

2026 Economic Outlook Luncheon

The Price of Nails Since 1695: A Window into Economic Change



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Abstract: In some cases, we can learn about the economy by looking back in time rather than at contemporaneous developments. Along those lines, this talk focuses on the price of nails since 1695 and the proximate source of changes in those prices. Why nails? They are a basic manufactured product whose form and quality have changed relatively little over the last three centuries, yet the process for producing them has changed dramatically. Accordingly, nails provide a useful prism through which to examine a wide range of economic and technological developments that touch on multiple areas of both micro- and macroeconomics as well as highlighting key issues in economic measurement. Several conclusions emerge. First, from the late 1700s to the mid 20th century real nail prices fell by a factor of about 10, relative to overall consumer prices. These declines had important effects on downstream industries, most notably construction. Second, while declining materials prices contribute to reductions in nail prices, the largest proximate source of the decline during this period was multifactor productivity growth in nail manufacturing, highlighting the role of the specialization of labor and re-organization of production processes. Third, the share of nails in GDP dropped back from 0.4

percent of GDP in 1810—comparable to today’s share of household purchases of personal computers—to a *de minimis* share more recently; accordingly, nails played a bigger role in American life in that earlier period. Finally, real nail prices have increased since the mid 20th century, reflecting in part an upturn in materials prices and a shift toward specialty nails in the wake of import competition, though the introduction of nail guns partly offset these increases for the price of installed nails.

About Professor Sichel: Dan Sichel is the Stanford Calderwood Professor of Economics Emeritus at Wellesley College, transitioning to emeritus status in 2024. He joined the Wellesley faculty in 2012 following many years at the Federal Reserve Board in Washington, D.C.

Dan joined the Federal Reserve in 1988 after earning a Ph.D. in Economics at Princeton University. He remained at the Fed until 1993, when he joined the Brookings Institution as a Research Associate. In 1995, Dan was appointed the Deputy Assistant Secretary for Macroeconomic Policy at the U.S. Treasury Department and then returned to the Fed in 1996. He received a bachelor’s degree in economics and a master’s degree in public policy from the University of Michigan in 1983.

Dan’s research interests are in economic measurement, economic growth, and technological change. He has published extensively in these areas, including several widely-cited papers on the relationship between information technology and economic growth, the contributions of intangible capital to economic growth, and measurement issues related to high-tech capital goods.

He is a Research Associate with the National Bureau of Economic Research, a member of the Executive Committee of the Conference on Research in Income and Wealth, and a member of the American Economics Association’s Committee on Economic Statistics. Previously, he served as chair of the Bureau of Economic Analysis’ Advisory Committee. Dan also chaired a National Academies panel on modernizing the Consumer Price Index and served as co-editor of the 2022 report.