

## COMMENTARY ON METCALF AND SARVER

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## I

In the 1880's Andrew Carnegie expanded his operation during business cycle downturns, and when the good times returned he was prepared to expand when his competitors were not. Today modern businesses keep their expensive computers busy making short, medium and long run forecasts to keep themselves prepared for every market fluctuation that may affect them.

Between these two periods it became common practice for businesses to "regularize" their operations. Mr. Metcalf feels that it was between World War I and the Depression when "regularization" first became widely accepted.

In order to regularize a business it is necessary to have good information on the state of the economy as well as on your firm. Metcalf has shown that it was with the inauguration of the Survey of Current Business in 1921 and increased general knowledge of cost accounting, improved management techniques, etc. that these conditions were met.

Metcalf hypothesizes that as more businesses regularize their operations we should observe less fluctuation in various aggregate economic variables. This does not seem to have happened. It would have been interesting if he had presented some firm or industry cases where we could see a reduction in variation in employment and output over cycles.

In conclusion I would say Metcalf has made us aware of an important change that took place in business practices in the 20th century. It deserves further study.

## II

Mr. Sarver has given us a case history of a one-firm town. His thesis is that a city dominated by a "non-community-minded" firm will have a retarded growth rate and, in general, be an unattractive place to live.

He has given us a good description of what has happened in Pueblo during this century, but he has left us dangling as to what his discussion tells us about the growth of cities. With one exception, none of his data are compared to other towns, and none are presented in a way to indicate why we should expect them to be different. For example, a population growth of 4% per year over 90 years is certainly substantial when many towns are still the same size they were in 1880. Also there is not enough mention of the direct actions of the C F & I Steel Corp. in the activities of the city, good or bad.

To be fair to Mr. Sarver we cannot expect to have all the answers in a short dissertation précis.

In order to build more general theories we need more case studies, and he has added to our knowledge.