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NATIONAL BUREAU OF ECONOMIC RESEARCH  
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december 1968

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NATIONAL BUREAU  
report



NATIONAL BUREAU OF ECONOMIC RESEARCH, INC. NEW YORK, N. Y. 10016

BOARD  
MEETING

At the September 30 meeting of the Board of Directors, several new research proposals were approved and existing programs were reviewed. The Bureau was authorized to proceed with studies in the following areas: urban transportation, in which it is proposed to develop a model to aid in forecasting the impact of changes in urban transportation on the patterns of urban growth; problems of regional economics, especially those dealing with human capital and the labor force; an investigation of the benefits from higher education; and a study of trends in the location of industry within metropolitan areas, particularly in terms of three basic kinds of urban employment—wholesaling, manufacturing, and central offices. In addition to topics mentioned for possible research, President Meyer invited the views of the directors with respect to the relative scope of international studies within the Bureau's total program, the extent to which the Bureau should accept a larger service role in training and cooperating with foreign scholars, and the type of guidelines to be used in selecting topics for international studies.

At this meeting also, major changes were voted in the Board membership. The nominating committee announced ARTHUR F. BURNS' request that he be allowed to retire as chairman of the Board in order to devote more time to his own research. In honoring Dr. Burns' request, the Board unanimously voted him to the newly created position of honorary chairman.

THEODORE O. YNTEMA, the former vice chairman of the Board, was elected to succeed Dr. Burns as chairman. WALTER W. HELLER was elected vice chairman.

Arthur F. Burns first joined the Bureau as a research associate in 1930 to work with the late Dr. Wesley C. Mitchell, whom he succeeded as director

of research in 1945. From 1953 to 1956, Dr. Burns was chairman of the Council of Economic Advisers under President Eisenhower. On returning from Washington in 1956, he was elected president of the Bureau and, in 1967, was named chairman of the Board. Dr. Burns will continue to be a member of the executive committee and a director by appointment of Columbia University, where he is John Bates Clark Professor of Economics.

Theodore O. Yntema has been associated with the National Bureau since 1941 when he was first elected to the Board of Directors as representative of the University of Chicago. Currently visiting professor at Chicago and at Oakland University, Dr. Yntema is a past research director of the Committee for Economic Development. While with the CED, he was instrumental in securing that organization's sponsorship of the National Bureau's pioneering studies on money flows and cash payments.

The new vice chairman, Walter W. Heller, first joined the NBER Board of Directors in 1958 as representative of the University of Minnesota. Since 1965 he has been a director at large. Chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson, Dr. Heller is currently professor of economics at the University of Minnesota.

Also at the meeting, three new directors were appointed by nominating organizations, and two members were named to emeritus positions. MOSES ABRAMOVITZ, professor of economics at Stanford University and a long-time staff member at the Bureau, was confirmed as Stanford's first representative on the Board. GEORGE CLINE SMITH of Mackay-Shields Economics, Inc. was selected to represent the National Association of Business Economists. Mr. Smith succeeds A. G. Abramson, who died on October 6 (see p. 12). OTTO ECKSTEIN, professor of economics at Harvard, was elected to succeed GOTTFRIED HABERLER as that university's representative. Mr. Haberler, a Board member since 1948, was named a director emeritus, as was JOSEPH H. WILLITS, a past executive director of the National Bureau and a Board member for 25 years.

The Board also named three new directors at large: ELI GOLDSTON, VIVIAN W. HENDERSON, and J. IRWIN MILLER. Mr. Goldston, a lawyer and industrialist from Akron, Ohio, received his LL.B. from Harvard in 1949 and is currently president and chief executive officer of Eastern Gas and Fuel Associates, a Boston firm. Dr. Henderson, formerly head of the economics department at Fisk University, is now president of Clark College and a member of the Civil Rights Commission Advisory Committee for the Study of Race and Education. Mr. Miller, who in 1965 was a member of the President's Special East-West Trade Commission, is chairman of the board of the Cummins Engine Company and of the Irwin Union Bank and Trust Company.

NEW  
STUDIES

*Economic Growth:* David T. Kresge has begun work on the construction of a dynamic model of the U.S. economy that is capable of simulating observed growth trends. In many areas the model will draw on existing econometric studies for its basic behavioral relationships, which will then be

modified to reflect the appropriate dynamic properties of the economy. It is expected that the completed model will be applicable in making medium- to long-term projections for economic policy planning.

