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Income and Wealth

VOLUME TEN

CONFERENCE ON RESEARCH
IN INCOME AND WEALTH

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PREFACE

THE PROGRAM of the Conference on Research in Income and Wealth held in November 1945 reflects certain developments that would not have been possible without the conceptual and statistical basis laid in preceding years.

The existing (admittedly incomplete) agreement on general conceptual principles has proved fruitful in preparing the ground for international comparisons. The results of discussions between American, British, and Canadian statisticians on the possibilities of standardizing the basic concepts of national bookkeeping were reported in the paper that opens the volume. A large measure of agreement on concepts was reached by persons engaged in the official compilation of national income in the three countries. Naturally, the agreement on the set of 'exhibits' had to be in the nature of a practical compromise. Consequently, it does not imply that the individual workers believe the best way of defining national income has been found or that the 'exhibits' are the best ways of itemizing it. A number of purely definitorial questions remain unanswered — such as that of the income of financial intermediaries, the subject of the second paper of Part I.

Yet, the degree of clarity achieved so far makes it in many cases possible to compare various estimates of national income or of its components: by properly rearranging or completing the list of items a meaningful result can be obtained for any desired system of definitions of national bookkeeping items, provided the system is logically consistent. There remains, of course, the question whether a given system of definitions is practicable, i.e., lends itself to feasible computations on the basis of existing data; and whether it is likely to prove useful for purposes of economic study or economic policy.

Logical and practical difficulties of international comparison become apparent in Part III. The first paper deals not only with definitions of the component items but also with the delicate problem of comparing figures in different currency units, especially as reflected in some British-American comparisons which had to be made during the war. This paper is followed by one on the National Income Estimates of Latin-American Countries.

Part II tells of attempts to use past figures of national book-keeping to estimate in advance the nation's aggregate demand for goods and services and its level of unemployment when certain values are assigned to other magnitudes, such as the government's fiscal policy, the available labor force and its potential productivity, and, in some cases, private investment activities.

Earlier attempts to measure the distribution of income by size have been related, in Part IV, to measurements of the behavior of individual families, and in particular to their annual savings. Savings and the Income Distribution tests an important hypothesis on the attitude of savers; the other paper discusses the use of alternative classification principles such as, especially, the income and the total expenditures of a family.

The Executive Committee for 1945-46 (O. C. Stine, Chairman) organized and carried through the program of this Conference. The editing of the volume was supervised by a Committee consisting of Edward F. Denison, Chairman, Selma Goldsmith, and Simon Kuznets. As in the past, Martha Anderson gave her services as editor.

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CONTENTS

PREFACE

v

PART I

Proposed Changes in the Measurement of National Product by the Department of Commerce

Report on Tripartite Discussions of National Income Measurement

EDWARD F. DENISON

1	Fundamental Purpose of National Income Statistics	4
2	Setting Out the Accounts	5
3	Definitions of the Chief Series	7
4	Treatment of Specific Items	9
	A Value of Governmental Services	9
	B Direct Versus Indirect Taxes	11
	C Measurement of Capital Consumption and Inventory Change	12
	D Items of Noncash Income	14
	E Treatment of Social Insurance and Similar Programs	16
	F Other Items	17
	G Industrial Distribution of National Income	19
5	Changes in Department of Commerce Concepts	20
6	Remaining Areas of Difference	21

National Income Originating in Financial Intermediaries

DWIGHT B. YNTEMA

1	Characteristics of Distributive Share and Industry Com- ponents of National Income	28
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2	Distributive Shares and Income Originating in Industries other than Finance and Insurance	30
3	Finance and Insurance Industries	34
4	Banking	35
5	Finance, Not Elsewhere Classified	43
6	Security and Commodity Exchange Brokers and Dealers	46
7	Insurance Carriers	47
COMMENT		
	Solomon Fabricant	50
	Morris A. Copeland	61
	O. C. Stine	64
	Jerome Rothenberg	65
	Clark Warburton	68
REPLY		
	Mr. Denison	70
	Mr. Yntema	78

PART II

The Nation's Economic Budget
A Tool of Full Employment Policy

GERHARD COLM

1	Statistical Data Underlying a Full Employment Policy	85
2	Past Bases of Forecasts	87
3	The Nation's Economic Budget as a Basis for Forecasts	89
4	Forecasting the Nation's Economic Budget	90
5	Conclusion	93

Forecasting Gross National Product and
Employment during the Transition Period
An Example of the 'Nation's Budget' Method

