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Income and Wealth
VOLUME ONE

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VOLUME ONE

BY THE CONFERENCE ON RESEARCH
IN NATIONAL INCOME AND WEALTH

NATIONAL BUREAU OF ECONOMIC RESEARCH

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

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PREFATORY NOTE

IN 1935 the National Bureau of Economic Research invited the Departments of Economics in six universities to join with it in developing a program of cooperative research. The acceptance of this invitation led to the forming of a Universities-National Bureau Committee to consider plans and procedures. To make a practical trial of what might be accomplished, this Committee selected two fields of research that can be cultivated most efficiently through the systematic cooperation of numerous agencies. Accordingly two 'Conferences' were organized, one on Price Research, the other on Research in National Income and Wealth. Both were set up as independent bodies that should seek to enlist the individuals and organizations, public or private, that are contributing most to knowledge in their respective fields.

The cordial participation by many active workers in these two experiments, the readiness with which they pooled their several contributions, and revealed their future plans, their eagerness to achieve a common understanding on matters concerning which they had held conflicting opinions have been most gratifying to all concerned. Among the tangible results has been the planning of certain researches that are now in progress and that promise to substitute definite data for guesswork on fundamental issues. Not less necessary for the growth of knowledge, though perhaps less easy for laymen to grasp, have been the efforts of the cooperating specialists to clarify the concepts with which they work and to define their technical terms in ways that are precise on the one hand and on the other hand are adapted to practical work with the available materials.

This volume presents the Income Conference's striving for clarification of working ideas. Every candid investigator who has

tried to make, or to use properly, estimates of national income realizes how difficult it is to know just what the results mean. Those who have not wrestled long with the highly technical problems that crop up in such work can scarcely appreciate their intricacy, or how considerable are the differences in results that are produced by the use of slightly different definitions. No step toward the improvement of income estimates in this country and abroad is more important than the efforts made by the writers of the following papers to reach a common understanding of their concepts and their statistical operations.

WESLEY C. MITCHELL

DIRECTOR OF RESEARCH

FOREWORD

THIS volume is the first in a series of studies by the Conference on Research in National Income and Wealth. The Conference held its first meeting in January 1936, at the invitation of the National Bureau of Economic Research; and became a permanent body by its own decision, to pursue the following aims:

(1) To exchange information among the various organizations and individuals carrying on or planning studies in the field, to prevent overlapping, to establish conditions for more intelligent division of work, and to facilitate cooperative activity;

(2) To agree upon the most appropriate concepts, terminology and methods of exposition;

(3) To work out plans for research, calling attention to the particular segments of the field that demand more primary data or more analytical study;

(4) To stimulate cooperative research in the field by initiating and sponsoring cooperative studies, and by using the facilities of the Conference to assist in their prosecution.

At its first meeting the Conference included representatives from the Departments of Economics of the following universities; Chicago, Columbia, Harvard, Minnesota, Pennsylvania and Wisconsin; from the Research Divisions of the United States Bureau of Foreign and Domestic Commerce, and the United States Bureau of Agricultural Economics; the Division of Research and Statistics of the United States Treasury; the United States Bureau of Labor Statistics; the Industrial Section of the National Resources Committee; the Central Statistical Board; the Division of Research and Statistics, Board of Governors of the Federal Reserve System; the National Industrial Conference Board; Dun and Bradstreet; and the National Bureau of Economic Re-

search. The Conference was later joined by representatives from the United States Bureau of the Census, the Brookings Institution, the Research Division of the Federal Deposit Insurance Corporation, the American Statistical Association, and the Department of Economics of the University of Cincinnati.

This volume contains the reports presented, under arrangements made through the Conference, at the meetings of the American Economic and American Statistical Associations in December 1936 at Chicago, as well as the reports presented at the second meeting of the Conference in January 1937 at New York. It includes also the discussion to which these reports gave rise, both at the Association and Conference meetings and subsequently by correspondence.

From time to time the Conference will probably find it advisable to publish the studies growing out of its activity. Such studies may be in the nature of reports on various problems in the field prepared by individual students; tabulations and analyses of new primary data prepared at the initiative of the Conference; or cooperative studies undertaken or sponsored by the Conference.

The editing of the reports and the discussion was done by Milton Friedman, and was reviewed by the editorial committee of the Conference: Simon Kuznets, Chairman; M. A. Copeland and A. W. Marget.

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