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ACTIVITIES DURING 1950

NEW STUDIES

The investigation of capital requirements and their financing, described in the Annual Report for 1949, was started during the year. As outlined by Simon Kuznets in Part 3, it will cover the principal sectors of the American economy, including governmental uses of capital and foreign investment.

A new investigation of governmental activity has been projected and Moses Abramovitz has been appointed to carry out the initial explorations. The study will extend Solomon Fabricant's research on governmental employment in the United States. It will aim to develop similar data for the leading countries of Western Europe since 1900, to compare American and European experience, and to pave the way for further studies both of the expanding role of government in economic life and of comparative economic development.

A study of governmental lending was started during the year. Our studies of urban real estate finance and of agricultural finance, some of which are completed and others approaching completion, have already emphasized the significance of governmental lending. The new study, made possible by a grant from the Association of Reserve City Bankers, will attempt to cover all forms of governmental lending, loan guarantees, and loan insurance. It is designed to bring together the results of earlier research, to develop new factual data on the credit experience of governmental lending agencies, and to analyze the impact of their operations on the whole economy.

Other new studies are concerned with governmental expenditures and revenues. In connection with the capital requirements project Morris Copeland has begun an historical analysis of federal, state, and local capital formation and financing. This will complement the nearly completed work of Fabricant on the use of resources by government and that of M. Slade Kendrick on trends in federal expenditures. A new investigation on the other side of the account is being carried out by John M. Firestone, a Research Associate this year. Firestone is

studying the cyclical behavior of federal revenues, using monthly data that he has compiled back to the 1880's.

New research in the field of international economic relations has been started. Fabricant is concentrating on changes in foreign investment in connection with the broad project on capital requirements. Penelope Hartland, a Research Associate, has been working on this subject also, but centering attention on one country that has close ties with the United States, namely, Canada. Ilse Mintz, having completed her book, *Deterioration in the Quality of Foreign Bonds Issued in the United States, 1920-1930*, is beginning to study the role of fluctuations in foreign trade in the business cycles of the United States and other countries.

To supplement the investigation of American capital requirements, a study was started of the investment portfolios of individuals, classified by income. Thomas Atkinson, a Research Associate, is engaged on this study, using as his primary source of information the returns filed for the Wisconsin state income tax. The University of Wisconsin is cooperating with the National Bureau in making this investigation.

Preliminary plans were developed for a comparative study of mild and severe cyclical movements, and for a study of corporate security values and capital structure. Attention has been given to the possibilities of a study of the distribution of income in which occupational and other classifications may be crossed with a size classification.

PUBLICATIONS DURING THE YEAR

Nine publications were issued during 1950 and one in February 1951:

Moses Abramovitz, *Inventories and Business Cycles, with Special Reference to Manufacturers' Inventories*

Harold Barger, *The Transportation Industries, 1889-1946: A Study of Output, Employment, and Productivity*

Miles L. Colean, *The Impact of Government on Real Estate Finance in the United States*

Raymond J. Saulnier, *Urban Mortgage Lending by Life Insurance Companies*

Conference on Research in Income and Wealth, *Studies in Income and Wealth, Volume Twelve*

Geoffrey H. Moore, "Statistical Indicators of Cyclical Revivals and Recessions", *Occasional Paper 31*

Thor Hultgren, "Cyclical Diversities in the Fortunes of Industrial Corporations", *Occasional Paper 32*

George J. Stigler, "Employment and Compensation in Education", *Occasional Paper 33*

Daniel Creamer, "Behavior of Wage Rates during Business Cycles",
Occasional Paper 34

Simon Kuznets, "Shares of Upper Income Groups in Income and Savings", *Occasional Paper 35*

Moses Abramovitz' *Inventories and Business Cycles* demonstrates how the volume of manufacturers' stocks and their rate of accumulation behave during business cycles. By analyzing the diverse fluctuations in different types of inventory, he develops a reasoned account of their timing and magnitude and their significance for the duration and intensity of business cycles.

