

march 1971

7

NATIONAL BUREAU
report



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

WHITHER ECONOMIC RESEARCH? That is the question being explored in the National Bureau's Fiftieth Anniversary Colloquia series, which will end early in the spring with sessions in Boston and Atlanta. The Bureau's purpose in conducting these seminars: to open wide the doors for new ideas about future research directions for the NBER and the economics profession at large.

In the five colloquia held so far, businessmen, policymakers, and economists have met in New York City, Chicago, San Francisco, and Washington, D.C. to discuss what lies ahead for studies of business cycles, money markets, federal regulation of business, government finance, and economic growth. The Boston session, slated for April 23, will focus on a paper by Harvard's SIMON KUZNETS, a longtime associate of the National Bureau, who will provide an overview, synthesis, and evaluation of themes developed in the other colloquia. His paper will be entitled, "The Future of Economic Research." The Atlanta meeting on May 13 will consider "Human Capital," with a major paper prepared by University of Chicago Professor THEODORE W. SCHULTZ, a pioneer in this now-burgeoning field of study.

The present issue of the *National Bureau Report* describes in brief the high points of major papers presented at the fall and winter colloquia. The meeting on business cycles, the first of the colloquia series, will be discussed in the next issue of the *Report* which will include a special supplement by SOLOMON FABRICANT analyzing recent cyclical activity.

The Next
Half Century

**SAN FRANCISCO COLLOQUIUM ON ECONOMIC GROWTH.
AT THE BANK OF AMERICA CENTER, DECEMBER 10, 1970.**

(See Supplement for entire text of luncheon speech by Congressman Henry S. Reuss, of Wisconsin)

With the growing concern about environmental problems, some critics have been tempted to cast economic growth in the role of villain. But growth still has strong advocates — not all of them economists.

Congressman HENRY S. REUSS (Democrat-Wisconsin) joined the advocates in December, with a luncheon address at the Bureau's San Francisco meeting. The legislator, a longtime champion of environmental causes, said that growth, with all its drawbacks, is more good than bad. Although zero economic growth might help the environment, Reuss explained, "the social costs are unacceptable."

Two Yale economists backed the Congressman's claim with a new statistical estimate of growing economic welfare in the United States. Despite the problems of modern life, the average American seems to have doubled his "Measure of Economic Welfare (MEW)" over the last 30 years, according to the rough estimates presented by Professors WILLIAM NORDHAUS and JAMES TOBIN, the latter a member of President John F. Kennedy's first Council of Economic Advisers. This finding does not mean that the U.S. growth process cannot be improved; but as the analysts put it, "economic growth is not obsolete."

Is Growth
Obsolete?

The academics drove home their point by showing what's been happening to their Measure of Economic Welfare since 1929. The index is based on U.S. national income data, adjusted to focus on the quality — as well as the quantity — of economic life. So-called "regrettable" expenditures, for instance, were dropped out of the tally. This category includes outlays like those for defense, police, road maintenance, and commuting. Another deduction from GNP was made to compensate for the general lack of "amenity" in modern urban life, a deduction to reflect the aggregate social cost of deterioration in the urban environment.

On the plus side of the ledger, Nordhaus and Tobin added a dollar amount for the consumption value of leisure time and an estimate of non-market productive activities, such as housework. Neither of these two sectors — worth nearly a trillion dollars in 1965 — is now counted in tallying the GNP.

The findings: The MEW or economic welfare as measured by Tobin and Nordhaus, climbed somewhat faster on average than official GNP between 1929 and 1965. Thus, economic progress, as conveyed by GNP, may be an understatement — rather than overstatement, as some critics contend.

The Nordhaus and Tobin study provides little fuel for some popular alarmist notions about the environment. "At present," they say, "there is no reason to arrest general economic growth to conserve natural resources." Nor do the authors agree with conservationists who have called for government policies to

reduce the birth rate. Population growth in the U.S., they point out, is already falling, with a ceiling of 250 to 300 million persons expected within some 50 years. The environmental problem that most alarms the professors is the failure of the price mechanism to conserve so-called public goods, like the clean air, the blue sea, or a quiet walk down a city street.

"It is certainly true," Tobin and Nordhaus point out, "that we have not charged automobile users and electricity consumers for their pollution of the skies, or farmers and housewives for the pollution of lakes by the run-off of fertilizers and detergents." The failure to charge these social costs, they suggest, has probably led to misallocation of resources. But this problem, the economists emphasize, stems from the pricing system. The defect — "serious but by no means irreparable" — would be present even if the growth rate dropped to zero, they say.

While labeling many of the current attacks on economic growth as "misguided and exaggerated," the analysts agree that critics have spotted some problems that traditional growth theory and policy "have given insufficient attention." These problems, they suggest, should be "high on the agenda of future theory and research."

