

*Rockefeller Fund*

*Econ Vert*

January 18, 1940

Dear Joe:

In accordance with our recent conversations, I should like to make formal application to the Rockefeller Foundation for financial support of our work in economics at the Institute for Advanced Study. We have, as you know, been able to assemble at Princeton a small but remarkable group of men, who are unusual in that, in addition to possessing a broad theoretical background, they have all had long and varied experience in the organization and direction of economic research and in the problem of the application of theoretical economics to the solution of public problems. There is at the present moment an unusual opportunity and very great need for fundamental research of the type they are prepared to do. If we are to take full advantage of this opportunity the cost will be greater than we are prepared to meet out of the present resources of the Institute. For this reason I wish to make application to the Rockefeller Foundation for a grant of \$50,000 per year for five years. If you find it possible to make such a grant, this amount combined with an additional sum of which I am assured from the donors would enable us to give adequate support to our work in this field. I am confident that the result would be a significant contribution to thinking in economics, particularly in the field of finance, national and international.

Professor Riefler has for some years been anxious that the Institute have resources to specialize in this field. He has himself

*Fails mention NWS anywhere*

*D Rockefeller-Bamberger Fd 1941-3*

participated intimately, as you know, in the organization of the program of research in finance of the National Bureau and is now acting as chairman of the technical committee in charge of their Bond Standards Study. While I desire that our professors should continue to participate in the organization of fundamental research, even when such research is conducted away from Princeton, I would like to have resources to do more here than we are able to do at present. We should like to appoint younger men who could divide their time between specific research activities such as these and work at the Institute at Princeton. This would make the contribution of our professors to these projects much more effective and would afford invaluable training in economic research to younger men of promise, training of a character such as is nowhere else available.

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Our greatest opportunity at the moment seems to me to be in the field of international finance. Under the conditions of the last few years definite information concerning significant problems in this field has tended to become more and more inaccessible. Our group, because of their intimate contacts with the New York and London money markets, the Federal Reserve System, the Bank of England, the United States Treasury, and the League of Nations, have unique advantages in this respect. They are participating actively in work at these focal centers of international finance.

We are eager to make the fullest possible use of these advantages in our work in international finance at Princeton. Twice during the past four years when the Bank of England decided to send their economists to study current research in financial problems in this

country, the Institute for Advanced Study was selected as the place of residence. As a result, Mr. Humphrey Mynors, now Secretary of the Bank of England, at that time head of their research division, spent three months at the Institute in 1937; while in 1939 Professor Henry Clay, Economic Advisor to the Bank of England, was here for over a month. We should like to develop this lead and make the Institute the place where outstanding foreign scholars in the field of international finance, especially those in direct contact with central banks and treasuries, choose to stay while in this country. While they are here, we should like to be in a position to invite selected groups of our scholars to come to Princeton for conferences and for the discussion of common research problems in a detached atmosphere. We should also like to be in a position to offer facilities, and at times stipends, when our professors desire that especially qualified students working on advanced problems in the field of international finance do their work at the Institute.

Professor Warren has already written you of his interest in contemporary Central European economic literature, a field in which he would like to advance his own studies and direct the studies of others. You know also of his interesting proposal for a half-year chronicle of economic history which he believes might, in a period of five years, demonstrate some of the fallacies of economic history as ordinarily written.

I believe that with adequate support the members of our group at Princeton could, in cooperation with a small number of men able to follow their lead in research, make significant progress toward a sounder understanding of the problems of international finance which are going to

confront the world at the conclusion of the present war. I realize that the program they are undertaking is an ambitious one, and in the very nature of the case there can be no such certainty of results as in the more limited subjects which men can attack at the graduate school level. Our attempt is to begin where the graduate school leaves off and to conduct significant research on those great problems which are inaccessible to any except a very small group of scholars who are equally at home in the world of economic theory and of practical international financial operations. Significant contributions in this field would of course be of the greatest importance, and I think it would be hard to find a place where the conditions for making such contributions are better than in the Institute at Princeton. It is for this reason that I venture to ask the Foundation for as generous a grant for the next five years as you feel able to make.

Yours very sincerely,

Dr. Joseph H. Willits  
The Rockefeller Foundation  
49 West 49th Street  
New York City

FA/MCE



W.W.L.

Program for Work in Economics

March 2, 1940

Memorandum

To: Dr. Joseph H. Willits

From: Dr. Frank Aydelotte

Subject: Formal Application for Funds to Support Work in Economics at the Institute for Advanced Study.

I. General Orientation of Institute for Advanced Study

The work program of the Institute for Advanced Study differs in several vital respects from that of other academic institutions. It is not organized to teach in the sense that it announces courses, holds classes or confers degrees. Neither is it equipped as a research institution with the facilities, such as laboratories, necessary to the prosecution of organized research. The Institute consists essentially of a group of individual scholars and the work program of the Institute is organized around the problems engaging the attention of those scholars.

II. Group in Economics

Our group in economics consists of Professors Riefler, Stewart and Warren. Before coming to the Institute all three had wide and intimate contact with the role played by finance in the organization of contemporary economic society. This contact embraced not only the theoretical formulation of problems, but also, the organization of research toward their clarification and the application both of the implications of theory and of the findings of research to the test of utility in the field of public policy.

III. Field of Concentration in Economics

At the Institute the economists propose to concentrate their work toward the increase of understanding of the role played by finance in the economic organization of society, i.e., they propose to devote their energies mainly to a study of

-2-

economic phenomena from their financial aspects. Their major fields of interests, consequently, are the following:

A. International Finance

1. Problems of the Foreign Exchanges

- (a) Exchange controls as compared with free exchanges and fixed exchanges.
- (b) Barter agreements, stabilization funds, and central bank reserves, both gold and foreign exchange.
- (c) The role of central international money markets.
- (d) The so-called "gold" problem.

2. Problems of the Balance of Payments.

- (a) Tariffs, quotas, barter agreements, investment flows.
- (b) Economic readjustments consequent on and likely to result from the war.

3. Problems of International Capital Movements.

- (a) Long term, short term.
- (b) "Direct" investment vs. "market-inspired" movements.
- (c) Equity vs. fixed interest.
- (d) Private vs. public borrowers.
- (e) Private vs. public lenders.
- (f) Hot money
- (g) Political security for investment.

B. Intra-national Finance.

1. Financial organization of society.

- (a) The money market.
- (b) The securities markets -- bonds, equities.

-3-

- (c) The mortgage market -- commercial, residential, farm.
- (d) The market for consumer credit.
- (e) Central banks and Treasuries.
- (f) Commercial banking institutions.
- (g) Investment bankers.
- (h) Mortgage bankers.
- (i) Finance companies.
- (j) Insurance institutions.
- (k) Trustee institutions.

2. Economic Fluctuations.

- (a) Business cycles.
- (b) Savings -- dissavings and investment.
- (c) Capital formation -- gross and net.
- (d) Price phenomena.

3. Fiscal Policy.

- (a) Taxation.
- (b) Public expenditure.

4. The Organization of Financial Risk.

- (a) Interest rates -- short term, long term.
- (b) Profits.
- (c) Losses.

C. Economics of War Finance.

At the present time, when the world is at war, most of these topics take on a further significance. They raise questions of the economic organization of society at war and carry implications with regard to the economic society that will emerge from that war.

