

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

Meeting on National Income Estimates of Selected Countries  
April 17, 1945, 10:00 A.M., Room 526, Winder Building

Those present:

Hildegard Kneeland, Bureau of the Budget, Chairman; Ernest Doblin, John S. Smith, Bureau of Foreign and Domestic Commerce; Frederick C. Meltzer, Civil Aeronautics Board; Evsey D. Donar, Mary Painter, Federal Reserve Board; Raymond F. Wikesell, Treasury Department; E. R. Marlin, D. W. Oberdorfer, John F. Adams, David Rosenblatt, Bureau of the Budget.

Miss Kneeland indicated that at the last meeting held April 5, the group agreed to the following program of work:

- (1) Classification of the national income estimates of 46 United Nations for 1940 according to reliability.
- (2) For those estimates which were considered more reliable, the task of examining the concepts of income employed would be allocated to competent people in the field, with no limitation on the years to be covered, data permitting, but with estimates for 1940 included in each case.
- (3) For those estimates which were less reliable, an effort would be made to look into other available sources and data, and where alternative estimates were found for 1940 to determine which estimate appeared to be most reliable.
- (4) Internationalization of the estimates, through use of current exchange rates.

Miss Kneeland stated that there would be no report on the last point since little progress had as yet been made in that direction. She pointed out that Mr. Doblin of the National Income Unit, Bureau of Foreign and Domestic Commerce had been reviewing material bearing on the estimates for the British Commonwealth nations, some of the European countries, the U.S.S.R., and the 19 Latin American nations. She indicated also that Mr. Rosenblatt of the Budget Bureau had been looking into the estimates for China and Egypt and that no further work had been done on the estimates for countries of the Near East, Far East, and North Africa.

The Chairman then called upon Mr. Doblin to comment on the tentative classification of the national income estimates according to reliability which had been agreed upon by Miss Kneeland and Messrs. Doblin, Adams, and Rosenblatt, and to report on the progress of his investigations.

Mr. Doblin indicated that the estimates for the various nations had been tentatively classified into four groups according to reliability. He went on to say that Class I contained seven nations for which published estimates of considerable detail and validity were available, Class II included four countries for which fairly dependable estimates were to be found, while Class III contained seven countries where the national income figures were of more doubtful character; the remaining 25 countries were placed in Class IV, the estimates being roughly indicative of the order of magnitude involved. Mr. Doblin stated that he would hesitate to assign percentage estimates of reliability to the four classes of estimates.

After some discussion of the reliability classification and sources of estimates for particular countries, Mr. Doblin went on to an explanation of his procedures in reviewing the national income figures for the Latin American nations. He pointed out that he had discovered little material in addition to that already presented and that he, therefore, attempted to determine the most probable income figures for 1940 among the sets of alternative estimates available in Mr. Adam's material. To this end, all available estimates for the Latin American countries (including some obtained from a research project conducted some years ago at Yale University by Mr. Adler of the Federal Reserve Board) were converted into per capita dollar figures at official rates of exchange and correlated with statistics on the number of radios, telephones, and automobiles per thousand persons and the literacy rate for the various countries. Mr. Doblin indicated that regression lines were obtained in the above analysis which served as a basis for selection between alternative estimates.

After some discussion of the sources and material employed by Mr. Doblin in reviewing the estimates for individual Latin American countries, Miss Kneeland asked Mr. Doblin whether it would not be feasible to convert available estimates of aggregate income to a per capita basis. Mr. Doblin replied that while the per capita income calculations were not a necessary feature of his analysis of the Latin American estimates, per capita figures would facilitate comparisons between countries. The Chairman then asked the group present whether the income figures for the Latin American nations should be reduced to a per capita basis and checked with Latin American specialists in the various Federal agencies. The group agreed to this proposal, and Mr. Doblin was asked by the Chairman to carry through the contacts with specialists in other agencies.

Mr. Donar asked whether any material was available on correlation between the number of automobiles per head and per capita income for the 48 States so as to shed light on the validity of Mr. Doblin's procedure. Mr. Adams indicated that he had in part carried through correlations for the 48 States between per capita income of various types and such factors as the number of homes having radios, telephones, automobiles, and rent paid per family, and had secured useful regressions. He further stated that he had considerable data bearing on per capita and aggregate income of Latin American countries. Miss Kneeland then asked Mr. Adams to make available to the group the results of his regressions for the 48 States and to check further on the Latin American estimates with Mr. Doblin, Mr. Dominguez of the Inter-American Statistical Institute, and others.

After some further discussion on particular Latin American estimates, Mr. Marlin asked the Chairman when a revised set of estimates would be available. Miss Kneeland replied that revised figures would probably be available by the end of the week, but that not all suggestions made at the meeting could be fully carried through by that time. Mr. Marlin pointed out that he and other representatives of the Budget Bureau were leaving shortly for the United Nations Conference on International Organization at San Francisco, and requested that revised figures be sent to them by air pouch through the State Department.

The Chairman then asked Mr. Doblin to report on the problem of conceptual comparability for the more reliable estimates of national income. Mr. Doblin stated that he found it inappropriate to establish an abstract criterion concept of national income, but that he had sought a concept which was sufficiently close to the income concept commonly used, and had, therefore, selected net national income at factor cost. He went on to say that in those instances where the latter concept was not adhered to, he examined the treatment wherever possible of such factors as social insurance contributions, interest and dividends payments abroad, government debt service, and imputed income of domestic servants. Mr. Doblin then summarized the income concepts employed in the individual countries and the nature of the adjustments he had made in order to achieve consistency with the concept adopted as standard. Miss Kneeland said it would be taken for granted that the revised set of national income figures would be accompanied by explanatory notes indicating the various adjustments made.

Mr. Maltzer raised a question as to whether estimates for a year other than 1940 would be shown for countries occupied by the Axis at that time. After some discussion on the advisability of presenting estimates for the years 1937, 1938, or 1939, it was agreed that 1940 income figures would be presented for all countries, except in those instances where estimates for alternative years were clearly in order.

Mr. Rosenblatt then reported briefly on the revision of estimates for China and Egypt, on the basis of additional material made available to him and Mr. Adams.

After some discussion on the relative per capita incomes of China and India, the Chairman mentioned that the problem of internationalizing the estimates still remained and asked members of the group to pass on their suggestions and to check with Messrs. Doblin, Meltzer, Mikesell and Adams on this matter.

Miss Kaeeland indicated that no date would be set for the next meeting of the group, but that work would be carried forward on the problems of conceptual comparability and internationalization of the estimates. The meeting then adjourned.