Research Fellow Neil Wallace is working on a study to determine the effects of disturbances such as changes in the stock of money or in aggregate demand on employment, interest rates, and the price level. By testing two separate models of the economy—a “classical” model incorporating a perfect capital market and a “standard” model containing the usual Keynesian investment function—Wallace will attempt to determine which one better approximates actual economic conditions.

*Urban Economics:* The initial focus of this new research program will be in two problem areas: (1) development of a series of “experimental” urban simulation models for analyzing the determinants of urban spatial structure and (2) research on the determinants of intra-metropolitan industry location. John F. Kain, supervisor of the project, reports that the key innovation of the program’s first phase is its emphasis on “experimental” as compared with “operational” urban simulation models. He explains that testing hypotheses and grappling with the conceptual and theoretical problems of creating a behavioral model of urban growth processes are basic to any attempt to construct an “operational” forecasting model of urban spatial structure.

Preliminary to launching the second phase of the project, Dr. Kain and his associates have begun an evaluation of the land use modeling efforts in five metropolitan areas: Detroit, Milwaukee, the San Francisco-Oakland Bay area, Seattle-Tacoma, and Atlanta.

*International Economic Relations:* A study by Research Fellow Seiji Naya on the policies of developing nations with regard to import substitution and export growth focuses initially on the experience of Korea. The nominal and effective protection given to import-competing industries in Korea and the similar subsidy to its export industries are being estimated. Naya also examines the factor structure of these industries. It is expected that analysis of the Korean experience will aid in shaping effective trade policies in other less developed countries.

*General Studies:* Research Fellow William M. Landes has begun studies in two areas heretofore not considered subjects for economic analysis: law enforcement and the courts, and the economics of accidents. Work in the first area has led to the development of a theoretical model to determine the significant factors involved in settling trial cases in or out of court. His theoretical analysis indicates that cases are more likely to be settled before trial in instances where there is relative agreement between the prosecution and defense regarding the outcome of the case; where the sentence is moderate; the bail and trial costs are high; and the defendants are averse to risk. Although no detailed empirical work has been completed, Landes reports that fragmentary data are consistent with the predictions of the model.

In his investigation of the economics of accidents, Landes analyzes the

effects of market insurance and alternative liability rules on the incentives to prevent accidents. On-the-job and automobile accidents are viewed as phenomena that give rise to expected losses, which, in turn, can be affected by the application of scarce resources.

FELLOWSHIP  
PROGRAM

Three NBER Research Fellowships for the 1968-69 academic year have been awarded, and the recipients have begun a year's work at the Bureau on a research program of their choice. The new Fellows, whose projects are described in the "New Studies" section, are: Seiji Naya of the University of Wisconsin, Neil Wallace of the University of Minnesota, and William Landes of the University of Chicago.

The Bureau's Fellowship Program is designed primarily to further the education, training, and professional development of outstanding scholars, generally at the post doctoral level. Additional information regarding fellowship awards may be obtained from Victor R. Fuchs, Vice President—Research.

**The Service Economy**

by VICTOR R. FUCHS

*Price: \$10.00, 266 pp.*

*Publication date: December 31, 1968*

NEW  
PUBLICATIONS

During the period following World War II, the United States has become the world's first "service economy"—the first nation in which more than half the working population is associated with institutions that provide service rather than produce tangible goods.

This report, a summary volume resulting from intensive investigations of the transition from an industrial to a service economy, explains the growth of service employment primarily in terms of the relatively slow increase in output per man in the service sector.

Fuchs describes and analyzes differences in productivity change among the service industries and explores some conceptual problems encountered in measuring service output and productivity. He also compares the service sector with industry in respect to such critical matters as hourly earnings, behavior over the business cycle, industrial organization, and labor force characteristics. The results indicate that earnings are higher in industry; that the service sector is more stable over the business cycle with respect to employment and output, but more unstable with respect to productivity; that small firms and nonprofit organizations are more important in service; and that greater use is made of female labor, older workers, and part-time workers in the service sector.

The report concludes with a discussion of the probable consequences of the shift to a service economy, some of which have implications of revolutionary proportions.

**Population, Labor Force, and Long Swings in Economic Growth:  
The American Experience**

by RICHARD A. EASTERLIN

*Price: \$10.00, 287 pp.*

*Publication date: December 31, 1968*

The interactions of waves in population growth, fluctuations in the labor force, and changes in economic conditions are examined in this report. The author believes that economic factors underlie the population waves and associated changes in the supply of labor. Once started, population swings cushion the economy against the usual business cycle effects by means of a "feedback" mechanism.

