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Preface

This report, largely a collection of statistical tables with notes describing the sources of data and the procedures, is chiefly for reference by students and technical users. The brief text in each of the four parts describes the characteristics of the estimates; indicates in the few instances where choice was possible the reasons why certain procedures were selected; and compares the estimates with others.

Most of the estimates are for national product or income, either net or gross of the consumption of durable capital; and for components by final use, i.e., flow of goods to consumers and capital formation, each in turn apportioned by major categories. Part I assembles the annual estimates of national product and final use components, 1919-43. Part II provides decade series of the same totals and categories, 1869-1938, the decades overlapping by five years. In Part III the derivation of the proportion of the flow of goods to consumers accounted for by services not embodied in new commodities is discussed in detail. In Part IV national wealth estimates since 1880 are analyzed and recalculated, primarily in order to allocate capital formation by categories of users.

The series utilize the past work of the National Bureau on annual estimates of national income and capital formation, as well as the more recent work by the Department of Commerce; W. H. Shaw's study of the flow of finished commodities; sample data on the structure of consumers' budgets; and the successive estimates of national wealth. The data being far from adequate in coverage and consistency, particularly for years before 1919, the series are reliable only as far as ingenuity can make them.

Because data are not fully adequate and statistical expedients had often to be resorted to, we present both the final estimates and the underlying data in detail. Technical students and users are thus given an opportunity to examine the estimates critically; select the parts they deem both relevant to their purposes and sufficiently accurate to be used; and modify or discard others as they see fit.

This volume stems from the studies of national income, one of the first undertakings of the National Bureau of Economic Research; and of capital formation, initiated in 1933 at the request of the Committee on Credit and Banking of the Social Science Research Council. It draws heavily upon the past and current work of the National Income Unit of the Department of Commerce. The staff of the latter has, as always, been helpful and cooperative in giving us access to the original worksheets and in checking upon our interpretation of the coverage and derivation of the series.

In preparing this volume, I was assisted throughout by Lillian Epstein and Elizabeth Jenks. Their contribution to it is even more extensive than to preceding reports published in this field by the National Bureau. Miss Jenks participated most actively in the preparation of Parts II and III, and is responsible for most of the text discussion in Part III. Miss Epstein participated most actively in the preparation of Parts I and IV, and is responsible for most of the text discussion in Part IV.

In the review of the report by the Research Staff and the Board of Directors of the National Bureau valuable comments were received from Thor Hultgren and Solomon Fabricant. Most of their suggestions were adopted in revising the manuscript for publication.

Martha Anderson edited the report and helped in seeing it through the press.

I am glad to record my appreciation of the assistance rendered me by these colleagues and friends.

SIMON KUZNETS

Director's Comment

I think it should be emphasized in addition to the many warnings throughout the text which the author has so carefully given, that the findings rest on statistical data less solid than the author's income studies and most other work of the National Bureau. The findings therefore should be used only by persons who have studied the text, so that they are aware of the scantiness of the data and the nature of the assumptions. Two examples will suffice to illustrate this general warning: (1) The assumption is made that the distributive mark-on was the same in the decades 1869 to 1919 as in the period 1919-35 on which considerable data are obtainable. My observations would lead to a guess that distributive mark-on increased in the later decades as compared to the earlier. (2) The trend towards a larger percentage of consumer expenditure in services throughout the decades rests on data covering only the lowest urban income classes, and even then requires certain interpretation. Whether or not this is typical of all income classes cannot be resolved owing to lack of comparable data.

The careful and scholarly handling of the material is no recompense for the inadequacy of the data, if the results are uncritically accepted.

OSWALD W. KNAUTH