WASHINGTON, D.C. COLLOQUIUM ON PUBLIC EXPENDITURES AND TAXATION. AT THE MADISON HOTEL, DECEMBER 2, 1970.

One of the nation's leading experts on government finance, Professor CARL S. SHOUP of Columbia University, told this NBER colloquium that state and local officials have blocked economists' efforts to measure the distribution of benefits from various public services.

The next step in reducing poverty in the United States, Shoup said, "may well be the redistribution of free government services — like education, police and fire protection — from the well-to-do to the poor." But so far, according to the professor, information needed to analyze these problems is treated "like a state secret."

Governments — particularly in large cities — are extremely reluctant to release information about the allocation of public services, he reported. Data on the deployment of police and police equipment among various city precincts, for example, is not usually available. Shoup admitted that authorities may have good short-term reasons for fudging over these issues; but, he argued, in the long run, city officials, businessmen and other citizens have a crucial stake in the distribution of "free" services.

The speaker, who is a special consultant to the Bureau's Senior Research Staff, had critical words for economists as well as public servants. His professional colleagues, said Shoup, have failed to think through the most fundamental

More Data
Needed

issue of public finance: the real impact and implication of alternative tax schemes. Too often, he explained, taxes are evaluated simply as a cost to various income groups. The benefit that these taxes generate in the form of public services for various individuals is largely ignored.

Shoup urged his audience to work harder on the benefit side of the equation. Taxes, he explained, do not rise, fall, or disappear in a vacuum. With any change in levies must come a corresponding change in government spending or in other taxes.

The task Shoup charted will not be easily performed. Says the professor: The job of differential tax analysis will require "large amounts of daring laced with modesty."

CHICAGO COLLOQUIUM ON U.S. INDUSTRY – ITS PERFORMANCE AND REGULATION. AT THE CENTER FOR CONTINUING EDUCATION, NOVEMBER 5, 1970.

For many in the New Left the free enterprise system is symbolic of all that's wrong with modern America. The Radical Right has its villain too: government, the alleged architect of the country's malaise.

At this Chicago meeting such rhetoric was set aside as a panel of economists tried to sort out the roles of the private and public sectors and to determine how each might better serve the other.

The market, according to the panel of experts, could do a better job of serving the public interest if the government would set its own house in order, improve regulatory standards, and allocate research money more wisely. Many of the nation's worst problems, the panelists suggested, reflect a mismatch of too much government in some areas of activity and too little in others.

Too Much
or
Too Little?

A sense of urgency was conveyed by JAMES W. McKIE, a Vanderbilt University Professor currently on leave to the Brookings Institution. If economists ignore the growing debate about the organization of industrial society, he warned, "we run some risk of losing relevance to the problems that vast numbers of our students and other fellow citizens think are important. Yet," he added, "it is admittedly difficult for an 'orthodox' economist to make much sense out of this uproar."

McKie suggested that some federal programs have grown irrationally, hobbling the market "for the sake of equity" for certain groups, like the farmers, union laborers, and welfare recipients. Still, he believes further interference may be needed – this time to protect the environment. He urged a massive research program to evaluate the necessary scope of government environmental policy.

Panelist OLIVER E. WILLIAMSON, a Professor at the University of Pennsylvania, scored the effectiveness of government interference with business in another area — antitrust policy. The economist criticized federal watchdogs for being “too timid” in combating the market power of the so-called dominant firms, businesses that account for 50 to 60 per cent of an industry’s sales, year after year.

Antitrust
Mishandled

At the same time, Williamson criticized the government for being somewhat too sweeping in its resistance to vertical and conglomerate mergers. Both, he pointed out, can enhance rather than impede competition.

In all three policy areas — dominance, conglomerates, and vertical mergers — Williamson called for research to help government shed its black and white notions about antitrust enforcement. He called for a “thorough assessment” of how much a firm can rely on the marketplace and how much it must do on its own through internal reorganization, which could include mergers, either vertical or conglomerate.

The government’s wisdom was also questioned on another frontier where the public and private sectors meet — research and development spending, which last year cost Washington some \$17-billion. Yale University Professor RICHARD R. NELSON told the colloquium audience that government had erred seriously in financing the civil reactor programs of the Atomic Energy Commission, in developing the Supersonic Transport and in numerous military R & D projects initiated since the mid-1950s.

The government’s mistake, he said, is to think of innovation as plannable. “One of the most striking impressions of the history of technological advance in most American industries,” Nelson warned, “is the diversity of sources.”

Waste of
R & D
Billions

What results from the government’s misdirection, according to Nelson: Projects are carried forward without critical review; bad ideas become institutionalized; strong lobby groups are created. The government, he said, should take a more experimental, “let a thousand flowers bloom” approach to innovation. This style, he noted, would be more familiar to the National Institutes of Health than to either the AEC or Pentagon.

