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Conferences on Research

Conference on Research in Income and Wealth

The conference volume, *Education, Income, and Human Capital*, W. Lee Hansen, editor, is to be published in the fall of 1970. Papers prepared for the Conference on Econometric Models of Cyclical Behavior, held at Harvard University in November 1969, have been revised and will soon undergo preparation for press. A small "follow-up" conference was held on February 27, 1970, to discuss the completed results of the Zarnowitz/Boschan/Moore paper on "Business Cycle Analysis of Econometric Model Simulations." Future research growing out of the Econometric Models Conference was also discussed.

On May 21-22, 1970, the Conference on International Comparisons of Prices and Real Incomes, under the chairmanship of D. J. Daly, was held at the Keele Street Campus of York University. The program consisted of:

The Theory of International Comparisons of Prices and Real Output

Sidney Afriat, University of North Carolina

The Comparative National Income of the U.S.S.R. and the U.S.A.

A. Bergson, Harvard University

The Role of Prices in Trade

I. B. Kravis and R. E. Lipsey, NBER

International Price Comparison of Selected Capital Goods Industries

Barend A. deVries, International Bank for Reconstruction and Development

Price Differences and Economic Integration in Latin America

J. Grunwald and J. Salazar, Brookings Institution

Relative Prices in Planning for Economic Development

Gustav Ranis, Yale University

A Conference on Measurement of Economic and Social Performance has been authorized by the Executive Committee, tentatively for the fall of 1971. The Program Committee con-

sists of Milton Moss (Chairman), F. Thomas Juster, and Dale W. Jorgenson.

Members of the Executive Committee are: Harold W. Watts (Chairman), Edward C. Budd, Jean B. Crockett, W. Lee Hansen, Dale W. Jorgenson, F. Thomas Juster, Maurice Liebenberg, Herman P. Miller, Stephen P. Taylor, Malcolm C. Urquhart, and Mildred E. Courtney (Secretary).

Universities-National Bureau Committee for Economic Research

The Conference on International Mobility and Movement of Capital was held January 30-February 1, 1970, at the Brookings Institution, Washington, D.C. Fritz Machlup was chairman of the Conference planning committee whose members were Richard N. Cooper, Ilse Mintz, Walter S. Salant, David W. Slater, and Edward S. Shaw. The Conference proceedings are being prepared for publication.

The Conference volume, *The Role of Agriculture in Economic Development*, Erik Thorbecke, editor, was published in February 1970. Proceedings of the two later conferences are expected to be published later this year under the titles, *The Technology Factor in International Trade*, Raymond Vernon, editor, and *The Analysis of Public Output*, Julius Margolis, editor.

The annual meeting of the Universities-National Bureau Committee for Economic Research was held on January 30, 1970, in conjunction with the Conference on International Mobility and Movement of Capital. A Conference on Education as an Industry, Joseph Froomkin, chairman, was tentatively scheduled to be held in the spring of 1971. A Conference on Secular Inflation was authorized at the meeting and tentatively scheduled to be held during the fall of 1971. Jürg Niehans is chairman of the planning committee.

In addition, conditional authorization for a Conference on Poverty and Welfare Systems was approved at the annual meeting, with the Executive Committee of the Universities-National Bureau Committee delegated the

power to approve it after a revised exploratory committee report has been presented.

The Universities-National Bureau Committee expressed its interest in two other exploratory committee proposals and voted to return them to the committees for further elaboration. The proposals dealt with potential conferences on Security Prices, Henry Latané, chairman, and on Medical Care, Herbert E. Klarman, chairman. Further, the Committee authorized the creation of an exploratory committee to investigate a potential future conference on the Economics of Environmental Quality, Edwin S. Mills, chairman. Reports recommending or rejecting conferences on these subjects will be presented to the next annual meeting of the Universities-National Bureau Committee for Economic Research, tentatively scheduled for the spring of 1971.

