

## FOREWORD

The research results of the National Institute are published by the Cambridge University Press in two series, ECONOMIC AND SOCIAL STUDIES, and OCCASIONAL PAPERS. In Sections 1 and 2 of this pamphlet are listed the titles and authors of the books already published, or in the press, for both Series. Section 3, which gives an account of the work in active preparation for the press, provides information about the scope of some of those major research programmes of the Institute from which it is expected that a series of publications will in due course result. These research statements are naturally provisional, and so also are the publication plans set forth. But while the scope and emphasis of a research programme may shift in the course of actual enquiry, the main lines of the investigation here laid down are sufficiently established to justify their publication in this form.

The National Institute does not itself distribute the books published in its series; copies of these can be obtained through the usual booksellers, or in the case of difficulty enquiries should be addressed to the publishers, The Cambridge University Press, 200 Euston Road, London, N.W. 1.

## SECTION 1

### STUDIES & OCCASIONAL PAPERS ALREADY PUBLISHED

#### *ECONOMIC & SOCIAL STUDIES*

- I. STUDIES IN NATIONAL INCOME.  
*Edited by* A.L. BOWLEY. 1942. pp. 255. 15s. net.
- II. THE BURDEN OF BRITISH TAXATION.  
*By* G. FINDLAY SHIRRAS *and* L. ROSTAS. 1942. pp. 240.  
15s. net.
- III. TRADE REGULATIONS AND COMMERCIAL POLICY  
OF THE UNITED KINGDOM.  
*By* THE RESEARCH STAFF OF THE NATIONAL INSTITUTE  
OF ECONOMIC AND SOCIAL RESEARCH. 1943. pp. 275.  
15s. net.

#### *OCCASIONAL PAPERS*

- I. THE NEW POPULATION STATISTICS.  
*By* R. R. KUCZYNSKI. 1942. pp. 31. 1s. 6d. net.
- II. THE POPULATION OF BRISTOL.  
*By* H.A. SHANNON *and* E. GREBENIK. 1943. pp. 92.  
7s. 6d. net.
- III. STANDARDS OF LOCAL EXPENDITURE.  
*By* J.R. HICKS *and* U.K. HICKS. 1943. pp. 61. 4s. 6d. net.
- IV. WAR-TIME PATTERN OF SAVING AND SPENDING.  
*By* CHARLES MADGE. 1943. pp. 139. 6s. net.
- V. STANDARDIZED ACCOUNTANCY IN GERMANY.  
*By* H.W. SINGER. 1943. pp. 68. 6s. net.
- VI. TEN YEARS OF CONTROLLED TRADE IN SOUTH-  
EASTERN EUROPE.  
*By* N. MOMTCHILOFF. 1944. pp. 90. 6s. net.

## SECTION 2

### PUBLICATIONS NOW IN THE PRESS

#### *ECONOMIC & SOCIAL STUDIES*

#### IV. NATIONAL HEALTH INSURANCE: A CRITICAL STUDY

By HERMANN LEVY

This authoritative book reviews the whole field of National Health Insurance since the National Health Insurance Act of 1911. The author devotes Part I to an analysis of the structure and administration of the Act, and to an account of its evolution. Part II discusses the categories of insured persons, and deficiencies of the scope of national insurance; Parts III and IV are devoted to General and Special Benefits and to the economic condition of the worker; Part V discusses Medical Benefit from the medico-social aspect and from the point of view of the doctors, hospitals and nurses. Part VI deals fully with the whole field of administration of National Health Insurance, including Approved Societies and Insurance Committees; Part VII gives the conclusions and recommendations arising from this study, and is followed by a postscript dealing with the Beveridge Report. The book has a full Bibliographical Appendix. *Price about 21s. net.*

#### V. THE DEVELOPMENT OF THE SOVIET ECONOMY: AN ESSAY IN PLANNING

By ALEXANDER BAYKOV

In this study the author presents an historical introduction to the contemporary economic system of the U.S.S.R. He is convinced that a realistic appreciation of the present Soviet economy must be based upon an intimate knowledge of the general course of its development since the Revolution. The book therefore provides an account of the aims which have been successively pursued and of the measures taken to achieve them. It then presents an objective assessment of both the concrete achievements and the basic principles which were elaborated in the course of Soviet development.

