

## PUBLICATIONS

Since June 1968, nine reports on research conducted by the staff and two conference volumes have been published. Nine research reports and two conference volumes are in press.

Three issues of the *National Bureau Report*, each accompanied by a research supplement, have been issued in the past year. The supplements included the following:

*Tariff Preferences for Less Developed Countries* – Hal B. Lary

(Supplement to Report No. 2)

*The Growing Demand for Medical Care* – Victor R. Fuchs

(Supplement to Report No. 3)

*The New ASA-NBER Survey of Forecasts by Economic Statisticians* – Victor Zarnowitz

(Supplement to Report No. 4)

Some new publications (including this Annual Report) have been processed by a new computerized printing technique. Textual material is typed and coded on magnetic tape; the tapes are then fed into a composing unit which delivers printed copy, ready for camera.

While this technique is still in an experimental stage, we have hopes that it will ultimately provide a quicker and more economical way of dealing with the typesetting component of book manufacture.

Publications issued since June 1968 and those forthcoming by mid-1970 are listed below.

Joan R. Tron

### Reports Published Since June 1968

*Pension Funds of Multiemployer Industrial Groups, Unions, and Nonprofit Organizations*, by H. Robert Bartell, Jr., and Elizabeth T. Simpson (Occasional Paper 105, 1968, xii + 52 pp., \$2.25).

Three groups of pension funds that have heretofore received relatively little attention are examined in this dual report. They are multiemployer and union funds, and the pension plans of nonprofit organizations. The study by Bartell discloses that multiemployer and union pension funds, concentrated in nonmanufacturing industries and in apparel and other finished textile products, are growing rapidly and maintaining investment portfolios comparable to those of corporate pension funds. Elizabeth Simpson investigates nonprofit pension funds, and finds that almost 50 per cent were insured, whereas the groups studied by Bartell were generally noninsured. In the nonprofit sphere, the 1964 portfolio distribution of the noninsured funds was seen to be similar to that of multiemployer and union noninsured funds, except that the nonprofit funds held a larger proportion of corporate and other bonds.

*Some Measures of the Quality of Agricultural Credit*, by George K. Brinegar and Lyle P. Fettig (Technical Paper 19, 1968, xii + 51 pp., \$2.25).

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. The authors concentrated on data of the Federal Land Banks and the Production Credit Associations, two major agricultural lending institutions that supply mortgage credit and short-term credit to farmers. Loans granted by these organizations are graded and classified differently. By examining subsequent repayment experience on loans in the different grades, the authors show that the procedures used by farm credit agencies are useful 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.

*Economic Aspects of Pensions: A Summary Report*, by Roger F. Murray (General Series 85, 1968, xvi + 132 pp., \$4.50).

This study describes the characteristics and financing of various public and private pension programs and examines their past and projected growth. It also explores the economic implications of pension funds, especially the effect on savings, the capital markets, and income transfers among classes. Murray's research supports the proposition that pension saving represents a net addition to personal saving. However, the extension of this conclusion to total national saving is, in the author's view, a more uncertain result. Within the private pension field, Murray notes a distinction between the investments of insured and noninsured or trustee plans. In the public sphere, the retirement systems of state and local governments are now emerging as major participants in the capital markets. The report points out that ten individual state and city retirement systems each have more than a billion dollars of assets.

*Population, Labor Force, and Long Swings in Economic Growth: The American Experience*, by Richard A. Easterlin (General Series 86, 1968, xx + 298 pp., \$10.00).

This report is an examination of the interactions of waves in population growth, fluctuations in the labor force, and changes in economic conditions. 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. 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.

*The Service Economy*, by Victor R. Fuchs (General Studies 87, 1968, xxviii + 280 pp., \$10.00).

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 to industry with respect to such critical matters as hourly earnings, behavior over the business cycle, industrial organization, and labor force characteristics. 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.

*The Personal Exemptions in the Income Tax*, by Lawrence H. Seltzer (Fiscal Studies 12, 1968, xii + 222 pp., \$8.50).

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. The study not only examines the present system of uniform per capita exemption but also considers some alternatives to it. Included in the discussion are the lump-sum exemption, the vanishing exemption, the tax credit, and the combination of the present per capita exemptions with a liberalized minimum standard deduction.

*Tax Changes and Modernization in the Textile Industry*, by Thomas M. Stanback, Jr. (Fiscal Studies 13, 1969, xiv + 119 pp., \$6.75).

