

Foreign Income

EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington 25, D. C.

Meeting on National Income Estimates of Selected Countries
April 5, 1945, 10:00 A.M., Room 526, Winder Building

Those present:

Hildegarde Kneeland, Bureau of the Budget, Chairman; Ernest Doblin, John S. Smith, Dwight Yntema, Bureau of Foreign and Domestic Commerce; Frederick C. Meltzer, Civil Aeronautics Board; Mary Painter, Federal Reserve Board; Carl D. Corse, John A. Loftus, State Department; Raymond F. Mikesell, Treasury Department; Stuart A. Rice, Donald C. Riley, Arthur Smithies, D. W. Oberdorfer, John F. Adams, David Rosenblatt, Bureau of the Budget.

Miss Kneeland indicated that the purpose of the meeting was an informal discussion of currently available estimates of the national income of the 46 United Nations sending representatives to the San Francisco Conference, with the following points on the agenda:

- (1) Technical review and criticism of a preliminary and confidential set of national income estimates for the various countries, brought together from diverse sources by Messrs. Adams and Rosenblatt of the Budget Bureau.
- (2) Consideration of further technical work in the field within the Government, with a view to improving the reliability and comparability of the estimates within as short a time as possible.

Miss Kneeland pointed out that the present set of figures included estimates prepared by the Treasury Department, the Civil Aeronautics Board, the Bureau of Foreign and Domestic Commerce, and various other agencies, both within and outside the Government. She emphasized the confidential and tentative character of the data, and requested that they should not be attributed to the Budget Bureau or to any specific agency. She indicated that in the summary of sources accompanying the typed tables which were distributed, reference to the Treasury Department was omitted at the request of that agency.

Mr. Adams described the set of estimates under review with respect to the years covered, official and unofficial sources employed, and the number and nature of multiple estimates for several countries. He indicated that most of the figures utilized were expressed in national currency and had been converted to U. S. dollars at official rates. He stressed the fact that the data as they now appear suffer from distinct limitations with respect to conceptual and statistical comparability, both between estimates for various countries for the same year and between estimates for the same country for different years.

The Chairman then called upon the representatives of various agencies to indicate the nature of work done or being contemplated in regard to estimation of national income of foreign countries. Mr. Mikesell explained that the estimates supplied by the Treasury Department were an outgrowth of preparation for the Bretton Woods Conference, specifically in connection with the setting of quota contributions of the various nations to what was then called the International Stabilization Fund. He indicated that the estimates in question were very rough, unofficial figures, but that they were for the most part acceptable for the purposes involved, since it was necessary to consider various factors other than national income in the determination of quota contributions by countries. Mr. Meltzer explained that the estimates for the Latin American nations supplied by the Civil Aeronautics Board had been prepared in collaboration with the American Republics Unit of the Bureau of Foreign and Domestic Commerce; because of the lack of adequate basic data, most of these estimates were also rough. Mr. Doblin stated that there were discrepancies in concept and coverage in some of the national income estimates assembled by him from diverse sources for Mr. Adams' use, and stressed the difficulty of obtaining satisfactory estimates for most of the smaller nations. Mr. Loftus, Miss Painter, and Mr. Smith individually reported that no independent estimations of the national income of foreign countries were being undertaken in their units; Miss Painter indicated that the Special Studies section of the Federal Reserve Board is interested in rates of growth of national income, utilizing the existing sources mentioned by Mr. Doblin.

After some discussion of the conceptual and statistical disparities of coverage involved in currently available income estimates for various countries, agreement was reached on the desirability of a preliminary classification of estimates on the basis of reliability, which would facilitate further consideration of the comparability of those estimates for which the basic data appear to be most reliable. Mr. Smithies stated that there seemed to be three problems in regard to the continuing work of estimation:

- (1) Investigation of the definitions and concepts underlying the national income estimates of the various countries so as to provide a basis for securing comparability between estimates.
- (2) Investigation of the reliability of available estimates on the basis of the particular concept and definitions employed for each country.
- (3) Internationalization of the estimates, through use of current exchange rates.

After some discussion on problems of definition and the urgent need for revised estimates, it was agreed that:

(1) The estimates for various countries would be classified into several groups on the basis of reliability.

(2) For those estimates which were considered most reliable, further work would be done on the problems of comparability and internationalization, with no limitation set on the years to be covered but with estimates for 1940 included in each case.

(3) For those estimates which were less satisfactory, an effort would be made to check further on the data available, and where several alternative estimates were presented for 1940 to determine which estimate appeared to be most reliable.

Miss Kneeland raised the question as to the urgency of the need for per capita estimates of national income for the various countries under consideration. Mr. Rice suggested that the preparation of per capita figures might be deferred until currently available estimates of aggregate income had been revised. Mr. Mikesell stated that per capita national income figures were not prepared for use at the Bretton Woods Conference. After some discussion of the immediate utility of per capita estimates and the validity of such figures for judgment of capacity to contribute to an international organization, it was decided to postpone consideration of per capita estimates until the overall data had been critically reexamined.

Mr. Rice asked whether it would be possible to prepare expanded discussions of the sources of the estimates presented in the tables, indicating concept and methodology. Mr. Adams stated that more detailed explanations for the sources of many of the estimates presented could be given.

After some further discussion, it was agreed that the task of critical review of the estimates should be allocated by the Chairman to those who are in the best position to continue the work for various countries, and that the group should meet again within a week or ten days so that a revised set of estimates might be available by the middle of April.

It was arranged that the group would meet again on Friday, April 13, at 10:00 A.M., in Room 526, Winder Building. The meeting then adjourned.