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by

Manuel Gottlieb

University of Wisconsin



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

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Foreword

Work on this book was initiated some years ago as I tried to expand a chapter on long building cycles for use in a text on business fluctuations. While preparing to write that chapter, I had reviewed the available published literature, which I found meaty in some respects and thin in others. The descriptive portion of the literature had chiefly taken the form of local experience and was often insular in approach. Literature dealing with nationwide movements had chiefly concentrated upon the task of preparing usable national estimates of building activity from sample data. Systematic analysis of local swings had been commenced, but had not been carried to completion, by Arthur Burns, under the aegis of the National Bureau of Economic Research. Analysis on a somewhat larger scale, but with greater unevenness, had been undertaken in the older writings of Long and Pearson. A few daring econometricians had tried to distill patterns of behavior out of fragments of time series. Cairncross and Thomas in England, and Kuznets and Abramovitz in the United States, had traced many of the interconnections of building swings with over-all flows of output, capital, and labor.

While this literature pointed to the indubitable reality of long building swings and their systematic involvement with processes of economic growth and urban development, gaps in the treatment of the subject were conspicuous. First, apart from the decline in building associated with the catastrophe of World War I and the Great Depression, evidence of long swings in urban building in the United States was embarrassingly thin for the half-century preceding 1900. Available national measures for those early years were founded upon building-permit data for a handful of major cities; and there was some question of the reality of fluctuations apart from the disturbance in building and economic development generated by the Civil War. Thus, there was a need for a new source of information that would shed light on the pervasiveness and degree of independence of fluctuations in urban America during the later nineteenth century, and especially during the decades preceding and following the Civil War.

Secondly, there was a great need to canvass national experience among the industrially advanced peoples of the Western World so as to compare and relate forms of movement in America and elsewhere during the nineteenth and early twentieth century and, by doing so, to ascertain elementary properties of building fluctuations. Were durations and amplitude the same or different, did they become greater or lesser over time, and were the fluctuations interwoven to any perceptible extent? In many of the countries involved, national income accounts were in process of construction. During the period of gestation of this work, new sets of national accounts have become available, due in part to the prodding and encouragement of Simon Kuznets and to the efforts of research facilities which he has directed.

Thirdly, there was a great need to analyze some three hundred available time series, local and national, on a uniform basis and according to a definite statistical procedure capable of yielding comparable measurements which would shed light on long swings. Scattered through the literature was an enormous amount of statistical analysis by different investigators, but different methods were employed and the results were not easily compared.

Early in my research, I was fortunate in finding a nest of hitherto unused statistical information reaching back into the 1840's from a state in the heartland of North Central America, Ohio. It seemed to me that this information could illuminate processes of fluctuation and growth in the earlier period, when their exact nature and scope were somewhat obscure. With the encouragement of Moses Abramovitz of the National Bureau of Economic Research, whose own research interests at this time overlapped mine, and with the aid of research grants from the Rockefeller Foundation and from the Graduate School of my own university, the University of Wisconsin, it became possible to analyze and test the validity of the information, to collate it, and to put it in usable form. In an earlier publication, I have told the story of Ohio building statistics, which were projected back to 1837 and which were available by counties from 1858 onward [108]. In other works, I have coordinated Ohio records of building with other usable records of building, including Census records and building-permit estimates, to make up three basic sets of estimates needed to evaluate tendencies toward long

swings in American economic history: the number of nonfarm housing units constructed annually, and the value in real dollars of new residential construction and of all buildings [108, 110]. In the present volume, I have utilized detailed Ohio records along with all other available statistics of real estate, demographic, and building experience in the process of urban growth. Ohio statistics loom prominently in the analysis, and for this reason many of our summaries distinguish between Ohio and non-Ohio coverage. In a special Appendix to this work (Appendix E), I have given a brief account of the procedures used and the legal basis and other essential characteristics of the Ohio statistical system. Attached to that Appendix are the basic time series with a full account of all adjustments performed on the raw data.

The second major task, that of systematic collection, standardization, and computer processing of all time series, was beyond the resources of a private investigator. To accomplish this end, I sought and obtained the assistance and facilities of the National Bureau of Economic Research, whose offices I visited for a four-month period in 1962. A vast collection of time series related to building and real estate market activity in various urban centers and for certain countries reposed in the archives of the Bureau. These had originally been compiled and evaluated by Arthur Burns, who had, in the thirties, launched an investigation and prepared a manuscript which he (unfortunately, in my opinion) did not think sufficiently complete to publish. To these data, I brought other series collected from various other urban communities, the corpus of my Ohio series, and national series for other countries, which were beginning to be available. All of these series were analyzed for long swings with the aid of a computer program for analysis of cyclical characteristics developed by the National Bureau for business-cycle analysis and adapted to meet our research needs. The officers of the Bureau, and especially Moses Abramovitz and Geoffrey Moore, gave much assistance over the years, helped to point up the problems of our research efforts, and reviewed the first drafts of many chapters of this book. They bear no responsibility for the initial design or methodology of the research nor can they be burdened with responsibility for any of its conclusions or findings.

Though the research effort has been under way for over a decade, few of its results have been published, apart from the new statistical series devised. In 1959, I released a paper which

summarized the state of knowledge at that time and my tentative thinking on the problem [107]. Progress reports of the research were presented in various annual reports of the National Bureau of Economic Research [202, pp. 48–51; 203, pp. 46–47; 201, pp. 53–54]. With reference to demographic activities concerned with marriage and migration, a summary account of findings was presented to the 1965 United Nations World Population Conference at Belgrade [260, p. 464 (for summary only; the full text in mimeographed form was released to conference delegates)]. An extended statement of my views on certain critical statistical procedures was embodied in a review of a work on long swings by Moses Abramovitz [112, pp. 78–81].

The level of treatment embodied in the present volume involves what some may feel is a low degree of abstraction, since the analysis stays close to its materials, a general theory of long swings is not presented, “long chains of deductive reasoning” against which Marshall enjoined are not employed, and no effort is made to reduce our analyzed series to a generalized model whose structural relationships are extracted by econometric analysis. This must await, in my judgment, further study of influences emergent at the national level in the various countries of the Atlantic economy in which tendencies to long swings ran their course. Though we are concerned with the real long swings of urban development, and though we take note of the environment in which they occurred, still our method of treatment is not historical nor have we been preoccupied with analysis of temporal sequence as such. Rather, we have sought to bring out the general and essential characteristics of, and the interplay between, the different elements and processes at work in such swings: markets for new building, residential and realty markets for old building, markets for loan capital and capital flows, buildup of the labor force through migration and expansion of households through new marriages, and the interplay of financial and value margins of returns over cost. In pursuit of this interest, we have used an eclectic and opportunistic method. We have made broad historic comparisons, we have sought evidence in descriptive literature, and we have used partial-equilibrium analysis and multiple correlation.

The book was written for—and will be of interest to—professional economists and economic historians seeking to know more about long swings in urban development. These long

swings embody a process of fluctuation which, in many respects, can be likened to the more frequently observed process of short cyclical fluctuation. Hence, I have freely referred to the literature of business cycles and have made frequent comparisons between characteristics of the two types of fluctuations. I have assumed in these references that readers come to this work with a general knowledge of macroeconomics and with an orientation to the theory and practice of business-cycle research. Readers who are somewhat backward in this respect may want to renew their acquaintance with some standard monograph on cyclical research.

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