Since 1940, it appears that the economy has developed a built-in swing in the supply of labor that lasts about a generation. Prior to 1940, Easterlin observes, immigration was the key factor in population movements, but since then the birth rate has been of primary importance. As a result, economic and population booms may recur in the future, but not necessarily on the one-to-one basis of the past.

Easterlin suggests that recognition of the long swings in population growth facilitates understanding of some of the major developments of the past two decades—the slowdown in the economy's growth rate in the 1950's, the early postwar baby boom and the recent decline in fertility, the sensitivity of labor force participation to changing employment conditions, and the pronounced rise in the number of women holding jobs or seeking work. The report explores the economic basis for each of these occurrences and appraises prospective fertility, labor force, and household changes over the next decade.

**Tax Changes and Modernization in the Textile Industry**

by THOMAS M. STANBACK, JR.

*Price: \$6.75, 113 pp. (approx.)*

*Publication date: January 1969*

One of the major reforms in corporate income tax has been the liberalization of the provisions determining the computation of tax-deductible depreciation charges on plant and equipment. Since World War II, two tax reforms of this type have been enacted. The first permitted firms to use tax depreciation formulas which increased depreciation charges in the early years of the life of a plant or piece of equipment, decreasing them in the later years. The second provided for the use of shorter service lives for tax purposes, thereby increasing depreciation charges during the course of a shortened tax life.

The author shows that the textile industry not only benefited from the general liberalization of depreciation under the Internal Revenue Code of 1954 but also was permitted to radically shorten the permissible tax life on basic textile equipment under the provisions of a special tax procedure in October 1961 (three-quarters of a year before that reform went into effect generally).

Stanback's investigation relies principally on in-depth interviews with ex-

ecutives of twenty-five textile firms, supplemented by data provided by these firms or gleaned from published financial reports. Background information was secured through interviews with five leading textile machinery manufacturers and a number of persons with legal, governmental, engineering, or trade association experience closely related to the industry.

### **The Personal Exemptions in the Income Tax**

by LAWRENCE H. SELTZER

*Price: \$8.50, 222 pp.*

*Publication date: December 31, 1968*

This comprehensive analysis of personal exemptions examines their current impact on various segments of the taxpaying population and on income tax revenues and effective tax rates.

The author questions the validity of the \$600 per capita exemption in relation to present-day basic living costs. For single persons and families of four or less, the exemption levels are lower than in 1939, while consumer prices are now more than two and one-third times as high.

Seeking an objective standard for reasonable exemption levels, Seltzer suggests that the minimum personal maintenance costs employed by a large majority of the states as a guide to welfare payments would provide a defensible minimum. A more liberal standard would be provided by some adaptation of the City Worker's Family Budget prepared by the U.S. Department of Labor. He finds that the present exemption levels are significantly lower than either of these standards, for families of one to four persons.

Seltzer suggests that Congressional reluctance to increase the present per capita exemptions stems primarily from the fact that even a modest change would cause a pronounced decline in federal revenues. For instance, if Congress had increased the exemption by \$100 in 1964, the resulting loss in tax revenues would have totaled about \$3 billion.

The study not only examines the present system of uniform per capita exemptions but also considers some alternatives to it. Included in the discussion are the lump-sum exemption, which excludes from income tax those whose incomes do not exceed a stated amount; the vanishing exemption, which declines as incomes rise and disappears for moderately high incomes; the tax credit, which reduces tax liability by equal amounts at all income levels; and the combination of the present per capita exemptions with a greatly liberalized minimum standard deduction.

### **Some Measures of the Quality of Agricultural Credit**

by GEORGE K. BRINEGAR and LYLE P. FETTIG

*Price: \$2.25, 51 pp., 28 tables, 1 figure*

*Publication date: November 15, 1968*

Focusing on data of the Federal Land Banks and the Production Credit Associations, two institutions that supply mortgage credit and short-term credit to farmers, this report traces the history of farm credit as far back

as 1917, when the Federal Land Banks first began operations in the farm real estate field.

Both of these major agricultural lending institutions have devised criteria for determining credit quality. Loans granted by the Production Credit Associations are graded annually on the basis of quality, while Federal Land Bank Loans are classified by collateral before the closing of the loan. By examining subsequent repayment experience on loans in the different grades, the authors show that the examination and grading procedures used by farm credit agencies are useful measures in determining differential credit quality.

The Brinegar-Fettig report is the fifth in a series of credit quality studies being carried out by the National Bureau. Other published reports deal with the quality of bank loans, trade credit, corporate bonds, and consumer instalment credit.