#### IV. Methods of Work

The recital of this list of topics is not presented to indicate their relative importance, but merely to give an indication of the scope of the activity that is implied in the phrase "financial organization of society." Our group proposes to keep in effective contact with this broad field at three levels, namely, (1) the level of theoretical formulation of problems, (2) the level of organized research on problems, and (3) the level of application of the results both of theoretical formulation and of research findings. This involves:-

1. Theoretical formulation.
  - (a) Intimate contact with scholars everywhere working in financial problems through reading of manuscripts, correspondence, and conferences both at Princeton and outside.
  - (b) Influence on thought through suggestions and criticism of manuscripts, etc., as well as through direct publication.
2. Organization of research.
  - (a) Effective knowledge of research in financial problems now going on, wherever it is located, in universities, research bureaus, public and private, or governmental agencies both here and abroad.
  - (b) Stimulation of research, clarification of research methods and objectives, and criticism of results, wherever such research is being effectively conducted.
  - (c) Participation in actual conduct of research, particularly in such programs as those of the Financial Section of the League of Nations and the National Bureau of Economic Research.
3. Application of findings.
  - (a) Maintenance of close consultative arrangements with public policy making bodies in the field of finance, e.g., Treasuries, central banking institutions, both here and abroad, League of Nations.



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V. Effectiveness of Approach.

It is the present judgment of our economic group that effective progress in the social sciences is not to be sought today in a single outstanding contribution that will revolutionize all thought and lead to the adoption of "proper" policies by statesman and business men. The economic problems with which they are concerned do not lend themselves to this approach. Rather they consist of clusters of related problems to be worked on all along the line. Each phase must be isolated intellectually to be analyzed and to be clarified through the application of research techniques where research is applicable. Valid findings must then be applied both to the analysis of other problems and to the formulation of policy, as time and circumstance permit.

The current world situation furnishes a concrete example of the applicability of this approach. At the present time with the world convulsed by a major war representing basically two radically different forms of economic organization, there are few general postulates on which the economist in the field of finance can work with any assurance of the applicability of his results in the future. It is necessary consequently for the economist to be sure to restate constantly the theoretical formulation of his problem as circumstance require, to concentrate organized research upon those individual phenomena which meet the requirements of being likely to endure, and to apply such insight as he acquires as opportunity permits.

VI. Feasibility of Program.

The undertaking here outlined is so broad as to raise the question of its feasibility. Our experience in the short time we have been in existence, however, gives us confidence in our approach. Our economic group is already operating effectively on the lines outlined, particularly at research organizations such as the National Bureau of Economic Research in this country as well as at comparable centers abroad. They are also in effective contact with public policy making  
bodies.



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VII. Resources Needed.

While the Institute has funds to maintain the economic group, its resources are not at present sufficient to give it the support it warrants. We are asking, therefore, for supplementary assistance. These funds requested are not for organized research in finance as such. The fact-finding involved in organized financial research requires large amounts of money, larger than the Institute wishes to administer. When our group work on problems such as these, they expect to prepare separate requests in cooperation with other institutions, such as those already granted by the Foundation in connection with the program of financial research and the program in fiscal policy being conducted under the auspices of the National Bureau of Economic Research. The supplementary funds requested here are to permit our group to carry out their individual participation in these programs as well as the other activities outlined above. A program such as this involves a certain amount of travel and a considerable expense for conferences here in Princeton. It involves, for example, the availability of stipends to permit younger economists just past the Ph.D. level and also more mature men of tested experience in the problem, to work on special aspects of financial problems, and to exploit special studies, illuminated by, but not covered by, the more organized research institutions. Finally, it involves considerable sums to bring to the Institute for longer periods, outstanding scholars in economics and finance both from this country and abroad to work intimately with our group as conditions permit.

SCHOOL OF ECONOMICS AND POLITICS

Academic Organization

ROCKEFELLER

Foundations

RIEFLER, WINFIELD W.

Biographical

Data supporting application for Rockefeller Foundation funds  
prepared by Riefler. (See Aydelotte's request dated 1/20/40. S-7)

Filed in Vertical File under "S" for School of Economics and Politics

S File S-7

5-7

March 2, 1940

Memorandum

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See history  
note

## THE ROCKEFELLER FOUNDATION

### *Announcement of Grants*

Since its establishment, The Rockefeller Foundation has followed the practice of recording its grants in an Annual Report which appears early each year. The Foundation in this way seeks to fulfill its responsibility of accounting to the public for the current use of the funds it holds in trust. Consequently, the Foundation has no reason to ask that recipients make any announcement on their part. Recipients who wish to acknowledge the receipt of funds may do so either by routine reference or by similar listing in their annual reports. Where special circumstances make some further announcement seem desirable to the recipient, however, the officers of the Foundation would appreciate the opportunity of seeing such announcements in advance, whenever circumstances permit, and particularly when interpretation of the Foundation's action is involved.

The Foundation's action, in making a grant, carries implicit approval of the proposal for which the grant is made. It likewise implies full confidence in the recipient, who is responsible for giving effect to the proposal and for its results. Just as there is no expectation or desire on the part of either the recipient or the Foundation that such results be submitted to the Foundation for approval, so there should be no acknowledgment of the grant—as, for example, in the prefaces of books—which might imply or suggest that those results carry the specific approval of the Foundation. The Foundation particularly requests that its name should not be used on the jackets or in any advertising of books, or in designating projects, fellowships, laboratories, or buildings toward which it has contributed.

May - October

SCHOOL OF ECONOMICS AND POLITICS

Academic Organization

ROCKEFELLER

Foundations

AYDELOTTE, F.

Biographical

STEWART, W. W.

OPPENHEIMER, R.

Correspondence referring to above topics.

Filed in Vertical File under S, School of Economics and Politics.

A File, Rockefeller-Bamberger Fund



October 5, 1949.

Dear Sam:

Many thanks for the copy of your letter of October 4 to Mr. Beal. I am glad that it has gone off, and I see no reason to expect anything except acquiescence on the part of the Foundation.

With kindest regards, I am

Yours sincerely,

(by Leidesdorf)

S. D. Leidesdorf, Esq.  
125 Park Avenue  
New York 17, New York

September 28, 1949.

Dear Robert:

Since yesterday I have studied the books and records of this economics grant very carefully. After the first grant was completed, and we had made our refund to the Rockefeller Foundation, we did transfer in 1944 and 1945 \$30,000 per year to the General Budget. It is a question of interpretation whether or not we were justified in doing this. In my opinion the money belonged to us. I gather that in Walter Stewart's opinion the money was the property of the School of Economics, as distinguished from the Institute. That is a matter of interpretation, which you and the Trustees must decide. My opinion is that our action was correct. The question is not one between us and the Rockefeller Foundation, but between the Institute and the School of Economics. If I were in your place, I would accept the interpretation of the Comptroller of the Rockefeller Foundation, would ask Mr. Leidesdorf to write the letter which I drafted for him, and would then thrash the matter out with the School of Economics.

Perhaps the School of Economics should have had more money than has actually been awarded to them. My own attitude has always been to award them all the money that they could usefully spend. If they now want more, I think they should make the same kind of case for it that any other Department is required to make. I most emphatically do not think that any refund is due to the Rockefeller Foundation.

Yours sincerely,

FD  
Dr. Robert Oppenheimer  
Institute for Advanced Study  
Princeton, New Jersey

DRAFT

September 28, 1949

Dear Mr. Beal:

In reply to your letter of June 7, 1949, I wish to say that I have had the accounts of the Rockefeller Bamberger Fund carefully studied, and wish to report as follows:

There remained an unexpended balance in this Fund, as of June 30, 1944, of \$35,349.97. There was an unexpended balance as of June 30, 1945 of \$31,934.12, making a total for the two years of \$67,284.09.

It is our understanding that one-half of this unexpended balance, namely, \$33,642.04, is not returnable to you provided the whole of the unexpended balance was used for work in Economics, as stipulated in the grant.