The plan of the study is to follow through the 25 year period each of the principal branches of economic activity. The separate treatment of each branch is carried out within an historical division of the period into four clear phases: the transitional period and period of war communism; restoration and preparation for reconstruction of the national economy; extensive industrialization, collectivization and rationing; intensive improvement of the economy. In each of these four phases, different branches of activity were of dominating importance, and accordingly a more concentrated treatment has been given to those which determined fundamentally the shape of economic development.

Original sources only have been used: studies, statistical material, handbooks, journals, technical periodicals, collected laws and regulations, etc. published in the U.S.S.R. Dr Baykov has had unusual opportunities for first hand acquaintance with Russian source material. As a member of the Institute of Russian studies and of the Russian Economic Study Centre of Professor Prokopovich in Prague from 1927 to 1939, he had access to the abundant material received both there and by the Russian Historical Archives in that city. The author's systematic knowledge of Russian sources from 1922 onwards has convinced him that Soviet sources can be used with the same confidence for purposes of economic analysis, as can the similar sources published in other countries. The book has a full bibliographical appendix which will be of value to students consulting original sources.

#### *OCCASIONAL PAPERS*

#### VII. THE PROBLEM OF VALUATION FOR RATING

By J.R. HICKS, U.K. HICKS and C.E.V. LESER

This paper is the second of a series of three arising from a general enquiry undertaken by Professor and Mrs Hicks into the problems of local government finance. The first was *Standards of Local Expenditure*, Occasional Paper No. III and the third, *The Incidence of Local Taxation*, is now in active preparation and is described below.

In the present paper the authors are able to provide a comprehensive picture of the existing position with regard to valuation. Over a period of years numerous attempts have been made to bring some order into the system of valuation for rating, but all failed of completely satisfactory results owing to the absence of the requisite data. By courtesy of the Ministry of Health the present

authors have had the great advantage of access to the returns collected for the Departmental Committee of the Ministry appointed in 1938 which was considering the problem before the war and whose work was suspended by its outbreak.

The paper is devoted to the conclusions derived from the analysis of this material, and of the significant trends which are distinguished; by far the most important is the very widespread tendency for property to be more fully valued (in relation to the actual rent) in poor districts than in rich. In the opinion of the authors the establishment of this conclusion puts a different colour upon the whole problem of rating valuation, a problem of fundamental concern to the reasonable and fair distribution of local taxation.

## SECTION 3

### PUBLICATIONS IN ACTIVE PREPARATION

TOGETHER WITH AN

#### ACCOUNT OF SOME OF THE PROGRAMMES OF RESEARCH FROM WHICH THEY RESULT

1. The National Expenditure, Output and Income of the United Kingdom over the period 1920-1938
2. The Distribution of the Product of Industry
3. The National Income of Selected Colonial Territories
4. The Incidence of Local Taxation in England and Wales
5. The Crofter Problem: A Study of Economic and Social Conditions in the Highlands and the Islands of Scotland
6. The Distribution of Health and the Location of Industry
7. The Population Problems of Post-war Britain
8. The Behaviour of Money in South-Eastern Europe
8. Size of Plant, Location, and Investment

#### 1. PROGRAMME OF RESEARCH INTO THE NATIONAL EXPENDITURE, OUTPUT & IN- COME OF THE UNITED KINGDOM OVER THE PERIOD 1920-1938

The aim of this programme is two-fold: first, to present a consistent set of estimates of the components of the national expenditure, output and income over the period; and second, on the basis of this material to provide an economic analysis and interpretation of the changes which it shows to have taken place.

The first aim involves three inter-related lines of enquiry, the construction of an appropriate conceptual framework, the direct measurement of the different elements, and finally the adjustment of the results of direct measurement to form an integrated system of estimates. This work of adjustment is expected not only to lead to more reliable estimates than could be obtained solely by direct measurement, but also to ones which will have a greater fruitfulness for economic analysis because of their internal consistency.

The fulfilment of the second aim of the enquiry is of course dependent upon the work of empirical measurement. A considerable amount of analysis, however, can be undertaken before the final adjustment of all the estimates; for example, in the personal expenditure section the prices and quantities of the different goods and services will be presented along with the money-value series, thus permitting an analysis of variations in consumption.

