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NATIONAL BUREAU OF ECONOMIC RESEARCH

INCORPORATED

MESSAGE OF THE PRESIDENT

Read at the Annual Meeting, February 6, 1933

REPORT OF THE DIRECTORS OF RESEARCH
FOR THE YEAR 1932

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NATIONAL BUREAU
OF ECONOMIC RESEARCH, INC.

IN 1920 the National Bureau of Economic Research was established in the belief that to the problems of peace should be applied inquiry no less devoted and no less rigorous than that accorded to the problems of war. The founders believed indeed that the problems of peace demand study more continuous, intensive and many-sided than the problems of war because the facts to be uncovered and related are more varied, more complicated and more elusive. If that policy has been vindicated by the services which the National Bureau has rendered in the past twelve years it was surely never so justified and never so needed as amidst the confusion and uncertainties which characterize the current depression.

To lay a solid foundation of knowledge upon which policies can be builded through the presentation and coordination of the facts regarding social, economic and industrial problems—this has been from the first the objective of the National Bureau. To that end it has brought together upon its Board of Directors representatives of widely varying interests and viewpoints, but united in the belief that the discovery and free scrutiny of objective facts is the road that leads to economic wisdom and sound policy. The variety of viewpoints within the ambit of this common faith is a safeguard against one-sided interpretations. The by-laws of the National Bureau provide that all reports by the staff shall be submitted, before publication, to the Directors for criticism, and that a Director who dissents from any finding approved

by the majority of the Board may have his view published in the report. The dissents occasionally recorded in the National Bureau's publications have given continued assurance of the alertness of the Directors, and bear witness to that freedom from bias which the National Bureau seeks to maintain. In addition, the many unrecorded contributions of information and critical judgment from the varied experience and training of the Directors have given the published work a rare perspective which greatly enhances its value.

In Dr. Mitchell's words, our credo is:

"We believe that social programs of whatsoever sort should rest whenever possible on objective knowledge of fact and not on subjective impressions. By putting this faith into practice we are making a contribution to the working methods of intelligent democracy. The practical demonstration we have given that men of otherwise divergent views can unite in the scientific investigation of controverted social facts will give a powerful stimulus to all movements like ours."

But like other disinterested organizations for research, we are not self-supporting. The very nature of the service we render makes self-support impossible. The fact that we serve essentially the public welfare, without entangling alliances of any kind, is the fundamental obstacle to the raising of funds, as it is the main basis on which we ask for them. We offer to our subscribers a series of volumes and if these may not be an economic *quid pro quo*, at least we believe that they will confirm the faith in which our supporters have come to our aid.