Since World War II, the corporate income tax structure has undergone two major reforms designed to liberalize the depreciation allowance on plant and equipment. The first reform permitted firms to use tax depreciation formulas which increased depreciation charges in the early service life of plant or equipment, decreasing them in later years. The second allowed firms to shorten the service lives of plant or equipment for tax purposes, thereby increasing the rate of depreciation. This study of the textile industry investigates the impact of these reforms — particularly the provision allowing a shortened tax life for basic equipment — on capital modernization. The author also examines the influence of the IRS investment credit provision which granted firms a tax credit equal to a percentage of the cost of most capital goods. Information for the study was gathered from interviews with textile executives and from data provided by firms and gleaned from published financial reports. Stanback's study, though it covers only one segment of the business community, does provide certain insights into the workings of the corporate structure as a whole.

*Six Papers on the Size Distribution of Wealth and Income*, Lee Soltow, editor (Income and Wealth 33, 1969, xviii + 264 pp., \$10.00).

These six research reports seek to measure and explain empirical differences in the wealth or income of individuals and groups. The subjects treated cover a broad spectrum, ranging from the theory of income size distribution to the measurement of low-income population. Of the two papers that deal specifically with wealth, the first, by Robert E. Gallman, surveys the uneven distribution of wealth in the United States during the last century. In the second, John Lansing and John Sonquist trace the changes from 1953 to 1962 in wealth holdings of groups classified by age, education, and color. The first of the four reports dealing largely with income analyzes annual income distribution from 1955 to 1965. The regression analysis technique, used by T. Paul Schultz, examines the effect on income distribution of price changes, real output changes, unemployment, and trend. A paper by Dorothy S. Projector, Gertrude S. Weiss, and Erling T. Thoresen investigates the sources of income of families in different income classes and provides particular detail about the high-income groups. The last paper in the volume, a survey of distribution theory, by Melvin Reder, is a qualitative presentation of the forces influencing the income and wealth of individuals.

*Production and Productivity in the Service Industries*, Victor R. Fuchs, editor (Income and Wealth 34, 1969, ix + 395 pp., \$12.50).

The rapid growth of the service industries in the United States and other industrialized nations prompted a 1967 conference to explore this relatively unresearched sector of the economy. Collectively, the seven papers presented at the conference and compiled in this volume may be viewed as an important step toward providing adequate coverage of

the growing service area. Separately, they approach the study of services from a variety of avenues, present a wealth of statistical and empirical data, and lay the groundwork for future research. In this conference volume American and Canadian economists take a first step toward providing adequate coverage of a series of industries that currently employ more than half of the U.S. working population. The papers include important new statistical data, analysis of existing data, and discussions of conceptual problems.

*The Business Cycle in a Changing World*, by Arthur F. Burns (Studies in Business Cycles 18, 1969, xvi + 352 pp., \$8.50).

"Economic change is a law of life," says Arthur Burns in the opening essay of this memorial volume. The essays in the book draw upon the research and thinking of an economist who has devoted the major portion of his professional life to study of the nature and causes of prosperity and depression. The writing provides a scholarly and scientific review of the factors that have long needed to be considered in shaping policy toward the goal of a rapid economic growth and a high level of employment without inflation. Collectively, the essays may be viewed as diagnoses of economic problems, though they do not represent policy recommendations. The first article summarizes Burns' views of the business cycle as well as those held by other economists today. The twelve following reports illuminate that review by illustrating more specifically many of its propositions and findings. The National Bureau of Economic Research, which will celebrate its Fiftieth Anniversary in 1970, presents this compilation of Dr. Burns' writings in honor of his dedicated service to the research and administration of the Bureau during most of its history.

*Essays on Interest Rates*, Volume I, Jack M. Guttentag and Phillip Cagan, editors (General Series 88, 1969, xxvi + 308 pp., \$10.00).

Each of the six essays in this volume is concerned with a different aspect of interest rates; together they form a comprehensive study of the field as a whole. The two essays on the mortgage market — one by Jack Guttentag on residential mortgages, one by Royal Shipp on nonresidential mortgages — are drawn from larger studies that will be forthcoming. Philip Cagan's three essays are products of his study of the cyclical behavior of interest rates. The Joseph Conard-Mark Frankena essay examines the *prima facie* puzzling fact that new corporate bond issues carry a higher yield than similar outstanding issues. The essays, though they differ in approach and method, have a common objective of illuminating some aspect of the effect of financial variables on economic activity, and the efficiency of financial markets.

## Publications Forthcoming

*Economic Forecasts and Expectations: Analysis of Forecasting Behavior and Performance*

Jacob Mincer, ed.