I enclose statements from the auditor's reports of expenditures for work in Economics, as follows:

1945-46	\$39,016.76
1946-47	\$37,165.42
Total	<u>\$76,182.18</u>

In accordance with our calculations, this means that the grant is totally expended for the purposes for which it was given.

The expenditures listed above have not been charged against the Fund but against the general operating account of the Institute. Should the Foundation concur in our view that these are in fact proper charges against the Fund, we would propose to liquidate the Fund by direct transfer to the Institute.

I regret that it has taken some time to clarify all the points suggested by your letter. If you have any further questions, I would be glad to try to have them answered. If the Foundation concurs in our proposal, I should appreciate a note from you to that effect.

Yours sincerely,

*Sgd by S. D. Leidesdorf*

S. D. Leidesdorf, Treasurer

George J. Beal, Esq.  
Comptroller, The Rockefeller Foundation  
49 West 49th Street  
New York 20, New York

THE INSTITUTE FOR ADVANCED STUDY  
PRINCETON, NEW JERSEY

OFFICE OF THE DIRECTOR

September 28, 1949

Dear Mr. Leidesdorf:

I have redrafted Aydelotte's proposed letter from you to Beal in the form to which I referred. You should certainly feel free to make any verbal changes to bring it into line with your own taste. I have discussed this draft with Walter Stewart; he expresses himself as satisfied. His only suggestion is that after you have sent the letter I call Chester Barnard, President of the Rockefeller Foundation, and offer to take up with him any unresolved questions which he may have.

Unless I hear from you to the contrary, I will assume that you have sent the letter substantially as drafted; I will call Mr. Barnard a few days thereafter. I am sorry for all the trouble; I hope this finishes it.

With all warm greetings,

Sincerely,

S. D. Leidesdorf, Esq.

September 22, 1949.

PERSONAL

Dear Sam:

I have your letter of September 21 enclosing the correspondence with Mr. Beal of the Rockefeller Foundation. Acting on the basis of our telephone conversation, yesterday I prepared the material which I think you will need, and sent it over to you in the care of Mr. Goodstein. Earlier in the day I had a telephone conversation with Mr. Goodstein, and was pleased to hear that his figures, made independently, agree absolutely with ours.

I accordingly drafted a letter which I think you might send to Mr. Beal, along with these figures, and I have no doubt that that will settle the matter, in view of the statement in Mr. Beal's letter that "one half of the unexpended balance, or \$33,642.04, is not returnable provided the funds were used for work in economics as stipulated in the grant." This was certainly the case, and the figures as compiled by you agree exactly with my calculations and Mr. Goodstein's.

I return these figures which you sent to me for the reason that your statement is written on heavier paper, and may, therefore, make a better impression. I had to make so many copies for my own use, for the use of various people in your offices, and the comptroller's office here, that I had to use thin paper to make them clear. I think the statements which I sent you in care of Mr. Goodstein are complete and accurate, and I have no doubt that they will satisfy the Foundation.

With kindest regards, I am

Yours sincerely,

S. D. Leidesdorf, Esq.  
125 Park Avenue  
New York 17, New York



September 21, 1949.

Dear Mr. Goodstein:

I was delighted with our telephone conversation this morning, and send you herewith a letter to Mr. Leidesdorf, the figures from our auditor's report (which I am glad to know agree with your calculations), and a draft of a letter which I think Mr. Leidesdorf might write to Mr. Beal. I see no reason why this letter should not settle the whole matter.

I send two copies of each paper, thinking it may be a convenience to you to preserve one in your office.

Yours sincerely,



J. Goodstein, Esq.  
c/o S. D. Leidesdorf and Company  
125 Park Avenue  
New York, New York

September 20, 1949.

Dear Sam:

Dr. Oppenheimer is out of town today, and consequently I called you on the telephone. I thought you would say just what you did, that if I could prepare you a statement about this Rockefeller Fund, you would be glad to have it. I accordingly took the letter of the Comptroller of the Rockefeller Foundation, George J. Beal, and compared it with the statement of Institute expenditures for 1945-46 and 1946-47. I send you herewith all these papers, and hope you will show them to Mr. Schur and Mr. Goodstein. I am sending Mr. Goodstein a copy of this letter.

You will note that Mr. Beal says that the \$38,642.04, being the total of Foundation funds on hand at the close of the grant, is not returnable, provided the funds were used for work in economics, as stipulated in the grant.

Mr. Beal asks for a statement of the expenditure of this Fund, plus what remained of Mr. Bamberger's contribution, making a total of \$67,284.09, as of July 1, 1945.

I enclose also two sheets drawn from the auditor's reports, showing expenditures in economics for the two years following:

1945-46	\$39,016.76
1946-47	\$37,165.42
Total	\$76,182.18

These figures are all easily verified from our auditor's reports, and will, I am sure, satisfy the Rockefeller Foundation.

I enclose a draft of a letter, which I think you might write to Mr. Beal, with any alterations you think suitable. If Mr. Schur and Mr. Goodstein find this all satisfactory, please let me know. If you want to discuss the matter further with Oppenheimer, or with me, we shall of course either of us be glad to come over and see you. As I said to you over the telephone, the 28th is not especially convenient, but could be managed. I think, however, a letter along the lines of the enclosed draft from you to Mr. Beal will settle the matter.

Yours sincerely,

S. D. Leidesdorf, Esq.  
125 Park Avenue  
New York 17, New York

(September 20, 1949 - Draft)

h FQ

Dear Mr. Beal:

In reply to your letter of June 7, 1949, I wish to say that I have had the accounts of the Rockefeller Bamberger Fund carefully studied, and wish to report as follows:

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One-half of this unexpended balance, namely, \$33,642.04, represents funds on hand at the close of the grant. Our understanding is the same as yours, that this is not returnable, provided the funds were used for economics, as stipulated in the grant.

I enclose statements from the auditor's reports of expenditures for work in Economics, as follows:

1945-46	\$39,016.76
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In accordance with our calculations, this means that the grant is totally expended for the purposes for which it was given. If you agree, I should be grateful if you would send me a line, so that I can so report to the Trustees of the Institute at their next meeting.

Yours sincerely,

S. D. Leidesdorf, Treasurer

George J. Beal, Esq., Comptroller  
The Rockefeller Foundation  
49 West 49th Street  
New York 20, New York

SCHOOL OF ECONOMICS EXPENDITURES 1945-46

Salaries - Professors	\$45,000.00
" Staff	5,253.00
TIAA	4,920.02

\$55,173.02

Less contribution of Institute	30,000.00
--------------------------------	-----------

\$25,173.02

Stipends:	R.P. Blackmur	\$1,500.00
	J.C. Cooper	1,666.67
	C.D. Lond	937.50
	A. Loveday	1,455.55
	R. Stone	1,800.00
	L. Wilmerding	<u>3,000.00</u>

\$10,359.72

Books and Subscriptions	852.88
-------------------------	--------

Travel and Conferences	2,490.54
------------------------	----------

Miscellaneous Supplies	140.60
------------------------	--------

13,843.74

\$39,016.76

SCHOOL OF ECONOMICS EXPENDITURES 1946-47

Salaries - Professors	\$42,967.45
" Staff	5,511.21
TIAA	4,757.16

\$53,235.82

Less contribution of Institute	30,000.00
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\$23,235.82

Stipends:	J.C. Cooper	\$4,000.00
	C.D. Long	625.00
	A. Loveday	1,000.02
	D. Mitrany	1,200.00
	E. Penrose	1,500.00
	D. Tannenbaum	1,000.00
	L. Wilmerding	<u>3,000.00</u>

\$12,325.02

Books and Subscriptions	615.19
-------------------------	--------

Travel and Conferences	989.39
------------------------	--------

13,929.60

\$37,165.42



9/16/49

Dr. Aydelotte

Dr. Oppenheimer phoned, and he suggests a conference composed of you, himself and Mr. Leidesdorf, in Leidesdorf's office in New York City on September 28th, for further discussion of the Rockefeller-Bamberger Fund . Dr. Oppenheimer will be away from Princeton this coming week, but would like us to phone and leave a message at his office, advising him whether it will be possible for you to be there or not. I told him your present plan was to be in Waterford beginning on the 24th.