Thirty-seven universities offering graduate work in economics and emphasizing research, together with the National Bureau, are represented on the Committee. The Conference program is assisted by a grant from the National Science Foundation. The participating universities and their present representatives are:

Buffalo	Daniel Hamberg
California, Berkeley	John M. Letiche
California, Los Angeles	J. C. La Force
Carnegie-Mellon	Norman Miller
Chicago	H. Gregg Lewis
Columbia	Phillip Cagan
Cornell	George J. Staller
Duke	John O. Blackburn
Harvard	James S. Duesenberry
Illinois	Marvin Frankel
Indiana	Robert W. Campbell
Iowa State	Dudley G. Lockett
Johns Hopkins	Carl F. Christ
Massachusetts Institute of Technology	Richard S. Eckaus
McGill	A. Deutsch
Michigan State	Carl E. Liedholm
Michigan	Harvey E. Brazer
Minnesota	James M. Henderson
New School for Social Research	Thomas Vietorisz

New York	Bruno Stein
North Carolina	Henry A. Latané
Northwestern	Richard B. Hefebower
Ohio State	Jon Cunyningham
Pennsylvania	Almarin Phillips
Pittsburgh	Jacob Cohen
Princeton	Albert Rees
Queen's	David C. Smith
Rochester	Richard N. Rosett
Stanford	Moses Abramovitz
Texas	Wendell C. Gordon
Toronto	D. C. MacGregor
Vanderbilt	Rendigs Fels
Virginia	Richard T. Selden
Washington (Seattle)	Yoram Barzel
Washington (St. Louis)	Werner Hochwald
Wisconsin	Leonard W. Weiss
Yale	Richard Ruggles

Other members of the Committee elected as members at large for a four-year term, July 1, 1970 to June 30, 1974, are: Daniel Creamer, Simon Goldberg, George Jaszi, Rudolf R. Rhomberg, Walter S. Salant, Julius Shiskin, and George J. Stigler. Robert E. Lipsey is the representative from the National Bureau of Economic Research.

The members of the Executive Committee are Carl F. Christ (Chairman), Walter S. Salant (Vice Chairman), Moses Abramovitz, Rendigs Fels, James M. Henderson, Robert E. Lipsey, and Almarin Phillips. Robert P. Shay is Secretary.

Universities interested in membership on the Universities-National Bureau Committee for Economic Research should get in touch with the Chairman of the Universities-National Bureau Committee, indicating by letter the extent to which they meet the criteria for membership. These criteria are: (a) The extent to which graduate training in economics is given as indicated by the awarding of the Ph.D. degree in economics; (b) The extent to which economic research is emphasized, supported, and carried on at the institution.

If accepted for membership the University will be invited, by letter addressed to the appropriate university officer, usually the chairman of the Department of Economics, to

designate a member of its faculty to serve on the Committee. It is understood that the University will provide for its representative's expenses when attending the annual meeting of the Committee.

Universities-National Bureau Conference on the Application of the Computer to Economic Research

The first meeting of the Universities-National Bureau Conference on the Application of the Computer to Economic Research was held on February 26, 1970, at the National Bureau. The topic of the meeting was the exchange of information about various economic data banks and their methods of retrieval. The following data banks were represented: The

Brookings Institution, Bureau of Labor Statistics, Data Resources Inc., Dominion Bureau of Statistics, I.B.M. Corporation, National Bureau of Economic Research, University of California (Berkeley), University of Michigan, and the University of Wisconsin. The central issues considered were to define areas of duplication among the data banks and to set up some ad hoc committees to follow up specific suggestions, such as the standardization of procedures for transferring data among the various research institutions. The description of the data banks and their methods of retrieval were presented and discussed during the meeting, and the proceedings of the conference will be made available to the interested research institutions. The next conference will be held in October of 1970, and it will focus on the problems in the usage of microdata in economic analysis.

IV

**Report on
New
Publications**

Introduction

Since June 1969 thirteen reports on research conducted by the staff and three conference volumes have been published. Four research reports and two conference volumes are in press.

Two issues of the *National Bureau Report*, each accompanied by a research supplement, have been issued in the past year. The supplements included the following:

The Evaluation and Planning of Social Programs—John R. Meyer (Supplement to Report No. 5)

NBER 50th Anniversary Dinner Proceedings, February 27, 1970 (Supplement to Report No. 6)

Publications issued since June 1969 and those forthcoming by mid-1971 are listed below.

Joan R. Tron

Reports Published Since June 1969

Essays on Interest Rates, Volume 1, Jack M. Guttentag and Phillip Cagan, editors (General Series 88, 1969, xxvi + 282 pp., \$10.00).

