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Report on New Publications

Since July 1971, the National Bureau has published twelve books, three Conference volumes (one of which was in two volumes), one Exploratory Report, and seven Occasional Papers—twenty-three titles in all. Of these, twenty appeared in fiscal 71–72. Two of the Occasional Papers were published jointly with other organizations—the Fuchs/Kramer health study with HEW and the Taubman/Wales education study with the Carnegie Commission.

The Fiftieth Anniversary Colloquia Series and the Conference volume, *Econometric Models of Cyclical Behavior*, were published in paperback as well as hard cover to make them more easily

available to students. We anticipate that we will be publishing more titles in this way in the coming year.

Because of the Bureau's growing output of studies in social economics and urban problems, we are inaugurating two new Bureau series: Human Behavior and Social Institutions, and Urban and Regional Studies. The first study in the former series has already appeared (see below); the first in the latter series is in press.

A description of each of this year's titles follows.

Joan R. Tron

TITLES PUBLISHED SINCE JULY 1971

Fiftieth Anniversary Colloquium Series

Economic Research: Retrospect and Prospect, General Series 96, Volumes I–VII.

To commemorate its fiftieth anniversary the National Bureau of Economic Research sponsored a series of colloquia to explore the effects of pending and anticipated policy issues on future research priorities for areas of long-standing Bureau concern. As a basis for the panel and audience discussions, economists specializing in the subject area prepared papers in which they reviewed relevant research advances through time and presented their opinions for the direction of future effort. These papers, and in some instances edited transcripts of panelists' comments, appear as part of the National Bureau's Fiftieth Anniversary publications series. They include:

1. *The Business Cycle Today*, Victor Zarno-

witz, editor (1972, xii + 338 pp., cloth \$10.00, paper \$3.50).

Moderators:

Morning session: Paul A. Samuelson

Afternoon session: F. Thomas Juster

Papers:

"Dating American Growth Cycles" *Ilse Mintz*

"The 'Recession' of 1969–1970"

Solomon Fabricant

"The Cyclical Behavior of Prices"

Geoffrey H. Moore

"Forecasting Economic Conditions: The Record and the Prospect" *Victor Zarnowitz*

"Econometric Model Simulations and the Cyclical Characteristics of the U.S. Economy" *Victor Zarnowitz*

"A Study of Discretionary and Nondiscretionary Monetary and Fiscal Policies in the Context of Stochastic Macroeconometric Models" *Yoel Haitovsky and Neil Wallace*

Panelists:

Morning session: Otto Eckstein, Henry C. Wallich

Afternoon session: Bert G. Hickman, Arthur M. Okun

II. *Finance and Capital Markets* (1972, xvii + 66 pp., cloth \$5.00, paper \$1.50).

Moderator: Robert V. Roosa

Paper:

"Finance and Capital Markets" John Lintner

Panelists: William J. Baumol, Sidney Homer, James J. O'Leary

III. *Policy Issues and Research Opportunities in Industrial Organization*, Victor R. Fuchs, editor (1972, xvii + 73 pp., cloth \$5.00, paper \$1.50).

Papers:

"Industrial Organization: Boxing the Compass" James W. McKie

"Antitrust Enforcement and the Modern Corporation" Oliver E. Williamson

"Issues in the Study of Industrial Organization in a Regime of Rapid Technical Change" Richard R. Nelson

"Industrial Organization: A Proposal for Research" Ronald H. Coase

IV. *Public Expenditures and Taxation* (1972, xvii + 74 pp., cloth \$5.00, paper \$1.50).

Moderator: Walter W. Heller

Paper:

"Quantitative Research in Taxation and Government Expenditure" Carl S. Shoup

Panelists: James M. Buchanan, Richard R. Musgrave

V. *Economic Growth* (1972, xvii + 92 pp., cloth \$5.00, paper \$1.50).

Moderator: R. Aaron Gordon

Paper:

"Is Growth Obsolete?"

William D. Nordhaus and James Tobin

Panelists: Moses Abramovitz, Robin C. O. Matthews

VI. *Human Resources* (1972, xvii + 97 pp., cloth \$5.00, paper \$1.50).

Moderator: Gary S. Becker

Paper:

"Human Capital: Policy Issues and Research Opportunities" Theodore W. Schultz

Panelists: Alice M. Rivlin, Gerald S. Somers

VII. *Quantitative Economic Research: Trends and Problems*, by Simon Kuznets (1972, xxii + 93 pp., cloth \$5.00, paper \$1.50).

