater than the 1940 income, and that the median net income in 1949 was 78 per cent greater than the 1940 figure. But in terms of the 1940 dollar, the \$5,413.00 median income for 1949 was approximately \$3,240.00, only a 7 per cent increase in real income. Since these figures are all net income *before* taxes, the latter gain melts away when cognizance is taken of the tremendous increase in taxes during the period.

Another standard of comparison made by the committee was to measure the Colorado mean and median against that for the entire country. Such figures are not available for the same year of 1949, but in 1948 the mean net income for all lawyers in the United States was \$8,315.00 and the median net income was \$6,336.00. It was this mean net figure which was given such widespread and misleading publicity in the nation's press. These U. S. figures of \$8,315 and \$6,336 are to be contrasted with the Colorado figures of \$7,083.95 and \$5,413.22 for the year of 1949.

NEW PATENT SECTION OFFICERS

New 1950-51 officers for the Patent Section of the Colorado Bar Association are H. B. Van Valkenburgh, chairman; Victor C. Muller, vice-chairman; and Carle Whitehead, secretary-treasurer. Correspondence with the section should be directed to the secretary-treasurer at 709 Kittredge Bldg., Denver.

¹ 20 Dicta 1, 16 (Jan. 1943).