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EXPLORATIONS IN ECONOMIC RESEARCH

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PRODUCTIVITY, COSTS, AND PRICES: NEW LIGHT FROM AN OLD HYPOTHESIS
Geoffrey H. Moore

CHANGES IN THE RECESSION BEHAVIOR OF WHOLESALE PRICES IN THE 1920'S AND POST-WORLD WAR II
Phillip Cagan

THE CYCLICAL TIMING OF LABOR MARKET INDICATORS IN GREAT BRITAIN AND THE UNITED STATES
Desmond J. O'Dea

A NOTE ON SEX SEGREGATION IN PROFESSIONAL OCCUPATIONS
Victor R. Fuchs

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# RELATION OF THE DIRECTORS TO THE WORK AND PUBLICATIONS OF THE NATIONAL BUREAU OF ECONOMIC RESEARCH

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.

2. The President of the National Bureau shall submit to the Board of Directors, or to its Executive Committee, for their formal adoption all specific proposals for research to be instituted.

3. No research report shall be published by the National Bureau until the President has sent each member of the Board a notice that a manuscript is recommended for publication and that in the President's opinion it is suitable for publication in accordance with the principles of the National Bureau. Such notification will include an abstract or summary of the manuscript's content and a response form for use by those Directors who desire a copy of the manuscript for review. Each manuscript shall contain a summary drawing attention to the nature and treatment of the problem studied, the character of the data and their utilization in the report, and the main conclusions reached.

4. For each manuscript so submitted, a special committee of the Directors (including Directors Emeriti) shall be appointed by majority agreement of the President and Vice Presidents (or by the Executive Committee in case of inability to decide on the part of the President and Vice Presidents), consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when notice of the proposed publication is submitted to him. It shall be the duty of each member of the special manuscript committee to read the manuscript. If each member of the manuscript committee signifies his approval within thirty days of the transmittal of the manuscript, the report may be published. If at the end of that period any member of the manuscript committee withholds his approval, the President shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty days additional shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board who shall have voted on the proposal within the time fixed for the receipt of votes shall have approved.

5. No manuscript may be published, though approved by each member of the special manuscript committee, until forty-five days have elapsed from the transmittal of the report in manuscript form. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general or the special committee have passed on its validity in every detail.

6. Publications of the National Bureau issued for informational purposes concerning the work of the Bureau and its staff, or issued to inform the public of activities of Bureau staff, and volumes issued as a result of various conferences involving the National Bureau shall contain a specific disclaimer noting that such publication has not passed through the normal review procedures required in this resolution. The Executive Committee of the Board is charged with review of all such publications from time to time to ensure that they do not take on the character of formal research reports of the National Bureau, requiring formal Board approval.

7. Unless otherwise determined by the Board or exempted by the terms of paragraph 6, a copy of this resolution shall be printed in each National Bureau publication.

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

# Editor's Overview

## Vol. 2, No. 1

With this issue, *Explorations in Economic Research*, begins its second volume and first full year of operation.

The papers constituting Vol. 2, No. 1 reflect the National Bureau's continuing interest in the adequacy of generally accepted measures of economic activity and performance. In his lead article for this issue of *EER*, Geoffrey H. Moore explicitly relates the behavior of productivity, costs, prices, and profits since 1961 to observations in 1913 by Wesley C. Mitchell, the Bureau's founder, regarding empirical regularities in the cyclical behavior of such measures, and finds them still to provide a useful framework for describing alternating phases of economic expansion and contraction during the decade just past.

Desmond J. O'Dea in the issue's second paper provides an international perspective to business cycle research with his careful observations on empirical regularities in the direction and magnitude of lead-lag relationships among British labor market indicators, and the degree of correspondence between those relationships in Britain and the United States.

Both Moore and O'Dea add richness to their respective descriptions of U.S. and British experiences by examining not just one but several measures of economic activity, whose separate behaviors illuminate quite different aspects of the totality of events that constitutes a business cycle.

Phillip Cagan goes one step further in his contribution to research on the inflation process by disaggregating a particular indicator of business activity, the Wholesale Price Index, into its 1,100-odd constituent product price indices, in an effort to explain apparent differences in the recession behavior of wholesale prices since World War II. His analyses confirm that the apparently greater resistence of these prices to downward pressures during intermittent periods of contraction since 1949 does not result from mechanical problems in the construction of the Index, but is shared by the great majority of manufactured products. Cagan's principle conclusions are that the entire distribution of wholesale price changes for products whose prices are included in the Index has become less disperse since World War II and has tended to shift rightward, toward smaller negative or larger positive values with each succeeding recessionary interlude, as intensified inflationary expectations appear to lessen the response of manufacturing prices to short-run variations in demand.

In the fourth research paper contained in this issue, Victor R. Fuchs repudiates the belief held by some observers that the stability in the percentage of the female share of professional employment since 1950 is a continuation or accentuation of occupational sex segregation. Fuchs has constructed a simple index of sex segregation within professional occupations based on data from 1950, 1960, and 1970. Using a standardized version of this index based on sex proportions in each occupation in a particular year, as well as Henri Theil's "entropy index," he shows that a significant decline in sex segregation within occupations did occur between 1960 and 1970. Fuchs predicts moreover that during the 1970's there will be an even more substantial decrease in sex segregation within occupations. He also anticipates that the less segregated occupations will continue to grow more rapidly than the highly segregated ones.

The Fourth Quarter 1974 *ASA-NBER Business Outlook Survey*, conducted jointly by the American Statistical Association and the National Bureau of Economic Research, completes this issue of *EER*.

On November 21-22, 1974, the National Bureau co-sponsored with the UCLA Graduate School of Management, Norton Simon Inc. Foundation on the Business-Government Relationship, and Pacific Stock Exchange, a Symposium on Regional Stock Exchanges in a Central Market System. The conference was held in Los Angeles. Speakers included Congressman John E. Moss, Chairman of the Legislative Subcomittee in the U.S. House of Representatives that handles securities legislation; Commissioner Philip A. Loomis, Jr., U.S. Securities and Exchange Commission; Donald I. Baker, Deputy Assistant Attorney General, Anti-Trust Division, U.S. Department of Justice; presidents of three of the Nation's Regional Stock Exchanges; and other prominent and knowledgeable persons from both academic and financial communities. The Conference's focus was on the economic viability of regional market centers, including regional stock exchanges, over the longer term, commencing with the creation of a Central Market System, and over the shorter term transition period until such a system is established. Publication of *Proceedings* from the Symposium is planned for Vol. 2, No. 3 of *Explorations in Economic Research*. Volume 2, No. 2 will appear during the spring of 1975 and will focus on the NBER's long-standing involvement in studies relating to the business cycle. In an article by Geoffrey H. Moore the current slowdown in U.S. economic activity is compared to slowdowns in the past and some of the issues and answers to current problems of recession and infltion are discussed. John R. Meyer and Daniel H. Weinberg report on an experimental use of multivariate discriminant analysis to determine a four-phase classification of the business cycle. Phillip Cagan discusses how market structure was affected by inflationary movements from 1967 through 1973. Finally an evaluation of the quarterly *ASA-NBER Business Outlook Survey*, which appears in each issue of *EER*, is presented by Josephine and Vincent Su. Other articles under consideration for future issues of *Explorations* focus on such topics as: railroad productivity; inflation and the market structure; demand for housing; effect of school quality on achievement, attainment levels, and lifetime earnings; college quality and its impact on earnings; and the finances of American unions.