Essays on Interest Rates, Volume II, Jack M. Guttentag, editor (General Series 93, 1971, xxxii + 465 pp., \$15.00).

The eight essays in this volume fall into three broad groups: patterns of interest rate fluctuation on a wide variety of instruments; the selected determinants of yield or "quality" on risk instruments; and determinants of maturity structure on riskless securities. Essays by Cagan and Diller examine changes in the cyclical behavior of interest rates relative to fluctuations in general business over a long period. A large part of the Bureau's work on interest rates, including the essays in this volume by Frankena, Fredrikson, and Cohan, is concerned with problems of yield structure. Kessel and Sargent deal with the term structure of interest rates on riskless (government) securities. The core of these essays is what has come to be called the expectations theory of term structure, which states that term structure at a point in time is determined by the market's expectations of future short-term rates.

The Postwar Quality of State and Local Debt, by George H. Hempel (General Series 94, 1971, xiv + 176 pp., \$8.00).

This volume is part of the National Bureau's extensive study of the quality of credit. Hempel defines and measures the quality of state and local credit. First he offers a clear explanation of the term "quality" as it is used in the study. He then examines the past payment performance of state and local debt, and the size of significant debt instruments and borrower characteristics in recent years. He identifies those instruments and borrower characteristics which

measure the quality of state and local debt, and analyzes changes in these characteristics and in the economic environment. The study makes major contributions in this area of economic inquiry, not only in the methodology developed by the author, but also in his analyses of the apparent differences in the quality of state and local debt due to variable measuring and rating techniques. Some of the reasons why states and localities are particularly vulnerable in times of economic decline are indicated, and some of the devices necessary to any marked improvement in the quality of their debt are suggested.

Measures of Credit Risk and Experience, by Edgar R. Fiedler, assisted by Maude Pech (General Series 95, 1971, ix + 367 pp., \$12.50).

In this volume, Fiedler provides a comprehensive list of most of the known time series on the subject, supplying the data and charts for the most important of these series, making necessary adjustments in the data to facilitate their interpretation, and describing their current sources. The knowledge of what series exist and where they may be found will, Fiedler hopes, encourage business analysts to examine credit risk more carefully. The historical data charted in this study will supply a background and perspective against which future movements of these indicators can be evaluated. In addition to the data, the book examines the concept of credit risk and some of the problems encountered in interpreting the series.

The Channels of Monetary Effects on Interest Rates, by Phillip Cagan (General Series 97, 1972, xvi + 128 pp., \$5.00).

This study deals with the theoretical basis and empirical importance of the credit and quantity theories of monetary effects on interest rates. Cagan tests the relative importance of these effects by regressing interest rates on two variables representing two sources of monetary growth. The results indicate that the portfolio effect accounts for most of the inverse association between monetary growth and interest rates. The analysis also takes into account the effect of inflation on market interest rates through increases in anticipations of price increases.

Essays in the Economics of Health and Medical Care, Victor R. Fuchs, editor (Human Behavior and Social Institutions 1, 1972, xxiv + 237 pp., \$8.00).

Interest in the economics of health is particularly strong at this time. Economists are increasingly being called upon for advice concerning the determinants of the utilization of medical care, the efficiency with which resources are used in this industry, the value of improvements in health, the appropriateness of medical care prices and wages, and the creation of new devices for financing medical care. In this connection, the National Bureau, which began a program of research in this area several years ago, now presents, in one volume, a collection of essays which discusses these issues.

Econometric Models of Cyclical Behavior, Bert Hickman, editor (Studies in Income and Wealth 36, 1972, 1,230 pp., 2 vols., cloth \$17.50 per volume, paper \$7.50 per volume).