M.R.

September 21, 1949.

Dear Mr. Goodstein:

I was delighted with our telephone conversation this morning, and send you herewith a letter to Mr. Leidesdorf, the figures from our auditor's report (which I am glad to know agree with your calculations), and a draft of a letter which I think Mr. Leidesdorf might write to Mr. Beal. I see no reason why this letter should not settle the whole matter.

I send two copies of each paper, thinking it may be a convenience to you to preserve one in your office.

Yours sincerely,

J. Goodstein, Esq.  
c/o S. D. Leidesdorf and Company  
125 Park Avenue  
New York, New York

THE ROCKEFELLER FOUNDATION

49 West 49th Street, New York 20

Office of the Comptroller  
George J. Beal, Comptroller  
H. M. Gillette, Assistant Comptroller

Cable Address:  
Rockfound, New York

June 7, 1949

Dear Mr. Leidesdorf:

The recent report you sent us covering expenditures under our appropriation RF 43014 for the year ended June 30, 1945, showed an unexpended balance of \$31,934.12. The report previously sent us for the year ended June 30, 1944, showed a balance of \$35,349.97. The total unexpended balance, therefore, was \$67,284.09. Receipts during the two year period totalled \$200,000 - \$60,000 from funds of the Institute for Advanced Study, \$70,000 from Mr. Louis Bamberger, and \$70,000 from The Rockefeller Foundation. The appropriation of the Foundation was on a matching basis - \$1 being paid for every \$1 provided by the Institute beyond the \$30,000 annually available from Institute funds. While one half of the unexpended balance, or \$33,642.04, represents the total of Foundation funds on hand at the close of the grant, this is not returnable provided the funds were used for work in economics as stipulated in the grant. We would appreciate your sending us a statement showing expenditures against this balance of \$67,284.09 subsequent to July 1, 1945.

Very truly yours,

(George J. Beal)

Mr. F. D. Leidesdorf, Treasurer  
Institute for Advanced Study  
Princeton

New Jersey

GJB:RS

## The Rhodes Scholarship Trust

OFFICE OF THE  
AMERICAN SECRETARY

INSTITUTE FOR ADVANCED STUDY  
PRINCETON, N. J.

May 24, 1949.

Dear Robert:

I had a talk with Joe Willits over the telephone this morning, and he would like to have you write a letter to the Rockefeller Foundation on behalf of the Institute stating our request. I think the best thing for you to do is to write to them saying in effect that we returned their share of the unexpended balance in 1943, with the understanding that no such return would be required in 1945. If you will talk with Lucella Brintner, she can give you the details.

It is quite true that the grant made in 1943 was "under the same terms" as the grant made in 1940. My understanding of this phrase "under the same terms" was that we should match it in the same way that we did the grant of 1940, furnishing a basis of \$30,000 per year from the Institute funds for the School of Economics, and matching dollar for dollar the Rockefeller contribution of funds in excess of that amount. That, of course, we did.

I know that I did not understand in my own mind that we should make any return to them in 1945. I did feel that we should make the money last as long as possible, and spend it economically, in view of the fact that we had at that time no understanding of what we should receive from Mr. Bamberger, or when we should receive it.

When Mr. Bamberger died, I did feel that we should perhaps have put the whole Bamberger-Rockefeller Economics Fund into a separate fund for the benefit of the School of Economics. Since, however, it appeared that we should have all the money for economics we needed without doing that, we transferred all the surplus into the general funds of the Institute, and of course have spent much more than those funds amounted to.

I don't believe that the Rockefeller Foundation feels very seriously that we ought to make any return to them, but if they do, I think we should make it.

Dr. Robert Oppenheimer - p.2.

May 24, 1949.

If you will talk with Luella Trinterud, she can give you the exact figures, dates, and amounts to support these general statements.

Yours sincerely,

Dr. Robert Oppenheimer  
Institute for Advanced Study  
Princeton, New Jersey

FA

COPY



COPY

1941

THE ROCKEFELLER FOUNDATION

49 West 49th Street  
New York

May 26, 1941

Dear Frank:

Under the Foundation's appropriation to the Institute for Advanced Study for work in economics funds are paid in an amount not exceeding \$35,000 a year on the basis of \$1 for each \$1 provided by the Institute, beyond the sum of \$30,000 already available for this work. Unexpended balances at the close of each year under the funds so paid to the Institute are available for expenditure during subsequent years. Funds paid on this pro rata basis actually are outright grants and the only portion of the appropriation which reverts to the Foundation is the amount unpaid as of June 30, 1943, the terminating date of the grant. Any funds held over at the close of a year for use during subsequent years cannot, however, be considered as a portion of the annual sum of \$30,000 to be raised by the Institute prior to claiming our funds.

I hope this constitutes a satisfactory reply to your inquiry.

Sincerely yours,

(s) JOSPEH H. WILLITS

Dr. Frank Aydelotte  
Institute for Advanced Study  
Princeton, New Jersey

JHW:G

D Rock - Bamberger - 157 1941

COPY

May 16, 1941

Dear Joe:

I think we had a verbal understanding that any balance of the three-year economics subsidy provided by the Rockefeller Foundation which was unexpended in a given year, might be carried over as surplus income to be spent for the same purpose on the same dollar-for-dollar basis in succeeding years. I would be most grateful if the Foundation would be willing to give me a written statement to this effect for the use of our Treasurer and auditors. We have been most cautious in the expenditure of funds this year and shall unquestionably have a balance as of June 30th. At the same time, Stewart and Riefler and Warren have large plans in mind for which we shall need eventually the whole of your generous appropriation.

With kindest regards, I am

Yours sincerely,

FRANK AYDELOTTE

Dr. Joseph H. Willits  
Rockefeller Foundation  
49 West 49th Street  
New York, New York

FA/MR

September 28, 1949.

Dear Robert:

Since yesterday I have studied the books and records of this economics grant very carefully, After the first grant was completed, and we had made our refund to the Rockefeller Foundation, we did transfer in 1944 and 1945 \$30,000 per year to the General Budget. It is a question of interpretation whether or not we were justified in doing this. In my opinion the money belonged to us. I gather that in Walter Stewart's opinion the money was the property of the School of Economics, as distinguished from the Institute. That is a matter of interpretation, which you and the Trustees must decide. My opinion is that our action was correct. The question is not one between us and the Rockefeller Foundation, but between the Institute and the School of Economics. If I were in your place, I would accept the interpretation of the Comptroller of the Rockefeller Foundation, would ask Mr. Leidesdorf to write the letter which I drafted for him, and would then thrash the matter out with the School of Economics.

Perhaps the School of Economics should have had more money than has actually been awarded to them. My own attitude has always been to award them all the money that they could usefully spend. If they now want more, I think they should make the same kind of case for it that any other Department is required to make. I most emphatically do not think that any refund is due to the Rockefeller Foundation.

Yours sincerely,

*Aug. 1949*

Dr. Robert Oppenheimer  
Institute for Advanced Study  
Princeton, New Jersey

*2 Rockefeller Bamberger Fd 1941*

SEP. (F.L.B.F.)

