

What Is National Income?

By Jack Berman

"National Income," the statistical datum appearing in almost every postwar plan and analysis of the country's production, is well defined by Dr. Walter E. Spahr in the current issue of Monetary Notes. Apparently, its present usage is not too correct and Dr. Spahr believes that a return to definitions is important. So do Georgists.

The national income is the goods and services from which the people get their living. This requires the pricing of these goods and services and of the individual efforts put into their production. And where the same compilation methods are used year after year, the results thus obtained might serve as a measure of the goods and services produced. Even then, these figures should be handled with rubber gloves. Dr. Spahr asks, "With our national income now said to be roughly twice that of the average year of the 1920s, are we twice as well off?"

Of course we are not! . . . Butter and guns figure equally in the figures of national income. Whatever guns are, they are not income in the same sense as is butter, and the postwar problem is a problem of butter and not of guns. To take the national income as it is currently figured and used as a basis for postwar national financing is a complete confusion of cause and effect.

It is time that we stripped this statistical datum of its false status and recognized it for exactly what it represents. Above all else, let us never forget that national income today is not national income as we know it from days gone by and will again know it when this war is won.

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