COWLES COMMISSION
FOR RESEARCH IN ECONOMICS

ANNUAL REPORT FOR THE YEAR
ENDING DECEMBER 31, 1936

COLORADO SPRINGS • COLORADO
A FUNCTION of the Commission is to issue, from
time to time, various monographs of an economic-
statistical or econometric nature without, however, assum-
ing responsibility for theories or opinions expressed therein.
Monograph No. 1 entitled Dynamic Economics: Theoretical
and Statistical Studies of Demand, Production, and Prices, by
Charles F. Roos, director of research for the Cowles Com-
mission, was published in 1934 by the Principia Press of
Bloomington, Indiana.

Monograph No. 2, entitled NRA Economic Plan-
ing, by Charles F. Roos, was in press at the end of the
year for publication in February, 1937 by the Principia
Press. The author served as principal economist and direc-
tor of research on policy matters of the National Recovery
Administration from July, 1933 to September, 1934. His
intimate experience with the organization and personnel,
combined with his theoretical training in the fields of eco-
nomics, statistics, accounting, and engineering, have fitted
him in an exceptional way to write on the NRA with a
critical scientific attitude, aided by familiarity with actual
conditions.

The book first traces the factors which had their
part in the development of NIRA, the drafting and passage
of the Act, and the personnel and organization of the Na-
tional Recovery Administration. Later chapters discuss the
statistical investigations. The Research Fellows are expected to acquire familiarity with various types of computing machinery and techniques, and in other ways to fit themselves for the supervision of extensive research projects.

For the year 1936-37 Cowles Commission Research Fellowships have been awarded to Herbert E. Jones and Gerhard Tintner. Mr. Jones is a graduate of Stanford University, A. B., 1926, and Degree in Engineering, 1928. He has written several papers on statistical and economic topics. He worked for four years as hydraulic engineer for the Federal Water Service Corporation in San Francisco and New York, taught mathematics in an extension course of the University of Colorado, and has taken graduate work at Colorado College.

Gerhard Tintner received his doctor’s degree in Economics and Law at the University of Vienna in 1928, where he also studied statistics and mathematics. Following his graduation he wrote a book, *Prices in the Trade Cycle*, which was published in Vienna in 1935 by the Austrian Institute for Trade Cycle Research with which he was formerly connected. He also studied at the University of London. During 1934 and 1935 he held a Rockefeller fellowship, visiting the University of California and Harvard, Columbia, Chicago, and Stanford Universities; he also spent six months at Cambridge, England, and at the École Polytechnique in Paris. He has written articles on economic and statistical topics for Viennese economic journals, for *Econometrica*, and for the *Journal of Political Economy*. 
THE COWLES COMMISSION FOR RESEARCH
IN ECONOMICS

THE Cowles Commission for Research in Economics was founded in 1932 as a not-for-profit corporation to conduct investigations into problems of current economic interest, with particular reference to the application of statistics and mathematics in the solution of these problems. Any activity which promises ultimately to further the unification of theoretical and factual studies in economics is within the sphere of interest of the Commission.

The personnel of the Commission includes Alfred Cowles 3rd, president; Charles F. Roos, director of research; Harold T. Davis, Edward N. Chapman, and Dickson H. Leavens, research associates; Forrest Danson, statistician; Herbert E. Jones and Gerhard Tintner, research fellows; Ragnar Frisch of the University of Norway, Oslo, research consultant. The Commission also employs several full-time secretaries and computers, approximately twelve part-time college student computers, and a number of graduate student assistants. Besides the ordinary computing machinery, the laboratory is equipped with Hollerith card-punching, sorting, and tabulating machines.

William F. C. Nelson, who had served as economist of the Cowles Commission and assistant editor of *Econometrica* since 1932, died in May, 1936.

The Advisory Council of the Commission is composed of Ragnar Frisch, University of Norway, Oslo, re-
search consultant for the Commission; Irving Fisher, Yale University; Arthur L. Bowley, London University; Wesley C. Mitchell, Columbia University; and Carl Snyder, for many years with the Federal Reserve Bank of New York.

The Commission is affiliated with the international Econometric Society of which Alfred Cowles 3rd is treasurer and Charles F. Roos secretary. The office of *Econometrica*, the journal of the Society, is located at the Cowles Commission. In 1936 the Commission continued its subscription of this journal. The editor is Ragnar Frisch, and the following members of the Commission have assisted in the publication: William F. C. Nelson as assistant editor until his death in May, Dickson H. Leavens as managing editor since October, Harold T. Davis as one of the associate editors, Charles F. Roos as a member of the advisory editorial board, and Alfred Cowles 3rd as business manager.

RESEARCH FELLOWSHIPS

The Commission has recently established two Research Fellowships of $1000 a year each. These will be awarded to promising young men, with the doctor's degree or equivalent experience, who have demonstrated ability to do constructive research in the field of economics and statistics. The purpose of the Fellowships is not so much to give the formal theoretical training which is best obtained at a large university, as to supply a familiarity with the problems which arise in connection with actual
background of issues involving hours of work, wages, collective bargaining, costs, prices, fair trade practices, effects on small business men, and the whole problem of economic planning. Solutions attempted by the NRA are described, the reasons for adopting them given, and the degree of their success appraised. Many fundamental policy memoranda are reproduced in part or in full.