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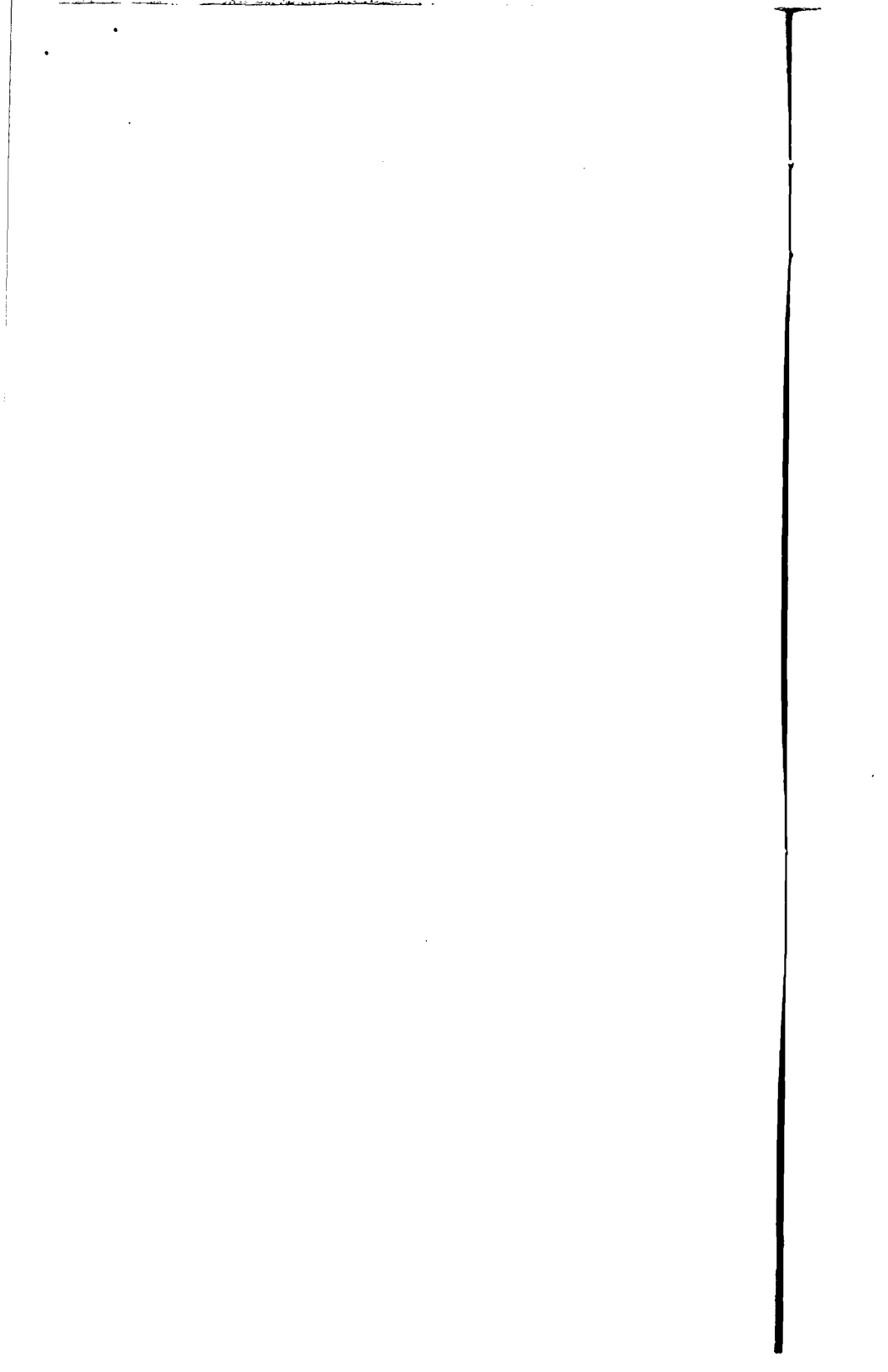
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MESSAGE OF THE PRESIDENT

Read at the Annual Meeting, February 6, 1933

THIS meeting marks the end of Dean Gay's active connection with the National Bureau, as Director of Research. Under his stimulating guidance, the National Bureau has attained the full stature of which it gave promise in its earlier stages.

Dean Gay has opened up and maintained an increasing number of contacts with many people in the scientific and government world, which have made possible the numerous projects undertaken by the National Bureau. I confess to a throb at the thought of his leaving, which I know is shared around this table—and propose the following Resolution:

"In view of Dean Edwin F. Gay's retirement as active Director of Research in order to complete a piece of work long in progress, the Board of Directors of the National Bureau of Economic Research express to him their deep appreciation of his great service over nine years, which has contributed to placing the National Bureau in its present outstanding position as a fact-finding agency. Our regret is tempered only by the satisfaction we feel that he is about to have the leisure necessary for the completion of his own research in economic history; and we look forward to the time when he will again be able to devote his active attention and guidance to the affairs of the National Bureau."

During the past year the National Bureau has been forced to reorganize its plans in order to bring its expenses within the smaller income to which it, like most other organizations, has had to adjust itself. In spite of drastic curtailment of the

staff, the output of scientific work is large. This is partly because several studies that were begun some time ago have now reached the stage of publication and others will soon be completed. The scientific quality of the work has been maintained at its accustomed high level and it is pleasant to know the regard in which the National Bureau is held throughout the country. There is no doubt that we have attained the position for which the organizers hoped.

Before us lies the challenge of still unexplored areas of economic reality—areas which seem to extend further today than they did in 1920. The facts they contain must be discovered, determined by methods of precision, and brought into relationship if we are to understand the problems and complications of our economic life. In as much as these complications have become more starkly evident, the possibilities for accurate measurements may have been markedly increased.

