

Description of the Miron-Romer Index of Industrial Production

Miron-Romer Index of Industrial Production (INDXPW)

This series is an aggregate index of industrial production based on 13 component series. The 13 series reflect the physical output (or a direct physical proxy) of key manufactured and mineral products. Among the products represented are pig iron, coal, coke, crude petroleum, refined sugar, flour, and textiles. The components are combined using 1909 value-added weights and the series is presented on a 1909 base (that is, 1909=100). The series is not seasonally adjusted. Because of the small number of component series and because input series such as crude rubber imports are used to proxy for outputs, the Miron-Romer index is not comparable to the modern Federal Reserve Board Index of Industrial Production. Most importantly, the Miron-Romer index is substantially more volatile at both monthly and business-cycle frequencies than the Federal Reserve index in the period of overlap. The series presented includes an adjustment for wool receipts in 1897, when a change in the tariff led to dramatic fluctuations in wool receipts that were not indicative of changes in production. The series is described in detail in:

Miron, Jeffrey A. and Christina D. Romer. "A New Monthly Index of Industrial Production, 1884-1940." Journal of Economic History 50 (June 1990): 321-337.

Adjusted Miron-Romer Index of Industrial Production (MRIPS109)

This is a smoothed, damped, and seasonally adjusted version of the Miron-Romer index. The series is seasonally adjusted by regressing the index (in logarithms) on monthly dummy variables and then taking the residuals. The seasonal adjustment is done separately for the pre-1920 and post-1920 periods. The series is smoothed and damped by running a regression of the Federal Reserve Board index on several leads and lags of the Miron-Romer index in the period 1923-1928 and then using the estimated coefficients to form adjusted values. The series is presented on a 1909 base. This version of the Miron-Romer index, while not truly comparable to the modern Federal Reserve Board index, is certainly more consistent than the unadjusted index. Researchers wanting a long time series can ratio splice the Federal Reserve Board index, which begins in 1919 (preferably seasonally adjusted using the regression procedure described above), to the adjusted Miron-Romer index in January 1919. The adjusted Miron-Romer index is described in the Appendix, pp. 606-607, of:

Romer, Christina. "Remeasuring Business Cycles." Journal of Economic History 54 (September 1994): 573-609.

Individual Component Series

The individual component series underlying the Miron-Romer index are described in the Appendix, pp. 333-335 of:

Miron, Jeffrey A. and Christina D. Romer. "A New Monthly Index of Industrial Production, 1884-1940." Journal of Economic History 50 (June 1990): 321-337.

A more complete description is provided in an unpublished data appendix to that paper.