THE INSTITUTE FOR ADVANCED STUDY

*Founded by Mr. Louis Bamberger and Mrs. Felix Fuld*

PRINCETON, NEW JERSEY

July 28, 1944

Dear Dr. Aydelotte:

I am enclosing a copy of a July twenty-sixth letter which just came in from Mr. Gillette of The Rockefeller Foundation and which I am sure you will wish to answer yourself when you have a secretary available, as it concerns the \$30,000 matter and the proposed budget for 1944-45.

The only budget which I have had for 1944-45 is the tentative and complete one made up for the Institute on March 1, 1944. From it, I have extracted the figures for the Economics Section and enclose two copies of it, one for The Rockefeller Foundation if you approve of it, and also a work copy for yourself.

Professor Stewart will not be here until next Thursday, otherwise I would ask him about the budget.

I will appreciate it if Mrs. Jenkins will be kind enough to send me two copies of any letter or statement which you send to the Foundation.

If you wish a statement showing 1943-44 expenditures compared with the budget for that year, please let me know.

I hope that you and Mrs. Aydelotte are enjoying some cool days.

Very sincerely,



Dr. Frank Aydelotte  
Waterford, Connecticut

Enclosures (3)

BAM:KK



INSTITUTE FOR ADVANCED STUDY  
ECONOMICS BUDGET FOR 1944-45

Budgeted last  
year 1943-44

THIS IS THE BUDGET AS  
PROPOSED IN THE TENTATIVE  
BUDGET OF 3/1/44 for 1944-45

INCOME

\$30,000	Institute for Advanced Study	\$30,000.00
35,000	Estate of Louis Bamberger, Deceased	35,000.00
35,000	The Rockefeller Foundation	<u>35,000.00</u>
<u>100,000</u>		<u>\$100,000.00</u>

PROPOSED EXPENDITURES

45,000	Salaries of Professors	\$45,000.00	
2,400	Teachers Insurance Annuity Assn.	4,908.00	
10,000	Visiting Professor	10,000.00	
24,000	Salaries of Assistants and Research Stipends	24,000.00	
3,600	Books and Supplies	3,600.00	
2,000	Travel and Conferences	2,000.00	
13,000	Reserve and Contingent	<u>10,492.00</u>	
<u>\$100,000</u>		<u>\$100,000.00</u>	<u>\$100,000.00</u>



2/19/43  
5/20/47  
7/8/48

SCHOOL OF ECONOMICS AND POLITICS  
POLICY  
BUDGET  
RIEFLER, W.  
STEWART, W.  
AYDELOTTE, F.  
OPPENHEIMER, R.

Academic Organization  
Administration  
Financial  
Biographical

✓ Vertical File "Econ. & Pol."

Rockefeller-Bamberger Fund

File: IAS Rockefeller-Bamberger Fund

INSTITUTE  
FOR  
ADVANCED  
STUDY -  
WORK IN  
ECONOMICS

It was, on motion,  
RESOLVED that the sum of Seventy thousand dollars (\$70,000), or as  
RF 43014 much thereof as may be necessary, be, and it hereby is,  
appropriated to the INSTITUTE FOR ADVANCED STUDY toward  
the support of its work in economics during the two-year  
period beginning July 1, 1943, payments to be made at the  
rate of \$35,000 a year on the basis of \$1 for each \$1 pro-  
vided by the Institute beyond the sum of \$30,000 annually  
at present available from the Institute.

The following were the considerations presented:

Social Sciences

Previous Interest: A grant of \$105,000 for work in economics at the  
Institute for Advanced Study for the three-year period 1940-1943  
was voted in March, 1940.

✓ General Description: The work in economics at the Institute for Ad-  
vanced Study has as a guiding policy the reassertion of the unity  
of the social studies. The Institute was not established as  
another graduate school, or another specialized research center.  
Its first task has been to study and to appraise critically the  
work in education and research being done in the various disci-  
plines in the universities, in government, and in business. The  
Institute work has been frankly experimental and publication has  
been deliberately withheld. During the past two years its program  
has been retarded slightly due to the demands of the government  
for the services of its members. Mr. Riefler is at present at-  
tached to the American Embassy in London with the rank of Minister.

The economics staff is now ready to emphasize two aspects of  
its work: 1) It proposes to increase the number of the ablest  
young social scientists invited to come for a year or two to the  
Institute. These persons will normally have completed their formal  
graduate work and have had enough experience in the field to have  
proved themselves to be of more than ordinary promise. Each will  
have in hand the study on which he wishes to work during his stay.  
2) The Institute staff has also been preparing for limited circula-  
tion a series of significant analyses of economic issues - for the  
most part in the financial and fiscal field. It is now ready to  
reach out to a wider audience with its own work and that of its

2/19/43

cooperating colleagues, and is considering several alternative plans of doing so.

INSTITUTE  
FOR  
ADVANCED  
STUDY -  
WORK IN  
ECONOMICS  
(Continued)

Beyond these activities the staff of the Institute will continue its intimate and varied participation in various research ventures such as those of the Federal government, of universities, of the League of Nations, and of the National Bureau of Economic Research.

Finances: The Institute is returning to the Foundation 35 per cent of its balance, estimated at \$95,000, remaining unexpended as of June 30, 1943. While the expenditures of the economics group for the year 1942-1943 will total approximately \$65,000, present plans call for the addition of one major economist to the staff and a larger number of younger associates, and will require an available budget of approximately \$100,000 a year. Of this the Institute will provide \$30,000 annually and Mr. Louis Bamberger \$35,000 annually.

Future Implications: No commitment. Review at the end of the period. It is expected that in the near future substantial funds will be available for this phase of the Institute's work.

Comment: The officers believe that in continuing support of the economics staff of the Institute, the Foundation would be forwarding a carefully planned effort toward raising the quality of leading young social scientists for the future. It would also be aiding through Institute publications and consulting associations an effort to re-emphasize the wholeness of social studies. This influence will be the greater since the Institute does not propose to build an institution to compete with others but is attempting to strengthen existing agencies by working with and through them.

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INSTITUTE FOR ADVANCED STUDY - SCHOOL OF ECONOMICS  
ROCKEFELLER-BAMBERGER FUND FOR WORK IN ECONOMICS - 1940-1945

	First Grant			Second Grant		Total 5-years
	1940-41	1941-42	1942-43	1943-44	1944-45	
Receipts:						
Institute for Advanced Study - Basic Support	30,000	30,000	30,000	30,000	30,000	150,000
Rockefeller Foundation Grant	35,000	35,000	35,000	35,000	35,000	175,000
Mr. Louis Bamberger - Matching Grant	35,000	35,000	35,000	35,000	35,000	175,000
Total Receipts	100,000	100,000	100,000	100,000	100,000	500,000
Disbursements:						
Salaries of Professors	45,000.00	45,000.00	45,000.00	42,000.00	44,500.00	221,500.00
Stipends to Members	8,067.22	8,753.91	4,500.00	6,500.00	10,500.00	38,321.13
Salaries of Assistants	7,325.00	7,200.00	5,600.00	4,800.00	3,600.00	28,525.00
TIAA (3 professors, 1 staff)		2,400.00	2,400.00	4,907.50	4,907.68	14,615.18
Clerical assistance	100.00	550.33	220.00	1,553.00	1,987.32	4,410.65
Contributions to C. D. Long Fund		1,471.29	2,932.08	2,333.05		6,736.42
Library	3,404.18	2,314.55	2,083.41	1,658.47	1,938.90	11,399.51
Travel and Conference	1,786.79	1,819.86	309.33	727.76	623.98	5,267.72
Equipment and Supplies	397.26	824.01	363.20	170.25	8.00	1,762.72
Communications and Supplies (for League of Nations)	163.83	435.01				598.84
Total Disbursements	66,244.28	70,768.96	63,408.02	64,650.03	68,065.88	333,137.17
Annual Balance	33,755.72	29,231.04	36,591.98	35,349.97	31,934.12	
Accumulated Balance		62,986.76	99,578.74		67,284.09	67,284.09
Refunded to Rockefeller Foundation, 6/30/43			34,852.56			34,852.56
Transferred to Surplus, end first grant			64,726.18			64,726.18
Total Disbursements, Refund and Balance						500,000.00
Total Transferred & Accumulated Balance 6/30/45						132,010.27



May 20, 1947

To: Dr. Frank Aydelotte

From: Walter W. Stewart

Subject: Rockefeller-Bamberger Fund

Attached is an accounting of the receipts and disbursements under the Rockefeller-Bamberger Fund during five years of its operation, and a final column totaling the expenditures for the five-year period.

