

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Studies in Income and Wealth

Volume Author/Editor: Conference on Research in Income and Wealth.

Volume Publisher: NBER

Volume ISBN: 0-870-14166-X

Volume URL: <http://www.nber.org/books/unkn49-1>

Publication Date: 1949

Chapter Title: Front matter to "Studies in Income and Wealth"

Chapter Author: Martha Anderson

Chapter URL: <http://www.nber.org/chapters/c5705>

Chapter pages in book: (p. -11 - 0)

Studies in Income and Wealth

VOLUME ELEVEN

CONFERENCE ON
RESEARCH IN INCOME AND WEALTH

NATIONAL BUREAU OF ECONOMIC RESEARCH
NEW YORK

Copyright, 1949, by

National Bureau of Economic Research, Inc.

1819 Broadway, New York 23, N. Y.

All Rights Reserved

Printed in the U. S. A. by

Waverly Press, Inc., Baltimore, Md.

Bound by

H. Wolff, New York

**Studies in
Income and Wealth**

VOLUME ELEVEN



Officers

1949

C. REINOLD NOYES, Chairman
H. W. LAIDLER, President
HARRY SCHERMAN, Vice-President
GEORGE B. ROBERTS, Treasurer
W. J. CARSON, Executive Director
MARTHA ANDERSON, Editor

Directors at Large

D. R. BELCHER, *American Telephone & Telegraph Co.*
OSWALD W. KNAUTH, *New York City*
SIMON KUZNETS, *University of Pennsylvania*
H. W. LAIDLER, *Executive Director, League for Industrial Democracy*
SHEPARD MORGAN, *New York City*
C. REINOLD NOYES, *New York City*
GEORGE B. ROBERTS, *Vice-President, National City Bank*
BEARDSLEY RUMI, *Chairman, Board of Directors, R. H. Macy & Co.*
HARRY SCHERMAN, *President, Book-of-the-Month Club*
GEORGE SOULE, *New York City*
N. I. STONE, *Consulting Economist*
J. RAYMOND WALSH, *WMCA Broadcasting Co.*
LEO WOLMAN, *Columbia University*

Directors by University Appointment

E. WIGHT BAKKE, <i>Yale</i>	GOTTFRIED HABERLER, <i>Harvard</i>
C. C. BALDERSTON, <i>Pennsylvania</i>	CLARENCE HEER, <i>North Carolina</i>
ARTHUR F. BURNS, <i>Columbia</i>	R. L. KOZELKA, <i>Minnesota</i>
G. A. ELLIOTT, <i>Toronto</i>	PAUL M. O'LEARY, <i>Cornell</i>
H. M. GROVES, <i>Wisconsin</i>	R. B. WARREN, <i>Institute for Advanced Study</i>

Directors Appointed by Other Organizations

PERCIVAL F. BRUNDAGE, *American Institute of Accountants*
ARTHUR H. COLE, *Economic History Association*
FREDERICK C. MILLS, *American Statistical Association*
S. H. RUTTENBERG, *Congress of Industrial Organizations*
BORIS SHISHKIN, *American Federation of Labor*
WARREN C. WAITE, *American Farm Economic Association*
DONALD H. WALLACE, *American Economic Association*

Research Staff

ARTHUR F. BURNS, Director of Research
GEOFFREY H. MOORE, Associate Director of Research

MOSES ABRAMOVITZ	F. F. HILL
HAROLD BARGER	THOR HULTGREN
MORRIS A. COPELAND	SIMON KUZNETS
DANIEL CREAMER	CLARENCE D. LONG
DAVID DURAND	RUTH P. MACK
SOLOMON FABRICANT	FREDERICK C. MILLS
MILTON FRIEDMAN	RAYMOND J. SAULNIER
MILLARD HASTAY	GEORGE J. STIGLER
W. BRADDOCK HICKMAN	LEO WOLMAN

RELATION OF NATIONAL BUREAU DIRECTORS TO
PUBLICATIONS REPORTING CONFERENCE PROCEEDINGS

Since the present volume reports Conference proceedings it has been exempted from the rules governing submission of manuscripts to and critical review by the Board of Directors of the National Bureau. It has, however, been accepted for publication by a committee of the research staff and by the Director of Research.