OSWALD W. KNAUTH

*Action on the Resolution concerning Dr. Gay's resignation
as Director of Research*

Asked by the Chairman of the Board whether he cared to comment upon Dr. Gay's resignation as Director of Research, Dr. Mitchell replied:

"I reciprocate most warmly what Dr. Gay has said regarding the cordial relationship between the National Bureau's two Directors of Research during the last nine years. When the arrangement now to be terminated was first made, a member of the Board expressed his apprehension, natural under the circumstances, lest a division of responsibility cause trouble. Knowing Dr. Gay as I already did from having been a member of his staff in Washington during the War, I entertained no such fear. Experience confirmed my faith that the two of us could work in harmony for the best interests of the or-

ganization. What success the National Bureau has attained during this period has been due primarily to Dr. Gay's courage, imagination, candor and good judgment. To second his efforts has been a pleasure. His retirement is a grievous personal loss to me, for it ends at least for a time the closest and the most stimulating relation in my professional life.

"May I add that, while I sympathize with Dr. Gay's desire to be relieved of all administrative responsibility during the year he is to spend abroad, I hope he will not refuse upon his return to re-open the question of resuming his leadership of the National Bureau. I do not ask him now what his attitude will be, for I know what he would answer. But to the other members of the Board I express the hope that time may bring a change to our advantage. Meanwhile he is undertaking to handle several negotiations in England or on the Continent of importance to our future work—an act of supererogation, but so characteristic of his generosity and zeal that we take it as a matter of course.

"Dr. Gay leaves the scientific work of the National Bureau at the highest pitch of efficiency we have attained. The coming year promises to be the most productive of published results in our history. To maintain this level would be difficult under any circumstances; to maintain it without the inspiration of his energy and wisdom will be doubly difficult. All the staff, and the remaining Director of Research in particular, will realize more keenly as the months go by how great a part Dr. Gay has played in our work."

Mr. Roberts moved the adoption of the resolution, presented in the President's *Message*, and said:

"As a member of this Board from the beginning, I want to say that I deeply regret this action of Dr. Gay in retiring as one of the Directors of Research. It is a surprise to me. I have had no intimation of it, and I am sorry that he finds it to be necessary. I believe that the success which has attended upon the work of the organization has been mainly due to the faithful interest and highly intelligent management given by the two Directors of Research, Dr. Gay and Dr. Mitchell. In my opinion they may have worthy pride and satisfaction in

what they have accomplished in building up an organization that is destined to be a social institution of great value.

"In this connection I should like to add something which I think is not irrelevant—about the part which our friend here, Colonel Rorty, had in founding this organization. I believe that he originated the idea upon which it was founded. I remember his calling upon me when I think he was in the Research Department of the American Telephone and Telegraph Company, for the express purpose of enlisting aid in the project, and if this was not the beginning, at least it was the first I heard of it. The burden of his talk was that there ought to be an organization for pure research, a fact-finding organization, to discover the essential truths regarding our economic life and economic relationships, over which there was endless controversy. He said with great force that the controversies over matters of fact which could be ascertained beyond dispute obscured the matters over which real differences naturally arise and prevented concentration upon them. He said that the varied sections or groups of our economic system should have such representation in the direction of the proposed organization as would not only aid in arriving at all the facts, but enable all participating in the study to accept and support the findings. That was an idea of great constructive value, and if it did not come first to Malcolm Rorty—most ideas have many births—at least I believe he was the one who first acted upon it in a practical way, for he did the spade work upon the foundation of this organization. I may never have a better opportunity to give this bit of testimony, and I ask the privilege of putting it into the records of this evening's proceedings.

Mr. Morgan:

"It is appropriate perhaps that I as the newest Director of the National Bureau should follow the senior Director, Mr. Roberts, in expressing regard for Professor Gay. The success of the National Bureau of Economic Research has been built largely around his personality and that of Professor Mitchell. When Dean Gay told me over the telephone that I might expect an invitation to become a member of this Board, he let me understand that I would have some days to think it over. I replied that I did not need any time at all, that his own connection with the National Bureau was inducement enough for anybody, because it had long provided the proof of the Bureau's high

standing, and this without taking account of its excellent performance. I am deeply sorry that it now becomes impossible for him to retain his active participation in the Bureau's work. I hope his decision is for the time being only and that the separation is not permanent. We shall all look forward to his return."

