

# CHAPTER Dh

## Services and Utilities

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### INTRODUCTION

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Services are functions such as repairing, restoring, and facilitating that maintain or improve the quality of a product but are not physical products themselves. Services also include activities such as education, health and personal care, entertainment, and protective services that are designed to enhance the standard of living and quality of life. In the context of the National Income and Product Accounts as reported here, “services” refers to the activities of private businesses and public agencies that are engaged in these maintenance and enhancement activities. Utilities are services or commodities provided by the government or by government-regulated entities. The major utilities are communications, electricity, natural gas, running water, sanitary services, and refuse collection.

The North American Industry Classification System (NAICS) classifies seventeen major economic sectors under the broad heading of Service Sector. It classifies Utilities under the broad heading of Secondary Sector. For a full listing of the NAICS system, see the Introduction to Part D.

Because of their size and complexity, statistics for a number of services and utilities are presented as separate chapters of *Historical Statistics of the United States*. The most notable of these are health care (Chapter Bd), social assistance (Chapter Bf), educational services (Chapter Bc), finance and insurance (Chapter Cj), public administration (Chapter Ea), communications (Chapter Dg), and electric and natural gas utilities (Chapter Db). See the Introduction to Part D for a concordance between the official list of the service and utilities sectors and the chapters of *Historical Statistics of the United States*.

This chapter presents a global discussion of the service sector by Thomas Weiss, followed by a similar discussion of the utilities sector by Susan Carter. The data displayed in the accompanying tables refer to the global definitions of these sectors (and thus span

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and serve to summarize material scattered across many chapters) and provide details on the industries and activities not elsewhere presented.

### SERVICES

Thomas Weiss

The service sector is composed of a heterogeneous assortment of industries. Narrowly defined – as, for example, in the national accounts – services include the following: hotels and other lodging places; personal services, which include a wide range of industries servicing individuals and the home, such as barbering, tax return preparation services, and funeral services; business services, such as advertising, direct mail, and secretarial services; automotive repair services and parking; miscellaneous repair services, including electrical repair, computer repair, and the like; motion pictures; amusement and recreation services; health services; legal services; educational services; social services; membership organizations; other miscellaneous services; and the value of services provided by those employed in private households.<sup>1</sup> In addition, there are other industries whose products are entirely or largely services: transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate (FIRE); and government services. These individual industries are so important to the economy that they are identified and listed separately in the national accounts. Nonetheless, a comprehensive definition of the service sector would include these as well as the more narrowly defined service industries.

Over time, almost all of these industries have become an increasingly important component of the American economy, especially those services identified in the national income accounts. The rapid growth in the service component of the U.S. economy can be seen in Figure Dh-A. This growth has sparked alarm among social critics. Some call the shift out of manufacturing and into services “deindustrialization” and see it as a cause of slower growth of productivity and in the standard of living overall. One popular view is that the United States is becoming a nation of “hamburger flippers” who do not contribute much to the growth or vitality of the nation’s economy.

<sup>1</sup> In the Census of Service Industries, the government provides further detail, identifying other categories such as museums, art galleries, and zoological and botanical gardens; and engineering and management services.