At the time this accounting was first prepared, it was my intention to provide you with some comment on the various disbursements. Since that time, however, the various memoranda which you have received have described in some detail the funds used as stipends to the various members. These memoranda also show the extent to which stipends have been provided from outside sources. Copies of the original applications, both for the first grant and the second grant, and the correspondence with the Rockefeller Foundation concerning the grants are in the Director's files.

With the termination of the grants there was a balance of \$132,075.87 in the Fund. My understanding is that the Fund is now carried in the books under the title "Special Reserve for School of Economics". If you approve, it would seem to me a sound procedure for your office to advise the School from time to time as to the charges against the account and the balance remaining in the Fund. Perhaps a quarterly statement would be sufficient for the purpose. When time permits, it would also seem to me advisable to bring a statement of the account up-to-date along the lines of the statement attached.



July 8, 1948

TO: Dr. J. Robert Oppenheimer  
FROM: W. W. Stewart  
SUBJECT: Special Economics Fund

The Director's Office has requested a statement about the Special Economics Fund (formerly known as the Rockefeller-Bamberger Fund). While this information is in your files, it may not be easy to assemble and this memorandum is intended to give a brief account of the Fund and its operation.

Creation of Fund

First Grant: In March 1940, the Rockefeller Foundation appropriated \$105,000 toward support of the work in Economics for a three year period beginning July 1, 1940, payments to be made at the rate of \$35,000 a year on the condition that the Institute raise from other sources another \$35,000 a year over and above the \$30,000 already provided from Institute funds. Mr. Bamberger, who had made a special donation of \$25,000 in the preceding year, agreed to match the Foundation grant of \$35,000 annually for three years.

The receipts in the Fund, as they were set up on the books of the Institute were as follows:

	<u>1940-41</u>	<u>1942-43</u>	<u>1943-44</u>
Basic support - Institute	\$ 30,000	\$ 30,000	\$ 30,000
Rockefeller grant	35,000	35,000	35,000
Matching grant - Bamberger	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
	\$100,000	\$100,000	\$100,000

Because war conditions did not make it possible to expand the work in Economics as rapidly as had been anticipated, there was an accumulated balance in the Fund at the end of the period of over \$99,000. In asking for a renewal of the grant from the Foundation, the Institute agreed to refund 35% of this balance. The amount returned was \$34,852.56, leaving an accumulated surplus in the Fund of \$64,726.18.

- 2 -

Dr. Oppenheimer

July 8, 1948

Second Grant: In February 1943 the Foundation appropriated \$70,000 for a two-year period toward support of work in Economics, under the same conditions as the earlier grant. This provided during 1944-45 and 1945-46 an annual budget of \$100,000, of which the Institute provided basic support of \$30,000, the Foundation \$35,000 and Mr. Bamberger \$35,000. Expenditures, which averaged about \$66,000 annually, were less than receipts and the surplus remaining in the Fund as a result of the second grant was over \$67,000. This balance, if added to the surplus from the first grant, would leave an accumulated surplus in the Fund of more than \$132,000, on June 30, 1946, the date of termination of the grants.

#### Accounting for the Fund and Surplus

The figures referred to above, together with an itemized statement of expenditures, are taken from a detailed analysis of the Fund submitted to Dr. Aydelotte on May 20, 1947. A copy of this analysis is attached. It then developed that the balance in the account (Special Reserve Account--School of Economics) as shown by the Treasurer's Office in New York did not agree. The discrepancy was \$60,000--the Treasurer's Office showing a balance in the account as of June 30, 1946 of \$72,010.27 instead of over \$132,000. The reasons for this difference then became evident. In making up the budget for Economics, on June 30, 1944 and on June 30, 1945 appropriations of \$30,000 annually were made from this reserve account to meet what the Institute had agreed to provide as "basic support."

Whether this procedure fulfilled the commitment made by the Institute at the time of the second grant is a matter of interpretation of the agreement, not merely a matter of bookkeeping. Institute procedure under the second grant was obviously different from that under the first, yet the agreement was the same. Under the second, as under the first, the funds from the Foundation and the matching grant were to be "beyond the sum of \$30,000 annually at present available from the Institute." Actually the \$60,000 was taken from the accumulated surplus of the earlier grant, remaining after the percentage refund to the Foundation, thus practically exhausting the \$64,726.18 remainder of the first grant. In effect the Institute financed its commitment by drawing upon the surplus of the earlier grant, and was thus relieved of the necessity of providing funds from current income, as was at least implied in the second grant and was the procedure under the first grant. So far as I know, no final accounting for this grant has been rendered to the Foundation and I do not see how one can be rendered until this point has been clarified.



- 3 -

Dr. Oppenheimer

July 8, 1948

### Control of Expenditure

The practice has been for the School of Economics to make expenditures from the Fund, within its specified purposes, subject to the approval of the Director. The only exception to this were the two expenditures from the Fund of \$30,000 each, which were made by the Director without advising with the School of Economics. The Comptroller's Office now furnishes us with quarterly statements of expenditure and balance. On June 30, 1948 there remained in the Special Economics Fund a total of \$67, 546.53.

### Specified Purposes of Fund

In making its application to the Foundation for the first grant, the Institute emphasized the interest of the three professors (Riefler, Warren and Stewart) in the increase of understanding of the role played by finance in the economic organization of Society, and indicated in outline the major fields of inquiry. It indicated that large funds (from Bamberger's estate) were expected in the future, but that the work in economics would be seriously handicapped by delay. Provision for an additional professor in Economics at a salary of \$16,000 was included in the estimated budget.

Not apparent

In the second application (indicating some change of emphasis) mention was made of the interest of the Economics faculty in reassertion of the unity of the Social Studies. Again provision was made in the estimated budget for the addition of one major economist. Later the Trustees of the Institute, upon recommendation of the faculty, authorized an invitation to be extended to such an economist. For reasons not necessary to mention here, this economist was not free at the time, and the invitation was not extended. What was contemplated as a School with a faculty of four, has now, with Professor Riefler's departure, become a faculty of two, one which retires in two years.

1945 Much  
Viken

### Uses of Fund

In the attached statement, under disbursements, there is a general classification of expenditures of the School of Economics for each of the five years (1940-41 to 1945-46) and a total for the five years. These expenditures, of course, were not entirely chargeable to the Fund, since in each year the Institute contributed \$30,000 of "basic support." Also it does not include expenditures made from special grants (such as Foundation support for Cooper) or membership stipends provided by outside support. Expenditures by

- 4 -

Dr. Oppenheimer

July 8, 1948

the Institute, supplemented by the Fund, averaged somewhat more than \$66,000 for the five years.

