Pareto's Thesis Untenable, Data in Vol II Show

INTERESTING THEORETICAL DISCUSSIONS MADE POSSIBLE BY COMPREHENSIVE REPORT

Full details of the extent of the National income made by the National Bureau of Economic Research, Inc., a summary of which was published in Volume I of "Income in the United States", will be made public when Volume II of the annual work is issued early in August.

How the incomes produced by the leading industries is divided between employees and property owners will be the principal in the new volume. Changes in the incidence of different classes of workers will be shown. The distribution of incomes among individuals will be discussed with a criticism of "Pareto's Law".

Volume II will contain 222 tables and 36 charts, representing the most comprehensive analysis ever made of the Amount and Distribution of Income in the United States. It is difficult to summarize the scope of the inquiry in this limited space, as the titles of the tables alone comprise more than 6,000 words.

Estimate by Industry

This Volume will be divided into three parts:

Part I, by W. K. King, estimates the income of the country from the point of view of the different industries, and of which much interest is derived from the income. He has taken up his industry after another, estimated the value which he had contributed to the national income, and computed the value into the amount earned by employees and by property owners alone. He has estimated the income of his industry in the United States for all the years from 1918 to the present time, and the changes made by the business conditions which have occurred.

The Bureau adopts uniform Style of Publication for Future Research Reports

A uniform style of publication for the reports of the National Bureau of Economic Research was authorized at the May meeting of the Executive Committee. This will apply to all reports except Volume I of "Income in the United States", for which it is impossible to change.

Volume I is a pocket-sized dark blue clothbound book, 7½ x 5¼ inches, of 332 pages, with preface, 29 tables, 31 charts, and 9,500 pages of includes. The advance of the employees was absorbing a greater or smaller proportion of the value produced. He has further shown whether the purchasing power of the earnings of the different industries has increased or decreased in each industry during the decade. Next he has examined the services that the various industries have indicated whether or not the services that the various industries have kept pace with the growth in population. The result of these three processes is to give a clear picture of the relative and absolute standing of each industry.

Definite Comparison Made

Part II, by O. W. Knauth, estimates the income of the country by tracing the incomes of several large classes of persons making income tax returns.

Some parts of the various classes of income tax returns have been analyzed in detail and the result of the methods of collection which have been adopted by the Bureau of Internal Revenue.

The largest group of income receivers below the income tax limit is of course made up of the wage earners of the country. This fact has necessitated a careful study of wages data, and an estimate of average yearly wages in each industrial field. Since few farmers or income farmers' incomes must also be treated as a separate class. In this field more opportunity to make a definite comparison of the results obtained with those derived for a particular industry, the Leading of the Board, or the Leading of the General Report.

Part II also contains a discussion of the variation of corporative profit, (1) whether the corporate surplus is real, or fictitious, and (2) changes in taxation.

Part III, by P. F. Macaulay, is an estimate of the distribution of individual incomes in the United States in the year 1918. Mr. Macaulay has considered a very large number of actual distribution. Poor, average, wage, and wage have been used in the data together with what appears, all things considered, to be the most probable way. As a result, he obtains an estimate of the proportion of the population falling into each income group.

From a purely theoretical point of view, perhaps the most interesting sections of Mr. Macaulay's discussion of income distribution is that which examines "Pareto's Law." It will be recalled that Pareto's thesis is that the distribution of the population is statistically similar for all countries, and can be described adequately by a particular mathematical equation. Mr. Macaulay's work has definitely shown that Pareto's thesis is untenable, and has suggested the improbability that any such "law" exists.

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MEN OF VARIOUS SHADES OF OPINION UNITE IN CALL FOR IMPARTIAL RESEARCH

When the National Bureau of Economic Research, Inc., was founded in 1919, it was considered that there was a demand for economic research of an impartial nature, but the extent of that demand was not known. Publication of the Bureau's first report attracted considerable attention. Comments made by the leaders of business and labor through the National Bureau of Economic Research, economists, businessmen, lawyers, and labor leaders identified them as vessels of impartial economic intelligence and, in turn, in support of the policy of impartial research.

"In those days when so many old traditions are being attacked, and in economic fallacies—some of them new and some of them old as the hills—are making their appearance, the very essential nature of impartial investigation, conducted without political partisanship, is necessary to the work of the Bureau." So wrote Dr. C. Wright Mills, in a letter to the Editor of the National Bureau of Economic Research, in his support of the publication of the report.

Dr. C. Wright Mills, in a letter to the Editor of the National Bureau of Economic Research, in his support of the publication of the report.