Each of the six essays in this volume is concerned with a different aspect of interest rates; together they form a comprehensive study of the field as a whole. The two essays on the mortgage market—one by Jack Guttentag on residential mortgages, one by Royal Shipp on non-residential mortgages—are drawn from larger studies that will be forthcoming. Phillip Cagan's three essays are products of his study of the cyclical behavior of interest rates. The Joseph Conard-Mark Frankena essay examines the *prima facie* puzzling fact that new corporate bond issues carry a higher yield than similar outstanding issues. The essays, although different in approach and method, have the common objective of illuminating some aspect of the effect of financial variables on economic activity, and the efficiency of financial markets.

The Design of Economic Accounts, by Nancy and Richard Ruggles (General Series 89, 1970, xvi + 184 pp., \$8.00).

In response to society's need for measures of economic progress and guidelines for future policy, elaborate systems of economic accounting have evolved over the past decades. In this survey of present United States and United Nations accounts, Nancy and Richard Ruggles make specific recommendations for the design of future national economic accounting systems. More than just a general framework into which different kinds of data can be fitted, the proposed system is built around specific economic constants and, in considering economic activity in terms of the interrelations between enterprises, government, and households, it provides a means for interrelating economic accounts not only in these areas but with many other kinds of information, both economic and social.

The Behavior of Industrial Prices, by George J. Stigler and James K. Kindahl (General Series 90, 1970, xvi + 202 pp., \$7.50).

This comparison of the behavior of industrial price indexes involved the creation of a new index, using somewhat different procedures and sources of data than those used by the Bureau of Labor Statistics, and comparing the results with the BLS index. Whereas the BLS obtains from the sellers of the products a few well-defined "typical" prices and transactions, the prices for the new index are obtained from the buyers. Since it is seldom that any two buyers will purchase the identical physical product, to say nothing of the other terms of the transaction, this study combines the diverse prices into one index. In short, the BLS lets the well-defined product represent the class of product, while the NBER index combines the prices paid by buyers for similar products within the class. The resulting indexes were compared over the ten-year period 1957-66 for cyclical responsiveness, trend, and short-run fluctuation.

Home Mortgage Delinquency and Foreclosures, by John P. Herzog and James S. Earley (General Series 91, 1970, xx + 170 pp., \$7.50).

This National Bureau study evaluates the significance of various loan and borrower characteristics culled from the data of some 13,000 conventional FHA and VA mortgage loans made throughout the United States since 1946, in an effort to determine their individual relationship to the risk of delinquency and foreclosure. Among the variables examined are: loan purpose, the presence or absence of junior financing, loan-to-value ratio, loan type, initial maturity of loan, and borrower age and occupation.

The Business Cycle in a Changing World, by Arthur F. Burns (Studies in Business Cycles 18, 1969, xvi + 352 pp., \$8.50).

"Economic change is a law of life," says Arthur Burns in the opening essay of this memorial volume. The essays in the book draw upon the research and thinking of an economist who has devoted the major portion of his professional life to study of the nature and causes of prosperity and depression. The writing provides a scholarly and scientific review of the factors that have long needed to be considered in shaping policy toward the goal of a rapid economic growth and a high level of employment without inflation. Collectively, the essays may be viewed as diagnoses of economic problems, though they do not represent policy recommendations. The first article summarizes Burns' views of the business cycle as well as those held by other economists today. The twelve following reports illuminate that review by illustrating more specifically many of its propositions and findings. The National Bureau of Economic Research, celebrating its Fiftieth Anniversary in 1970, presents this compilation of Dr. Burns' writings in honor of his dedicated service to the research and administration of the Bureau during most of its history.

Economic Forecasts and Expectations: Analyses of Forecasting Behavior and Performance, Jacob Mincer, editor (Studies in Business Cycles 19, 1969, xix + 251 pp., \$10.00).

What will happen to GNP, prices, interest rates, and unemployment rates over the near term is a matter of deep concern and interest to the business community, the government, and the public. Certainly the forecasts of these economic factors have a powerful influence on the behavior of those who make use of them. There has, however, been very little systematic analysis of the forecasts themselves. We do not know, for example, how accurate they have actually been, which types of forecasts tend to be more reliable, and how the forecasts themselves are generated. What can we tell from forecasts about the expectations held by business and consumers? Are the expectations and plans of economic units a reliable basis for predicting future behavior? These are only some of the questions explored in this collection of essays, the fourth in a series of National Bureau studies on short-term economic forecasting. Taken together, the studies focus on methods of determining forecast accuracy, analysis of the errors most commonly met and the reasons for them, and attempts to determine the factors that influence forecasters in the creation of their projections. Contributors to the volume include F. Thomas Juster, Victor Zarnowitz, Jacob Mincer, Rosanne Cole, and Stanley Diller.

