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little experimenting is requisite for sound organization. It may be that a highly competent group of economic historians will be ready within the year to embark upon this venture.

PREPARATIONS FOR THE FINAL VOLUME

We believe that our several monographs on the cyclical behavior characteristic of different economic activities from farming to banking will possess lively interest and substantial value in their own right. But they must be summarized. What we are tentatively calling *Business Cycles: The Rhythm of Business Activity* is based mainly upon our measurements of cyclical behavior and their interpretations by the authors of the monographs. Its aim will be to bring out the manner in which different activities react upon one another to produce alternations of expansion and contraction in the utilization of resources and hence in national income.

Of course this summary cannot be put into final form until the other monographs have been written. But it is possible, indeed highly desirable, to prepare preliminary drafts while the other monographs are in process; for, as explained in last year's annual report, this is the surest way to uncover gaps in our materials and analysis while there is yet time to fill them so far as may be. Methodical work on this synthesis is being carried on by Wesley C. Mitchell.

Meanwhile, one of our Carnegie Associates, Edward E. Lewis, is searching business cycle theories for suggestions of empirical inquiries we should be but are not making. We are now in the stage at which we can benefit most from whatever guidance can be had from thoughtful sifting of the literature.

Income and Capital Formation

NATIONAL INCOME

National Income and its Composition is in press. In Volume I Simon Kuznets (I) treats the conceptual and analytical prob-

lems inherent in the effort to define national income and to determine its make-up; (2) summarizes changes in national income, total and per capita, its distribution by industrial source and type of income payment, and its apportionment by final use or product; and (3) gives, in a statistical appendix, the annual totals and their percentage distributions. In Volume II he takes up one by one the technical questions faced in deriving the estimates and presents the basic tables together with notes describing sources and methods.

Lillian Epstein has set about making estimates for years before 1919. We hope that she will be able to carry them back to 1880 and maybe even to 1870, though perhaps not annually and certainly not for subdivisions as fine as those for recent years.

INCOME FROM INDEPENDENT PROFESSIONAL PRACTICE

The full report on the income of physicians, dentists, lawyers, certified public accountants, and consulting engineers (see *Bulletin 72-3* for preliminary results), by Milton Friedman and Simon Kuznets, will be sent the Directors presently. Mr. Friedman, who has carried the main burden in recent years, is on leave as visiting professor at the University of Wisconsin.

COMMODITY FLOW AND CAPITAL FORMATION

Estimates of commodity flow and capital formation since 1879, initiated by William H. Shaw, are progressing satisfactorily. Those of the output of finished commodities at manufacturers' prices have been submitted to the Directors for publication in *Occasional Paper 3*.

Mr. Kuznets has taken up the deferred second volume on *Commodity Flow and Capital Formation*. Originally expecting merely to summarize and analyze the estimates presented in detail in Volume One, he now plans to utilize in addition

the results of recent work on capital formation for years before 1919 and on its distribution by industrial destination.

CONFERENCE ON RESEARCH IN INCOME AND WEALTH

At its 1940 annual meeting the Conference devoted itself to the income questions in the 1940 Population Census, reports on the various state studies, and future activities. All Delaware income tax returns for 1936 and samples for 1937 and 1938 have been tabulated and plans laid for sampling the 'live file' since 1925. Full analysis of the 1936-38 returns will be postponed until the sampling study has been made but preliminary scrutiny reveals their potential usefulness; indeed, the state has already availed itself of them in reviewing its tax revenues. The Wisconsin income tax returns for 1929-36 are being analyzed. Tabulation of Minnesota income tax returns, of information on income derived from a field survey, and of unemployment compensation records will be completed this summer.

Among the other undertakings of the Conference, the most advanced is the critical survey of sources on the distribution of income by size among individuals and families. All reports have been reviewed by the advisory committee and discussed at a special meeting of the Income Conference. A summary chapter has been drafted and recommendations for future improvements of the basic data made. We hope that the manuscript will be approved by the Directors of the National Bureau for publication as Volume Four of *Studies in Income and Wealth*. It will resemble the volumes in the Price Series more than its own predecessors and may be the first report of an Income Conference committee to be published.

The next major task in the field of income measurement is the basic study of the distribution of income by size among individuals and families, combined with a breakdown by regions, so planned that it will have fair prospect of being continued

periodically in years to come. With income data from the Population Census and other Census surveys for 1940, federal income tax returns, some social security data, and the state samples to which the Conference itself has been godfather, a well grounded investigation is at last feasible.

The magnitude of the task and the necessity for access to confidential material make it doubtful that the National Bureau is the proper agency to shoulder the responsibility for its execution. Some governmental agency seems better fitted to take charge. But in cooperation with other agencies the National Bureau might render aid by inviting one or two young scholars of promise to become thoroughly familiar with the various bodies of material. If this suggestion can be put into effect, by the time the great undertaking can be launched the nucleus of a competent planning staff may be trained.

In 1936, as holder of a Garton Fellowship, Harold Barger came from London to study short-term fluctuations in the national income of the United States. Taking advantage of the facilities offered by the National Bureau he compiled quarterly estimates. His manuscript has been submitted to the Income Conference for examination and eventual publication in its series.

Horst Mendershausen, a Carnegie Associate attached to the Income Conference, has interested himself in the data concerning the distribution of family incomes in 1929 and 1933 in 33 cities that were compiled by the Financial Survey of Urban Housing and arranged for the National Bureau by D. L. Wickens. He will present his analysis to the Income Conference and the National Bureau late this year or early next.

About one-third of the chapters dealing with national income estimates for foreign countries have been received from Paul Studenski and are being reviewed by an advisory committee.

'Income and Wealth Problems' in the South will be the

subject of the 1941 annual conference of the Southern Regional Committee of the Social Science Research Council. Steps have been taken to interest the group connected with the Pacific Regional Committee of the Council in an analysis of the income and wealth patterns of that region.

For its 1941 annual meeting the Conference resumes its practice of calling for papers. Two groups will be presented: one dealing with the uses of income estimates in policy decisions by administrative and business agencies; the other with their bearing on the national defense program.

M. A. Copeland (Office of Production Management) is Chairman of the Executive Committee of the Income Conference; the other members are W. L. Crum; A. G. Hart (Iowa State University); Simon Kuznets; G. C. Means (Bureau of the Budget); R. R. Nathan (Office of Production Management); and O. C. Stine (Bureau of Agricultural Economics, United States Department of Agriculture). C. Lowell Harriss (Columbia University) has succeeded Milton Friedman as Secretary.

Production and Productivity

PRODUCTIVITY IN MANUFACTURING

NOW THAT his basic indexes of the output of American factories are published in *The Output of Manufacturing Industries, 1899-1937*, Solomon Fabricant is engrossed with productivity. Before examining the relations between trends in output and employment, he must solve as far as he can with the data available various statistical problems concerning the measurement of employment and hours of labor. Especially must he make sure that the indexes he derives are comparable with his indexes of output.

After describing the relations for all manufacturing indus-