If it is decided that the \$60,000 withdrawn from the surplus of the Fund (to meet the \$30,000 a year commitment) is properly chargeable to the Fund, then for the average of these five years Economics work has called for an annual expenditure of \$18,000 by the Institute and \$48,000 from the Fund. This result does not seem to me to be in accordance with the understanding entered into between the Foundation and the Institute, but it is a matter I would prefer to have others pass upon.

*Quite cloudy.*

COPY



7/9/48  
7/9/48

not sent to Director  
(WHS note)  
in original.

## FOOTNOTES TO MEMORANDUM OF JULY 8 ON SPECIAL ECONOMICS FUND

In writing the memorandum of July 8, some points were omitted which did not seem immediately relevant.

### I. Percentage Refund to the Rockefeller Foundation at the end of the first grant (June 30, 1943).

In calculating the amount to be refunded (\$34,852.) a figure of 35% of the balance remaining in the Fund was used. This apparently was agreed to by the officers in charge at the Rockefeller Foundation.

It is questionable, however, whether this is the proper basis of calculation. The Institute had agreed, in obtaining the grant, to provide \$30,000 annually of basic support. The remaining \$70,000 was provided equally \$35,000 each by the Foundation and Mr. Bamberger. The total expenditures for the School of Economics averaged during the three years of the first grant about \$66,000, or about \$36,000 in excess of the basic support figure of \$30,000. Since the outside money was raised as a matching grant, the proper procedure would appear to be a return to each of the donors of 50% of what remained in the fund. In other words, the balance in the Fund at the end of June 1943, \$99,578.74, would have required a refund of half this amount, or \$49,789.37. It is quite conceivable that Mr. Bamberger at that time, if the funds had been returned to him, would have made that amount available either to the general purposes of the Institute or have left it as a free and uncommitted fund to the School of Economics. So long as the Fund was kept intact, however, with a surplus even after the 35% returned to the Foundation, the Fund remained under the original commitments of the matching grant. This is the meaning of a matching grant.

### II. Present Situation and Alternatives

The first step in clarifying the situation is to determine what is the proper accounting procedure under the commitments and thus make possible a final accounting to the Foundation for the Fund. When the surplus in the Fund, both at the end of the first grant and at the end of the second grant has been determined and agreed upon, then certain alternatives will arise.

A. Expenditures from the surplus remaining in the Fund could be made for the specified purposes as set forth in the application and the Foundation grant. At the time of the first grant the Foundation recognized that "the program submitted is not as precise and definite as those which the Foundation usually receives." On one point, however, the estimated budget of the School, as a statement of intent, was entirely clear and precise. Each grant provided financial support for the 5-year period for the addition of a fourth economist to the faculty of the School of Economics. The figure

Not stated

- 2 -

mentioned was \$16,000 annually, or a total of \$80,000 for the five years. The application of the Institute indicated that "in the future large funds are expected to be available" and it was the expectation that at the end of the 5-year period the Institute would be in a position to meet the salary of the additional economist out of its current income.

N.A.  
Speaks the N.F.A.  
These expectations and commitments may have been imprudent or short-sighted and may not have sufficiently allowed for a possible change of direction in the general policy of the Institute. The fact, however, that the second application also expressed the intention of adding a fourth economist indicates that over that 5-year period the purposes have not changed. It is, of course, always open to the Institute to change its mind in such matters, but when funds have been raised upon so definite an expression of intent, it raises a question as to the proper disposition of any surplus remaining in the Fund.

B. One alternative open to the Institute would be to present the matter to the proper officers of the Foundation, explain that the circumstances during the period of the 5-year grant did not make the addition of a fourth economist feasible, and to inquire how, in the judgment of the Foundation, the matter should now be handled. The fact that at a minimum, \$80,000 appears to be involved, indicates that it is a matter of some concern to everyone involved.

It may be that the Foundation would feel that in the circumstances past commitment was not binding on the present. It might be willing to release the funds to broader purposes than those specified in the grant. This, however, is not something to be taken for granted and should in my opinion be fully explored with the Foundation. In general, when such circumstances arise, it is a simpler procedure to return the funds and make a new application for funds that might be made available for other purposes.

Relations between foundations and universities in the financing of particular projects are delicate matters and a good deal influenced by atmosphere and personalities. If the work in economics at the Institute is not to be expanded as originally contemplated, or in fact, to be diminished, it seems to me that a prompt and full disclosure of intent should be made to the Foundation. It is obvious from the terms of the grants (providing for \$30,000 basic support and \$35,000 of matching grant) that the Foundation regarded the Institute at that time as a promising place for the development of a long-term program in economics. If the circumstances have changed, then the matter should be opened for reconsideration.

Now should know:



Unless the specified purposes and limitations for the use of the Economics Fund are clearly recognized, the Fund is likely to become regarded as an "all purpose fund", so that whenever a situation arises which is not provided for in the budget or easily met out of the contingency fund, suggestion will be made that recourse be had to the Economics Fund.

1941-1949  
ROCKEFELLER-BAMBERGER ECONOMIC FUND

Foundations

AYDELOTTE, F.

Biographical

LEIDESDORF

OPPENHEIMER

Letters May to September, 1949, on final accounting  
Rockefeller balance of June 30, 1945.

Filed in Vertical File under # "E" for Economics.

A, 2/1/56 (Elsa Jenkins) Rockefeller-Bamberger Fd., File No. 1

September 21, 1949.

Dear Mr. Goodstein:

I was delighted with our telephone conversation this morning, and send you herewith a letter to Mr. Leidesdorf, the figures from our auditor's report (which I am glad to know agree with your calculations), and a draft of a letter which I think Mr. Leidesdorf might write to Mr. Beal. I see no reason why this letter should not settle the whole matter.

I send two copies of each paper, thinking it may be a convenience to you to preserve one in your office.

Yours sincerely,

J. Goodstein, Esq.  
c/o S. D. Leidesdorf and Company  
125 Park Avenue  
New York, New York

*Beal's letter  
along first question  
with L's letter 9/20/49  
dated 11/3/49 -  
Photostat in file  
A-B Fd. A Tank, 11/1/50*



September 20, 1949.

Dear Sam:

Dr. Oppenheimer is out of town today, and consequently I called you on the telephone. I thought you would say just what you did, that if I could prepare you a statement about this Rockefeller Fund, you would be glad to have it. I accordingly took the letter of the Comptroller of the Rockefeller Foundation, George J. Beal, and compared it with the statement of Institute expenditures for 1945-46 and 1946-47. I send you herewith all these papers, and hope you will show them to Mr. Schur and Mr. Goodstein. I am sending Mr. Goodstein a copy of this letter.

You will note that Mr. Beal says that the \$33,642.04, being the total of Foundation funds on hand at the close of the grant, is not returnable, provided the funds were used for work in economics, as stipulated in the grant.

Mr. Beal asks for a statement of the expenditure of this Fund, plus what remained of Mr. Bamberger's contribution, making a total of \$67,284.09, as of July 1, 1945.

I enclose also two sheets drawn from the auditor's reports, showing expenditures in economics for the two years following:

1945-46	\$39,016.76
1946-47	<u>\$37,165.42</u>
Total	\$76,182.18

These figures are all easily verified from our auditor's reports, and will, I am sure, satisfy the Rockefeller Foundation.

I enclose a draft of a letter, which I think you might write to Mr. Beal, with any alterations you think suitable. If Mr. Schur and Mr. Goodstein find this all satisfactory, please let me know. If you want to discuss the matter further with Oppenheimer, or with me, we shall of course either of us be glad to come over and see you. As I said to you over the telephone, the 28th is not especially convenient, but could be managed. I think, however, a letter along the lines of the enclosed draft from you to Mr. Beal will settle the matter.