REPORTS ARE TIMELY

"Research organizations", observed D. R. Dewey, "generally have a habit of morting very late and the work of the Bureau is in striking contrast. The topics which the Bureau is tackling are always timely, but I certainly hope that the work will always be supported. You and your associates deserve the most hearty thanks and good will of not only the economists but of the public at large."

If I am particularly impressed with the scientific nature of your work", was the cheerful comment from William G. Ogburn of the National Research Council of the American Economic Association. "So many statistical bureaus attached to private businesses are supposed to be impartial and yet there should be some independent bureau free to make scientific investigations without the taint of social uses. I am sure you will maintain this high standard."

Other typical expressions follow:

"There is no question that the National Bureau of Economic Research is filling a long felt want, and all economists will be brought to constructive business influence, but is there a market for the Bureau?"—Jules S. Bache, of the American Economic Association.

"I consider the present volume on Income in the United States to be a model of its kind."—Prof. E. R. A. Seligman.

Information is Indispensable

"We are all grateful for the points clearly brought out in your report on the subject of "Can the Worker be Guaranteed Continuous Employment". Dr. Stone was introduced by Miss Mary Vane Kiesck, of the Bureau of Labor, and who took occasion to mention the work the Bureau is doing for the President's Commission on Unemployment.

Dr. Wesley C. Mitchell was the speaker at the annual con

UNEMPLOYMENT INQUIRY (Continued from page 5)

The National Bureau of Economic Research therefore was called to find the facts, and Mr. William J. King was put in charge of an investigation intended to give a more reliable cross-section of conditions throughout the country.

A check of the questionnaires received during June shows returns from 269 farmers and 1,600 employers in various other industries.

These answers are from persons well scattered over the country and they are the result of the good work done by the Bureau. Many of the answers have been made with unusual care, so that results based on them will be trustworthy and of use to the government.

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Income as defined in this report is the money values of all the goods and services produced during the year. The monetary value of the estimate is $7,220,000,000,000.

New Yorkers Receive One-Eighth of Nation's Income

PACIFIC STATES LEAD ON PER CAPITA BASIS; MIDDLE ATLANTIC GROUP SECOND

There is an extraordinary diversity in both total and per capita income in different states of the Union. It is shown in the report "Distribution of Income by States" which will be issued by the National Bureau of Economic Research, Inc., early in August.

This study is a companion to the exhaustive investigation of "Income in the United States" which was first published by the Bureau under Dr. Wesley C. Mitchell's engagement. The study is a companion to the exhaustive investigation of "Income in the United States" which was first published by the Bureau under Dr. Wesley C. Mitchell's engagement.

New York leads the states with a total income of $9,047,859,000, which is more than one-eighth of the total national income, while Nevada brings up the rear with $35,516,869, amounting to the Bureau's report on "Distribution of Income by States" which has been prepared by Oswald W. Knauth.

While per capita income in the United States as a whole in 1919 was $557, in the regions embracing the Pacific States it was $886, and in the Middle Atlantic States it was $576. These high figures are in striking contract with per capita income of $465 in the South Central States and $484 in the East South Central States.

Bank of Income on Atlantic

The total income in the United States shows even greater extremes, owing to the disparity of population. The people of the Middle Atlantic States have income per head more than one-fourth of the entire income of the country in 1919, and with the East South Central States it is even more this in 1919. On the other hand the people of the twelve Southern States, comprising less than four percent of the population, received less than 10% of the total national income.

New York, with a per capita income of $808, leads all the States, with $874, Nevada, California, Delaware, Wyoming and Mississippi are well above the national average of $594.

The average income of the gainfully employed shows variations from the per capita earnings in the different States in the character of the employment of the population of the various States, as the gainfully employed have with just over $2,000, while at the other hand Alabama and Mississippi are both under $1,000.

The wide variations in the incomes of farmers are well known, but it is interesting to note that the per capita income for farmers in New England, $1,246 in the South Atlantic States and less than a thousand in the East South Central States.

South Dependent on Farming

The total income of the South is largely derived from farming. The South Central States account for 25% of their income from this source, and the South Central States account for 25% of the South Atlantic States' income from this source. As a result, to the South States New England and the Middle Atlantic States, with average incomes for farmers in each of these States, are so small as compared with the per capita income from agriculture.

These facts are shown in detail in the report on "Distribution of Income by States", which is especially designed to show the relative points clearly brought out in the good work done by the Bureau. Even when the whole work is finished, explains Mr. King, "we shall have more useful data for evaluating the effects of a depression on different industries, plants of different size in different parts of the country, and in cities, villages and rural communities. With this basis, it is hoped that a comparison can be made of the effects of unemployment in manufactures which will give us an accurate estimate of the total amount of unemployment."