(Resolution adopted July 6, 1948)

CONTENTS

Preface	XI
---------	----

Part I

The Changing Industrial Distribution of Gainful Workers: Comments on the Decennial Statistics, 1820-1940, by Solomon Fabricant

1 The Censuses of the working force are incomplete in several respects; therefore they merely provide raw data for an approximation to an industrial distribution	5
2 The industrial distributions are based on a definition of gainful work or production that for some purposes is too narrow and distorts the relative importance of and changes in certain industries	8
3 Also, this definition of gainful work is neither precise nor constant; the figures for some industries are affected more than those for others	13
4 Further, there are inadequacies of enumeration and reporting; these bear more heavily on certain industries than on others	20
5 The industrial classification is necessarily gross and rough	23
6 For the industrial distributions of 1820-60 the factual foundation is relatively slim	29
7 The data pertain to only a portion of one year in every decade; they tell little about the intervening periods	33
8 The figures are for persons in the working force; they provide only approximations to other quantities, such as the number of employed persons	37
9 The figures for 1820-1940 summarized; despite their deficiencies they occupy an important place among our historical data	41

Changes in the Industrial Composition of Manpower since the Civil War, by Daniel Carson

1 Final Tables	50
2 Character and Sources of Basic Data	53
Qualifications for Industry Estimates	66
3 Procedures for Deriving Final Tables	68
Industry Classification	68
Adjustment of 1910 Census Data	70
Interpolation for 1920	71
Characteristic Occupations, 1870-1900	72
Repeater Occupations	75

1870-1900 Industry Totals	78
1930-1940 Comparison	79
Additional Adjustment for 1890	81
Estimated Overcount for 1910	83
The Question of a 1920 Adjustment	85
4 Supplementary Tables and Notes	87
Our Industrial Classification and the Standard	87
Occupations and Industries Utilized in Adjusting the 1910	
Data and Interpolating for the 1920 Estimates	87
Ratios of Specified Occupations to Total, 1910 and 1930	111
Miscellaneous Personal Services, 1930	111
Characteristic Occupations, 1870-1900	111
Notes on Estimated or Adjusted Number of Workers with	
Characteristic Occupations	117
'Other' Characteristic Occupations	123
Repeater Occupations	123
Adjustment for Laborers on Steam Railroads	124
Adjustments for Agricultural Laborers, 1870-1920	128
Adjustment Factors	132
Proportion of Industry Estimated	133
COMMENT	
Irving H. Siegel, Veterans Administration	134
Gladys L. Palmer, University of Pennsylvania	137
REPLY	
Daniel Carson	143
Part II	
<i>Farm and Urban Purchasing Power, by Nathan Koffsky</i>	
Scope of the Comparison	156
The Price Data	157
Food Prices	159
Clothing Prices	163
Fuel, Light, and Refrigeration Prices	163
Furniture and Furnishings Prices	165
Housing Costs	166
Medical Service Rates	167
Cost of Purchase and Operation of Automobiles	168
Other Groups of Commodities	169
Price Levels	169
Incomes of Farm Operators and Earnings of Factory Workers,	
1941	170

CONTENTS

IX

Price and Income Comparison in 1945	173
Conclusions	176
COMMENT	
Margaret G. Reid, University of Illinois	179
D. Gale Johnson, University of Chicago	207
E. W. Grove, Department of Agriculture	212
REPLY	215
Part III	
<i>The International Comparison of Real National Income: A Note on Methods, by Hans Staehle</i>	
1 Nature of the Problem	223
2 Extraneous Standards of Evaluation	226
3 Methods Used and Proposed by Various Authors	227
4 The Dissimilarity Method	230
5 Applications of the Dissimilarity Method	234
6 Appraisal of the Dissimilarity Method	244
7 Special Problems in Dealing with National Income Aggregates	247
COMMENT	
Abram Bergson, Columbia University	252
Dorothy Brady and Eleanor M. Snyder, Bureau of Labor Statistics	259
Morris A. Copeland, National Bureau of Economic Research	266
William Vickrey, Columbia University	271
Part IV	
<i>Review of Economic Forecasts for the Transition Period, by Michael Sapir</i>	
Setting and Purpose	275
The Role of Policy	276
Actual Developments vs. Washington Forecasts: Summary	278
Nature of the 'Model System'	286
Explanations of the Errors	289
A1 Levels and trends of autonomous expenditures	290
A2 Misclassification of autonomous items	294
A3 Relation of disposable income to gross national product	297
A4 Use of component rather than total consumption function	302
A5 Accumulated liquid asset holdings	312
A6 Other economic factors	314
B Postwar social and psychological factors	317