The wide-ranging critique of government interference in the private economy was summed up by R. H. COASE, Professor at the University of Chicago, who offered his blueprint for future research priorities. What’s needed, said Coase, is a complete and systematic review of the entire organization of U.S. industry in a scientific atmosphere “not contaminated by a desire to find quick solutions to difficult policy issues.” The major objective must be “to break our existing habits of thought. We are in fact appallingly ignorant,” said Coase, “about the forces which determine the organization of industry.”

**NEW YORK CITY COLLOQUIUM ON FINANCE AND MONEY MARKETS.
AT DELMONICO'S HOTEL, OCTOBER 22, 1970. (See supplement for entire
text of dinner speech by Richard B. Smith, Commissioner, United States
Securities and Exchange Commission)**

Still Many
Unknowns

Whether public policies affecting the nation's financial sector improve during the next decade will depend on the economics profession — not just on the policymakers. And economists, it seems, have a lot yet to learn about what makes the nation's money markets tick.

This opinion was voiced at the October meeting by Harvard Professor JOHN LINTNER, an expert on corporate finance and capital markets. Lintner called on the National Bureau to lead a stepped-up research effort along several fronts — all aimed at improving economists' understanding of money markets and increasing the profession's usefulness to policymakers, both in government and business. The highest priority, Lintner indicated, should go to "probative" research designed to determine linkages between activities in the money market and in markets for "real" goods and services.

"Over the last few years nearly everyone has learned that money is important," he explained; "but neither Milton Friedman nor the Keynesians has been able to specify adequately the channels through which money makes its importance felt. This will require much more scientific research than we've had so far," Lintner speculated.

Thanks largely to the National Bureau's earlier efforts, he added, economists have already collected a great deal of factual information on financial operations. Now, however, the data must be fitted together. Research is ready to shift from determining the "what's" of monetary activity to figuring out the "why's" and "how's", Lintner said.

The job ahead will probably require additional data and perhaps new theoretical breakthroughs as well. Says the analyst: "It may be that, as Einstein put all physics after Newton under one hat, some latter-day genius will do the same thing in the financial area of economics in ten to fifteen years. But my hunch is that we are going to have to do a lot of homework before that time."

ACTIVITIES OF BUREAU ECONOMISTS*

President Richard Nixon has named Bureau President JOHN R. MEYER to the national Commission on Population Growth and the American Future. The commission, a diverse, 23-member group, is charged with anticipating future

*This issue of the *National Bureau Report* reviews activities of the NBER and its personnel from late-June through October, 1970.

population problems in the U.S. and devising ways to avoid them. Started last June, the commission is now holding monthly hearings in various cities, under the chairmanship of John D. Rockefeller 3rd. Meyer has also been selected to serve on New York City Mayor John Lindsay's Council of Environmental Protection, a panel of nearly one hundred citizens, from various fields of activity, charged with devising and carrying out measures to reduce environmental pollution in the giant metropolis. During the fall, Meyer was also named to another panel — this one to consider "The Social Aspects of New Communities." The group, set up by Kenneth Clark, President of the Metropolitan Applied Research Center (MARC), will be directed by Phyllis Wallace, MARC's Vice President for Research and a former member of the NBER research staff.

In September, Meyer spoke at a Tokyo Conference on "Economic Planning and Macro-economic Policy." The meeting was sponsored by the Japanese Economic Research Council, a private, non-profit group that fulfills a research role in Japan much like the National Bureau's role in the United States. Meyer spoke on "Regional Economics, Human Capital, and the Environment." The next month, Meyer, who is a Professor at Yale University, participated in a New York forum on the "Future of Rail Transport." Another talk by the Bureau president took place at a symposium of the Committee on Economic Development. "Can We Afford Tomorrow?" was the topic of the day. Meyer's paper, which was reprinted in the *Saturday Review* on January 23, 1971, discussed "National Goals and Political Realities."

F. THOMAS JUSTER, a Vice President-Research at the Bureau, was a major speaker at a conference on "Consumer Credit in North America" held at the University of Toronto last spring. The forthcoming volume on that three-day meeting will contain Juster's talk on "Postwar Trends in Consumer Credit for the United States, 1952-1969." Another paper by Juster, "Microdata Requirements of Public Policy Decisions," was presented at an October workshop on "The Use of Microdata Sets in Economic Analysis," at the Brookings Institution. The program was sponsored by the National Bureau, and chaired by NBER senior researcher M.I. NADIRI.