Colonel Rorty:

"Mr. Chairman: I attempted to offer the present motion and then to second it—but there were too many hastening into line to pay their tributes to Dr. Gay. Perhaps, however, the occasion is such as to permit several seconds. In any case, I cannot let it pass without a few words of reminiscence.

"The Bureau had its real beginnings in discussions between Dr. Gay, Professor Mitchell and myself, even before the late War, as to the need for a better knowledge of the national income and its distribution. It was at first planned as a Committee on the National Income. The War interrupted these plans, but Dr. Gay's interest and support continued and was a major, perhaps *the* major, contribution to the organization of the National Bureau in its present form.

"I am sure that Professor Mitchell will join me in saying that, without Dr. Gay's encouragement, the National Bureau would never have been organized. And I think we can all agree that without that admirable partnership between Dr. Gay and Professor Mitchell, to which Dr. Gay has referred, the National Bureau not only might have failed to do the constructive work it has done in the past twelve years, but could much less readily have acquired that which today is its greatest asset—the universal confidence of all classes of men in the integrity of its findings.

"Dean Gay is too much a part of the National Bureau to let this be a marital separation, and I join most vigorously in Professor Willit's proposal that we consent to it only as a marital vacation."

The Resolution was unanimously adopted by standing vote.

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REPORT OF THE DIRECTORS OF RESEARCH FOR THE YEAR 1932

DURING the past year the National Bureau of Economic Research, in common with the entire economy of the nation and of the world, has suffered seriously. Its budget has been drastically curtailed, the number and remuneration of its working staff have been reduced, and some of its activities and projects suspended. But despite the necessity of cutting the budget by almost two-thirds, in order to bring expenditures strictly within the available resources, care has been taken to preserve intact essential continuing work; branches have been lopped but the living trunk of this tree of knowledge remains unimpaired. Indeed, with increased concentration upon the completion of some of the studies which have engaged the staff during recent years, there is definite prospect of unusually large crops in the way of publications in 1933 and 1934.

CONTINUING STUDIES

The Amount and Distribution of the National Income

From its inception, the National Bureau has been chiefly concerned with studies of the dynamic processes of modern economic activities, especially those which can be measured or whose variations in amplitude and timing can be estimated with approximate accuracy. Such studies have seemed to us practically and immediately useful and also ultimately contributory to a realistic reformulation of economic theory. Of central importance is the estimate of national income; accordingly this was made the first and the continuing task, car-

ried on in the beginning by the entire staff and later by Dr. King. As was stated in last year's annual report, this work has been entrusted to Dr. Kuznets, under the special supervision of Dr. Mitchell. Dr. Kuznets has analyzed previous estimates made by the National Bureau and has proposed a carefully considered program. It is planned to revise and extend Dr. King's estimates of national income by industrial sources and forms of payment, utilizing the large volume of new data made available by the 1929 Census and other recent publications; to refine the classifications, presenting a larger number of industrial divisions and attempting to reduce as much as possible the undistributed part of the aggregate; to concentrate on cash and commodity income, supplementing this work with an estimate of business savings; and to abandon the study of net changes in the value of securities held by individuals. A more detailed cross-classification by industrial sources and forms of payment involves some difficulties, but has the advantage of making distinctions more significant for economic analysis and at the same time more explicit as to the varying degrees of accuracy in the estimates. The first publication, which will cover the new classifications as well as the estimates of total national income and will be in preparation during 1933, may expediently appear in two parts. Part I should present the chief tabulations, including a revision of the estimates since 1909, and should be accompanied by interpretations of the concepts and results. The second part should contain the auxiliary data employed in arriving at the estimates, and the technical description of methods.

The succeeding stages in the program will be an examination of the frequency distribution of personal incomes classified by size, of the problems of deflation and of income expenditure, the latter involving a measurement of the volume of savings.