The principal focus of the Conference on Research in Income and Wealth, at which these essays were presented, was the dynamic properties and structural stability of such contemporary macroeconomic models as Office of Business Economics, Wharton, and Brookings. Based on these models, one group of papers examines short- and long-term simulations with regard to their cyclical characteristics. Another group deals with analyses of forecasting performance, including comparisons of ex post predictions and ex ante forecasts. Two papers stand somewhat apart from the rest: one attempts to model a theory of business cycles, the other deals with the methodological problem of the effects of aggregation over time on the estimated lag structure of dynamic econometric models. For most of the authors, the purpose was not deliberately to construct econometric models which are mathematical versions, or translations, of particular business cycle theories. Rather, they attempted to specify and quantify empirically valid behavioral hypotheses about the decisions and actions of various economic agents, and integrate the estimated relationships into a complete system capable of determining the values of all the current endogenous variables for known, or assumed, values

of the predetermined variables. Although the models were thus constructed primarily for short-term forecasting and policy analysis, the tests of dynamic properties reported at the Conference are natural extensions of the mathematical literature on business cycles.

International Comparisons of Prices and Output, D. J. Daly, editor (Studies in Income and Wealth 37, 1972, x + 417 pp., \$12.50).

The emphasis in this volume is on the use of national income concepts and data to appraise the supply and output side of national economies, and some related aspects of international trade. In addition to papers on the theory and measurement relating to comparisons of levels of prices and real product between countries, the Conference volume provides papers and discussion on the uses of the basic data in economic analysis and public policy, and goes below the level of the national aggregates into more disaggregation. The topics covered are particularly relevant to current problems. The papers explore problems of economic growth and income differences between countries; economic problems of developing countries and the scope for relative prices in planning for such countries; international trade and specialization; economic integration in Latin America; and comparative productivity levels in the United States and Soviet Union.

International Mobility and Movement of Capital, Fritz Machlup, editor (Universities-National Bureau Conference Series 24, 1972, xi + 710 pp., \$20.00).

This book consists of a group of papers focusing on the important differences between mobility and movement of capital. It covers the following areas: observed changes in capital markets of particular countries or groups of countries; recent developments in the theory of mobility and the movement of capital, especially new or controversial hypotheses; the uses of numerical data in testing or illustrating particular hypotheses concerning mobility and movement of capital; and the policy implications concerned, as they are indicated by the theoretical and empirical findings.

Empirical Models of Urban Land Use: Suggestions on Research Objectives and Organization, by H. James Brown, J. Royce Ginn, Franklin J. James, John F. Kain, and Mahlon R. Straszheim (Exploratory Report 6, 1972, xiv + 100 pp., \$5.00).

This book represents a valuable contribution to the field of land-use modeling. The authors present complete and accurate summaries of several current modeling efforts that provide the interested layman with an introduction to this field; it also provides the land-use modeler with an up-to-date survey of what has been done elsewhere. The models are analyzed and possible improvements in current modeling techniques are suggested. The authors conclude that improved land-use models can be a very useful source of information in the debates that inevitably arise around transportation system planning.

A Theoretical Framework for Monetary Analysis, by Milton Friedman (Occasional Paper 112, 1971, viii + 66 pp., \$3.50).

The general theoretical framework that underlies the series of monographs on money that Milton Friedman and Anna J. Schwartz have been writing is the quantity theory of money. This theory has taken many different forms, and traces back to the very beginning of systematic thinking about economic matters. However, the success of the Keynesian revolution led to its rejection by perhaps most professional economists. In this paper, Friedman outlines a simple model of six equations on seven variables that is consistent with both the quantity theory of money and the Keynesian income-expenditure theory. He suggests that the difference between the two theories is in the missing equation. The quantity theory adds an equation stating that real income is determined outside the system, i.e., the assumption of price rigidity. The purpose of the framework is to document the belief that differences among economists concern judgments about empirical regularities rather than theoretical issues.

The Cyclical Timing of Consumer Credit, 1920-67, by Philip A. Klein (Occasional Paper 113, 1971, xii + 95 pp., \$3.50).

The impact of consumer credit on economic stability has interested economists increasingly in recent years as the volume of such credit outstanding, both absolutely and relative to disposable personal income, has increased. Klein examines the amplitudes of expansions and contractions in consumer credit and relates them to comparable changes in income. Basically, Klein is interested in a much larger question of whether movements in consumer credit reflect a reaction to prior changes in general economic activity, or whether the relationship is best viewed as one of mutual interaction.

Measuring International Capital Movements, by Walther P. Michael (Occasional Paper 114, 1971, xii + 148 pp., \$6.00).