In each chapter an attempt is made to outline the rapidly changing decisions and the reasons therefor. A further aim is to provide more complete statistical data as an aid in the analysis of the general economic and social objectives and accomplishments of the NRA. Finally, an endeavor is made to appraise constructively this great undertaking. Thus, in the light of this experience, is attempted an answer to the important question: What can we expect from economic planning?

Monograph No. 3, on common stock indexes, mentioned in last year's report, will be published during 1937. This volume will contain new monthly indexes of (1) stock prices, (2) stock prices adjusted for reinvestment of dividends, (3) dividend payments, and (4) yields; and annual indexes of (5) earnings and (6) earnings-price ratios. All proper adjustments have been made for stock rights, stock dividends, and other changes in capital structure. These indexes have been computed for 68 industry groups. They include all stocks in which transactions on the New York Stock Exchange have been reported during the years 1871-1917; for subsequent years they are based on the Standard
Statistics indexes which include over 90 per cent of the
total value of common stocks listed on the New York Stock
Exchange, as well as other leading issues.

Considerable progress has been made on the com-
panion volume in which the movements of stock prices, as
shown by the new Cowles Commission indexes, will be ana-
lyzed. Differences in yields for various groups will be con-
sidered. Trends will be investigated and an attempt made
to determine the factors which influence them. Relative
variability for prices in different groups and the evidence as
to cyclical and seasonal variation will be thoroughly con-
sidered by means of a variety of techniques. Finally, an
attempt will be made, in the light of statistical evidence,
to appraise various theories of stock price action.

STAFF PUBLICATIONS AND PAPERS

The Commission, in addition to its own Monographs,
encourages the publication of the individual work of
its staff.

The textbook, *Elements of Statistics*, 424 pp., by
Harold T. Davis and William F. C. Nelson, published in
July, 1935 by the Principia Press of Bloomington, Indiana,
has, during the last year, been adopted as a text by a number
of colleges and universities in the United States and abroad.

In October, 1936 a mathematical treatise, *The The-
ory of Linear Operators*, by Harold T. Davis, 628 pp., was
published by the Principia Press.
During 1936 the following papers by staff members were published or presented at scientific meetings, in addition to papers presented at St. Louis in January, 1936, which were listed in the report for 1935:


6. "New Indexes of Stock Prices and Yields and their Relation to Some Theories of Capital and Saving," by
Charles F. Roos, presented December 28 at the Chicago meeting of the Econometric Society.


THE 1936 RESEARCH CONFERENCE

THE Cowles Commission Second Annual Research Conference on Economics and Statistics was held at Colorado College, Colorado Springs, from July 6 to August 8, 1936.

Thirty-seven lectures were given by the following speakers: Alfred Cowles 3rd, Cowles Commission; Harold T. Davis, Indiana University; Edward L. Dodd, University of Texas; Irving Fisher, Yale University; R. A. Fisher, University of London; Corrado Gini, University of Rome; C. C. Grove, College of the City of New York; Harry Pelle Hartkemeier, University of Missouri; Anson Hayes, American Rolling Mills Company; Herbert E. Jones, Cowles Commission; Dickson H. Leavens, Cowles Commission; Alfred J. Lotka, Metropolitan Life Insurance Company; Joseph Mayer, formerly of Tufts College; Tord Palander, Rockefeller Fellow, Stockholm; Thomas H. Rawles, Colorado College; Charles F. Roos, Cowles Commission; Walter A. Shewhart, Bell Telephone Laboratories, Incor-
porated; Carl Snyder, for many years with the Federal Reserve Bank of New York; D. I. Vinogradoff, Westinghouse Electric and Manufacturing Company; and Elmer J. Working, University of Illinois. Over fifty out-of-town guests attended part or all of the sessions.

Abstracts of the papers presented have been published in *Colorado College Publication*, General Series, No. 208, 119 pp. Copies may be obtained from the Cowles Commission.

THE 1937 RESEARCH CONFERENCE

The Cowles Commission Third Annual Research Conference on Economics and Statistics will be held at Colorado College, Colorado Springs, from June 28 to July 23, 1937, immediately following the Denver meeting of the American Association for the Advancement of Science. Among the speakers will be Louis H. Bean, United States Department of Agriculture; Theodore H. Brown, Harvard Business School; Harold T. Davis, Indiana University; Edward L. Dodd, University of Texas; Griffith C. Evans, University of California; Ragnar Frisch, University of Norway; Charles F. Roos, Cowles Commission; Joseph Schumpeter, Harvard University; J. Shohat, University of Pennsylvania; Carl Snyder, for many years with the Federal Reserve Bank of New York; S. S. Wilks, Princeton University; Elmer J. Working, University of Illinois; and Holbrook Working of
Stanford University. Several other speakers will be added to the foregoing list.

The aim of the Conference is to provide an opportunity for leaders in economics and statistics to discuss their problems in a more leisurely manner than is possible in the crowded sessions at the national meetings of the various learned societies. All serious scholars, including teachers, research workers, and graduate students, will be welcome at the Conference. There is no charge for attendance. Board and lodging for participants will be available in the dormitories of Colorado College at a rate of $40 for the four-week session, or $11 a week for those attending less than the full period. Further information may be obtained on application to the Cowles Commission.