*The Role of Agriculture in Economic Development*

(Universities-NBER Conference)

Erik Thorbecke, ed.

*The Design of Economic Accounts*

Nancy and Richard Ruggles

*Dating Postwar Business Cycles: Methods and Their Application to Western Germany, 1950-67*  
(Occasional Paper)

Ilse Mintz

*Home Mortgage Delinquency and Foreclosure*

John P. Herzog and James S. Earley

*The Seasonal Variation of Interest Rates*  
(Occasional Paper)

Stanley Diller

*Monetary Statistics in the United States: Estimates, Sources, Methods*

Milton Friedman and Anna J. Schwartz

*The Changing Position of Philanthropy in the American Economy, 1919-1959*  
(Occasional Paper)

Frank G. Dickinson

*Errors in Provisional Estimates of Gross National Product*

Roseanne Cole

*The Technology Factor in International Trade*  
(Universities-NBER Conference)

Raymond Vernon, ed.

*Economic Factors in Corporation Giving*  
(Occasional Paper)

Ralph Nelson

*Fluctuations in Job Vacancies: An Analysis of Available Measures*

Charlotte Boschan

*The Behavior of Industrial Prices*

George J. Stigler and James K. Kindahl

*Education, Income, and Human Capital*  
(Income and Wealth Conference)

W. Lee Hansen, ed.

*Analysis of Public Outputs*

(Universities-NBER Conference)

Julius Margolis, ed.

*The Value of Time in Passenger Transportation: The Demand for Air Travel*

Reuben Gronau

## CONFERENCE PROGRAMS

The National Bureau sponsors two continuing groups that plan and organize research conferences: the Conference on Research in Income and Wealth and the Universities-National Bureau Committee for Economic Research. University, government, business, and other specialists in particular fields participate in these conferences. They are invited to prepare papers growing out of their own research and to discuss the papers prepared by others. Volumes of conference proceedings recently published or in press are listed in the preceding section.

The activities of the two conference-organizing groups, described below, are supported by a grant from the National Science Foundation as well as by other funds of the National Bureau. A grant from the Ford Foundation supported the Conference on Technology and Competition in International Trade.

### Conference on Research in Income and Wealth

The proceedings of the March and October 1967 conferences have recently been published — Volume 33, *Six Papers on the Size Distribu-*

*tion of Wealth and Income*, and Volume 34, *Production and Productivity in the Service Industries*. The proceedings of the November 1968 Conference on Education and Income are being prepared for press.

A Conference on Econometric Models of Cyclical Behavior, under the chairmanship of Bert G. Hickman, will be held jointly with the Social Science Research Council's Committee on Economic Stability at Harvard University on November 14-15, 1969. The papers to be presented are:

Business Cycle Simulations of Econometric Models — Brookings Model

Gary Fromm and Lawrence R. Klein

Wharton Model

Michael K. Evans and Lawrence R. Klein

Short- and Long-Term Simulations with the OBE Econometric Model

George R. Green, Maurice Liebenberg, and Albert A. Hirsch

Economic Theory in the FRB-MIT-PENN Model

Albert Ando, Franco Modigliani, and Robert Rasche

An Econometric Model of Business Cycles  
 Gregory C. Chow, Arthur F. Burns, and  
 Geoffrey H. Moore

NBER Analysis of the Model Simulations  
 Geoffrey H. Moore, Charlotte Boschan,  
 and Victor Zarnowitz

An Analysis of the Forecasting Properties of  
 U.S. Econometric Models  
 Michael K. Evans, Yoel Haitovsky, and  
 George I. Treyz

Forecasting with Statistical Indicators  
 D. J. Daly

The Predictive Performance of Quarterly Eco-  
 nometric Models of the United States  
 Ronald L. Cooper and Dale W. Jorgenson

Effects of Aggregation over Time on Dynamic  
 Characteristics of an Econometric Model  
 Robert F. Engle and Ta-Chung Liu

Dynamic Properties of a Condensed Version of  
 the Wharton Model  
 E. Philip Howrey

A program committee, consisting of D. J. Daly (chairman), Abram Bergson, Barend de-Vries, Solomon Fabricant, Irving B. Kravis, Nancy Ruggles, and Richard Ruggles, is arranging a Conference on International Comparisons of Prices and Real Income, which is planned for the Spring of 1970.