More than 100 American and foreign scholars attended a Universities-National Bureau Conference on Technology and Competition in International Trade, held in New York on October 11-12. The program, under the direction of Raymond Vernon of Harvard University, consisted of ten papers that will be published by the National Bureau sometime in 1969.

CONFERENCES

After reviewing proposals for future conferences, members of the UNB Committee authorized a Conference on the International Mobility of Capital (Winter 1969-70) and a Conference on Education as an Industry (Autumn 1970). Plans were also formulated for the establishment of exploratory committees to investigate the feasibility of future conferences on security prices, medical care, and secular inflation.

A Conference on Education and Income, sponsored jointly by the Conference on Research in Income and Wealth and the University of Wisconsin, was held in Madison, Wisconsin, on November 15-16. W. Lee Hansen of the University of Wisconsin headed the program committee. The seven papers presented, which will be published by the National Bureau, treated topics ranging from the role of education in production and in the distribution of income to the function of human capital in international economics.

Another I&W meeting, to be sponsored jointly by the Conference on Research in Income and Wealth and the Social Science Research Council's Committee on Economic Stability, is scheduled for the autumn of 1969. Bert G. Hickman of Stanford University heads the program committee for this Conference on Econometric Models and Cyclical Behavior.

The following papers by Bureau staff members have recently become available at the National Bureau in either reprint or mimeographed form. Kindly address requests for copies of the reprints to the Subscription Department, and to the authors for the mimeographed papers.

AVAILABLE  
PAPERS

#### REPRINTS

Fabricant, Solomon, "Productivity," *International Encyclopedia of the Social Sciences*, 1968

Friedman, Milton, "The Role of Monetary Policy," *American Economic Review*, March 1968

Kain, John F., "The Distribution and Movement of Jobs and Industry," *The Metropolitan Enigma*, Chapter 1, 1968

Landes, William, "The Economics of Fair Employment Laws," *Journal of Political Economy*, August 1968

Leveson, Irving, "Some Determinants of Nonfarm Self-employment," *Monthly Labor Review*, May 1968

\_\_\_\_\_, "The Supply of Self-employed, A Study of Retail Managers," *Proceedings of the Industrial Relations Research Association*, Winter 1967

Meyer, John R., "Urban Transportation," *The Metropolitan Enigma*, Chapter 2, 1968

Murray, Roger F., "Management Interests in the Investment of Pension Funds," *Proceedings of the Eighteenth Annual Meeting, Industrial Relations Research Association*, 1968

\_\_\_\_\_, "Pension Funds in the American Economy," *Journal of Finance*, May 1968

\_\_\_\_\_, "The Future of Private Pensions: Some Economic Aspects," *The Journal of Risk and Insurance*, March 1967

Schwartzman, David, "The Contribution of Education to the Quality of Labor, 1929-1963," *American Economic Review*, June 1968

#### MIMEOGRAPHED PAPERS

Haitovsky, Yoel, "Estimation of Regression Equations When a Block of Observations is Missing"

\_\_\_\_\_, "The Correlations between Estimated Parameters in Linear Regression"

Juster, F. Thomas, "Consumer Anticipations and Models of Durable Goods Demand: The Time-Series Cross-Section Paradox Re-examined"

\_\_\_\_\_, "A Note on Distributed Lag Equations and Dummy Variables"

Moore, Geoffrey H., "Forecasting Short-Term Economic Change"

Naya, Seiji, "The Accuracy of International Trade Data: The Case of Southeast Asian Countries"

\_\_\_\_\_, "Variations in Export Growth Among Developing Asian Countries"

JOHN BOSSENS, associate professor of economics at the University of Toronto, has joined the research staff. Dr. Bossons is working on a study to simulate the potential effects in the U.S. of various tax reforms, particularly of the type proposed in the far-reaching Report of the Royal Commission on Taxation and Economic Policy in Canada (i.e., the so called Carter Commission).

H. JAMES BROWN joined the staff in July to work on the research program in urban economics. Dr. Brown, who received his Ph.D. in 1967 from Indiana University, spent the past year as a post doctoral research fellow at the Institute for Applied Urban Economics at Indiana.

ISAAC EHRLICH, a Ph.D. candidate at Columbia University, was appointed a Research Analyst in the fall, after having spent the summer at the Bureau working as a research assistant. Mr. Ehrlich has begun an empirical and theoretical study of criminal activities as viewed from an economic standpoint.