These highly important fields of inquiry, relatively neglected by the National Bureau in its more recent publications on national income, should yield valuable information on inequalities in personal incomes, on the apportionment between spending and saving, and on the conversion of income estimates in current dollars into measures of real income. These later stages of the study obviously call for long-range planning, looking ahead to years subsequent to 1933, but it is necessary to lay out the investigation as a whole in order to delimit intelligently the first and simpler section of the work proposed for the coming year.

The labor of preparing the sixth National Bureau volume on national income will be much facilitated by the estimates for 1929, 1930 and 1931, now, under Senate resolution No. 220, being compiled by the Department of Commerce. Since Dr. Kuznets has been requested to assume advisory direction of the Department's study, cooperation between the National Bureau and the Department of Commerce will be close.

Supplementing other National Bureau studies of national income estimation is Dr. Thorp's exhaustive history of the subject, now almost completed in manuscript. The work of about three hundred estimators is described. For England alone, the number of estimates reported is approximately two hundred and twenty-five made by some sixty-five calculators, beginning early in the sixteenth century. With more precise economic analysis, with more abundant statistical data, and also with the increasing and more exacting complexity of economic organization, concepts have become more refined and technique has been steadily improved. As a problem in logic the estimates have become more subtly difficult at the same time that the accumulation of statistical material has made easier the substitution of facts for conjecture or estimates based upon

crude samples. In 1919 Sir Josiah Stamp analyzed and graded ten estimates for various countries. Most of these have been improved in the last decade, and estimates have been prepared for many more than the eight countries listed by Sir Josiah. It is inevitable that the many investigations, independently executed in several countries, should present numerous forms of disagreement both as to definition and as to the fundamental concepts that govern inclusion or exclusion of doubtful items. On account of differences of purpose, or perhaps even more because of diversities in the character of the available statistical data, complete comparability of the national estimates is not at present possible. It is highly desirable that the subject be studied by some international organization such as the International Institute of Statistics, and the National Bureau should be prepared to take its part in a clarifying round-table discussion.

Economic Changes

In the present conjuncture it is unnecessary to stress the imperativeness of the scientific study of economic fluctuations. It is realized that these successive and in varying degree convulsive movements are not merely occasional disturbances of a normal condition, but are the continually shifting disequilibria of a dynamic economic organization. Immediately after the continuing work on national income had been set up, the National Bureau undertook the examination of the apparently outstanding form of fluctuation, recurring business cycles, and for several years Dr. Mitchell, with a corps of assistants, has been engaged in the collection of data and the perfection of methods by means of which the amplitude and timing of these cycles could be measured. The first portion of this work, *Business Cycles: The Problem and Its Setting*, was published by the National Bureau in 1927. Since then steady progress

has been made in the preparation of a second volume which is to exhibit systematically the cyclical behavior that is characteristic of different factors in business, taken, for the most part, one at a time. The factors are grouped under the following chapter headings:

1. Plan of the Investigation
2. How Cyclical Behavior is Measured
3. Production of Commodities
4. Transportation by Land and Sea
5. Prices of Commodities and of Transportation
6. Sales of Commodities
7. Stocks of Commodities
8. Foreign Commerce
9. Personal Incomes from Labor, Property and Enterprise
10. Business Profits and Losses
11. Savings, Investments and Dealings in Securities
12. Volume of Business
13. Interest Rates
14. Banking and Currency
15. Social Concomitants of Business Cycles

While in Oxford during the last academic year, as George Eastman Visiting Professor, and at home this past summer, Dr. Mitchell wrote the first draft of this volume. He hopes to have the manuscript ready for publication before the end of 1933. This book, with its numerous charts depicting the average cyclical behavior of the manifold economic activities indicated above, should be of service to business men as well as to economists. The methods of analysis, though novel, are readily understandable. On the analytical basis thus laid, Dr. Mitchell will attempt in a third volume to develop a synthesis which should further our comprehension of this phenomenon of incessantly evolving change.

In two other publications the National Bureau will contribute studies of other forms of economic fluctuations. Dr.

