

A Tribute to Robert Nathan

Robert Roy Nathan, the first chief of the Department of Commerce's National Income Division, died on September 4, 2001. Under his leadership, the Department's pioneering estimates of national income and related concepts were greatly expanded in scope and began to be published on a regular basis. Nathan is best known for his use of estimates of gross national product (GNP) to develop the Nation's plans for economic mobilization during World War II.

Nathan was born in Dayton, Ohio, in 1908. He worked his way through the University of Pennsylvania. Studying economics at the Wharton School, he received a bachelor's degree in 1931 and a master's in 1933. Interested in public policy, he joined the Division of Economic Research in the Commerce Department's Bureau of Foreign and Domestic Commerce in June 1933. He also studied law in the evenings at Georgetown University, receiving an LL.B. in 1938.

On his first day at the Commerce Department, Nathan ran into Simon Kuznets, one of his professors at Wharton and a future Nobel Laureate, who was working on a joint project of the Commerce Department and the National Bureau of Economic Research to develop the first official estimates of national income for the United States. Kuznets asked Nathan to join his small staff, and Nathan immediately accepted; he was assigned the task of developing the estimates of employment and professional incomes. A year later, when the project was completed, Nathan went to work at the Pennsylvania State Emergency Relief Board, and he also served part-time as a consultant to the President's Committee on Economic Security, which played a key role in formulating the Social Security system.

In December 1934, Nathan returned to the Commerce Department as chief of the National Income Section (NIS), which had been set up within the Division of Economic Research to carry on the earlier work of Kuznets and his staff.

Under his leadership, the work of the NIS (later the National Income Division) greatly expanded. Annual estimates of national income were developed on an ongoing basis. The first official breakdowns of national income by geographic area, quarterly estimates of national income, and monthly estimates of "income paid out" (a predecessor to personal income) were initiated. In

addition, the various estimates were made more reliable and useful by increasing the quality and scope of the underlying data.

Nathan authored many of the NIS publications. For *National Income in the United States 1929–35*, he wrote the extensive discussions of the theoretical concepts and of the sources, methods, and limitations of the estimates. This candid discussion of the accuracy of the estimates and their possible uses and abuses became a tradition in the work of NIS (and, subsequently, of BEA). Nathan also served on the executive board of the Conference on Research in Income and Wealth, and he presented papers describing how the estimates of national income arising from production by government were prepared and discussing the estimates of national income distributed by State.

In June 1940, Nathan was asked to serve as associate director of research and statistics of the newly formed National Defense Advisory Commission. Put in charge of studying military requirements in the event of war, he developed an estimate of what real GNP would be at full employment and used that estimate to project the capacity of the U.S. economy to produce war materials without undermining the civilian economy. He also estimated the levels of GNP at which shortages would develop in critical raw materials—such as steel, aluminum, and copper. Nathan's studies led to the creation of incentives for the steel and aluminum industries to expand capacity so that when the full mobilization effort was initiated after the attack on Pearl Harbor, the United States was able to accelerate arms production at a phenomenal rate.

A few weeks after Pearl Harbor, Nathan was appointed chairman of the planning committee of the War Production Board (WPB), and soon thereafter, Simon Kuznets also joined the WPB. Together, using the national income and product framework, they helped to formulate realistic goals for military production that were critical to the war effort. In 1944, Nathan wrote *Mobilizing for Abundance*, a book that gave his view of a postwar economy based on a free enterprise system, and in 1945, he became director of the Office of War Mobilization and Reconversion.

After the war, he started Robert R. Nathan Associates, an economic consulting firm that initially specialized in projects for developing countries. In 1978, he stepped down as president of the firm, but he remained a consultant and board chairman until a few weeks before his death.

Arnold J. Katz prepared this tribute.