Last fall, Juster was also named a Senior Adviser to the Brookings Panel on Economic Activity, a group of experts on current problems of economic stabilization policy. Another job the vice president accepted in the fall: membership on a nine-man Advisory Committee on Market Price Behavior in Consumer Credit. The federal panel was formed to assist the National Commission on Consumer Finance in developing data to analyze performance of consumer credit markets in the 50 states and leading metropolitan areas.

VICTOR R. FUCHS, also Vice President-Research at the Bureau, published a study of "The Distribution of Earnings in Health and Other Industries," in the Summer 1970 issue of the *Journal of Human Resources*. Fuchs, who is Professor of Economics at the City University of New York and a Professor of Community Medicine at Mount Sinai Medical School, was helped in this study by ELIZA-

BETH RAND, a former research analyst, and BONNIE GARRETT, formerly a research associate.

During the fall, Fuchs delivered the keynote address at a four-day meeting of the National Association for Hospital Development, at Camelback Inn, Scottsdale, Arizona. Another Fuch's paper – "Expenditures for Physicians' Services in the United States" – was presented at the Second World Congress of the Econometric Society in Cambridge, England, in September.

Three other Bureau economists participated in the Econometric Society meetings. MICHAEL GROSSMAN, a research associate on leave this year to the University of Chicago, presented a paper on "The Demand for Health: A Theoretical and Empirical Investigation." Senior researcher VICTOR ZARNOWITZ, who is also at the University of Chicago, submitted his work on "Econometric Model Simulations and the Cyclical Characteristics of the U.S. Economy." During September, Zarnowitz was a major speaker at the Bureau's colloquium on "The Business Cycle Today." His topic: "Forecasting Economic Conditions: The Record and the Prospect."

The third Bureau participant at the Cambridge meetings was research associate ROBERT EISNER, a Professor at Northwestern University, who presented a study on "Components of Capital Expenditures: Replacement and Modernization Versus Expansion." In another area of interest, Eisner testified last summer before the Subcommittee on Government Economy of the Joint Economic Committee of Congress. His comments have been published in a Random House book edited by Sam Brown and Len Ackland. The book is entitled, *Why Are We Still in Vietnam*; Eisner's chapter, "The War and the Economy."

SOLOMON FABRICANT's keynote address to the North American Conference on Labor Statistics in Houston late last spring was on "The Role of Labor Statistics in the Quality of Life." Fabricant, a member of the Bureau's Senior Research Staff and former Director of Research, has been appointed to the President's 14-member Commission on Federal Statistics. The New York University professor's thoughts on the cyclical aspects of recent economic changes in the U.S. were presented at the NBER's September colloquium on business cycles.

Vice President-Research HAL B. LARY traveled to Honolulu last summer to participate in the Southeast Asia Development Advisory Group (SEADAG) Seminar on regional development. Co-chairman of the SEADAG conference was SEIJI NAYA, an NBER research associate and former NBER post-doctoral fellow on the faculty at the University of Hawaii. SEADAG, a private organization of social scientists interested in the development of Southeast Asia, offers advisory and research services under contract to the U.S. Agency for International Development.

Senior researcher JOHN KENDRICK spent part of his sabbatical from George Washington University last fall in the Soviet Union as a guest of the

Soviet Institute of the U.S.A., a part of the USSR Academy of Sciences. Kendrick lectured and discussed productivity concepts, measurement, analysis and projections.

ANNA J. SCHWARTZ, a senior researcher, spent much of last June in Europe, presenting work she has done with another Bureau senior researcher, Chicago University Professor MILTON FRIEDMAN. On June 19, Mrs. Schwartz contributed to a conference at the London School of Economics. Her subject: a comparison of trends in the propensity to hold money in the United States and the United Kingdom. Later she chaired a session at a three-day meeting on "Monetary Theory and Policy" held at the University of Konstanz. In September, Mrs. Schwartz and senior researcher PHILLIP CAGAN — a Columbia University Professor who recently returned from a year as a senior staff man with the Council of Economic Advisers — were discussants at the Conference of University Professors, sponsored by the American Bankers Association. The meeting at Lake Arrowhead, California, covered financial problems and monetary policy.

M.I. NADIRI, who chaired the Brookings conference on microdata mentioned above, spoke on "Consumption, Human Capital, and Labor Participation" at the University of Rochester last summer. Nadiri, a senior researcher at NBER, became full Professor of Economics at New York University this fall.

JOHN F. KAIN, Professor at Harvard University and a member of the senior research staff, attended several conferences dealing with urban problems during the period covered by this *Report* — the Stanford University Summer Institute on Urban Economics; a session on environmental problems caused by a proposed extension of runways at JFK International Airport, sponsored by the National Academy of Sciences' Environmental Studies Board; a working conference on "Strategic Urban Decisions of the 70's" for the U.S. Department of Housing and Urban Development; and a New Haven Urban Systems Seminar at Yale. Kain also delivered a talk on "Econometric Analyses of Urban Housing Markets," at Ohio State University last summer.

