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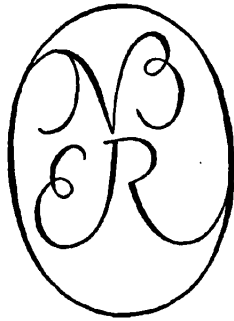
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The National Wealth of
the United States
in the Postwar Period

RAYMOND W. GOLDSMITH



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PREFACE

THE estimates of national wealth that are presented and briefly described in this study, like the national balance sheets to be presented in another book, serve a double purpose. Their first objective is to furnish a statistical basis for some parts of the Postwar Capital Market Study. Their second purpose is to serve as a continuation of the estimates of national wealth in Volume III of *A Study of Saving in the United States*,¹ to preserve for use by economic statisticians and analysts the only current series of estimates of tangible wealth in the United States, a series now running back in reasonably comparable form to the turn of the century.

Nobody can be more conscious of the limitations and shortcomings of the estimates presented here than the author, at least nobody who accepts the possibility of, and even the need for, estimates of national wealth and of national balance sheets as part of a system of social accounts. Many of these limitations can be traced to the simple fact that adequate estimates of national wealth are now beyond the power of an individual student; and that the era of shoestring operation in this field is, or should be, past. The time has arrived, I am convinced, for an organized venture on a fairly large scale—within or outside the federal government—a venture that will systematically explore all the basic data available for the construction of national wealth statements; that will experiment with alternative approaches and assumptions; and that will use modern computers in order to put these experiments on a sufficiently broad basis. It is only because nobody seems to be ready to take even the first steps in this direction that I rather reluctantly have made these estimates, and still more reluctantly present the results in their present form. Even in that form the figures shown here may be useful, I hope, for a preliminary exploration of the terrain. Although in need of improvement in many respects, they are not likely to mislead so far as the main conclusions that can be drawn from them are concerned. The estimates should be used only to study the broad outlines of the structure of national wealth in the United States and of changes in it over the postwar period, not for the analysis of fine-structure or of short-term changes.

The study here presented, however, suffers also from shortcomings beyond those that are almost necessarily inherent in a small-scale proj-

¹ *Special Studies*, by Raymond W. Goldsmith, Dorothy S. Brady, and Horst Mendershausen, Princeton University Press, 1956, Part I.

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ect in this field. Many of these result from its being written over a period of more than two years in intervals between other more pressing assignments. I am well aware that the text would profit greatly by thorough rewriting, by the expansion of some parts and possibly by the pruning of others. Time and resources—and energy—for such a thorough revision are unfortunately missing. The choice thus is between making available the study as it is, or consigning it to the library of unpublished manuscripts. My impression that the material will be of some use to economists and statisticians even in its present form, and my hope that it will stir some of the users to do better, may be mistaken, but they are the reasons for permitting the study to go to press as it stands.

The original manuscript included two chapters dealing respectively with the conceptual and statistical problems of capital-output ratios and with the interpretation of the actual ratios that can be derived for the United States, primarily for the postwar period, on the basis of the national wealth estimates presented in this study. Similarly, the international comparisons now found in Chapter 7 were supplemented by a comparison of capital-output ratios in the mid-1950's for one to three dozen countries. All this material was finally eliminated—not without regret—from the published version, partly to reduce its bulk; partly because it was somewhat extraneous to the main objective of the study; partly because it proved unfeasible within the limitations of time and resources to break down the nationwide capital-output ratios consistently into sectoral ratios, a breakdown essential for a satisfactory analysis of the whole complex of problems arising in this field; and, finally, because those chapters needed more additional work than could be done without unduly delaying publication of the report.

The text of this book includes only summary tables which, it is hoped, will suffice for the general reader. More detailed tables that should enable users who wish to do so to rearrange the figures to suit their own needs will be found in Appendix A. Appendix B, which probably will be consulted only by specialists, contains the basic data from which the estimates have been built up, and a description of their manipulation in sufficient detail to permit an appraisal of the limitations and validity of the estimates by readers familiar with statistics of this character.

Most of the estimates used in this study were completed in 1959 and the text finished by mid-1960. This will explain why the figures do not extend beyond the year 1958.

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In the preparation of the estimates for the postwar period used in this study I have had the patient assistance of Milton Kelenson, while I could not have completed Chapter 3 without the help of Hyman Kaitz. So many statisticians, particularly in the federal government, have been helpful, either with advice or by making available unpublished data, that it would be invidious to mention only a few of them. This, moreover, is the type of debt best discharged not by acknowledging it but by repaying it in kind so far as one is able.

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The task of editing the manuscript was fulfilled ably by Margaret T. Edgar. The charts were carefully prepared by H. Irving Forman.

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