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Volume 25

The American Business Cycle

Continuity and Change

Edited by
Robert J. Gordon

The American Business Cycle



Studies in Business Cycles
Volume 25

National Bureau of Economic Research
Conference on Research in Business Cycles

The American Business Cycle

Continuity and Change

Edited by **Robert J. Gordon**



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(Resolution adopted October 25, 1926, as revised through September 30, 1974)

To
OTTO ECKSTEIN (1927–84)
AND
ROBERT AARON GORDON (1908–78)

Both of whom devoted most of their professional lifetimes to the study and understanding of the American business cycle, and both of whom served the National Bureau of Economic Research as long-standing members of its board of directors.*

*Eckstein served on the NBER board of directors from 1968 to 1984, and Gordon from 1961 to 1976.

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Prefatory Note

This volume contains the proceedings of the National Bureau of Economic Research Conference on Business Cycles, held at the Dorado Beach Hotel, Puerto Rico, 22–25 March 1984. Authors were given the opportunity to revise their papers after the conference, and in turn the discussants' comments were revised to take account of these revisions. At the conference itself, one of the two discussants for each paper was responsible for the oral summary and in some cases did not write out in full the critical comments that followed the summary; in these cases the commentators have subsequently rewritten their contributions to exclude their summarizations and extend their critiques. All authors were given a chance to contribute a rejoinder to their critics and also to correct factual errors that may have infiltrated the discussants' comments and the floor discussion summary.

Preparing the summaries of the floor discussion at each session was a task shared equally by Stephen R. King and John M. Veitch, both of whom worked from their own handwritten notes rather than a formal transcript. If in some cases the discussion summaries seem somewhat brief, it is because relatively little time was available for floor discussion and because they exclude floor remarks that were later taken into account by authors in their final revisions.

A unique feature of the volume is an extensive data appendix, compiled as a project independent of the conference in collaboration with Nathan S. Balke.

The idea of a conference on the topic *Has the Business Cycle Changed?* originated early in 1982 with Martin Feldstein, president of the National Bureau of Economic Research (NBER), before his two-year leave to serve as chairman of the Council of Economic Advisers. Although there was no program committee, helpful suggestions on the format of the

conference and on candidates for participation came from Feldstein, Eli Shapiro (president of the NBER during 1982–84), and Robert Hall (head of the NBER's Research Program in Economic Fluctuations). Those chosen early as authors also were helpful in guiding my choice of other authors and of some discussants. Further remarks on the participants are contained in the last section of the Introduction.

My secretary Joan Robinson acted as administrative assistant in charge of local arrangements at the conference, which she handled with her customary efficiency and good cheer. Joan has also expedited publication of the volume, in cooperation with Mark Fitz-Patrick of the NBER's publications department. Invaluable aid in site selection, local arrangements for the February "preconference," and lots of expert advice on how to run a conference were contributed by Kirsten Foss of the NBER.

A final and special note of thanks goes to Martin Feldstein for his conception of the conference, his encouragement to select a pleasant site, and his provision of the NBER's financial support and to Eli Shapiro and David Hartman for their consistent encouragement and aid in seeing the conference through to its realization.

On the morning of 22 March 1984, the day conference participants were to travel to Puerto Rico and convene, came the sad news of Otto Eckstein's death. Otto, as a coauthor of the paper that appears first in this volume, had participated in our preconference. Allen Sinai, Otto's coauthor, graciously agreed to present the elegant and moving tribute that appears here. The conference session at which Allen read his tribute and participated in discussion of the Eckstein/Sinai paper had been scheduled, by coincidence, for the very hour when the memorial service for Otto was taking place in Lexington, Massachusetts. This volume is dedicated to the memory of Otto Eckstein and of my late father, R. A. Gordon, both of whom devoted much of their professional lives to the study and understanding of American business cycles.

Robert J. Gordon
March 1986