Monetary Statistics of the United States: Estimates, Sources, Methods, by Milton Friedman and Anna J. Schwartz (Studies in Business Cycles 20, 1970, xxii + 629 pp., \$15.00).

Together with the authors' earlier *A Monetary History of the United States, 1867-1960*, the present volume forms part of what will eventually be a series of five volumes devoted to the study of the quantity of money in the United States. While the previous volume analyzed the role of changes in the money stock in the nation's history, this book provides a

compendium of estimates of the quantity of money in the United States, together with a thorough treatment of the historical background, the sources of data, and the techniques for the construction of estimates of the quantity of money at any given time.

Errors in Provisional Estimates of Gross National Product, by Rosanne Cole (Studies in Business Cycles 21, 1970, xiv + 109 pp., \$6.00).

Economists concerned with the dependability of gross national product information will observe with interest this study of some of the sources of measurement error connected with present forecasting methods; as well as its examination of the potential of later revisions of provisional estimates in reducing such errors. Among the errors to which particular attention is given are those connected with the measurement of the major components of GNP, the gathering of quarterly data, and the estimation of cyclical changes and long-term rates of growth. The author also examines the degree to which preliminary estimates have improved in accuracy during the postwar period. Miss Cole's book, the latest in a series of NBER publications on short-term forecasting, also presents an error model which illustrates the types of error GNP estimates may contain, as well as some of the properties of those errors.

Dating Postwar Business Cycles: Methods and Their Application to Western Germany, 1950-67, by Ilse Mintz (Occasional Paper 107, 1970, xiv + 111 pp., \$3.75).

This new study of the German economy reveals clearly that cycles, although milder ones, continue to manifest themselves, despite the absence of absolute declines in activity. The author shows that the German economy, despite a strong upward trend, experienced three and one-half well-marked cycles in the period from 1950 to 1967. Observers of the German economy have characterized certain periods as times of relatively rapid change. The concepts and methods used in this study pin-

point these periods more precisely. Mintz is able to identify, in each instance, a particular date at which the German economy turned from relatively rapid to relatively slow growth, or vice versa. Reference dates of this sort facilitate the analysis of cyclical changes in the German economy as they have done in the past for the United States economy.

The Seasonal Variation of Interest Rates, by Stanley Diller (Occasional Paper 108, 1970, xv + 112 pp., \$4.50).

In this examination of variations in interest rates, Stanley Diller finds considerable evidence of seasonal movements in both long- and short-term rates during the period 1955-60. While the indicators of seasonality are less distinct before 1955 and after 1960, the author finds reasonable grounds for concluding that seasonal variations (with a much smaller amplitude) existed in the two or three years on either side of this period. Further, recent evidence suggests a recurrence of seasonal variation in interest rates within the last few years. An interesting aspect of this study is the author's demonstration of the ways in which the incidence and extent of the seasonal in Treasury bill rates is related to the seasonal amplitude of money supply and total bills outstanding, indicating that variations in the seasonal patterns of both money supply and government borrowing contribute to the sharp rise and subsequent decline in the size of the seasonal swing in interest rates.

The Value of Time in Passenger Transportation: The Demand for Air Travel, by Reuben Gronau (Occasional Paper 109, 1970, xiv + 74 pp., \$4.00).

This report, essentially an outgrowth of investigations concerning the effect of time limitations on economic behavior, is related to previous NBER work done in connection with the service industries, where the value of time plays an important role. Gronau limits his investigation to the issue of passenger demand for air transportation. One of the results of his

research concerns the way the price of time affects the choice between air transportation and other modes of travel, as well as the related question of the various ways in which differing groups estimate the value of their time. In conclusion, it considers the application of the price of time to several problems currently facing policy makers in transportation, most importantly the impact of the new supersonic plane and the increases in train speed.

The Changing Position of Philanthropy in the American Economy, by Frank G. Dickinson (Occasional Paper 110, 1970, xii + 214 pp., \$8.00).

In this volume, which presents the follow-up study to his earlier *Philanthropy and the Public Policy* (1962), the late Frank G. Dickinson continues his investigation into philanthropy in the American economy, this time during the period 1929-59. An extensive introduction by Solomon Fabricant examines the basic premises on which Dickinson conducted his study, with particular attention to the items comprised in Dickinson's definition of philanthropy, the validity of his estimates, and the soundness of the conclusions based upon them. Fabricant also enlarges on the motivational aspects and provides an explanation for the significant increase of nearly 300 per cent in dollars of constant purchasing power which Dickinson traced during the period.

