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

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 suppr. 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 SSfRC fellows
E.g. Studs. of compet. & monopoly-
a yr. around FTC & Dept. Just.
Studs. of Fiscal Policy - Treasury
Etc.
Better arrangement than Advisory Committees
Prospective Deeds & Needs

Will treat measurement separately from theoretical problems - even this inter-defined age qualifies neither one nor the other.

A. Measurement (theoretical)

1. Carry measures of N.I. by 3 kinds:
   (a) industrial energy
   (b) consumption of farm steers

   Warns of dangers inherent in fact of goal.

   Agency doing this job (DEA)
   (a) pressure of current need of goal.
   (b) degenerative mechanism routine possible

2. Estab. of breakdown into parts for enabling comparable historic record.

   NB - go back to 1780 or 1810

   Existing estimates (of similar kind, NB etc.)
   not up to satisfy etc. et cetera

   found may make for more accuracy.

3. Estab. of centr. dist. of n.i. by size

   among individuals & families

   Inc. Cmp. activities largely exploratory useful

   for clues to guide future work

   1940 Census will provide Countrywide data, & just data at regular intervals likely.

   Inc. Cmp. will continue treatment its
date, but same goes agency may
have undertake "countrywise."

4. Dev. of work within regions

   This dev. becoming more significant.

   Potential client: scholars from within region to that made greater
4. Contd

State studies around local academic interest
in their states.

Further progress expected to be slow.

Because of:
- Difference in intellectual resources across
  countries.
- Costs of work.
- Intensity of intellectual engagement.
- Level of scholarly work in socio-scientific fields.

Good co-operation may stimulate and raise
capacity.

Most of what we now do is by and in East.

Anything that will stimulate activity outside and in this field desirable.

5. International Comparisons of national measures

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

Need:
- Theoretical weights
- Empirical skills
- Familiarity with supply & demand
data from other countries
- Acquaintance with foreign literature

First Need:
- Detailed & Competent Compilation of
  national income estimates for foreign
countries.
- Conceptual clarity & explicitly defined
  criteria on exclusion & inclusion.

Studying other reports may qualify here.
But if so, needs to be kept up to date.
D. Empirical Work in Field of Wealth

- Push forward on flow + capital formation
  - in latter
    - Trace origin back to producing units
    - Distinguish industries to which goods go

  Then you have:
  - Conturb by periodic estimates of
    - stock of market wealth
    - measures of commodity flow + capital formation

6. Measures of Claims + Obligations

- An area deficit from measures of market wealth
  - Widely ramified in goods units
    - bus. permis
    - most int'l # markets + families
  - Doubt utility of comprehensive total debt estimates for country

B. Theoretical Work

1. Probe, exclusive + valuation
2. Classification

Both needed
Org's and Cur. Wk in Field

Nat. Income - 3 breakdowns

1. Distib by indl origin: type of income:
   - N.B.E.R.
   - B. of Commerce
   - N.S.C.O.
   - Div. of Res. & Stat. of Bd. of Conc. FRS.
   - Brackings

2. Div. between consumption & cap. formation; apportionment of final product by various groups:
   - NBER
   - B. of Commerce (taking over & bringing forward NBER study)
   - N.S.C.O.
   - Div. of Res. & Stat. FRS
   - Brackings

3. Distib. by state:
   - N.B.E.R.
   - B. of Com.
   - Soc. Secur. Bd.
   - Succeeding States

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

Present
(1941 publication)
To push back to 1880 (probably to 1870)
Estimates of commodity flow & cap. flows.

Cont. on Res. on income & wealth

1. Income
(a) Clarification of concepts
Controversial issues

by:

main student in field who
presented report for Conf. criticism.
3 vols. of Conf. Studies already pubd.

(b) Further
establish continuous measures of dist of
inc. by age among individual families.

by:

initial surveys, studies & state income
tax data (Wis., Del., Minn.)

Critical survey of data on age
adv. fund to econ. & near Census
in proj. naming on staff.

(c) Int. region & internat'l aspects of
income origin & flow stimulated.

by:

Spierig, Studinski, study
Interests near region groups.

5. Wealth
Its measurement less satisfactory,
Improving to be given by problems in next Fed. Census
Wealth, Debt & Finance (1942)
Dept of Commerce & Income Comp & leahy.