The expenditure section will include in addition to personal expenditure on consumption the expenditure of public authorities and investment at home and overseas. The output section will deal with the net value of output in the main branches of economic activity and the prices and quantities of goods and services of different kinds produced. In this way it is planned to build up a more complete picture of movements of output and output prices than has previously been available.

The income section will deal not only with the income generated by economic activity, but also with transfers of income within the economy, such as taxes, subsidies and transfer payments. In the field of national income a considerable amount of work has already been done by other investigators, and the main task will be to ensure that the concepts and definitions are consistent with those used throughout this enquiry. Finally the available information on changes in assets and financial claims will be assembled to provide as far as possible a direct estimate of savings. In this way the main accounts of the national economy for the period can be constructed on lines similar to those set out in the official publications on national income and expenditure.

The programme of work is being directed by Mr Richard Stone, and the national expenditure section is the first to be investigated in detail. The study on personal consumption will be the first result, and in this work Mr Stone has the assistance of Mr W. J. Corlett and Miss R. Hurstfield.

## STUDY

### PERSONAL EXPENDITURE ON CONSUMPTION IN THE UNITED KINGDOM, 1920-1938

By RICHARD STONE

This study is an attempt to measure and analyse consumers' expenditure on goods and services of all kinds in the United Kingdom over the nineteen year period 1920-1938.

It is the author's belief that advances in this branch of quantitative economic analysis depend as much on the provision of accurate numerical information and the development of suitable methods of statistical treatment as on the adoption of an adequate

theoretical formulation of the economic problems involved. Accordingly every effort is being made to make the basic measurements of price, quantity and value of the goods and services comprising total consumption as detailed and accurate as possible. The study is in a sense necessarily provisional in that it forms part of an interdependent system of measurements so that it will be subject to some revision when the remaining sections of the larger investigation have been completed.

There will first be a general account of the conceptual framework of the enquiry, the definitions employed and the classification of consumption adopted.

The next section will deal with the general movements of prices, quantities and values in each of the major groups such as Food, Drink and Tobacco, Rent and Rates, etc. and their components. This part will present the results of the estimates and will contain some elementary analysis dealing with such matters as trends and sensitivity to cyclical and erratic factors. It will provide in as simple a form as possible a picture of the structure and movement of British consumption as it appears from the detailed estimates.

The final section will attempt a provisional explanation of the observed variations and their interrelations. Further work in this direction will of course be possible when the remainder of the larger study has been completed. The present work involves a formulation in economic terms of the relationships studied and a detailed discussion of the logical basis in this context of the statistical methods employed. The problem will be approached from two points of view namely: structure of aggregate demand and the analysis of the variation in the consumption of single commodities.

The book will be completed by appendices setting out the methods of estimation used, the tabular material that has been assembled, any purely technical discussions which are unsuitable for the text and a bibliography of sources and works referred to in the course of the economic and statistical analysis.

## OCCASIONAL PAPER

### THE STRUCTURE OF MONEY FLOW SYSTEMS

By RICHARD STONE

The subject of this paper has arisen out of the need to provide a systematic approach to economic structure problems so far as they arise in work on the national income and expenditure and other social accounts. In the view of the author the existing methods of

dealing with these problems are largely empirical, but for many practical problems a more complete conceptual framework is needed.

The money flows that take place in an economic system may be thought of as taking place round a network and to be subject to certain formal restrictions. The national income or any other composite flow which enters into social accounting is simply the sum of certain selected flows round the network. The equivalence of some other concept (say the national expenditure) depends on the structure of the network and the formal conditions to which the flows are subject. Once these are given in any concrete case the exact equivalents of any set of flows can readily be deduced.

Apart from the formal conditions to which the flows are subject, such as the obvious one that the sum of the flows entering an account in a period is zero, the network may be thought of as containing certain economic as opposed to purely formal properties which determine its response to outside influences.

Work on these lines has a practical application in the following fields. (1) In sorting out the logical relation between different concepts, e.g. it can be shown that the relation between income and output as they appear in national income tables is different from the relation of either to expenditure. (2) In simplifying the classification of accounts and flows with a view to reducing the complexity of the system that need be considered in any particular context. (3) In dealing in a general way with the adjustment of sets of observations on interdependent flows. (4) In specifying information required on any particular aspect of a particular flow system in such a way that it will be the simplest compatible with consistency and the classification system adopted.

