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Specific Recommendations on Res. in
Natl. Income & Wealth - submitted
by Simon Kuznets, to RF

2005
National
Bureau of
Economic Research

A Program of Action (within framework of income and wealth)

I. Work on distrib. of income by size.

A. Aid for work requiring consid. tab.,
calculation, etc.

Competent groups are already available

B. Dev. of Competent Personnel.

Can't suggest direct steps, - only
Keep in mind.

II. Work in Regions

A. Arouse interest in local Groups of
Scholars.

Done only by people themselves, who
are familiar & busy in the field.

RF to aid if scholar or competent
group appears within a region

III. Theoretical Work (Inclus-exclus; valuation)

A. If RF would support competent man
specializing in this field.

Strong argument for RF initiating policy
of long-run suppt. of indiv. scholars of
competence and promise.

IV. Assur'g effectiveness of Gov't. agencies' Work.

A. Attach men from acad. or priv. res. insts.

to Govt res. depts. or res. agencies

"Roving Visitors"

More mature men, than SSRC fellows

Eg. Studs. of compet. & monopoly -
a yr. around FTC & Dept. Just.

Studs. of Fiscal Policy - Treasury

Etc.

Better arrangement than Advisory
Committees

Prospective Devs. & Needs

will treat measurement separately from theoretical problems, - even tho interdependence qualities needed are rare in 1 person.

A. Measurement ~~(Theoretical)~~

1. Carrying forward measures of n.i. by 3 bodies
(Industrial orgn, Consumer corp form, state)
+ type

warns of dangers inherent in fact & govt. agency doing this job (W & C)

- (a) pressure of current needs of govt.
- (b) degeneration into mechan routine possible

2. Extens. of breakdowns into prod. for longer comparable historic record.

N.B. - to go back to 1880 ~ 1870

Existing estimates (of others like Knig, N.C.B. etc.)
not up to satisf. std., & new data
found may make for more accuracy.

3. Estab. of contin. distrib. of inc. by SIZE
among individuals & families

Inc. Conf. activities largely exploratory & useful
for clues to guide future work

1940 Census will provide countrywide
data, & fut. data at regular intervals
likely.

Inc. Conf. will continue treatment of its
data. - but some govt agency may
have to undertake "countrywide."

4. Dev. of work within regions

This dev. becoming more significant.

Potential contrib. of scholars from within region
is that much greater

4. Contd

State studies aroused local scholar interest in their states.

Further progress expected to be slow.

Because of 1. Difference in intellectual resources supply

" " cond. of work

" " intensity of intell. int.

" " level of scholarly wk.

in soc. sciences between E +
Mid + Far West. vs Far + wide
flung outlying regions

Govt. activities may stimulate & raise level.

Most of wk now done is by Govt &
in East.

Anything that will stimulate active interest & wk in this field desirable.

5. International Comparisons of nat. inc. measures

Require even greater & rarer combinations of abilities than other aspects of income.

Need: theoretical insight

Empirical skill

familiarity with supply of stat.
data for var. countries.

acquaintance with foreign lit.

∴ First ^{etc.} Need:-

1. Detailed & competent compil. of nat. income estimates for foreign countries, -

Concepts implied & explicitly defined
Decisions on contriv. questions of
inclus. & exclusion.

Studencki's report may qualify here
But of so, needs to be kept up to date.

To do this -

need (in some great dept for rep. res. agency)
men who can do this.

B⁵. Empirical Work in Field of Nat. Wealth

of push forward com. flow & cap. formation
& in latter

Trace origin back to producing units
Distinguish industries to which goods
go.

Then you have

Contrib. by periodic estimates of
stock of nat. wealth - ^{given} ~~ipso facto~~ by
mes. of commodity flow &
cap. formation.

6. Mes. of claims & obligations

an area diff. from mes. of nat. wealth.

widely ramified { govt units
bus. firms
(mostly) * individuals & families

Wouldn't utility of Comprehensive total
debt estimates for country

B. Theoretical Work

1. Prob. of exclus-exclus- & valuation

2. " " classification

Both needed

Debates re cur. wk & evaluation.

Org's and Cur. Wk in Field

Nat. Income - 3 breakdowns

1. Distrib. by indl origin & type of income.

N.B.E.R.

D. of Commerce

N.I.C.B.

Div. of Res. & Stat. of Bd. of Govs. F.R.S.

Brookings

2. Divis. betw. consumption & cap. formation;
apportionment of final product by
various groups -

N.B.E.R.

D. of Commerce (taking over & bringing
forward N.B.E.R. study)

N.I.C.B.

Div. of Res. & Stat. - F.R.S.

Brookings

3. Distrib. by states

N.B.E.R.

D. of Com.

Soc. Secur. Bd.

Severall states

Work now carried on in these 3 breakdowns
not completely satisfactory; but future
developments promising.

NB

Present

Under prep. - 2 vols - Nat. Income & Its Comp.
(1941 publication)

To push back to 1880 (& perhaps to 1870)
Estimates of commodity flow & cap. form.

Cont. on Res. in Income & Wealth

I. Income (a) Clarification of concepts
Controversial issues

by:

Invited students in field who
presented reports for Conf. criticism
3 vols. of Conf. Studies already pub'd.

(b) Furthered

establishing continuous measures of distrib. of
inc. by size among individuals & fams.

by:

init. & asstg studies of State income
tax data (Wis., Del., Minn.)

Critical survey of data - on size
advic. funct. - to Secs & Bur of Census
in projects bearing on this aspect

(c) Inter regional & internat'l aspects of
income origin & flow stimulated.

by:

Sponsoring Studenski study
Interest by some regional groups.

II. Wealth

Its measurement less satisfactory

Impetus to be given by problems in next Fed. Census of
Wealth, Debt & Taxation (1942)

Dept of Commerce & Income Conf to explore.