One of Kain's associates in the NBER's work on city problems, research analyst GREGORY INGRAM, discussed and described the National Bureau's Urban Simulation Model at the September Research Conference of the Inter-University Committee on Urban Economics.

Research associate ROBERT J. GORDON, an Assistant Professor at the University of Chicago, participated in a September meeting of the Brookings Panel on Economic Activity described above. Gordon, who has been appointed co-editor of the *Journal of Political Economy*, also was a discussant at the Federal Reserve Board Conference on "Econometrics of Price Determination" in late October.

Senior researcher JACOB MINCER, a Professor at Columbia University, presented his analysis of "Education and Income Distribution" at the National Academy of Education in New York last October.

The Bureau's only affiliated MD, research associate EDWARD F.X. HUGHES, supervised a project last fall to acquire a health bus for the Community Association of the East Harlem Triangle in New York City. The bus will help transport low-income patients to medical facilities in a highly isolated area of Harlem, where public transport facilities are inadequate and too expensive for most residents. Dr. Hughes, who has a Masters' Degree in Public Health and is an associate member of the Faculty of Community Medicine at Mt. Sinai, is conducting a Bureau study on the utilization of surgical manpower. His paper on "Activism and Community Medicine" was presented at the 12th International Congress of Catholic Physicians in Washington last October.

Research analyst DAVID M. GORDON participated last October in a series of debates at American University that explored the differences between a new and growing group of radical economists and the great number of more orthodox analysts. Gordon, who puts himself in the former category, debated Gordon Tullock, Professor at Virginia Polytechnic Institute, on the economics of crime. Gordon's side of the argument — "Class and the Economics of Crime" — is being prepared for publication along with other papers collected from the debates. On several occasions last fall, Gordon spoke on the general theme of "Poverty and Underemployment in the United States: Theories and Evidence." The seminar talks were held at the New York Regional Office of the U.S. Bureau of Labor Statistics, the Radical Political Economy collective at Harvard, and at the radical collective of the New School for Social Research in New York.

NEW PUBLICATIONS

ECONOMIC FACTORS IN THE GROWTH OF CORPORATE GIVING

Ralph Nelson

Price: \$6.50, 116 pp.

Published: August, 1970

This volume by Queens College Professor Ralph Nelson explores the dynamics of corporate giving as reflected in businesses' billion dollar support of education, health, welfare, and the arts.

The trend of business "charity" is traced through periods of depression, war, and peace, from a 1929 low of less than 31 cents per thousand dollars of GNP to about \$1.16 for every thousand dollars by the mid-1960s. Nelson's evaluation of the economic, legal, and social factors that influenced this seeming change in corporate attitude toward giving is presented in a joint publication of the National Bureau and the Russell Sage Foundation.

**THE CHANGING POSITION OF PHILANTHROPY
IN THE AMERICAN ECONOMY**

Frank G. Dickinson

Price: \$8.00, 214 pp.

Published: September 9, 1970

With this book, the late Frank G. Dickinson concluded his investigation of the role philanthropy plays in the U.S. economy – all kinds of philanthropy, not just corporate. The work, which covers the years from 1929 to 1959, follows up Dickinson's earlier investigation published in a Bureau conference volume in 1962, in a chapter entitled "Growth in Private and Public Philanthropy."

An introduction by NBER senior researcher Solomon Fabricant examines the basis of Dickinson's study, with particular attention to the author's definition of philanthropy, his estimates of its growth, and the implication of his findings. Fabricant also discusses motivational factors to explain the large rise in philanthropy that Dickinson traced before his death in 1967.

THE DESIGN OF ECONOMIC ACCOUNTS

Nancy and Richard Ruggles

Price: \$8.00, 184 pp.

Published: October 5, 1970

The Gross National Product might have hit a trillion dollars in the United States a lot sooner than the Commerce Department thinks. The reason: A basic weakness in concepts that underlie traditional income accounting in the U.S. and in numerous other countries as well.

This thesis is explained in the latest joint work by Nancy and Richard Ruggles, who advocate a sweeping revision in national accounting practices. Current methods, they say in this volume, blur over critical differences among three major economic sectors – households, government, and business – and fail to take advantage of data sources now increasingly available.

The system's other major flaw, they maintain, is a gross understatement of national investment. Only business spending on plant and equipment now counts as a capital outlay; while the billions spent by government, households, and business on "intangible capital," like education or R & D, are seen as part of current consumption, along with spending for ice cream and soda pop. Even less subtle forms of capital – tangibles like dishwashers, clothes dryers, and family cars – are lumped in with current consumption.