Kuznets has completed his study of seasonal movements, described in last year's annual report, and presents the results in *Seasonal Variations in Industry and Trade*. These short-time fluctuations are apparently increasing in their amplitude and in their cumulative unbalancing effect upon the economic system. Dr. Kuznets' examination of the seasonal problem suggests to him that from the standpoint of the interests of society as a whole "considerable alleviation may be achieved if technical and organizational ingenuity is stimulated towards a stabilization of activity; that more hope lies in the direction of dovetailing uses of productive resources which are subject to divergent seasonal swings than in an attempt to master directly the climatic or conventional forces which make for disturbances; that in our present social organization considerable limitation upon any such solution of the problem is imposed by the independence of individual business enterprises; and that from the point of view of social policy directed towards elimination of seasonal disturbances it seems advisable to bring pressure to bear upon those economic agents who are in a position to exercise their power and ingenuity to achieve a more efficient and continuous utilization of resources which society has placed at their disposal."

The long swings in the economy, generally called major cycles, have also been insufficiently studied and but few attempts made to analyze, measure and characterize them. Mr. Arthur F. Burns, while a Research Associate of the National Bureau in 1930-31, essayed this task, among others, with an elaborated statistical technique and with interesting and highly suggestive results. His manuscript, *Production Trends in the United States*, is completed in first draft and has gone the usual rounds of critical examination by the staff. Its publication may confidently be expected at an early date. Mr. Burns

states: "Several lines of evidence—averages of trend-cycles, decil charts, averages for subgroups, summaries of direction of trend-cycle movements, and production indexes—lead independently to the conclusion that there has been a general trend cycle in the production of the nonagricultural industries of this country during the period since the Civil War"; furthermore, "exceptionally rapid advances in 'general' production are shown to have been experienced during 1875-1885, 1895-1905, 1910-1920, and 1920-1929, and exceptionally mild advances during 1885-1895, 1905-1915, and 1915-1925."

The American Labor Market

Linked with the investigation of economic fluctuations, and in fact originally undertaken for the National Bureau's study of business cycles, was the *Growth of American Trade Unions, 1880-1923*, prepared by Dr. Wolman. He is now carrying the figures through 1932 in order to present the record of changes in the strength of organized labor during the first post-War decade and the depression. The 1930 Census of Occupations, by making available comparisons between trade union membership and occupied persons, would furnish a reason for this volume, even if it were restricted to a compilation, but Dr. Wolman proposes to see whether these measurements assist in supplying an explanation of recent trends in the history of organized labor which have been unexpected and puzzling.

Dr. Wolman also reports progress on the study of the American labor market upon which, with many interruptions from other demands upon his time, he has been long engaged. He is concentrating upon a first volume which will deal with the complicated data of wage movements, wage structure and labor cost in the United States since 1880. In

addition to his detailed analysis of wage movements he plans to examine particularly the changing divergences in wages as exhaustively as the data admit. The wage history of the past four years has so modified the trend of previous decades and discloses such interesting problems in theory that a study of the decline in wages since 1929 will be of exceptional value. Since the materials are now ready for the interpretative writing, Dr. Wolman states that a first draft may be expected before the close of the year. In view of the timeliness of the subject it is hoped that Dr. Wolman may be able to give precedence to this unit, pushing it to completion as rapidly as possible.

Dr. Wolman notes a by-product of the work on the labor market. His assistant, Mr. David Weintraub, wrote an article, "Displacement of Workers through Increases in Efficiency and their Absorption by Industry, 1920-1931," which appeared in the December issue of the *American Statistical Journal*.

A part of the study of the labor market is that of unemployment measurement. Since the issue of *Recent Economic Changes*, Dr. Meredith B. Givens of the staff of the Social Science Research Council has extended the work done in connection with his report in that volume to an analysis of the methodology and a detailed appraisal of the data available in the United States for estimates of the volume of unemployment. Only compulsory registration under state-administered unemployment insurance can furnish accurate measurements, but a variety of new sources of information has recently become available. Dr. Givens aims to compare, test and combine these materials for an original estimate of the increase of unemployment during the depression. His work will furnish also a critical guide to those who may be attacking any phase of the subject.