MICHAEL K. EVANS has joined the staff to work with Yoel Haitovsky on the forecasting characteristics of large-scale econometric models of the U.S. Dr. Evans, who received his Ph.D. from Brown University in 1964, is associate professor of economics at the University of Pennsylvania's Wharton School of Finance and Commerce.

J. ROYCE GINN, formerly of Northwestern and Harvard Universities, has been appointed to the research staff and is working on the Bureau's program in urban economics. A civil engineer and systems analyst, Mr. Ginn has had considerable experience in both urban transportation research and computer modeling.

DAVID LEVHARI, formerly of the Hebrew University in Jerusalem and currently of Stanford University, joined the research staff in the fall. Dr. Levhari is working on the economics of education and is also conducting studies of external economies and competitive equilibrium.

MAHLON REED STRASZHEIM, assistant professor of economics at Harvard University, has become an NBER research staff member and is working on urban systems analyses.

RAYMOND STRUYK of Rutgers University joined the staff in September. Formerly a research assistant for the NASA impact study and the U.S. Corps of Engineers' water resources investment project, Mr. Struyk is currently engaged in the Bureau's urban economics program.

MARK S. REINSBERG resigned in September as Director of Publications. No action has been taken regarding a successor to the position.

NORMAN TURE, director of the Bureau's research on tax policies for economic growth and a long-time member of the senior staff, resigned in August to take a position with the Planning Research Corporation in Washington, D.C.

STAFF  
ACTIVITIES

In July, Gary S. Becker received the Professional Achievement Award of the University of Chicago Alumni Association.

In September, Phillip Cagan was a discussant at a conference of university professors sponsored by the American Bankers Association at Ditchley Park, England. In October, he traveled to Puerto Rico to serve as a discussant of current monetary policy at the Eastern Airlines Forum.

In August, Alfred H. Conrad was named econometric consultant to the Ministry of Economic Affairs of the Republic of Ghana. In September, he was elected Vice Chairman of the Faculty Senate of the City University of New York.

NBER Vice President—Research Victor R. Fuchs spent the month of July in Israel as consultant to the Bank of Israel on the service industries. While he was abroad, announcement was made of Dr. Fuchs' appointment for a three-year period to the President's Committee on Mental Retardation. Dr. Fuchs' speaking engagements for the spring and summer included two addresses to public policy conferences for physicians sponsored by the Brookings Institution, and a speech entitled "What Kind of System for Health Care" before the New York Academy of Medicine's subcommittee on a social policy for health care.

Raymond W. Goldsmith's book, *The National Wealth of the United States in the Postwar Period*, was published in Russian translation by *Statistika*. The Goldsmith volume forms part of a series, with the translated title *New Foreign Statistical Investigations*, which also includes John W. Kendrick's book on productivity.

The Institute of Statisticians presented the 1968 C. Oswald George Award in Applied Statistics to Yoel Haitovsky for his paper "Regression Estimation from Grouped Observations." The paper will appear in a forthcoming issue of the Institute's publication, *The Statistician*.

Daniel Holland's study, *Private Pension Plans: Projected Growth*, has received the 1968 Elizur Wright Award. The purpose of the award, presented by the American Risk and Insurance Association, is "to recognize outstanding contributions to the literature of insurance, with particular emphasis upon those academic studies making original contributions to the field."

F. Thomas Juster has been elected Secretary-Treasurer of the Business and Economic Statistics Section of the American Statistical Association.

John Kendrick attended meetings of the Census Advisory Committee of the American Statistical Association at Suitland, Maryland, from October 31 to November 1, 1968. On December 3, he attended an all-day meeting of the Economic Advisory Board to the Secretary of Commerce. The Board was set up two years ago under the chairmanship of William Shaw, and continues under the present Assistant Secretary for Economic Affairs, William Chartener.

In June, Hal B. Lary, Director of International Studies, and Donald S. Shoup, Assistant to the President, visited research institutes in Rome, Munich, Stockholm, and Sussex for the purpose of exchanging information on research plans and identifying possibilities for research collaboration. The Bureau is already working with several European research institutes on an

investigation into the diffusion of technology, and additional collaborative efforts are anticipated.

In May, NBER President John R. Meyer was named a Fellow of the American Academy of Arts and Sciences; in August, he was appointed a member of the Air Traffic Control Advisory Committee of the U.S. Department of Transportation; since July, he has been a member of the Computer Science and Engineering Board of the National Academy of Sciences. Dr. Meyer recently spoke at Cornell University on "A Cross Section Study of Investment Relationships Using Homogeneous Behavioral Groups," and at the University of Western Ontario on "New Research Directions in Economics and Some Potential Implications for Research Method."

