Appendix B

which is the ratio of the present values at the initial age of earnings
discounted at the market rate to earnings discounted at a zero rate.
This ratio is obviously positively related to the market rate, approaching
zero for an infinite, and unity for a zero, rate.

"Permanent" earnings are defined either as

\[ E_p(j) = E(j) - D(j), \] (30)

or as

\[ E_p(j) = rW(j). \] (31)

so

\[ E(j) = D(j) + rW(j), \] (32)

and, therefore, equation (29) can be written as

\[ d = \frac{D(E)}{E} = \frac{1}{m} \frac{W(0)}{W + \frac{1}{m} W(0)}. \] (33)

Hence \( d \) would be smaller the smaller the ratio of initial to average
wealth. Section 2 of Chapter VII implies that the latter, in turn,
would be smaller the faster the rate of increase in earnings because
the rate of increase in wealth is positively related to the rate of in­
crease in earnings.
Index

Earnings, see Income; Age
Eckaus, R., 136
Education, see College education; High-school education
Ellis, A., 133
Erickson, C., 33
Evans, R., 147
Finegan, A., 169
Firms:
behavior, 16-29, 153-154
on-the-job training, 8-29, 89-90
paternalism, 33-36
pension plans, 26-27
Fisher, A., 127
Fisher, I., 148
Fishlow, A., 134, 157, 171
Foregone earnings, see Costs of investment
Franklin, B., 67
Friedman, C., 137
Friedman, M., 7, 14, 56, 100, 109, 137, 150, 151, 157
Friend, I., 151
Glick, P., 75, 91, 115-116
Goldner, W., 53
Goldsmith, R., 120, 137
Goldsmith, S., 163
Goode, R., 14, 149
Goeman, L., 106
Gorseline, D., 87, 126, 132-133
Griliches, Z., 71, 103, 175
Hamburger, W., 14
Hansen, W., 157
Harris, S., 127
Hart, A., 102
Havemann, E., 108
Hechinger, F., 94
High-school education:
rates of return from, 124-129, 132-133
secular growth in investment in, 126-127, 130
See also Rate of return
Hilton, G., 55
Hours of work, by educational level, 169
Houthakker, H., 91, 105, 116, 161
Hunt, S., 86, 108, 158
Ibbert, R., 91
Income:
data on, 71-73, 128-129, 160-168
dispersion in, 58-66, 158-159
of independent professionals, 72, 155-166
secular growth in, 61, 73, 76-78
skill differentials over time, 52-55, 130-135
taxation of, 73, 76-78
Information, as investment, 31-33
I.Q., see Ability
Johnstone, J., 89
Jones, R., 151
Kahn, C., 168
Keat, P., 55-54
Klinov-Malul, R., 134-135
Kolin, M., 102
Kravis, L., 60, 109
Kurthara, K., 137
Kuznets, S., 7, 122, 152, 157
Learning theory, 45-47
Leibenstein, 85, 36
Leontief, W., 2, 60
Lewis, H., 158
Lipsey, R., 120
Liquidity, 55-56, 115
Lord, E., 122-133
Lotka, A., 148
Lutz, F., 39
Lutz, V., 39
Mandelbrot, B., 63
Marshall, A., 4, 22, 55, 36, 52, 55-56, 63, 122, 142
McLoone, E., 173
Meck, J., 173
Mendelson, M., 120
Meyer, J., 148
Meyers, F., 53
Miller, H., 75, 91, 115-116, 130, 132, 133, 142, 160-161
Minasian, J., 60
Mincer, J., 14, 46-47, 64, 89-90, 101, 105, 136-137, 142, 159
Minhas, B., 60
Modigliani, F., 137, 150-152
Morgan, J., 85-86, 91, 93, 95, 115, 125, 129
Mortality:
effect on rate of return, 72-73
trends in, 130-131
variation in, 105-106
See also Age
Mosteller, F., 46
Muklin, S., 14, 89, 149, 171, 173
Nelson, P., 60
Nizer, L., 148
Nonwhites, 94-100, 129
Occupation, father's, 85-86, 93, 110
See also Ability
Rate of return:
business capital, 117-121
college education, 69-113, 114-123
definition, 37-39
high-school education, 124-127
summary of rates, 128
theoretical discussion, 37-66
variations in, 104-113
Renschaw, E., 76, 101, 132
Risk, 55-56, 112, 115
Rivlin, A., 116, 120
Roper, E., 122
Ross, A., 53
Rottenberg, S., 28, 30
Rude, R., 175-176
Savage, L., 56
Schaffer, H., 91
Schultz, T., 1, 7, 61, 122, 126, 134, 149, 171-172
Sjaastad, L., 29, 50
Sloan, H., 19
Smith, A., 54, 56, 105
Smith, G., 17, 136
Smith, J., 80, 88-83, 85, 89
Solomon, E., 39
Solow, R., 60
Specialization, 52, 157
Strumilin, S., 119
Taxes:
income, 115, 118-121, 167-168
property, 175-177
Technological change, 53-55, 129-135
See also Income; Rate of return
Tobin, J., 137
Training, on-the-job, 8-29
general, 11-18
specific, 18-29
Turnover, see Firms
Unemployment, 72, 164-165
Vaizey, J., 74
Wages, see Income
Walters, R., 173
Walsh, J., 7
Wealth, see Age
Weisbrod, B., 148
West, P., 108
Wilson, M., 49
Wolfle, D., 80-85, 89, 112
Women, rate of return from education to, 51, 100-102
Zeman, M., 71, 97, 160-161, 164