Prices and Production

One result of Dr. Mills' notable book, *Economic Tendencies in the United States*, issued in November by the National Bureau, with its enlightening comparisons of the rates of economic change before and since the War, has been to emphasize the need of coupling statistics of prices and production. Only by a consideration of the joint effect of these factors is it possible to measure what he terms the "real contributions and real rewards of various economic groups." Results of preliminary studies of this type were cited in *Economic Tendencies*. Dr. Mills' interest fits in happily with the authorization of the Executive Committee to extend, so far as might be allowed by the resources available, the National Bureau's investigations into the field described in the annual report for 1931 as the "physical volume of production in the United States and of the flow of goods from producer to consumer." Dr. Mills plans, with his assistants, Messrs. Bliss and Fabricant, to work concurrently on three monographs. In the first will be explored the economic implications of changes in price relationships of raw materials and manufactured goods. The margin between prices at successive stages of production has widened in post-War years and is still widening. The difference in price status of raw material producers and manufacturers is for important commodity groups not only a domestic problem; it has also international significance. Dr. Mills, absent abroad on sabbatical leave from Columbia University this spring, will be in position to collect and examine certain foreign materials not readily accessible here. The second monograph will deal with changes in production, productivity, prices and costs in the United States from 1929 to 1932 inclusive, extending the measurements presented in *Economic Tendencies*, and utilizing to the fullest extent the 1931 Census

of Manufactures. The third monograph will concentrate on the production of capital equipment and consumption goods and on related price movements, again extending the data already in hand through the depression.

COOPERATIVE RESEARCH WITH THE COMMITTEE ON RECENT ECONOMIC CHANGES

Before the end of 1931 it became evident, as was pointed out in the preceding annual report, that the survey of the depression, which the National Bureau had been prosecuting actively at the request of the Committee on Recent Economic Changes, should be temporarily suspended. Although much material had been gathered and discussed, and several chapters drafted, it was clearly inexpedient to issue even a preliminary description of the downward movement until it had run a full course that could be measured; still less was it justifiable to attempt an objective analysis when not only were the factors shifting in their relative perspective and meaning in the sight of the observers, but also these observers were themselves liable to be unconsciously swayed by the changing environmental attitudes. The prolongation of the depression through 1932 has obviously made necessary the further suspension of this work, for similar reasons.

It is understood both by the Committee and the National Bureau that when the upturn of the business trend has been definitely established, some of the preliminary reports already in hand are to be revised and issued in separate monographs as Studies of the Depression.

Meanwhile, certain obligations undertaken by the National Bureau, upon the initiative of the Committee on Recent Economic Changes and under its auspices, have been fulfilled. Dr. Mills' *Economic Tendencies in the United States*, already re-

ferred to, is the application on a general front of an approach used by him in his section of *Recent Economic Changes*. Dr. Epstein completed in October his analysis of industrial profits in the United States for the decade of the 'twenties. This study had originally been proposed by the Committee on Recent Economic Changes but was carried out by Dr. Epstein for the Department of Commerce with the cooperation of the Treasury Department. He was then invited by the National Bureau to write a critical and interpretative study of the movement of profits based upon the published government materials. This work has now been executed and the manuscript will soon be circulated among the Directors of the National Bureau for approval prior to publication.

The Committee on Recent Economic Changes requested J. Maurice Clark, Professor of Economics at Columbia University, to make a survey of factors in the depression, indicating the most fruitful lines of inquiry and offering practical recommendations for their consideration. His report, although obviously tentative in character, seemed to the Committee and to the National Bureau so suggestive that, at the request of the Committee, the National Bureau has agreed to print it. In the last paragraph, Dr. Clark warns of the opposite dangers

"of setting up measures of control before we are wise enough to know just what to do with them and how to use them in the right way of doing nothing until it is too late, waiting to know just what to do—waiting perhaps for students to tell us things we can learn only from experience and to prove to us matters not susceptible of exact proof."

He concludes:

"We need more statistical information; but we also need statistics not gathered merely to describe things but oriented to the needs of a program the main characteristics of which can be outlined with the knowledge already at hand."

