

How shall we define farm employment? How segregate the business of ore-concentration, which is proper to the 'mining' industry, from factory operations preliminary to smelting, which are proper to 'manufacturing'? Indexes of productivity are influenced by the diverse ways in which these and other statistical problems are met.

Both Mr. Fabricant's and Mr. Barger's studies are being financed by grants from the Maurice and Laura Falk Foundation.

#### TRENDS AND CAUSES OF CHANGES IN BASIC AGRICULTURAL-INDUSTRIAL RELATIONS

During the first half of 1940 this joint study by the Bureau of Agricultural Economics of the United States Department of Agriculture and the National Bureau was suspended while Frederick Strauss, the investigator in charge, was on leave at the office of Foreign Agricultural Relations. A report, based largely upon National Bureau *Bulletin* 78 by Mr. Strauss: 'The Composition of Gross Farm Income since the Civil War,' and *USDA Technical Bulletin* 703, by Frederick Strauss and Louis H. Bean: 'Gross Farm Income and Indices of Farm Production and Prices in the United States, 1869-1937,' is in preparation. The data for the part of the study that deals with changes in relationships among output, prices, and income have been assembled, but the analysis is not as yet far advanced.

### Prices

#### COSTS OF PRODUCTION

A SERIES of investigations into the relations between operating conditions and production costs in individual enterprises was begun by Joel Dean in 1938, while a Carnegie Associate at the National Bureau. Since his appointment by the University of

Chicago, Mr. Dean has continued these studies, which the Cowles Commission for Research in Economics and the Social Science Research Committee of the University of Chicago have joined the National Bureau in supporting. Of interest to economic theorists because of the central position cost theory occupies in the framework of economic thought, empirical cost research may reveal inadequacies in theoretical models and furnish materials for a more realistic conceptual framework. The value to the business man of accurate information concerning the interplay of cost factors as output rises or declines is obvious.

Investigations have been completed of a department store (shoe, hosiery, dress, and coat departments), a furniture factory, a hosiery mill, leather belt and curry shops, and a shoe store chain. Some results have been published in 'Department Store Cost Functions' (one of the memorial essays in honor of the late Henry Schultz), in a paper for the American Economic Association in 1939, and another for the research conference of the Cowles Commission in 1940. Details, together with a survey of cost theory and an appraisal of previous empirical analysis, will be presented in a summary.

From these borings into costs and cost-price relations we may acquire fuller knowledge of the influences that condition business pricing policies or in other ways shape price behavior from the supply side. The movements of commodity prices during cycles in general business, which, in relation to other aspects of cyclical behavior, are Mr. Mills' main concern, will be better defined.

#### CONFERENCE ON PRICE RESEARCH

In contrast to the Conference on Income and Wealth, the Price Conference functions mainly through standing committees, which change chairmanship and membership when required to break new ground or to tap a new range of experience. This year two committees will fulfill their assignments.

The Committee on Price Determination has submitted its report on cost behavior in relation to prices. The chapters are entitled: The Character of Costs; The Dimensions of Price; Costs and Rate of Output: The Allocation of Fixed Costs over Time and Empirical Studies of the Cost Function; Prices of Input Factors and Cost Behavior; Technical Change and Costs; Allocation of Costs Among Products; Selling Costs; Costs and the Size of Plants and Firms; Implications of Cost Behavior for Price Analysis. Four Appendices cover Cost Surveys undertaken by the Federal Government, Cost Accounting and Price Determination in Soviet Russia, The Replacement of Depreciable Assets, and Material relevant to the Problem of Defining a Product.

The future work of the Committee, under a new chairman and with other members, will probably lie in the field of demand.

The broad purpose of the Committee on Governmental Price Regulation is to investigate the standards, methods, and effects of governmental control over the prices of commodities and services, stressing the obstacles encountered in public price control and how the functioning of the economy is influenced. The Committee's choice of the experiment in establishing minimum prices for soft coal under the Bituminous Coal Act of 1937 for immediate study is being justified by the prospect that more industries will be subjected to price control in the interest of national defense. Its report will deal with the events leading to the passing of the Act, the objectives, the organization developed to carry them out, the policies and procedures by which minimum prices are set, the measures devised to protect the industry and consumers and to enforce the minimum price schedules, the difficulties that confront federal agencies in establishing prices and administering the Act, as well as the economic and social consequences that have resulted or seem likely to result.

This Committee also will be reconstituted with a new chairman and membership when its report is completed.

At the 1940 meeting of the Price Conference, the advisability of an inquiry into war time price control was considered at length. The general tenor of opinion was that, while the projects of standing committees should not be sidetracked, the Executive Committee ought to find out what phases of the policy are not being covered adequately. To this end the Chairman sought to enlist the interest of the Social Science Research Council. Meanwhile, the Committee on Business Price Policies decided that its initial project should be the effect on prices of economic mobilization. Involving a change of emphasis rather than of objective, this decision meant concentrating on the allocation rather than on the full utilization of resources. Such a reorientation of the Committee's activities seemed the more appropriate in that, when made, most of the members were working on such problems with the Advisory Commission to the Council on National Defense.

M. G. de Chazeau (University of Virginia) and D. H. Wallace (Williams College and Office of Production Management) are co-chairmen of the Committee. The other members are Douglass V. Brown (Massachusetts Institute of Technology), E. G. Nourse (Brookings Institution), E. S. Mason (Harvard University), and T. O. Yntema. Mr. Jastram assumed his duties as executive secretary of the Committee on July 1. He spent the summer preparing an annotated bibliography of books and articles on business price policies. At present he is examining competitive practices among business firms respecting both price and non-price factors as well as the specific devices by which they are carried out; seeking the patterns in which these competitive practices and devices are combined, with especial attention to variations in the form of competitive behavior during business cycles.

E. S. Mason is Chairman of the Executive Committee of

the Price Conference. The other members are A. R. Burns (Columbia University); Aryness Joy (Bureau of Labor Statistics); E. G. Nourse; F. C. Mills; D. H. Wallace; and T. O. Yntema.

#### *BLS-WPA Project on Wholesale Prices*

Under the supervision of the United States Bureau of Labor Statistics, a WPA group is compiling index numbers of wholesale prices by months since 1890 for numerous new commodity classes. Many intricate problems of classification, weighting, etc. are involved. At the request of the Bureau of Labor Statistics, the Chairman of the Price Conference appointed a technical advisory committee consisting of F. C. Mills, Chairman; M. A. Copeland; H. B. Arthur (Swift and Company); and R. H. Whitman (R. H. Macy and Company) to consult with it.

### Financial Research

THE PROGRAM of Financial Research is conducted under the general direction of the National Bureau's Committee on Research in Finance, which is responsible for formulating policies, determining the scope of projects, and criticizing reports. The Committee also advises individual investigators, coordinates activities, and appoints such sub-committees as may be needed. It functions through a Central Research Staff consisting of Winfield W. Riefler, Chairman (Institute for Advanced Study), William J. Carson, Ralph A. Young, Secretary of the Committee and Director of the Financial Research Program, and R. J. Saulnier of the research staff. The Central Research Staff plans details of projects, reviews methods, tests preliminary findings, and reviews manuscripts before they are submitted to the Committee on Research in Finance and the Directors of the National Bureau. It also maintains an inven-