Other forecasts	321
Woytinsky's forecasts	322
Forecasts by the Econometric Institute, Inc.	325
Conclusions	328
Appendix	
I Basic Tables	330
II Methods and Assumptions of the Washington Forecasts	340
III Deflated Gross Product: Projections and Actual	348
IV Productivity Trends (Output per Manhour) since V-J Day	350
COMMENT	
Lawrence Klein, National Bureau of Economic Research	352
Everett E. Hagen, University of Illinois	358
Clayton Gehman, Board of Governors of the Federal Reserve System	358
Morris A. Copeland, National Bureau of Economic Research	361
Rufus S. Tucker, General Motors Corporation	365
Part V	
<i>Fluctuations in the Saving-Income Ratio: A Problem in Economic Forecasting, by Franco Modigliani</i>	
1. The Problem	371
2 Recent Estimates of the Consumption Function	371
3 An Alternative Hypothesis Tested for the United States	379
4 The Common Sense of the Hypothesis	384
5 Attempts at Refinements	388
6 The Hypothesis Tested for Sweden and Canada	392
7 Implications for Forecasting	399
8 Other Applications: The Profit-Income Ratio	403
9 Forecasting the Profit-Income Ratio	407
10 Corporate Savings	412
11 Forecasting the Relation between Aggregate Savings and Income	416
12 Another Method of Estimation	419
13 Wider Implications	427
14 Postscript: The Revised Department of Commerce Estimates	431
Appendix	438
COMMENT	
Wassily Leontief, Harvard University	441
REPLY	443
INDEX	445

PREFACE

Problems of measuring the labor force are intimately related to problems of measuring the flow of national income and product. For one thing, both national income and manpower data are often drawn upon in analyzing economic policy problems; consequently, they should be measured in a consistent manner. In addition, the tradition delimiting the scope of national income has been influenced in several respects by distinctions made in defining the employed labor force.

Three papers in this field were read at the sessions of the Income Conference held in November 1946. The two published in this volume, constituting Part I, are concerned with establishing the historical record of the industrial distribution of manpower. The third, by Clarence D. Long, which examined the effect of changing income and employment upon the size of the labor force, is being considerably expanded and will be presented for publication by the National Bureau of Economic Research as a separate monograph.

Parts II and III deal with comparing real incomes in dissimilar geographic areas, a difficult problem which has been discussed at several Conference sessions and was reported on in *Volumes Eight and Ten of Studies in Income and Wealth*. Mr. Koffsky attempts to compare the cost of living in farm and urban areas in the United States; Mr. Staehle analyzes the problem of international comparisons.

The third topic on the Conference's program was national income forecasting. As a follow-up to the forecast presented by Mr. Hagen at the 1945 meeting (published in *Volume Ten of Studies in Income and Wealth*), Mr. Sapir reviews the economic forecasts for the period of reconversion. In Part V Mr. Modigliani analyzes fluctuations in the saving-income ratio, the correct appraisal of which is a central problem in economic forecasting. In essence, Mr. Modigliani tries to give evidence for the fact that saving depends not only on the current level of income, but also on its highest previous sustained level, and this both because of inertia of consumption habits and because of distributional effects of depressed production level.

The Executive Committee for 1946-47 (Jacob Marschak, Chairman) organized and carried through the program of this Conference. As in the past, Martha Anderson edited the manuscript and H. Irving Forman prepared the charts.

EXECUTIVE COMMITTEE

Milton Gilbert, *Chairman*

Morris A. Copeland
Martin R. Gainsbrugh
Everett E. Hagen
Hildegard Kneeland

Simon Kuznets
Wassily Leontief
Jacob Marschak
Lillian Epstein, *Secretary*