The purpose of this study is to construct integrated accounts of international capital flows, including grants, between individual countries for the years 1950 to 1954. The basic data on capital movements are the balance-of-payments data reported to and published by the International Monetary Fund. In examining capital flows, the author finds that the major part of both government and private capital—virtually all supplied by the industrial countries—went to advanced countries, the industrial countries themselves getting the major share of government capital, and other advanced countries that of private investment. Michael goes on to show that capital provided by the three main lenders—the United States, the United Kingdom, and the Continent—was highly concentrated in the countries whose trade relations were oriented toward them.

Business Loan Costs and Bank Market Structure: An Empirical Estimate of Their Relations, by Donald P. Jacobs (Occasional Paper 115, 1971, xii + 103 pp., \$5.00).

In this volume, Jacobs' attempts to develop an empirical estimate of the relationship of market structure to the performance of the commercial banks in supplying services to businesses. He provides an answer to the question: What is the relationship between market structure variables and the price businesses pay banks for services provided? However, this is only part of the larger question of the relationship of market

structure to the performance of banks. Since the provision of services to businesses encompasses a major portion of all services provided by banks, the conclusions have considerable relevance to the larger issue.

The Effect of Education on Efficiency in Consumption, by Robert T. Michael (Occasional Paper 116, 1972, x + 139 pp., \$3.00).

This paper deals with the general question of what effect human capital (education) might have on an individual's productivity in nonmarket activities, and what might be the direction and magnitude of that effect. The theoretical framework employs the concept of household production functions, through which the consumer unit combines its purchased market goods and its own nonmarket time to produce certain basic commodities from which it derives utility. The analytical tools of production theory are applied to various aspects of consumption; in particular, to the derived demand for market goods. The model suggests that human capital may affect the productivity of the various direct inputs of market goods and nonmarket time. The empirical study investigates whether increases in education, with money income held fixed, do in fact shift expenditure patterns in the predicted manner. The findings reveal that the formal education of the head of the household does affect expenditure patterns and generally does so in the expected manner.

Determinants of Expenditures for Physicians' Services in the United States, by Victor R. Fuchs and Marcia J. Kramer (Occasional Paper 117, 1972, xi + 65 pp.; price: see note, p. 127).

Expenditures for physicians' services in the United States increased by 328 per cent between 1948 and 1969: a growth rate considerably more rapid than that of gross national product or personal consumption expenditures, and about the same as that of other services. This paper examines the rise in expenditures for physicians' services and attempts to explain the pattern of change in the decades following World War II. The authors also analyze the very large geographical differences in expenditures per capita that exist in the United States. This study should contribute to an understanding of the economics

of medical care and to an improvement in the nation's ability to predict and control such expenditures in the future. This paper is being published for the Bureau by the Department of Health, Education, and Welfare.

Mental Ability and Higher Educational Attainment in the 20th Century, by Paul Taubman and Terence Wales (Occasional Paper 118, 1972, xii + 47 pp., \$1.50).

In this paper, Taubman and Wales provide empirical evidence that from 1920 to 1960 the proportion of high-ability students attending college has substantially increased. In the 1920's only about 60 per cent of the most able high school graduates entered college, whereas by the 1960's the corresponding figure was about 90 per cent. The authors also provide evidence that the academic quality of students in older universities has increased, while new colleges and community colleges meet the needs of the less able. The report suggests that in the middle to late 1920's college admissions were largely determined by a parent's ability to pay. After World War II however, the percentages of students in the upper IQ brackets continuing to college rose sharply, partly because middle-income families could afford to send their above-average children to college and partly because the advent of federal scholarships and loans allowed more able students with limited means to attend college. This paper was published jointly with the Carnegie Commission on Higher Education.

Publications Forthcoming

Postwar Productivity Trends in the United States, John W. Kendrick. General Series 98.

The Detroit Prototype of the NBER Urban Simulation Model, Gregory K. Ingram, John F. Kain, and J. Royce Ginn. Urban and Regional Studies 1.

Measurement of Economic and Social Performance, Milton Moss, editor. Conference on Research in Income and Wealth 38.

Orders, Production, and Investment—a Cyclical and Structural Analysis, Victor Zarnowitz. Studies in Business Cycles 22.

Institutional Investors and Corporate Stock: A Background Report, Raymond W. Goldsmith, editor. Studies in Capital Formation and Financing 13.

The Demand for Health: A Theoretical and Empirical Investigation, Michael Grossman. Occasional Paper 119.

Anticipatory and Objective Models of Durable Goods Demand, F. Thomas Juster and Paul Wachtel. Occasional Paper 120.