EVERETT E. HAGEN

Assisted by

MRS. NORA KIRKPATRICK

1	Introduction and Summary	94
2	Consumers' Expenditures	99

CONTENTS	IX
3 Governmental Expenditures	103
4 Private Gross Capital Formation	103
5 Gross National Product	107
6 Employment and Labor Force	108
COMMENT	
W. S. Woytinsky	109
L. R. Nienstaedt	114
Clark Warburton	117
Morris A. Copeland	120
Mordecai Ezekiel	123
REPLY	
Mr. Colm	124
Mr. Hagen	127

PART III

Problems of International Comparisons of Income and Wealth

MORRIS A. COPELAND

JEROME JACOBSON

and

BERNARD CLYMAN

1 Conceptual Comparability and Comparability of Component Ratios	136
2 Comparability of Measures of Intertemporal Changes	145
3 Direct Intercountry Comparisons	150

National Income Estimates of Latin American Countries

LORETO M. DOMINGUEZ

1 Introduction	161
2 Available Estimates	168
A Argentina	169
B Bolivia	179
C Brazil	181

D	Chile	184
E	Colombia	199
F	Cuba	203
G	Dominican Republic	205
H	Ecuador	206
I	Mexico	208
J	Panama	210
K	Peru	217
L	Venezuela	218
M	Estimates Prepared at the IASI for Two Groups of Countries	221
3	International Comparisons of National Income	234
A	Computation of Purchasing Power Parities	237
B	Real Income of Latin America	240

PART IV

Savings and the Income Distribution

DOROTHY S. BRADY

and

ROSE D. FRIEDMAN

1	Savings Pattern	250
2	Savings of Different Population Groups, 1935-1936	252
3	Nonfarm Families, 1935-1936 and 1941	258
4	Urban Families, 1901-1941	260
5	Farm Families, 1935-1936 and 1941	262
6	Negro Families, 1935-1936	262

Resource Distribution Patterns and the Classification of Families

WILLIAM VICKREY

1	The Reporting Unit and the Classification Basis	266
2	Allowing for Size of Family	268
3	Income vs. Expenditure as a Basis for Classification	272
4	The Experimental Tabulation	274
5	Classification Methods and the Distribution of Income	280

CONTENTS	
6 Classification Methods and the Propensity to Consume	x1
7 Classification and the Distribution of the Tax Burden	287
8 Summary	295
COMMENT	297
Simon Kuznets	305
Alice C. Hanson	311
Margaret G. Reid	317
Dorothy S. Brady	321
Jerome Cornfield	
REPLY	324
Mr. Vickrey	330
INDEX	

*Relation of the Directors to the Work and Publications
of the
National Bureau of Economic Research*

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.

2. To this end the Board of Directors shall appoint one or more Directors of Research.

3. The Director or Directors of Research shall submit to the members of the Board, or to its Executive Committee, for their formal adoption, all specific proposals concerning researches to be instituted.

4. No report shall be published until the Director or Directors of Research shall have submitted to the Board a summary drawing attention to the character of the data and their utilization in the report, the nature and treatment of the problems involved, the main conclusions and such other information as in their opinion would serve to determine the suitability of the report for publication in accordance with the principles of the Bureau.

5. A copy of any manuscript proposed for publication shall also be submitted to each member of the Board. For each manuscript to be so submitted a special committee shall be appointed by the President, or at his designation by the Executive Director, consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when the summary and report described in paragraph (4) are sent to him. It shall be the duty of each member of the committee to read the manuscript. If each member of the special committee signifies his approval within thirty days, the manuscript may be published. If each member of the special committee has not signified his approval within thirty days of the transmittal of the report and manuscript, the Director of Research shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty additional days shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board and a two-thirds majority of those members of the Board who shall have voted on the proposal within the time fixed for the receipt of votes on the publication proposed shall have approved.

6. No manuscript may be published, though approved by each member of the special committee, until forty-five days have elapsed from the transmittal of the summary and report. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general, or of the special committee, have passed upon its validity in every detail.

7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau Book.

(Resolution adopted October 25, 1925 and revised February 6, 1933 and February 24, 1941)

PART I

Proposed Changes in the Measurement of National
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Report on Tripartite Discussions of
National Income Measurement

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National Income Originating in Financial Intermediaries

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COMMENT

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The Brookings Institution

CLARK WARBURTON
Federal Deposit Insurance Corporation

REPLY

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