On June 3, Geoffrey H. Moore, Vice President—Research, delivered a paper on "Stock Prices and the State of Business" to the Mid-Hudson Valley Chapter of the American Statistical Association. Later that month, he was chairman of the econometrics session of the Second International Symposium on Multivariate Analysis held at Wright State University in Dayton, Ohio. At the annual meeting of the American Statistical Association, held in Pittsburgh on August 21, Dr. Moore gave the presidential address, entitled "Forecasting Short-Term Economic Change." Dr. Moore was recently appointed a member of the Board of Directors of the Social Science Research Council.

Harold Wolozin, a former staff member who is now professor of economics at the University of Massachusetts, presented a paper on "Volunteer Manpower in the United States" before the Subcommittee on Economic Progress of the Joint Economic Committee. His report has been published in a compendium of papers entitled *Federal Programs for the Development of Human Resources* (1968).

Research Associate Merle Yahr was married on October 5 to Jordan Weiss, a Fellow in gastroenterology at St. Luke's Hospital.

The Census Bureau announced that its monthly publication, *Business Cycle Developments*, has been expanded. The new version, which is called *Business Conditions Digest*, includes composite indexes of leading, lagging, and coincident indicators of business activity that were developed by the National Bureau.

In late spring, the Japan Economic Research Institute published a study of Japanese price data and behavior, including some comparisons with U.S. prices. The study was begun by Professor Hirotaka Kato of Kanagawa University during his stay at the National Bureau in 1965-66, under an arrangement between the Bureau and the Japan Economic Research Institute.

A white paper report issued in July by the Economic Planning Agency of Japan mentioned plans for developing a "system of early warning indicators of business cycles." The proposed system, to be based on the movements of 12 indicators of business activity, clearly reflects the influence of NBER research.

It is with deep sorrow we record the death on October 7, 1968 of Sophie Sakowitz. Miss Sakowitz, who joined the National Bureau in 1929, con-

NEWS  
NOTES

IN MEMORIAM

tributed to virtually every study of business cycles that the National Bureau published in the past four decades. Her name is inscribed on the acknowledgment page of scores of these and other Bureau reports. She trained many of the Bureau's research assistants, and the training was useful wherever they went in later life. She was a conscientious, responsible, discreet, thoughtful, orderly, loyal person. Her passion for accuracy will be hard to equal. By making her work dependable, Sophie made it count. Her contribution to all of us who were her associates at the National Bureau will be long remembered.

The National Bureau was also saddened to learn of the recent deaths of A. G. Abramson, a Board member, and Challis A. Hall, Jr., a former member of the research staff. Mr. Abramson was Director for Economic Planning of SKF Industries and the first President of the National Association of Business Economists. Last spring, he was selected as the NABE's first representative on the Bureau's Board of Directors. Mr. Hall, who was a faculty member at Yale University, joined the Bureau in 1962 to work on the NBER study of tax policies for economic growth. His unfinished manuscript dealing with the effects of the corporate income tax on business policies toward investment, research, and product development is being completed by Norman B. Ture.

**National Bureau Report** and supplements thereto have been exempted from the rules governing submission of manuscripts to, and critical review by, the Board of Directors of the National Bureau. Each issue, however, is reviewed and accepted for publication by the Research Committee of the Bureau and a standing committee of the Board.

**National Bureau of Economic Research** is a private, nonprofit organization founded in 1920 as a center for independent and impartial economic research. In the belief that such research can contribute significantly to the sound treatment of economic problems, it has sought to conduct its activities under conditions that safeguard the scientific nature of the findings and that help make them authoritative and acceptable to persons of different interests and opinions. The National Bureau is supported in part by grants from philanthropic foundations and business associations for particular studies, in part by investment income on capital-sum grants, and in part by unrestricted contributions and subscriptions from companies, banks, labor organizations, foundations, and individuals.

Further information regarding contributions and subscriptions may be obtained from the office of the Vice President—Administration.

**OFFICERS:** Arthur F. Burns, *Honorary Chairman*; Theodore O. Yntema, *Chairman*; Walter W. Heller, *Vice Chairman*; John R. Meyer, *President*; Donald B. Woodward, *Treasurer*; Geoffrey H. Moore, *Vice President — Research*; Victor R. Fuchs, *Vice President — Research*; Douglas H. Eldridge, *Vice President — Administration*; Hal B. Lary, *Director of International Studies*.

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