## 2. PROGRAMME OF RESEARCH INTO THE DISTRIBUTION OF THE PRODUCT OF INDUSTRY

The purpose of this enquiry is to investigate the relations of different elements of costs which make up the selling price in the various branches of industry and of their movement through time. As such it is primarily a fact-finding enquiry; it represents an alternative approach to the determination of the national income and its composition. The ultimate purpose which the investigators have in mind, however, is not merely the discovery of facts, but the analysis of the material collected for the purpose of discovering the

dominant factors which determine distribution and pricing in industry.

The recent trend of economic theory has cast doubt on the generally accepted theories of the determination of distributive shares (in particular on the primary question of what determines the relation of wages and profit) but without establishing any new explanations. The main theoretical problem of the enquiry may be summarized by saying that it sets out to discover how far the pricing process in industry is 'competitive' or 'monopolistic', i.e. how far it is governed by the nature of the market conditions, and how far by the technical determinants of costs.

The procedure of that part of the enquiry, which is mainly fact-finding, can be summarized as follows:

- (1) Investigations relating to the elements in the value of gross output and in the value of net output in the different British industries in all Censal years (1907-1935).
- (2) Investigations relating to changes in the volume of production, employment, efficiency, and in the prices of the factors of production (raw material costs, wage rates, etc.) in the same industries and through the same periods as in (1).
- (3) International comparison of data mentioned under (1).
- (4) Division of gross margin into its constituent elements.
- (5) Analysis of capital intensity, and its relation to profit margins.
- (6) Investigation of prices, costs, distribution and productivity of different sized units within selected industries.
- (7) Price and cost analysis of other constituent elements of the national income (such as agriculture, public utilities, transport, etc.).

The statistical investigations under (6) have been made possible by the assistance of the Board of Trade who have given every facility for the consultation of Census material compatible with the provisions of the Census of Production Act as to secrecy. The investigations are in the hands of Dr L. Rostas, who is working in co-operation with a committee consisting of Mr N. Kaldor, Mrs Joan Robinson and Mr Richard Stone.

## STUDIES

Most of the factual material relevant to *The Relation of Wages to Gross Margins* (1, 2 and 7 above) has been largely worked out. This material together with a theoretical introduction and a preliminary analysis and interpretation will be the subject of Volume 1 of a final Study. The planned second volume will cover *The Relation of Wages to Net Profits* (based mainly on 4 and 5 above), and will

contain the analysis and theoretical interpretation of the whole material. Subsequent shorter studies may deal with subjects mentioned under 7 above. The publication of these Studies will be preceded by the publication of two Occasional Papers both of which are in active preparation.

#### *OCCASIONAL PAPER*

##### PRODUCTIVITY, PRICES AND DISTRIBUTION IN SELECTED BRITISH INDUSTRIES

*By* L. ROSTAS

This first Occasional Paper deals with structure, organization, prices, costs and productivity of selected industries, their changes through time and their variations within the industry between different sized units. The industries analysed are mainly those with homogeneous products, such as blast furnaces, tinplate trade, cement trade, sugar trade, etc. This Paper will contain some material relating to labour productivity of different sized establishments. It will further analyse variations in elements of costs and distributive share of wages within some 20 industries.

#### *OCCASIONAL PAPER*

##### INTERNATIONAL COMPARISONS OF PRODUCTIVITY, COST RATIOS AND SHARE OF WAGES IN BRITISH, AMERICAN AND GERMAN MANUFACTURING PRODUCTION

*By* L. ROSTAS

This second Paper is not an integral part of the enquiry but is closely related to it. It will also attempt to compare productivity in other branches of economic activity than manufacturing, such as agriculture, transport, building and contracting, retail and wholesale distribution. The purpose of this attempt is to compare real incomes per head in the different countries with the help of productivity comparisons.

### 3. PROGRAMME OF THE ENQUIRY INTO THE NATIONAL INCOME OF SELECTED COLONIAL TERRITORIES

This enquiry represents an attempt to apply to selected colonial territories the method of national income measurement which has been used in compiling the official United Kingdom estimates. In

making this experiment three main objects were held in view. The first of these was to test the general usefulness of a method which had been evolved on the basis of United Kingdom conditions, by applying it to economies at very different stages of development. The second was to throw some light on the economies of territories for which little statistical information exists by gathering all the available material—both quantitative and qualitative—into an intelligible and carefully defined statistical framework. The third was to lay some of the essential foundations for future inter-colonial comparisons by constructing national income tables on a standard definitional framework for territories into which little or no research of this nature has hitherto been attempted.