Economic Factors in the Growth of Corporation Giving, by Ralph L. Nelson (Occasional Paper 111, 1970, xvii + 113 pp., \$6.50*).

Changes in corporate attitudes toward giving reflect changes in the role of the business corporation not only as an economic unit but also as a social institution shaped by non-economic forces. This study examines the growth of corporate giving from the period 1936 through 1964 and measures the separate effects of changes in corporate attitudes and giving

* Published jointly with the Russell Sage Foundation.

behavior; as well as developments of a more strictly economic character. The author pays particular attention to the complex non-economic role that the corporation—particularly the large corporation—plays in society. The corporation is viewed as a citizen responsible to its several constituencies of employees, shareholders, customers, suppliers, government, and general society.

Education, Income, and Human Capital, by W. Lee Hansen, editor (Income and Wealth Conference 35, 1970, x + 320 pp., \$10.00).

The objective of these conference papers is to take stock of our knowledge of a subject of rapidly growing interest—the relationship between education and income and the role of the human-capital approach in illuminating these relationships. This volume attempts to pull together what has been learned and to plot some of the directions that future research on this subject should take. The work itself spills over into a wide range of fields, among them economic theory, production economics, public finance, labor economics, and development. Through much of this work there are two underlying themes: (1) there are important links between education and productivity—and therefore income; and (2) the role of education can be fruitfully explored when viewed as an income-generating form of human capital. Contributors to the volume include Samuel Bowles, Zvi Griliches, Yoram Ben-Porath, Barry R. Chiswick, Peter B. Kenen, Anthony Scott, Theodore W. Schultz, and W. Lee Hansen.

The Role of Agriculture in Economic Development, Erik Thorbecke, editor (Universities-NBER Conference 21, 1970, x + 480 pp., \$12.50).

In 1967, a Universities-NBER conference was held for the purpose of examining the relationship between agriculture and foreign trade at regional, national, and global levels. Three main subject areas were emphasized and also eventually became the basis for the

reports published in this volume: agriculture in the world economy, the relationship between agriculture and other sectors, and national studies analyzing the transformation of traditional agriculture. Contributors to the volume include Louis M. Goreux, J. A. C. Brown, Karl A. Fox, John C. H. Fei, Gustav Ranis, Alfred J. Field, Jan Sandee, Jerzy F. Karcz, Kazushi Ohkawa, Bruce F. Johnston, John Cownie, William H. Nicholls, and Hylke Van de Wetering.

The Technology Factor in International Trade, Raymond Vernon, editor (Universities-NBER Conference 22, 1970, x + 535 pp., \$15.00).

For the last two decades, the evolution of international trade theory has been marked by the increasingly important role of technology. Although the importance of this factor has long been recognized, it was not until the advent of large-scale data processing that real progress could be made towards accommodating it. At about the same time, the introduction of the Leontief Paradox gave additional stimulus to empirical testing. These two developments brought about a torrent of new research. To meet this challenge, the Universities-National Bureau Committee prepared the conference, held in October 1968, of which this book is the result. The value of this volume to those concerned with international trade theory lies in

its recapitulation of what has been accomplished to date, and in its crystallization of the key problems for further research.

Publications Forthcoming

New Series on Home Mortgage Yields Since 1951, by Jack M. Guttentag and Morris Beck.

Demand-Policy Responsiveness to the Balance of Payments: The Postwar Pattern, by Michael Michaely.

Analysis of Public Output (Universities-NBER Conference), Julius Margolis, editor.

Cyclical Analysis of Time Series, by Gerhard Bry and Charlotte Boschan.

Price Competitiveness in World Trade, by Irving B. Kravis and Robert E. Lipsey.

Fluctuations in Job Vacancies: An Analysis of Available Measures, by Charlotte Boschan.

Measures of Credit Risk and Experience, by Edgar R. Fiedler

The Postwar Quality of State and Local Debt, by George H. Hempel.

Econometric Models of Cyclical Behavior (Income and Wealth Conference), Bert Hickman, editor.

International Mobility and Movement of Capital (Universities-NBER Conference), Fritz Machlup, Walter S. Salant, and Lorie Tarshis, editors.