

U.S. says tracking real business is not its business

by Anthony K. Wikrent

The U.S. Department of Commerce has ceased entirely the reporting of measures of real economic performance—such as lumber or steel production, or shipments of cement or household appliances—effective with the April 1994 issue of the department's monthly *Survey of Current Business*. The muted public response to the end of this series of economic indicators is perhaps as great or greater a measure of how far the science of economics in the United States has degenerated into mere monetarism, than the cessation of the publication itself.

The *Survey of Current Business*, which is published by the Commerce Department's Bureau of Economic Analysis (BEA), will continue to be produced and distributed each month to its 11,000 subscribers. However, the section of blue-colored S-pages, entitled "Current Business Statistics"—generally referred to as "the blue pages" by BEA staff members—will no longer be compiled and published. Since August 1921, when the first *Survey of Current Business* was issued, the blue pages have brought together, in one place, monthly and quarterly economic data from a large number of private industry trade associations and U.S. government agencies, as well as the BEA itself. Much of this data consisted of solid measures of real economic activity, by weight or by units, rather than the dollar measures of economic performance, or the index measures (where, for example, what transpired in 1987 is used as the basis for a scale of 100, such as the Federal Reserve's index of "Industrial Production") which were so heavily manipulated in the 1980s, that they became increasingly suspect, and ultimately worthless.

Among the hundreds of economic and financial indicators and measures presented for the 14-month period preceding each month's publication of the *Survey of Current Business*, were: "Business incorporations and industrial and commercial failures" from Dun & Bradstreet Inc.; the monthly rider-

ship of urban mass transit systems, from the American Public Transit Association; the number of ton-miles of freight carried by Class I railroads, from the Association of American Railroads; tons sold of potash each month, from the Potash and Phosphate Institute; the millions of board-feet of lumber produced each month, as well as tons pulpwood, waste paper, woodpulp, paper and paper products, and newsprint, from the American Forest and Paper Association; tons of steel produced, and shipped, from the American Iron & Steel Institute; kilowatt-hours of electricity sold, from the Edison Electric Institute; dollar sales, orders, and shipments of machine tools, from the Association for Manufacturing Technology; the Association of Home Appliance Manufacturers' unit shipments of major household appliances; production of man-made fibers, from Fiber Economics Bureau Inc.; and the American Automobile Manufacturers Association's monthly series for number for retail sales and inventories of cars, trucks and buses.

From the U.S. government, the *Survey of Current Business* carried a few dozen key measures of employment, from the Labor Department's Bureau of Labor Statistics; from the Department of Agriculture, "prices received and paid by farmers," as well as other USDA statistics, such as production of fluid milk, eggs, and grain, slaughter of cattle, calves, hogs, sheep, and lambs—all in pounds or similar calibrations, rather than dollars; various banking and monetary statistics from the U.S. Federal Reserve and the Department of Treasury; the Department of Transportation's statistics on air travel, such as revenue-paying passenger-miles flown, as well as a highway construction cost index from Transportation's Federal Highway Administration; the Interstate Commerce Commission's monthly index of truck freight carried by Class I and Class II motor carriers; statistics on production of coal, coke, and petroleum, as well as refinery runs and other parameters of

energy use, from the Department of Energy; and monthly production, in tons, of sulfur, cement, gypsum, aluminum, copper, lead, tin, and zinc, and consumption of steel scrap, from the Interior Department's Bureau of Mines.

From the Commerce Department itself, there were monthly statistics for the dollar value of "Construction put in place" plus construction cost indexes; production by weight of various industrial gases; and many dollar measures of shipments by various industries, such as aerospace. The Bureau of Economic Analysis supplied its dozens of indicators from its National Income and Product Accounts, which are the only measures, that will be retained in the monthly *Survey*.

What the blue pages tracked

The individual trade associations or government agencies that originate the various data series will continue to report them. But, with the dropping of the blue pages from the monthly *Survey of Current Business*, these hundreds of measures of real economic performance will no longer be combined in one, central place, with one exception: About three-quarters of the measures will continue to appear in the Commerce Department's annual *Statistical Abstract of the United States*. But these figures appear in the *Statistical Abstract* in an entirely different format: as annual data, rather than the more timely monthly or quarterly data formerly available in the blue pages.

The importance of the type of economic statistics that will no longer be reported in *Survey* is readily admitted by anyone who has attempted to construct a time-series of data reflecting actual physical economic processes. Working with the data in the *Surveys* from the early 1950s vividly illustrates how the U.S. economy slid, slowly but inexorably, from the height of scientific achievement and industrial prowess, to the disgusting scrapheap of today, that peddles ever more arcane financial paper, while being unable to properly house and feed nearly a quarter of its resident population.

Where did the construction tractors go?

The least resonant reflections of decay are some of the measures now reported quarterly, such as unit shipments and new orders of rail freight cars from the Association of American Railroads, which were formerly reported on a monthly basis in the 1960s and 1970s. Then there are those measures that have simply ceased altogether. Both unit and dollar shipments of construction tractors and shovel loaders were reported by the Commerce Department's Bureau of the Census each month until 1982, when the data began being issued each quarter instead. The series ceased entirely at the end of 1989, because so few construction equipment manufacturers were left in the United States after the supposed "Reagan-Bush boom" of the 1980s, that the Census Bureau determined that to continue releasing the data would be tantamount to "divulging proprietary data." Such measures of capital goods production and consumption are quite

striking in their absence in the 1980s and 1990s. Other measures that existed in the 1960s, but which ceased several years ago, were industrial furnaces and ovens, motors and generators, and foundry equipment.

One very interesting measure was the dollar figure for factory sales of integrated circuits, first reported as \$5 million for all of 1961, and which rapidly grows to over \$30 million a month in late 1968. Equally interesting is to see an average monthly figure for production of television sets first given for 1947, of 14,900, rapidly swelling to over 400,000 a month within three years.

Budget-cutting insanity

Thus, it is lawful that the reason why the Bureau of Economic Analysis will no longer compile these measures and present them in its monthly *Survey* so poignantly reflects the continuing collapse of the U.S. physical economy: The budget of the BEA was cut severely. As stated in a letter written by BEA Director Carol S. Carson on May 20: "The discontinuation of the Current Business Statistics section was part of BEA's response to budget cuts and was necessary to maintain the core areas of BEA's mission to prepare economic accounts. This year's BEA budget allocation from Congress was substantially less than projected expenditures, even after BEA initiated various economy measures."

BEA research economist Larry Moran, who now doubles as BEA's media contact person, explained that the Current Business Statistics "was not a mandated area of responsibility of BEA," but rather was a service to the *Survey's* readers which had been provided since the first issue was distributed to 1,500 users in August 1921. "We had to make a decision," Moran continued. "You have X amount of money, and if you do things that you're not mandated to do, you have less money to do the things that you are mandated to do. As a result, the quality of what you're supposed to do can suffer. The quality of our [National Income and Product Accounts] estimates are our primary consideration."

Asked if anyone in the Congress or in the Executive branch had complained about the discontinuation of the blue pages, both Moran and Douglas Fox, editor-in-chief the *Survey*, replied that they knew of none. Fox himself has received "maybe five letters or so, mostly from government documents librarians. One or two letters were the from private sector, probably economists." He believes that in the two months since public notice of the discontinuation of the blues pages was given in the February issue of the *Survey*, about 10-12 letters altogether have arrived at various Commerce Department and BEA offices, which have been passed around among staff members to keep them informed.

There is one final reflection in the April issue of the *Survey* of where the U.S. economy is headed: It reports on the results of the first attempt by the U.S. government to quantify the dollar value of harm done to the environment by national economic activity.