The colonies originally selected for this experiment were Northern Rhodesia and Jamaica, both of which offer a variety of interesting economic problems. The former provides an unusually searching test of a technique developed to study the problems of an advanced industrialized economy since it includes highly capitalized industry and primitive subsistence production in a single economic framework. The Jamaican economy, on the other hand, exhibits the characteristics of a colony at a fairly advanced stage of development. When the enquiry was under way valuable data became available on Nyasaland which made it possible to test some of the methods used in calculating the national income of the contiguous territory of Northern Rhodesia and to draw up tables for Nyasaland also.

The procedure adopted in the case of Northern Rhodesia was to construct the self-balancing tables of income, output and expenditure and of international payments for the year 1938 on the basis of the information available in this country. The resulting preliminary estimates were then sent for correction and criticism to officials, employees of private companies and other informed observers in the colony or with first-hand experience of the colony. A similar procedure is planned for Jamaica and the experiment has been extended to cover the period 1929–1938 with 1938 forming the base year as for Northern Rhodesia and Nyasaland.

The research is being carried out by Miss Phyllis Deane who is working in co-operation with a committee consisting of Mr Austin Robinson, Mr Richard Stone and Mr W. Arthur Lewis. The co-operation of the Colonial Office was essential to the success of the experiment and the results owe much to the willing and generous assistance which the officials of that Department have provided from the outset.

## STUDY

### THE MEASUREMENT OF COLONIAL NATIONAL INCOMES

By PHYLLIS DEANE

A description of these experiments, of the results achieved and of the experience gained will, it is believed, prove valuable not only to those with a general interest in the problems of national income measurement or in the economic conditions of the colonies studied but especially to future compilers of national income statistics in these and other similar territories. Hence the results of the present investigations are to be drawn together in a single volume with two main parts.

The first part will describe in detail the methods used, the problems encountered and the solutions adopted in building up the tables for each selected colony and will serve as a practical guide on the measurement of colonial national incomes. Problems which will be discussed as they arise in this part will include those relating to the calculation and evaluation of subsistence production, the quantitative interpretation of qualitative information for sectors of the economy where little or no statistical data were available and the treatment of output of foreign companies operating in the colony.

The second part will take up the theoretical analysis and interpretation of the results described in the first part with a view to deriving the lessons and implications for colonial national income measurement and colonial economic policy in general. It will analyse the form and content of the fundamental tables and discuss some of the problems which they illustrate. This part will contain an important section on the collection, treatment and presentation of colonial economic statistics with special reference to the possibilities of annual colonial national income estimates and also of inter-colonial comparisons opened up by the experiment.

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### OCCASIONAL PAPER

#### INCIDENCE OF LOCAL TAXATION IN ENGLAND AND WALES

By J.R. HICKS and U.K. HICKS

This paper is the third of the series of three mentioned on p. 5.

In an earlier Study published for the Institute, *The Burden of British Taxation*, Professor Findlay Shirras and Dr L. Rostas gave

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estimates of the proportions of people's incomes which were taken by the Government in various taxes in the years 1938 and 1941. The taxes dealt with were those imposed by the central Government. In this present Occasional Paper Professor and Mrs Hicks provide a complementary study of local taxation, and investigate the incidence of local rates imposed by local authorities. The authors distinguish 'formal incidence' from 'effective incidence' and by the former term they mean precisely what was called 'burden' in the previous study—the proportion of people's income which goes not to provide the incomes of other people who produce goods and services for private use, but to form the revenue of a taxing body. In the case of rates the distinction between formal and effective incidence is of particular importance, for it is not inevitable that a reduction in rates is to the advantage of a rate-paying tenant since his rent may be raised in consequence. The enquiry is however mainly concerned with formal incidence. It is based on the material collected by the Ministry of Labour in its enquiry into working class expenditure 1937-8, and by the Ministry of Health for its Departmental Committee on Valuation for Rating, supplemented by reference to the results of the unofficial family expenditure enquiries. The investigation gives primary attention to rate payments for working class levels of expenditure, but estimates are also given for the share of rates in middle-class family budgets up to an income level of about £850 per annum. Chapter I describes the material and methods used; Chapter II makes inter-area comparisons and provides a general picture of the patterns of rent and rate expenditure; Chapter III discusses rent and rate payments at different levels of working-class expenditure. The case of the owner-occupier is treated in Chapter IV. The final chapter sums up the conclusions and gives the authors' views as to their implications for local finance policy. The paper will be ready for the press in the early Autumn of this year.