NEW STUDIES

Because of the curtailment of activity necessitated by the limited funds available, the only new study proposed for the immediate future is one which fits closely both within the projects authorized last year by the Executive Committee and with one phase of the program already begun by Dr. Mills and for which a part of the data has already been collected. With the aid of funds granted to the National Bureau by the Social Science Research Council, and upon its invitation, the National Bureau is to study the flow of durable goods as an aspect of capital formation in the United States. This undertaking, which is to be directed by Dr. Kuznets, is one stage of a larger investigation of capital formation initiated by the Social Science Research Council.

FORTHCOMING PUBLICATIONS

Experience has too often warned the Directors of Research of the lag between plan and performance in the publication of the scientific work of the National Bureau. But all indications point to a fruitful year when much that has been some time in preparation will appear in printed form. This will mean in the reading of manuscripts or proof a considerable tax upon the time of the Directors, but they, like our subscribers, must take the consequences of participation in an organization whose volume of output, by the very nature of scientific investigation, fluctuates from year to year.

Dr. Macaulay has delivered to the Directors of Research the revised manuscript of his book upon interest rates and security prices. The text provides an interpretative discussion of carefully compiled series presenting by months the changes in American railroad bond yields, railroad stock prices, commercial paper rates, call money rates and New York City bank

clearings—all from 1857 to date; New England municipal bond yields, 1857-1914; bank clearings outside of New York, 1875 to date; pig-iron production, 1877 to date; time money rates and wholesale prices of commodities, 1890 to date.

This volume will add greatly to statistical data, for several of the series are quite new and certain of the familiar materials have been improved by a critical re-examination of the sources. It applies the ingenious statistical methods described in Dr. Macaulay's monograph, *The Smoothing of Time Series*, which the National Bureau published in 1931. Finally it constitutes a significant advance upon earlier discussions of the nature of bond yields and of their relations to time interest rates, commodity prices and other factors in economic activity.

Other manuscripts which have already been received, read by the staff and are now either under revision or have been submitted to outside advisers include: Dr. Schmidt's German business cycles, 1924-30; the reports of Dr. Gayer on public works, of Professor Paton on corporation profits and of Dr. Jerome on mechanization. Dr. Wolman's monograph on trade union membership, Dr. Givens' report on unemployment and Dr. Leontief's statistical analysis of elasticities of demand and supply in selected American commodity markets are expected before the mid-year.

THE BULLETIN

For several years the National Bureau has issued occasional *News-Bulletins*. The Directors of Research have desired to make them a vehicle for carrying informally to our subscribers certain results of studies which usually appear later in more detail in book form. Only one issue was circulated in 1932—*The Depression as Depicted by Business Annals*. Under the editorship of Dr. Mills a definite program has been outlined to

replace the former policy of sporadic publication. He has planned a series of six issues dealing with the behavior of various economic factors during the depression: profits, production, employment, wages, prices and income. With the initiation of this series it has seemed well to recognize the change which has already taken place in the character of these informal reports by deleting the word *News* from the title. The first Bulletin, *Corporation Profits in Prosperity and Depression*, summarizes some of the results of Dr. Epstein's investigation mentioned above; the second, *Changes in Physical Production, Industrial Productivity and Manufacturing Costs, 1927-1932*, extends some of the measurements presented in *Economic Tendencies*.

RESEARCH ASSOCIATES

It will be noted that the Research Associates are contributing to the productivity of the National Bureau. Of those whose appointments terminated in 1931 Mr. Burns and Dr. Gayer are listed above. Of the 1932 group Dr. Leontief and Dr. Schmidt are also mentioned; Dr. Silverman has reported fully concerning progress on his detailed study in economic disequilibrium as manifested in the international trade factors of Great Britain, 1880-1913.

The marked recession in the income of the National Bureau compelled the suspension or cessation of new appointments of Research Associates. From the standpoint of the National Bureau the experiment has clearly been a success. By offering its facilities to those well qualified to profit by the opportunity, research has undoubtedly been stimulated. While there seems to be no immediate prospect of resources sufficient to continue the plan, the staff of the National Bureau is anxious, within the limits of its time and knowledge, to advise and

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