Harold Barger's book, *The Transportation Industries, 1889-1946: A Study of Output, Employment, and Productivity*, is the latest in a series of studies of production and productivity in various industries. New indexes of output, employment, and output per worker for all the transportation industries are presented, and trends in these measures during the past half-century are examined.

Urban Mortgage Lending by Life Insurance Companies, by Raymond J. Saulnier, is the first in a series of studies of urban real estate finance. It describes the scope and legal framework of this type of lending by insurance companies, analyzes the lending costs and returns of these companies in 1945-47, and measures their yields and loss rates on mortgage loans since 1920. Miles L. Colean's *The Impact of Government on Real Estate Finance in the United States*, the second in this series, traces the course of governmental influence on real estate finance since colonial times. Particular attention is given to the measures enacted from the onset of the depression of the 1930's through 1949, and to the emergence of new concepts of governmental responsibility with respect to mortgage credit.

Studies in Income and Wealth, Volume Twelve, is devoted to the subject of national wealth, as discussed at the January 1948 meetings of the Conference on Research in Income and Wealth. Several papers deal with general problems of wealth measurement; others give wealth estimates for various sectors of the economy for 1929, 1939, and 1946. National wealth was the subject also of the April 1950 Conference, and a volume containing the proceedings is in preparation.

Occasional Paper 31, by Geoffrey H. Moore, analyzes the potential usefulness of various types of economic series as indicators of cyclical revivals and recessions, and presents a selection of series screened from our large collection. Thor Hultgren's *Occasional Paper 32* discloses that there have been significant declines in the percentage of companies with increasing profits in the later stages of business expansions, and

rises in this percentage in the later stages of recessions. Daniel Creamer's *Occasional Paper 34* demonstrates that changes in wage rates and in hourly earnings have tended to lag behind changes in business activity and employment in both this country and Great Britain. In *Occasional Paper 33* George Stigler shows how the teaching profession has grown in the last 50 years and analyzes the changing economic status of teachers. *Occasional Paper 35*, by Simon Kuznets, summarizes the results of his study of changes in the distribution of income by size, 1919-48, and their probable impact on the volume and source of savings.

FORTHCOMING PUBLICATIONS

Six books will probably be issued in the first half of 1951:

Ernest M. Fisher, *Urban Real Estate Markets: Characteristics and Financing*

Ilse Mintz, *Deterioration in the Quality of Foreign Bonds Issued in the United States, 1920-1930*

Wesley C. Mitchell, *What Happens during Business Cycles: A Progress Report*

Lawrence H. Seltzer, *The Nature and Tax Treatment of Capital Gains and Losses*

Conference on Research in Income and Wealth, *Studies in Income and Wealth, Volume Thirteen*

Special Conference Series, No. 2, *Conference on Business Cycles*

Two additional volumes have been approved by the Directors and will soon go to press:

Sergei Dobrovolsky, *Corporate Income Retention, 1915-43*

C. Lowell Harriss, *History and Policies of the Home Owners' Loan Corporation*

Several studies are now being reviewed by the Directors or will soon be submitted for review. They include, among others, the following: Carl F. Behrens, "Commercial Bank Activities in Urban Mortgage Financing"; Morris A. Copeland, "A Study of Moneyflows in the United States"; Avram Kisselgoff, "Factors Affecting the Demand for Consumer Instalment Sales Credit"; Simon Kuznets, "Shares of Upper Income Groups in Income and Savings"; Clarence D. Long, "The Supply of Labor"; James A. Maxwell, "Federal Grants-in-Aid and Business Cycles".

Three conference proceedings volumes are being edited: those of the Conference on Research in Business Finance, held in June 1950; and the Conferences on Research in Income and Wealth, held in April and June 1950.

RESEARCH IN PROCESS

Although systematic research on commodity prices was temporarily suspended this year, two activities should be noted. A manuscript by Waldo Fisher, "Governmental Price-Fixing in the Bituminous Coal Industry" is nearly completed and is expected to be submitted this year; and a conference on Business Concentration and Price Policy is being planned for 1952 (see below).

