

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Long Swings in Urban Development

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Volume Publisher: NBER

Volume ISBN: 0-870-14226-7

Volume URL: <http://www.nber.org/books/gott76-1>

Publication Date: 1976

Chapter Title: Appendix D: Sources and Method Used in Constructing Series 0186, U.S. Nationwide Annual Index (1855-60 = 100), Prices of Building Materials

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Chapter URL: <http://www.nber.org/chapters/c3795>

Chapter pages in book: (p. 281 - 284)

Appendix D

SOURCES AND METHOD USED IN CONSTRUCTING SERIES 0186, U.S. NATIONWIDE ANNUAL INDEX (1855-60 = 100), PRICES OF BUILDING MATERIALS

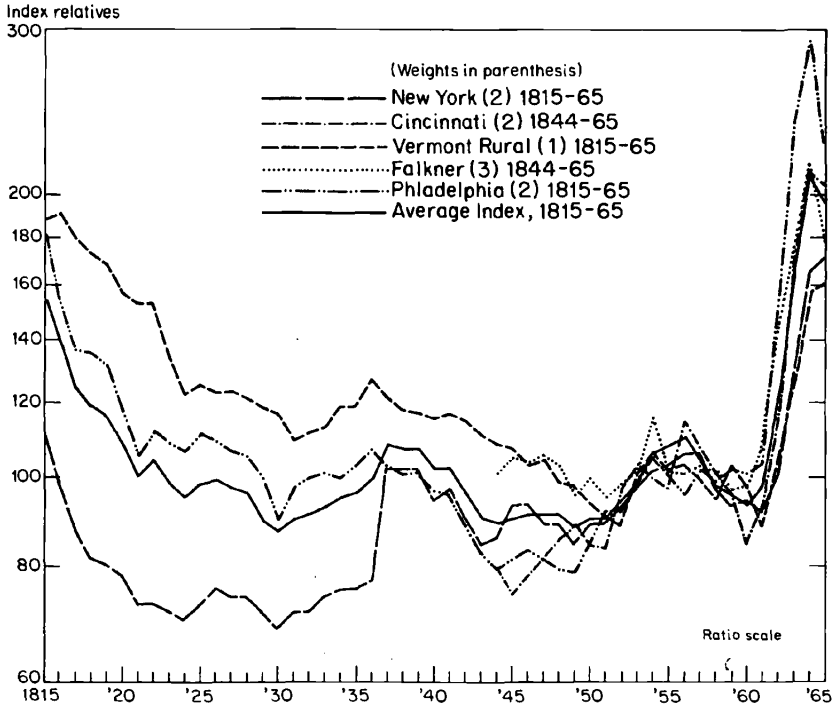
Indexes for prices of building materials have been computed by different investigators for different building markets for varying periods in the past, as given below.

<u>Area</u>	<u>Years</u>	<u>Investigator</u>	<u>Source</u>
N.Y.C.	1800-90	G. F. Warren and F. A. Pearson	[279, pp. 11-13, 25-27]
Philadelphia	1800-61	Anne Bezanson; R. D. Gray; M. Hussey	[18]
U.S.	1890-1939	Bureau of Labor Statistics	[263, Table E-13-24]
Philadelphia	1852-96	A. Bezanson; M. C. Denison; M. Hussey; E. Klempe	[18]
Cincinnati	1844-1904	W. H. White	[286]
Vermont (rural)	1800-90	T. S. Adams	[4]
U.S.	1844-91	R. L. Falkner	[85]

While the original sources were consulted, it was found convenient to use the above series as compiled by E. D. Hoover [131, appendix tables for Cincinnati, New York, Vermont and Philadelphia]. The indexes were all reduced to a common basis in terms of an 1855-60 base period. The indexes for Philadelphia until 1860 for building materials were separately stated for wooden and nonwooden materials. These two subindexes were joined together, weighted 2 and 1, respectively.