To demonstrate the significance of their proposals, the Ruggles used their definitions on data for 1966. The results showed that GNP would have been some 20 per cent higher for that year, and suggest that the trillion dollar mark would have been reached long before now.

PERSONNEL CHANGES AND APPOINTMENTS AT NBER

At its September 24 meeting, the Bureau's Board of Directors elected three new members to three year terms. The new Director at Large is ATHERTON BEAN, chairman of the Executive Committee of International Multifoods Corporation, Minneapolis, Minnesota. Columbia University's nominee, KELVIN J. LANCASTER, who is Chairman of the Economics Department, was elected a Director by University Appointment. The past president of the National Association of Business Economists CHARLES B. REEDER was named Director by Appointment of Other Organizations. Reeder is economist for E.I. Dupont de Nemours and Co., with headquarters in Wilmington, Delaware.

EVAN STEPHENS joined the National Bureau on October 12, 1970 to fill the newly-created position of Controller. He was formerly assistant controller of the National Multiple Sclerosis Society in New York City.

SOMA GOLDEN was appointed Assistant to the President on May 12, 1970. She was formerly an assistant economics editor and contributing editor of *Business Week* magazine and is currently an Adjunct Professor at Columbia University's Graduate School of Journalism.

NOTICES

The National Bureau regretfully notes the deaths of four distinguished associates:

HARRY W. LAIDLER, who died July 14, 1970 at the age of 86, was one of the NBER's earliest supporters and began serving on the Board of Directors at the Bureau's start in 1920. The author of numerous books and pamphlets on social and economic issues, Laidler helped found the Intercollegiate Socialist Society in 1905, and became executive director of the group in 1921 when it was reorganized as the League for Industrial Democracy (LID). His last work, a *History of Socialism*, was published in 1968, the same year that Laidler became one of the Bureau's Director Emeriti.

JACOB VINER, the first Director by Appointment of Princeton University, died September 12, 1970 at the age of 78. The author of numerous books and a specialist in international trade, Viner was a consultant to various federal departments and a participant in the early planning of the Social Security System. He also edited *The Journal of Political Economy* for 18 years. Viner was Princeton's representative director from 1952 until 1960, when he retired from teaching and became Director Emeritus.

W. BRADDOCK HICKMAN, who died on November 28, 1970, had been affiliated with the Bureau for 30 years and was the author of numerous Bureau publications, including *The Volume of Corporate Bond Financing Since 1900* (1953), *Corporate Bond Quality and Investor Experience* (1958) and *Statistical Measures of Corporate Bond Financing* (1960). Beginning at the Bureau as a research associate, Hickman headed the NBER Corporate Bond Research Project from 1946 to 1960, and, more recently was serving as chairman of the Advisory Committee on the Study of Interest Rates. When he died at 59, Hickman was President of the Federal Reserve Bank of Cleveland. He was also vice president of the Cleveland Commission on Higher Education.

ALFRED H. CONRAD, who was 45 when he died last October, was a senior research associate at the National Bureau and a Professor of Economics at the City University of New York. An active participant in student-faculty affairs, Conrad played a key role in last fall's decision to allow open admissions at City College and served as executive officer of the school's doctoral program and vice-chairman of the University Senate. Conrad was director of the Bureau's New Technology Project, a study to trace and explain the diffusion of technological change in various industries, both in the U.S. and abroad. Conrad has served as consultant to several public agencies and developing countries, often through his affiliation with Harvard University's Development Advisory Service. A former Harvard faculty member, Conrad was co-author with John Meyer of a volume on *The Economics of Slavery and Other Studies in Econometric History*. His numerous published studies include "The Influence of Research and Education on CES Production Relations," which appeared in a National Bureau Conference Volume, 1967; "Econometrics and Southern History," published in *Explorations in Entrepreneurial History*, 1968; and "Econometric Models in Development Planning - Pakistan, Argentina, Liberia," in *Development Policy*, 1968.

NEW GRANTS

POPULATION PROBLEMS AND PROSPECTS

Over the next three years the Ford Foundation will contribute a total of \$250,000 to the Bureau's investigation of the economics of population. Research in this area is being done primarily by ROBERT WILLIS and WARREN SANDERSON, both research fellows, and SUSAN ROSS, a research analyst. ROBERT T. MICHAEL, currently on leave at the University of California at Los Angeles, will join the project later this year. Part of the Ford grant will help support a series of informal workshops that bring together various experts on

demographic economics. Other regular Bureau participants in these sessions with outside experts, are research associate PETER WORKMAN, an assistant professor at Mt. Sinai, and a geneticist who works on socioeconomic problems with biological implications, and JACOB MINCER, a member of the senior research staff. The population analysts, who work under the general direction of Vice President-Research VICTOR FUCHS, are planning a formal conference in 1973.

