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SIMON KUZNETS

NATIONAL INCOME
AND CAPITAL FORMATION

1919-1935

A PRELIMINARY REPORT

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1919-1935

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(Resolution of October 25, 1926, revised February 6, 1933)

FOREWORD

THE measures of national income and capital formation presented in this volume resulted from three studies that have been carried on at the National Bureau almost independently: national income and capital formation under my direction—the latter undertaken at the request of the Committee on Banking and Credit of the Social Science Research Council; and capital consumption under Solomon Fabricant's direction. Since the magnitudes that these three studies measure are closely related it seems advisable to present the preliminary summary of the first two, national income and capital formation, in a single volume, and make complementary use of Mr. Fabricant's estimates of capital consumption.

The measures of national income constitute a complete revision of the estimates for 1919–28 by W. I. King (*National Income and its Purchasing Power*), and their continuation through 1935. In utilizing the estimates prepared by the Department of Commerce in cooperation with the National Bureau for 1929–32, as revised and brought up to date by the former agency, we were permitted access to unpublished details.

The measures of commodity flow and capital formation constitute a revision and amplification of preliminary estimates of somewhat narrower scope released in *Gross Capital Formation, 1919–1933* (*Bulletin 52*, National Bureau of Economic Research, November 15, 1934).

Some of the national income measures have been published for circulation among National Bureau subscribers in *National Income, 1919–1935* (*Bulletin 66*, National Bureau of Economic Research,

September 27, 1937). The estimates presented below incorporate minor revisions made since that was written. These revisions are due to slight changes in the measure of capital consumption by government and in the data on building permits just released by the United States Bureau of Labor Statistics.

Detailed description of the sources and methods used in obtaining the estimates of national income and capital formation will appear in the final report on national income, and in Volume I of the final report on *Commodity Flow and Capital Formation*, which is now in press. These final reports may well include further improvements suggested by later data. But such changes are not likely to affect sensibly the estimates in this volume.

In the preparation of the estimates of national income the writer has been assisted by Lillian Epstein and Elizabeth Jenks from the beginning of the study, and by Edna Ehrenberg during recent months. Throughout the investigation of capital formation assistance was rendered by William H. Shaw; and for various intervals by Grace W. Knott, Edith Handler, Lawrence Robinson, Richard Machol and Natalie Brown. The writer is indebted for help also to the research staff of the National Bureau, particularly to Solomon Fabricant who prepared the estimates of capital consumption, and to Arthur F. Burns whose suggestions led to a revision of the original manuscript.

SIMON KUZNETS

November 3, 1937

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