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#### THE CROFTER PROBLEM: A STUDY OF ECONOMIC AND SOCIAL CONDITIONS IN THE HIGHLANDS AND ISLANDS OF SCOTLAND

By ADAM COLLIER

In his treatment of the Crofter problem the author combines the approach of the social historian, the economist and the statistician. He begins with a description of the range of living conditions

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determined by land configuration, natural resources and climate. There follows an analysis of the origins of crofting as a form of social organization and chapters on the social and economic aspects of the changes of the last sixty years; an account and critique of state action during this period completes this section.

An attempt is then made to give quantitative shape to judgments regarding the regional income and the average family income of the crofter class which is compared with a poverty standard and average British working class family income.

The theme, which is a central one, of cultural dichotomy is next developed in a discussion of the characteristics of Highland people before the argument returns to the attempt to set the diverse elements of the problem in perspective.

In subsequent chapters the author discusses in real and in financial terms the range within which social and economic improvement is possible in the short run and the political and economic controls which will be necessary.

Mr Collier's thesis is that for a number of reasons, in particular the remoteness of the area from the main centres of population, the unsuitability of resources to easy and profitable exploitation and the 'tough' culture of the people which resisted assimilation, the industrial revolution reached the Highlands nearly a century after it had altered the mode of living in other parts of Britain and has even now failed to transform the social structure of the area. The clamancy of the Highland problem and the form it has taken in recent years have been mainly due to the need to make widespread and radical social changes rapidly in economic circumstances which made the transition difficult. As a consequence progress has been lopsided and ineffective.

The appendices include an annotated bibliography, comparative tables and charts of various indices of social and economic wellbeing, an analysis of population changes and movements, a discussion of the means by which Orkney, one of the original crofting counties, has changed from a crofter to a small-farmer economy and two studies of croft accounts—one of the changes in income and expenditure of a single crofter over 40 years and the other of the crofts of four island townships in 1937.

## THE DISTRIBUTION OF HEALTH AND THE LOCATION OF INDUSTRY

*By* RICHARD M. TITMUSS

This study is concerned with the question: why is mortality higher in the North of England and South Wales than in the rest of the country? What are the causative agencies and has this 'health differential' been a permanent feature of English vital statistics? Mr Titmuss has approached this problem by re-analysing all the mortality data for each region of England and Wales for the three periods 1911-3, 1930-2 and 1936-8. In every case mortality has been examined according to age at, and cause of, death, sex and population density. The results of this enquiry should therefore throw some light on the question of health trends in town and country as well as showing whether the observed differences in the expectation of life between the regions of the country were greater or less in 1938 than in 1911. The statistical findings are then related to the economic experience of the different regions. This, the final stage of the investigation, is thus concerned with the problems of the location of industry and similar issues which confronted the Royal Commission on the Distribution of the Industrial Population before the war. These same questions of industrial location now present themselves afresh on many of the aspects of reconstruction and the conclusions of this socio-medical investigation should, therefore, contribute to an understanding of the human issues involved.

The appendix will comprise all the relevant statistical data bearing on regional changes in mortality during the period 1911-38. This is not available elsewhere and the appendix will therefore provide, for the first time, a comprehensive guide for statisticians, economists, sociologists and the medical profession generally to regional trends in health in England and Wales during the 25 years preceding the war.

## STUDY

### THE POPULATION PROBLEMS OF POST-WAR BRITAIN

*By* R. R. KUCZYNSKI

Dr Kuczynski's authoritative report will fall into four sections—treating of the available population statistics, the present situation, the problems to be faced and the nature of the policy to be adopted.