IMPACT OF THE MINIMUM WAGE

A study of federal minimum wages is underway with a new \$20,006 grant from the Manpower Administration of the Department of Labor. Objectives of the study, headed by research associate FINIS WELCH: to analyze the impact of federal minimums on total employment during the phases of the business cycle, and to evaluate the impact of these standards on teenage employment in various industries.

COMPUTERS AND DEVELOPMENT

Plans are underway for a conference next fall in Mexico City on "The Role of the Computer in Economic and Social Development." The project — a part of the Bureau's new Computer Conference Series — received a \$75,000 grant from the IBM World Trade Corporation in September. Other funds for the on going series will be drawn from the National Science Foundation, the IBM Corporation, and the Bureau's own general funds. Co-chairmen of the Mexico conference along with the NBER, are the Vargas Foundation of Brazil, the Colegio de Mexico, and DiTella Institute of Argentina.

THE SCHERMAN BEQUEST

Last summer the Bureau received a \$25,000 bequest from the estate of Harry Scherman, founder of the Book-of-the-Month Club and a director of the Bureau for many years, who died in 1969. In addition, the Scherman Foundation renewed its annual contribution of \$25,000 in October. Both grants will be used as unrestricted funds.

In recognition of the continuous and generous support of the Foundation and of Scherman himself — who made a great personal contribution of time and interest to the Bureau — the NBER has named one of its annual fellowship grants in Scherman's honor. CHRISTOPHER SIMS, the first economist to receive the Harry Scherman Research Fellowship, is currently working on dynamic production models and their application to the construction industry.

REPRINTS

The following papers by Bureau staff members are available at the National Bureau in reprint form. Please address requests to the Publications Department.

Bossions, John, "The Impact of Tax Rates on the Effect of Tax Reform" paper presented at conference on "*The Individual and the Family in Tax Reform*", chaired by R. B. Dale-Harris, Twenty-Second Tax Conference, Canadian Tax Foundation, 1970.

Brown, H. James, "Shift and Share Projections of Regional Economic Growth: An Empirical Test," *Journal of Regional Science*, Vol. 9, No. 1, 1969.

Chiswick, Barry R., "An Interregional Analysis of Schooling and the Skewness of Income," W. L. Hansen, ed., *Education, Income, and Human Capital*, Vol. 35, Studies in Income and Wealth (NBER, 1970).

Eisner, Robert, "Economics, Freedom, and the Draft," *Public Policy*, Vol. XVIII, Number 5, Fall 1970.

_____, "Fiscal and Monetary Policy Reconsidered," *American Economic Review*, Vol. LIX, No. 5, December 1969.

_____, "Politics and Economics," *Commonweal*, December 12, 1969.

_____, "Tax Policy and Investment Behavior: Comment," *American Economic Review*, Vol. LIX, No. 3, June 1969.

_____, "Tax Policy and Investment Behavior: Further Comment," *American Economic Review* Vol. LX, No.4, September 1970.

_____, and M.I. Nadiri, "Neoclassical Theory of Investment Behavior: A Comment," *Review of Economics and Statistics*, Vol. LII, No. 2, May 1970.

Fabricant, Solomon, "Prices in the National Accounts Framework: A Case for Cost-Benefit Analysis," *Review of Income and Wealth*, Series 16, No. 2, June 1970.

Fisher, Franklin, "Aggregate Production Functions and the Explanation of Wages: A Simulation Experiment," *MIT Department of Economics Working Paper No. 61*, October 1970.

_____, "Quasi-Competitive Price Adjustment by Individual Firms: A Preliminary Paper," *Journal of Economic Theory*, Vol. 2, No 2, June 1970.

_____, "Simultaneous Equations Estimation: The State of the Art," *MIT Department of Economics Working Paper No.55*, July 1970.

_____, and Karl Shell "The Pure Theory of the National Output Deflator," *MIT Department of Economics Working Paper No. 59*, August 1970.

Friedman, Milton, "A Theoretical Framework for Monetary Analysis," *Journal of Political Economy*, Vol. 78, No. 2, March/April 1970.

Fuchs, Victor R., with Elizabeth Rand, and Bonnie Garrett, "The Distribution of Earnings in Health and Other Industries," *Journal of Human Resources*, Vol. 5, Number 3, Summer 1970.

Gordon, Robert J., "The Brookings Model in Action: A Review Article," *Journal of Political Economy*, Vol. 78, No. 3, May/June 1970, reprinted by Center for Mathematical Studies in Business and Economics Reprint Series, No. 214.

_____, "The Recent Acceleration of Inflation and Its Lessons for the Future," *Brookings Papers on Economic Activity*, 1970, reprinted by Center for Mathematical Studies in Business and Economics, Reprint Series, No. 208.