Members of the Executive Committee are: Harold W. Watts (chairman), Jean B. Crockett, Morris R. Goldman, Zvi Griliches, W. Lee Hansen, F. Thomas Juster, Irving B. Kravis, Herman P. Miller, Stephen P. Taylor, Malcolm C. Urquhart, and Mildred E. Courtney (secretary).

## Universities-National Bureau Committee for Economic Research

The Conference on Technology and Competition in International Trade was held on October 11-12, 1968, at the Carnegie International Center, New York City. Raymond Vernon was chairman of the Conference planning committee whose members were Alfred H. Conrad, Harry G. Johnson, Hal B. Lary, and Edwin Mansfield. The Conference proceedings are now in press and publication of the volume is expected in early 1970.

Proceedings of the Conference on the Role of Agriculture in Economic Development, Erik Thorbecke, editor, is expected to be published during the current year. The Conference on the Economics of Public Output, Julius Margolis, editor, is being edited.

The annual meeting of the Universities-National Bureau Committee was held on October 11, 1968, in conjunction with the Conference on Technology and Competition in International Trade. The Committee approved the admission of the University of Rochester to membership on the Universities-National Bureau Committee.

Two conferences were authorized at the annual meeting. A Conference on the International Mobility and Movement of Capital was authorized to be held in the winter of 1969-70, with Fritz Machlup as chairman. Other members of the planning committee are Richard N. Cooper, Walter S. Salant, Edward S. Shaw, and David W. Slater.

A Conference on Education as an Industry was authorized to be held during the fall of 1970. Roy Radner and Joseph Froomkin are serving as co-chairmen of the planning committee.

Four exploratory committees were authorized to investigate potential future conferences on the following subjects:

- Conference on Security Prices,  
 Henry Latane, Chairman
- Conference on Economics of Medical  
 Care, Herbert E. Klarman, Chairman
- Conference on the Effects of Secular  
 Inflation, Jurg Niehans, Chairman
- Conference on Poverty and Welfare  
 Systems, Robert Lampman, Chairman

Reports recommending or rejecting conferences on these subjects will be presented to the Universities-National Bureau Committee at the next annual meeting, which will be held in conjunction with the Conference on the International Mobility and Movement of Capital in the winter of 1969-70.

Thirty-seven universities offering graduate work in economics and emphasizing research,

together with the National Bureau, are represented on the Committee. The Conference program is assisted by a grant from the National Science Foundation. The participating universities and their present representatives are:

Buffalo	Daniel Hamberg
California, Berkeley	Albert Fishlow
California, Los Angeles	William R. Allen
Carnegie-Mellon	Michael Lovell
Chicago	H. Gregg Lewis
Columbia	Phillip Cagan
Cornell	Richard Selden
Duke	John Blackburn
Harvard	James S. Duesenberry
Illinois	Marvin Frankel
Indiana	Robert W. Campbell
Iowa State	Dudley G. Luckett
Johns Hopkins	Carl F. Christ
Massachusetts Institute of Technology	Edwin Kuh
McGill	Earl F. Beach
Michigan State	Robert F. Lanzillotti
Michigan	Harvey E. Brazer
Minnesota	James M. Henderson
New School for Social Research	Philip Nelson
New York	Bruno Stein
North Carolina	Henry A. Latañé
Northwestern	Richard B. Heflebower

Ohio State  
 Pennsylvania  
 Pittsburgh  
 Princeton  
 Queen's  
 Rochester  
 Stanford  
 Texas  
 Toronto  
 Vanderbilt  
 Virginia  
 Washington (Seattle)  
 Washington (St. Louis)  
 Wisconsin  
 Yale

Jon Cunyningham  
 Almarin Phillips  
 Jacob Cohen  
 Albert Rees  
 David C. Smith  
 Richard N. Rosett  
 Moses Abramovitz  
 Wendell C. Gordon  
 D.C. MacGregor  
 Rendigs Fels  
 G. Warren Nutter  
 Yoram Barzel  
 Werner Hochwald  
 Leonard W. Weiss  
 Richard Ruggles

Other members of the Committee elected as members at large are: Raymond T. Bowman, G.A. Elliott, Martin R. Gainsbrugh, Burton H. Klein, Walter S. Salant, Herbert Stein, and George J. Stigler. Robert E. Lipsey is the representative from the National Bureau of Economic Research.

The members of the Executive Committee are Carl F. Christ (Chairman), Walter S. Salant (Vice Chairman), Moses Abramovitz, Rendigs Fels, James M. Henderson, and Almarin Phillips. Robert P. Shay is Secretary.

**IV**

**Organization**