Part I will survey the available material on population, both official and unofficial. Part II will provide an assessment of the present situation from which it is safe to assume that unless a successful population policy is put into operation the population will decline. Part III points out the far-reaching social and economic effects of a declining population, which will be followed by a decline in the number of households. The various alternative means of preventing continuous population decline are discussed in Part IV. Encouragement of marriage, reduction of mortality, restriction of emigration, encouragement of immigration are considered. These cannot be the foundation of a successful population policy for this country, which in Dr Kuczynski's view can be based only on increasing marital fertility. The Report ends with an analysis of the most promising means of promoting this end and the author's conclusions on what must be the essential features of any policy which is to be effective in the long run.

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*OCCASIONAL PAPER*

THE BEHAVIOUR OF MONEY IN SOUTH-EASTERN EUROPE

By N. MOMTCHILOFF

In this Paper Monsieur Momtchiloff continues his survey of the economic area which comprises the six countries—Hungary, Roumania, Jugoslavia, Bulgaria, Greece and Turkey and examines the money and credit position of each. These countries display much diversity in their financial histories; the author describes them in turn, reviewing the monetary development and trends in each country from the last war up to the present time so far as available information permits.

In the process of tracing and determining the variations in the volume, distribution and use of money, it is clear that the factors which make for diversity and dissimilarity among the six countries are to be found not only in peculiarities of administration and policy; deeply-rooted habits, popular states of mind, physical conditions and natural resources equally determine the financial patterns. The influence of these factors is more evident in this economic area where financial and banking organization is relatively less developed than it is in the more advanced parts of Western Europe and America.

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Nevertheless one fact common to all the six countries justifies the 'regional' approach. From 1932 the currencies of these countries ceased to be exchangeable in practice against the money of foreign countries—pengoës, dinars and drachmas could not purchase pounds, dollars and francs. Hence the monetary functions of the area's currencies were confined almost exclusively to internal domestic payments. Accordingly in the author's view it is the domestic purchasing power of a South-Eastern currency which is the real yardstick by which the value of such a currency should be measured; and he considers that there is little ground for assuming that this state of affairs will disappear soon after the war.

The Paper is amply documented with statistical material and it brings together sources which are otherwise only separately, or not at all, available. The statistics include: tabulated data for each country on the components of money—based on the year 1929 and in some cases carried to 1944; comparative series on national income and monetary factors; analyses of the money-generating items in the central bank balance sheets; the evidence for the growing influence of accumulating, clearing balances on monetary structure; and the ratios between 'saved money' and total money issues.

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*STUDY*

SIZE OF PLANT, LOCATION AND INVESTMENT: AN ENQUIRY INTO THE STRUCTURE OF DIFFERENT INDUSTRIES

By P. SARGANT FLORENCE *assisted by* W. BALDAMUS

This enquiry develops and tests the hypothesis that there is an important relationship between the size of an industry's plants and its location pattern. The consideration underlying this hypothesis is that the localization of particular industries in large production centres of their own may give such strong external economies that the internal economies of the large plant are of less importance. Conversely the large plant may in other industries yield such strong internal economies that localization with its external economies becomes of less importance. Such an investigation for this country has only recently become practicable, with the complete publication of the 1930 Census of Production and the partial publication of the 1935 Census.

The study begins with an account of the differentiation and grouping of industries, specifying the industries to be analysed and

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the principles of grouping which are adopted. The problem of the measurement of a prevalent size of plant in an industry is next considered, methods and units of measurement are set forth and industries are assigned to grades of plant-size. The following chapters deal with the determinants of prevalent sizes of plants, and the importance of technical and economic determinants is examined, reference being made to the similarity of size of plant in similar British and American industries.

Localization and investment intensity are singled out as the most important determinants for detailed examination, and the chapter devoted to each deals with their statistical measurements, their relation to size of plant, the economic interpretation of the data both for highly localized and for not highly localized industries, and a summary of the relevant American experience. A further chapter is devoted to the other possible determinants of size of plants; in the final section the conclusions drawn from the statistical measurements and from the comparative treatment of British and American experience are summarized. A chapter of the practical implications for national policy concludes the study.

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SIR HECTOR HETHERINGTON  
SIR FREDERICK OGILVIE  
AUSTIN ROBINSON  
BARBARA WOOTTON

*SECRETARY*

MRS F. S. STONE

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