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Volume Title: Explorations in Economic Research, Volume 2, number 1

Volume Author/Editor: NBER

Volume Publisher: NBER

Volume URL: <http://www.nber.org/books/moor75-1>

Publication Date: December 1975

Chapter Title: Front matter to "Explorations in Economic Research, Volume 2, number 1"

Chapter Author: NBER

Chapter URL: <http://www.nber.org/chapters/c7401>

Chapter pages in book: (p. -5 - 0)

EXPLORATIONS IN ECONOMIC RESEARCH

NBER

Occasional
Papers of the

NATIONAL
BUREAU OF
ECONOMIC
RESEARCH,

volume 2
number 1

winter 1975

PRODUCTIVITY, COSTS, AND
PRICES: NEW LIGHT FROM AN
OLD HYPOTHESIS

Geoffrey H. Moore

CHANGES IN THE RECESSION
BEHAVIOR OF WHOLESALE
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A NOTE ON SEX SEGREGATION
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7. Unless otherwise determined by the Board or exempted by the terms of paragraph 6, a copy of this resolution shall be printed in each National Bureau publication.

(Resolution adopted October 25, 1926, as revised through September 30, 1974)

Editor's Overview

Vol. 2, No. 1

With this issue, *Explorations in Economic Research*, begins its second volume and first full year of operation.

The papers constituting Vol. 2, No. 1 reflect the National Bureau's continuing interest in the adequacy of generally accepted measures of economic activity and performance. In his lead article for this issue of *EER*, Geoffrey H. Moore explicitly relates the behavior of productivity, costs, prices, and profits since 1961 to observations in 1913 by Wesley C. Mitchell, the Bureau's founder, regarding empirical regularities in the cyclical behavior of such measures, and finds them still to provide a useful framework for describing alternating phases of economic expansion and contraction during the decade just past.

Desmond J. O'Dea in the issue's second paper provides an international perspective to business cycle research with his careful observations on empirical regularities in the direction and magnitude of lead-lag relationships among British labor market indicators, and the degree of correspondence between those relationships in Britain and the United States.

Both Moore and O'Dea add richness to their respective descriptions of U.S. and British experiences by examining not just one but several measures of economic activity, whose separate behaviors illuminate quite different aspects of the totality of events that constitutes a business cycle.

Phillip Cagan goes one step further in his contribution to research on the inflation process by disaggregating a particular indicator of business activity, the Wholesale Price Index, into its 1,100-odd constituent product price indices, in an effort to explain apparent differences in the recession behavior of wholesale prices since World War II. His analyses confirm that the apparently greater resistance of these prices to downward pressures during intermittent periods of contraction since 1949 does not result from mechanical problems in the construction of the Index, but is shared by the great majority of manufactured products. Cagan's principle conclusions are that the entire distribution of wholesale price changes for products whose prices are included in the Index has become less disperse since World War II and has tended to shift rightward, toward smaller negative or larger positive values with each succeeding recessionary interlude, as intensified inflationary expectations appear to lessen the response of manufacturing prices to short-run variations in demand.

In the fourth research paper contained in this issue, Victor R. Fuchs repudiates the belief held by some observers that the stability in the percentage of the female share of professional employment since 1950 is a continuation or accentuation of occupational sex segregation. Fuchs has constructed a simple index of sex segregation within professional occupations based on data from 1950, 1960, and 1970. Using a standardized version of this index based on sex proportions in each occupation in a particular year, as well as Henri Theil's "entropy index," he shows that a significant decline in sex segregation within occupations did occur between 1960 and 1970. Fuchs predicts moreover that during the 1970's there will be an even more substantial decrease in sex segregation within occupations. He also anti-

pates that the less segregated occupations will continue to grow more rapidly than the highly segregated ones.

The Fourth Quarter 1974 ASA-NBER *Business Outlook Survey*, conducted jointly by the American Statistical Association and the National Bureau of Economic Research, completes this issue of *EER*.

On November 21-22, 1974, the National Bureau co-sponsored with the UCLA Graduate School of Management, Norton Simon Inc. Foundation on the Business-Government Relationship, and Pacific Stock Exchange, a Symposium on Regional Stock Exchanges in a Central Market System. The conference was held in Los Angeles. Speakers included Congressman John E. Moss, Chairman of the Legislative Subcommittee in the U.S. House of Representatives that handles securities legislation; Commissioner Philip A. Loomis, Jr., U.S. Securities and Exchange Commission; Donald I. Baker, Deputy Assistant Attorney General, Anti-Trust Division, U.S. Department of Justice; presidents of three of the Nation's Regional Stock Exchanges; and other prominent and knowledgeable persons from both academic and financial communities. The Conference's focus was on the economic viability of regional market centers, including regional stock exchanges, over the longer term, commencing with the creation of a Central Market System, and over the shorter term transition period until such a system is established. Publication of *Proceedings* from the Symposium is planned for Vol. 2, No. 3 of *Explorations in Economic Research*. Volume 2, No. 2 will appear during the spring of 1975 and will focus on the NBER's long-standing involvement in studies relating to the business cycle. In an article by Geoffrey H. Moore the current slowdown in U.S. economic activity is compared to slowdowns in the past and some of the issues and answers to current problems of recession and inflation are discussed. John R. Meyer and Daniel H. Weinberg report on an experimental use of multivariate discriminant analysis to determine a four-phase classification of the business cycle. Phillip Cagan discusses how market structure was affected by inflationary movements from 1967 through 1973. Finally an evaluation of the quarterly ASA-NBER *Business Outlook Survey*, which appears in each issue of *EER*, is presented by Josephine and Vincent Su. Other articles under consideration for future issues of *Explorations* focus on such topics as: railroad productivity; inflation and the market structure; demand for housing; effect of school quality on achievement, attainment levels, and lifetime earnings; college quality and its impact on earnings; and the finances of American unions.