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Trends in Natural Resource Commodities: Statistics of Prices, Output, Consumption, Foreign Trade, and Employment in the United States, 1870-1957

By

NEAL POTTER AND FRANCIS T. CHRISTY, JR.

Baltimore: Johns Hopkins Press. 1962. Pp. ix, 568, \$17.50

With the publication of this volume Resources for the Future, Inc. has been the analogue of the National Bureau of Economic Research as far as providing basic data to researchers in the natural resource field is concerned. The authors have compiled time series spanning 88 years of the basic economic variables—price, output, consumption, foreign trade, and employment—covering about 90 percent of the natural resource commodities of the United States. In addition, they have provided standard series of population, Gross National Product, price indexes, etc., to be used for purposes of comparison and adjustment. The mere availability of this basic data—495 pages of it—is sufficient to justify a place for *Trends in Natural Resource Commodities* on the shelves of many research organizations.

Messrs. Potter and Christy have also prepared summary charts for 32 of the most important commodities. In these logarithmic vertical scale charts, deflated price, the ratio of employment to output, per capita output and per capita consumption are plotted against time to give the reader a method of determining quickly the relative changes which have taken place since 1870. The commodity prices have been deflated by the Bureau of Labor Statistics wholesale price index in an attempt to compensate for variations in the purchasing power of money. In this reviewer's opinion, however, the series of charts would have been even more useful if a graph of the actual, non-deflated prices had also been included. Variations in the deflated price can occur with the market price remaining constant if the wholesale price index changes. In order to provide a reference standard, the employment-output ratios for each commodity are computed relative to the employment-output ratio in manufacturing for that year.

The more casual reader is likely to be most interested in the first few pages which contain the "Highlights of the Data". Here, the authors have aggregated the commodities into the categories of agricultural, mineral, and forest products and calculated various indexes for these categories. The resulting movements of price, output, consumption, foreign trade and employment in these resource sectors are presented in easy-to-read charts such as the one reproduced below.

According to Chart 1, deflated prices appear to have been surprisingly stable in the agricultural and minerals sector; in the forest products sector, however, the adjusted price index has risen almost steadily due principally to increased lumber prices. The index for all resources is heavily influenced by the agricultural sector and, as a consequence, appears to have been stable also. The output of natural resource commodities has grown over this period but less rapidly than Gross National Product. Again, we see the influence of agricultural growth which has roughly followed population while GNP has grown faster than population. Consumption of natural resource commodities grew at an approximate rate of 2 per cent per year over this period of time while the population grew at about 1.7 per cent per year. Thus consumption per capita has increased slightly. The foreign trade position of the United States has

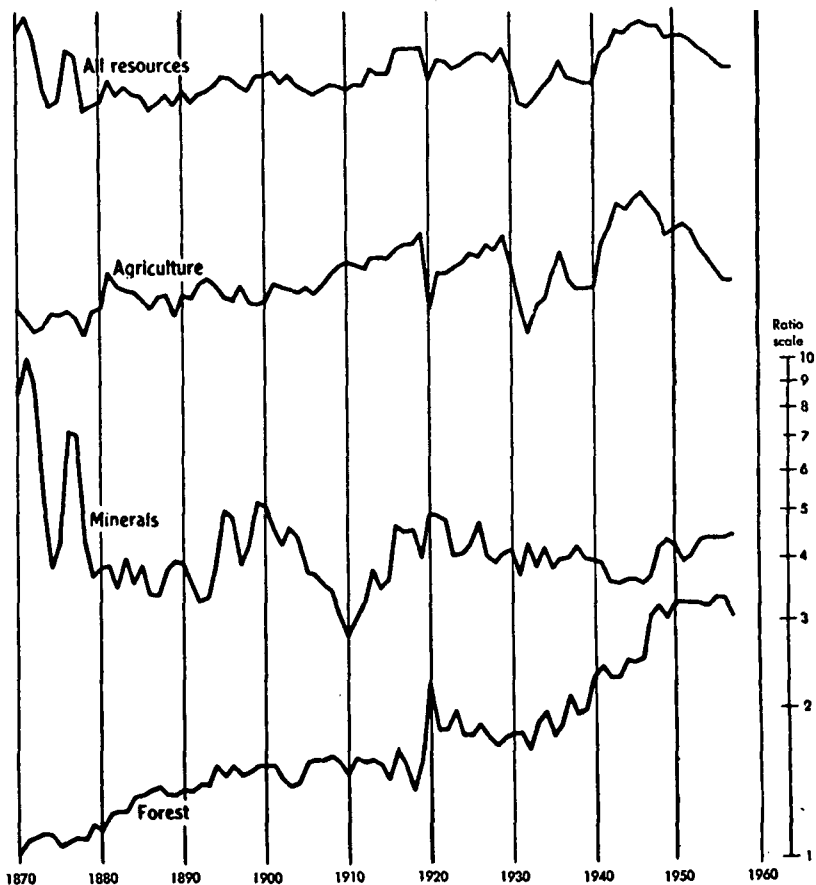


CHART 1. Resource sectors: deflated prices

reversed itself with respect to resource materials since 1870. At that time we had net exports equalling about 12 per cent of consumption; in 1957, on the other hand, we had net imports of about 5 per cent of consumption. It would seem to this reviewer, however, that these figures belie the common conception of the United States taking most of the world's raw materials into its maw and then spewing back the greater part of the world's finished goods. Employment per unit of output in resource industries declined during this period at about the same rate as in manufacturing and at an even greater rate than in the economy as a whole.

In conclusion the analogy between this work and that of the National Bureau of Economic Research might be pushed one step further. This book presents basic facts in an orderly, clear fashion. In the words of the authors, they "do not offer conclusions, because these require still more facts as well as a theoretical framework."¹ It would be desirable for Resources for the Future, Inc. to continue this data compilation and build the theoretical underpinnings indicated so that scientific conclusions may be drawn.

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BOOKS RECEIVED

Dixon-Yates: A Study In Power Politics. By Aaron Wildavsky, New Haven: Yale University Press, 1962. Pp xv, 351, \$6.75.

Research Conservation: Economics and Policies. By S. V. Ciriacy-Wantrup, Berkeley: University of California Press, Revised Edition, 1963. Pp 395, \$4.00.

Resources In America's Future: Patterns of Requirements And Availabilities 1960-2000. By Hans H. Landsberg, Leonard L. Fischman, and Joseph L. Fisher, Baltimore: Published for Resources For The Future, Inc. by The Johns Hopkins Press, 1963. Pp xx, 1017, \$15.00.

Scarcity and Growth: The Economics of Natural Resource Availability. By Harold J. Barnett and Chandler Morse, Baltimore: Published for Resources For The Future, Inc. by The Johns Hopkins Press, 1962. Pp xv, 288, \$5.00.

The New Exploration with an Introduction by Lewis Mumford. By Benton MacKaye, Urbana: University of Illinois Press, 1962. Pp xxv, 243, \$1.75.

The Value of Water in Alternative Uses with Special Application to Water Use in the San Juan and Rio Grande Basins of New Mexico. By Nathaniel Wollman, Albuquerque: The University of New Mexico Press, 1963, \$10.00.

1. The reader who is interested in the interaction between theory and measurement might profitably consult Tjalling C. Koopman, *Measurement Without Theory*, Review of Economics and Statistics 167-72 (Aug. 1947).

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