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**Its Amount and Distribution**  
**1909-1919**

**BY**

**THE STAFF OF THE NATIONAL BUREAU OF  
ECONOMIC RESEARCH, INCORPORATED**

**WESLEY C. MITCHELL**

**WILLFORD I. KING**

**FREDERICK R. MACAULAY**

**OSWALD W. KNAUTH**

**VOLUME I**  
**SUMMARY**



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No. 1.

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## PREFATORY NOTE

The National Bureau of Economic Research, Incorporated, was chartered in 1920 to conduct quantitative investigations into subjects that affect public welfare. Its aim is to ascertain fundamental facts within its field as accurately as may be, and to make its findings widely known. By so doing, the Bureau hopes to aid all thoughtful men, however divergent their views of public policy, to base their discussions on objective knowledge as distinguished from subjective opinion.

The organization of the Bureau is designed to ensure not only scientific and impartial work on the part of its staff, but also a review of their findings by men who represent all the important viewpoints from which economic problems are regarded. Control is vested in a board of nineteen directors. The present constitution of this board is as follows:

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The directors, through their Executive Committee, choose the topics for investigation and appoint the scientific staff. The by-laws provide that all reports made by the staff shall be submitted to the directors for criticism before they are published, and that a director who dissents from any finding approved by the majority of the board shall have his dissenting opinion published in the report if he so desires. The present report owes much to the active coöperation of the directors, and many suggestions made by them are incorporated in the text. It is believed that this critical review of the staff's work by a group of men representing varied training, experience, and opinions safeguards the reports against bias.<sup>1</sup>

The chief financial support of the Bureau has come from two philanthropic foundations, the Commonwealth Fund and the Carnegie Corporation. Several other contributions, none exceeding \$1,000, have been made by public-spirited individuals and business enterprises. The General Theological Seminary of New York has generously furnished office space in one of its buildings. To all of these donors the Bureau takes this occasion, its first public opportunity, to express its thanks.

<sup>1</sup> Because of absence in Europe Mr. Fish has not been able to read the present report.

The present report deals with a subject of fundamental importance in which the truth is hard to find—a subject so important that despite manifold difficulties, it has attracted investigators in many countries. Australia took an actual census of wealth and incomes in 1915 as a war measure. Excellent estimates have been made of the national income of Great Britain and Germany, where well-administered income taxes with low exemption limits provide a solid foundation to build upon. Approximations that are less accurate because the underlying statistics are less abundant have been published for France, Italy, Spain, Austria-Hungary, Canada, and Japan. In the United States, statisticians attacked the problem from time to time before the war—notably Charles B. Spahr, Frank H. Streightoff, Willford I. King, and Scott Nearing. They found the American data bulky but miscellaneous and hard to fit together. The war lent the problem pressing importance; and several estimates of the national income, most of them based directly or indirectly upon Mr. King's figures for 1910, were made by men interested in the government's financial policy. These estimates were all rough approximations, hastily constructed. Quite naturally, they differed considerably in their results.

A desire to learn whether the National Income is adequate to provide a decent living for all persons, whether this income is increasing as rapidly as the population, and whether its distribution among individuals is growing more or less unequal, and to sift the divergencies among the current estimates led the National Bureau of Economic Research to choose this field for its first investigation. Its staff was directed to undertake a thorough canvass of all the available materials and to make as close an estimate as possible of the size of the National Income, its variations from year to year in dollars and in goods, and the way in which this income is divided among the people. More than a year has been spent upon this work, the results of which are summarized in the chapters that follow.

Even with the addition of the income-tax tables which have recently become available, the American data leave much to be desired. Moreover, the wild fluctuations of prices, wages, and profits during the war introduce new complications into a task that is difficult under the most stable conditions. Nevertheless, it is believed that the results here presented, while necessarily subject to a margin of error, are more reliable than those which earlier American investigators, working with less

help and fewer data, have been able to obtain; and that, in reliability, these results compare not unfavorably with the estimates available for foreign countries. The Bureau is planning to continue the work of estimating the National Income from year to year on a basis comparable with that followed in this volume. The results for later years will be announced as the necessary data become available.

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