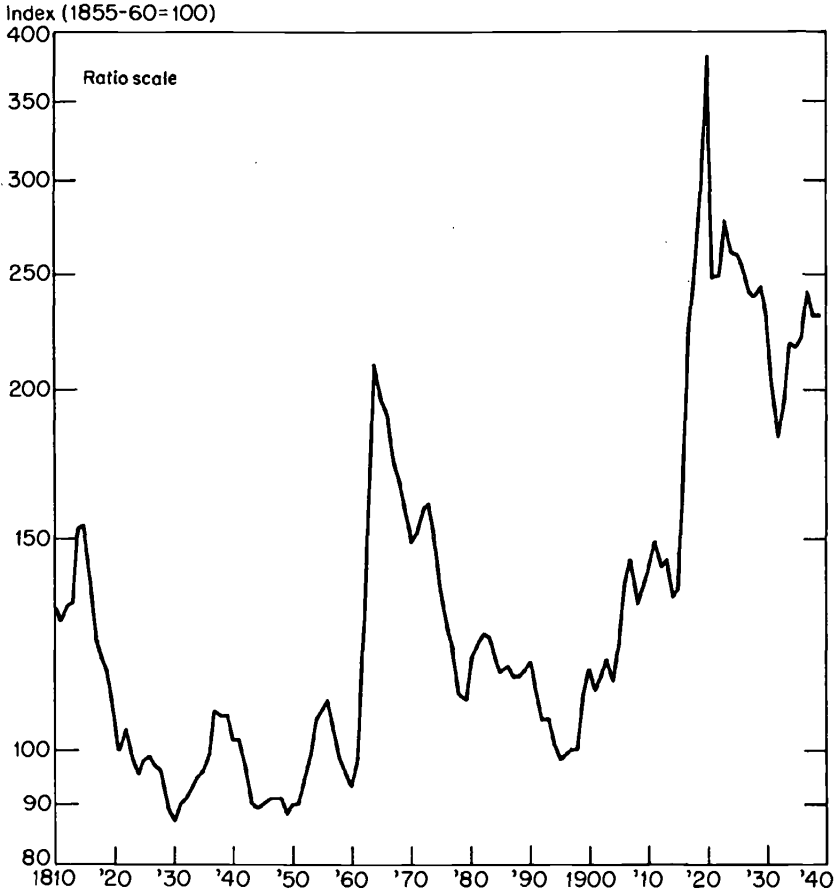
It was clear that from 1890 onward the standard BLS index was to be used. Between 1870 and 1890 building price levels in our sampled building market areas exhibited a common cyclical pattern and secular trend. For these years different schemes of weighting would only slightly affect the average. But much more variation was found both during and before the Civil War. Chart D-1 shows that building material prices were falling in the half-century before the Civil War outside New York City but fluctuating in New York City around a stationary trend up to 1836, thereafter exhibiting a rising tendency. There was also a

CHART D-1
Annual Indexes, Prices of Building Materials, U.S., 1815-65



different degree of participation in the long-swing price movements of the period. The problem of weighting was complicated by the tendency of sampled areas to represent price movements over a wider region. Thus, price behavior in rural Vermont might well be indicative of New England farm markets. New York City and Philadelphia probably would typify price patterns in other northern seaboard cities (from Portland, Maine, to Baltimore). Cincinnati experience might typify price behavior in the trans-Alleghany Ohio and Great Lakes settlement. If the Falkner index were representative, it might have served as a basis for averaging after 1844. Unfortunately the Falkner index chiefly reflected price experience in the northeastern states and was probably heavily weighted by the easily available pricing records in New York City and Philadelphia, the two areas for which independent series are on hand. Hence, it seemed unwise to allow the Falkner index a very considerable weight. We accordingly decided on equal weights of two for Philadelphia,

CHART D-2
Annual Index, Prices of Building Materials, U.S., 1810-1939
(1855-60=100)



New York City, and Cincinnati, with weights of one for Vermont and three for the Falkner index. The indexes were reduced to logarithms, weighted, summed and averaged. The entire index is shown in Chart D-2.