The staff for the new study of capital requirements has been assembled and work begun. Arrangements are well advanced for the new government lending study. Research on fiscal problems, business cycles, and international economic relations is actively under way. Several groups of studies, including those on employment and productivity, urban real estate finance, agricultural finance, and the corporate bond market are nearing completion.

Research activities during 1950 in all these areas and others are described by members of the staff in Part 3. The findings reported have not yet been subjected to the full critical review accorded the National Bureau's studies, and are therefore tentative and provisional.

UNIVERSITIES-NATIONAL BUREAU COMMITTEE FOR ECONOMIC RESEARCH

In accordance with the decision made in 1949 to enlarge the Committee, thirty universities offering graduate work in economics and emphasizing economic research were invited to participate; twenty-eight accepted: Buffalo, California, Chicago, Columbia, Cornell, Duke, Harvard, Illinois, Iowa State College, Johns Hopkins, Massachusetts Institute of Technology, McGill, Michigan, Minnesota, New School for Social Research, New York, North Carolina, Northwestern, Pennsylvania, Princeton, Queens, Stanford, Texas, Toronto, Vanderbilt, Virginia, Wisconsin, Yale.

The first meeting of the expanded Committee was held at Haverford, Pennsylvania, June 18-19, in connection with the Special Conference on Research in Business Finance. The Committee's program of work was discussed; the topics for the two Special Conferences whose planning has been initiated were approved; and suggestions were explored concerning possible reporting, at the annual meetings of the Committee, of research carried on at the participating universities. The following were elected members of the Executive Committee for 1950-51: Simon Kuznets, *Chairman*, I. L. Sharfman, *Vice-Chairman*, Arthur F. Burns, Benjamin H. Higgins, and George Stocking.

A volume presenting the papers and discussion stemming from the Special Conference in November 1949 on Business Cycles is in press.

The 1950 Special Conference on Business Finance was arranged by a committee consisting of C. R. Whittlesey, *Chairman*; James S. Earley, Irwin Friend, Ralph A. Young, and R. J. Saulnier, *Secretary*. Papers were read by Sidney S. Alexander, Lawrence Bridge, David Durand, Irwin Friend, Edgar Hoover, Neil H. Jacoby, Homer Jones, Burton Klein, Albert R. Koch, Loughlin F. McHugh, Franco Modigliani, Charles H. Schmidt, J. Fred Weston, and Morton Zeman. The proceedings are being edited and will be ready for publication this year.

Plans for two other Special Conferences are well advanced. One, to deal with Regularization of Business Investment, is being planned by a committee under the chairmanship of Melvin de Chazeau (Adolph G. Abramson, Edgar M. Hoover, George W. Terborgh, Donald H. Wallace, and Geoffrey H. Moore, *Secretary*). It is expected that the conference will be held in November 1951. The second, to deal with Business Concentration and Price Policy, is being planned by a committee under the chairmanship of George J. Stigler (Corwin D. Edwards, Carl Kaysen, Edward S. Mason, and Clair Wilcox). This conference is scheduled for 1952, possibly in the first half of the year.

Suggestions for other special conference topics are being solicited from the participating university groups.

RESEARCH ASSOCIATES

Lawrence Klein continued as a Research Associate under a joint arrangement with the Survey Research Center of the University of Michigan. Thomas Atkinson of the University of Wisconsin, John M. Firestone of the College of the City of New York, and Penelope Hartland of Brown University were appointed Research Associates for 1950-51.

BOARD OF DIRECTORS

Frank W. Fetter was elected Director by Appointment of Northwestern University, to fill the unexpired term of Corwin D. Edwards who resigned in 1948.

Robert B. Warren, Director by Appointment of the Institute for Advanced Study, died on March 23, 1950, and Warren C. Waite, Director by Appointment of the American Farm Economic Association, died on November 11, 1950. Both had been very active in the work of the National Bureau for a number of years. The Executive Committee recorded its gratitude for the services they had rendered the National Bureau and its great sorrow at their death.