Holland, Daniel M., "The Effect of Taxation on Effort: Some Results for Business Executives," *Proceedings of the Sixty-Second National Tax Conference*, held at Boston, Mass., September 29–October 3, 1969.

_____, and Paul H. Cootner, "Rate of Return and Business Risk," *Bell Journal of Economics and Management Science*, Vol. 1, No. 2, Autumn 1970.

Juster, F. Thomas, "Microdata, Economic Research, and the Production of Economic Knowledge," *American Economic Review*, May 1970.

Nadiri, M. I., with Dale W. Jorgenson and Jerald Hunter, "A Comparison of Alternative Econometric Models of Quarterly Investment Behavior," *Econometrica*, March 1970.

_____, with Dale Jorgenson and Jerald Hunter, "The Predictive Performance of Econometric Models of Quarterly Investment Behavior," *Econometrica*, March 1970.

_____, "A Note on Equality of Educational Opportunity," *American Economic Review*, Vol. LX, No. 4, September 1970.

_____, "Estimates of the Costs of Schooling in 1880 and 1890," *Explorations in Economic History* supplement, Volume 7, No. 4, 1970.

_____, "Opportunity Costs and Models of Schooling in the Nineteenth Century," *Southern Economics Journal*, Vol. XXXVII, No. 1, July 1970.

Struyk, Raymond J., "Effect of State Grants-In-Aid on Local Provision of Education and Welfare Services in New Jersey," *Journal of Regional Science*, Vol. 10, No. 2, 1970.

Welch, Finis, "Education in Production," *Journal of Political Economy*, Vol. 78, No. 1, January/February 1970.

MIMEOGRAPHED AND XEROXED PAPERS

The following papers by Bureau staff members are available upon request from the authors. The Bureau does *not* have a supply of these studies.

Chiswick, Barry R., "Earnings Inequality and Economic Development" (to be published in February 1971 issue of *Quarterly Journal of Economics*).

_____, "Interregional Analysis of Income Distribution," October 1970.

Eisner, Robert, "Components of Capital Expenditures: Replacement and Modernization Versus Expansion," September 1970.

_____, "On Non-Linear Estimates of the Liquidity Trap," August 1970.

_____, Reply to Comments on "Fiscal and Monetary Policy Reconsidered," forthcoming *American Economic Review* 1971.

_____, "The War and the Economy," August 1970.

_____, "What Went Wrong?" July 1970.

Fisher, Franklin, "On Price Adjustment Without an Auctioneer."

Gordon, Robert J., "Short and Long Term Simulations with the Brookings Model: A Comment," Report 7019, May 1970.

_____, "\$45 Billion of U.S. Private Investment Has Been Misaid: Reply," Report 7034, August 1970.

Hughes, Edward F. X., "Activism & Community Medicine," October 1970.

Ingram, Gregory, "The National Bureau Urban Simulation Model," September 1970.

_____, Review of *Urban Dynamics* by Jay M. Forrester (MIT Press, 1970), *Journal of the American Institute of Planners*, May 1970.

Juster, F. Thomas, "Microdata Requirements and Public Policy Decisions," October 1970 draft.

Kain, John F., with David Harrison, "An Historical Model of Urban Form," Program on Regional Economics, Discussion Paper No. 63, September 1970.

Kravis, Irving B. and Robert E. Lipsey, "The Elasticity of Substitution as a Variable in World Trade," May 1970.

Meyer, John R., "Regional Economics, Human Capital and the Environment," September 1970.

Welch, Finis, with Sherwin Rosen, "A Note on Labor Supply and Income Redistribution," Spring 1970.

Welch, Finis, with Marvin Kusters, "The Effect of Minimum Wages on the Distribution of Changes in Aggregate Employment," *Rand Memorandum*, Spring 1970.

NATIONAL BUREAU REPORT

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 – Executive Secretary.

OFFICERS: Arthur F. Burns, *Honorary Chairman*; Theodore O. Yntema, *Chairman*; Walter W. Heller, *Vice Chairman*; John R. Meyer *President*; Thomas D. Flynn *Treasurer*; Douglas H. Eldridge, *Vice President–Executive Secretary*; Victor R. Fuchs, *Vice President – Research*; F. Thomas Juster, *Vice President – Research*; Hal B. Lary, *Vice President – Research*; Robert E. Lipsey, *Vice President – Research*; Edward K. Smith, *Vice President*; Joan R. Tron; *Director of Publications*.

National Bureau Report, with occasional supplements, is issued several times a year by the National Bureau of Economic Research, Inc., 261 Madison Avenue, New York, New York 10016; telephone (212) 682-3190. It is distributed without charge to Bureau contributors, subscribers, and others interested in the field of economic research. Inquires may be addressed to Miss Soma Golden, Assistant to the President.