Yours sincerely,

S. D. Loidesdorf, Esq.  
125 Park Avenue  
New York 17, New York

(September 20, 1949 - Draft)

Dear Mr. Beal:

In reply to your letter of June 7, 1949, I wish to say that I have had the accounts of the Rockefeller Bamberger Fund carefully studied, and wish to report as follows:

There remained an unexpended balance in this Fund, as of June 30, 1944, of \$35,349.97. There was an unexpended balance as of June 30, 1945 of \$31,934.12, making a total for the two years of \$67,284.09.

One-half of this unexpended balance, namely, \$33,642.04, represents funds on hand at the close of the grant. Our understanding is the same as yours, that this is not returnable, provided the funds were used for economics, as stipulated in the grant.

I enclose statements from the auditor's reports of expenditures for work in Economics, as follows:

1945-46	\$39,016.76
1946-47	<u>\$37,165.42</u>
Total	\$76,182.18

In accordance with our calculations, this means that the grant is totally expended for the purposes for which it was given. If you agree, I should be grateful if you would send me a line, so that I can so report to the Trustees of the Institute at their next meeting.

Yours sincerely,

R. D. Loidesdorf, Treasurer

George J. Beal, Esq., Comptroller  
The Rockefeller Foundation  
49 West 49th Street  
New York 20, New York



September 28, 1949.

Dear Robert:

Since yesterday I have studied the books and records of this economics grant very carefully. After the first grant was completed, and we had made our refund to the Rockefeller Foundation, we did transfer in 1944 and 1945 \$30,000 per year to the General Budget. It is a question of interpretation whether or not we were justified in doing this. In my opinion the money belonged to us. I gather that in Walter Stewart's opinion the money was the property of the School of Economics, as distinguished from the Institute. That is a matter of interpretation, which you and the Trustees must decide. My opinion is that our action was correct. The question is not one between us and the Rockefeller Foundation, but between the Institute and the School of Economics. If I were in your place, I would accept the interpretation of the Comptroller of the Rockefeller Foundation, would ask Mr. Leidesdorf to write the letter which I drafted for him, and would then thrash the matter out with the School of Economics.

Perhaps the School of Economics should have had more money than has actually been awarded to them. My own attitude has always been to award them all the money that they could usefully spend. If they now want more, I think they should make the same kind of case for it that any other Department is required to make. I most emphatically do not think that any refund is due to the Rockefeller Foundation.

Yours sincerely,

Dr. Robert Oppenheimer  
Institute for Advanced Study  
Princeton, New Jersey

Source - A's Rodup Bamberger file  
A Jones, 2/1/56

September 22, 1949.

PERSONAL

Dear Sam:

I have your letter of September 21 enclosing the correspondence with Mr. Beal of the Rockefeller Foundation. Acting on the basis of our telephone conversation, yesterday I prepared the material which I think you will need, and sent it over to you in the care of Mr. Goodstein. Earlier in the day I had a telephone conversation with Mr. Goodstein, and was pleased to hear that his figures, made independently, agree absolutely with ours.

I accordingly drafted a letter which I think you might send to Mr. Beal, along with these figures, and I have no doubt that that will settle the matter, in view of the statement in Mr. Beal's letter that "one half of the unexpended balance, or \$33,642.04, is not returnable provided the funds were used for work in economics as stipulated in the grant." This was certainly the case, and the figures as compiled by you agree exactly with my calculations and Mr. Goodstein's.

I return these figures which you sent to me for the reason that your statement is written on heavier paper, and may, therefore, make a better impression. I had to make so many copies for my own use, for the use of various people in your offices, and the comptroller's office here, that I had to use thin paper to make them clear. I think the statements which I sent you in care of Mr. Goodstein are complete and accurate, and I have no doubt that they will satisfy the Foundation.

With kindest regards, I am

Yours sincerely,

S. D. Leidesdorf, Esq.  
125 Park Avenue  
New York 17, New York



June 11, 1949.

Dear Sam:

I have had compiled the information you will need to answer Mr. Beale's letter of June 7, which I think Dr. Oppenheimer gave you yesterday. I enclose a copy of Beale's letter, however, on the chance that you might have failed to receive it.

The expenditures of the Institute, made from the Rockefeller-Bamberger Fund, following 1945, are as follows:

1945-46	Total expenditures	\$69,016.76
	Less contribution from Institute	<u>30,000.00</u>
		\$39,016.76
1946-47	Total expenditures	\$67,165.42
	Less contribution from Institute	<u>30,000.00</u>
		\$37,165.42

I expect that that will be all that the Rockefeller Foundation will want, but I enclose a complete tabulation of the expenditures for these two years in case you think it advisable to send them to him. You will note that in these two years, excluding the contribution of the Institute, our expenditures exceeded the balance of \$67,284.09. Expenditures in subsequent years after Mr. Bamberger's estate was settled, and his bequest became available, gradually increased in amount. The two years for which I give you figures cover the period of my Directorship, and incidentally exhaust the Rockefeller contribution.

You will remember that we recovered from the Bamberger estate the amount which Mr. Bamberger had promised, even before the estate was settled.

S. D. Leidesdorf, Esq. - p.2.

June 11, 1949.

Does this give you everything you want, or would it  
by any chance be a convenience to you to have me draft a letter  
for your signature in reply to Mr. Beale?

Yours sincerely,

T A

S. D. Leidesdorf, Esq.  
125 Park Avenue  
New York 17, New York



SCHOOL OF ECONOMICS EXPENDITURES 1946-47

Salaries - Professors	\$42,967.45
" Staff	5,511.21
TIAA	4,757.16

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\$53,235.82

Less contribution of Institute	30,000.00
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\$23,235.82

Stipends:	J.C. Cooper	\$4,000.00
	C.D. Long	625.00
	A. Loveday	1,000.02
	D. Mitrany	1,200.00
	E. Penrose	1,500.00
	D. Tannenbaum	1,000.00
	L. Wilmerding	<u>3,000.00</u>

\$12,325.02

Books and Subscriptions	615.19
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Travel and Conferences	989.39
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13,929.60

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\$37,165.42



# The Rhodes Scholarship Trust

OFFICE OF THE  
AMERICAN SECRETARY

INSTITUTE FOR ADVANCED STUDY  
PRINCETON, N. J.

May 24, 1949.

Dear Robert:

I had a talk with Joe Willets over the telephone this morning, and he would like to have you write a letter to the Rockefeller Foundation on behalf of the Institute stating our request. I think the best thing for you to do is to write to them saying in effect that we returned their share of the unexpended balance in 1943, with the understanding that no such return would be required in 1945. If you will talk with Imelle Winterud, she can give you the details.

It is quite true that the grant made in 1943 was "under the same terms" as the grant made in 1940. My understanding of this phrase "under the same terms" was that we should match it in the same way that we did the grant of 1940, furnishing a basis of \$50,000 per year from the Institute funds for the School of Economics, and matching dollar for dollar the Rockefeller contribution of funds in excess of that amount. That, of course, we did.

I know that I did not understand in my own mind that we should make any return to them in 1945. I did feel that we should make the money last as long as possible, and spend it economically, in view of the fact that we had at that time no understanding of what we should receive from Mr. Bamberger, or when we should receive it.

When Mr. Bamberger died, I did feel that we should perhaps have put the whole Bamberger-Rockefeller Economics Fund into a separate fund for the benefit of the School of Economics. Since, however, it appeared that we should have all the money for economics we needed without doing that, we transferred all the surplus into the general funds of the Institute, and of course have spent much more than those funds accounted to.

I don't believe that the Rockefeller Foundation feels very seriously that we ought to make any return to them, but if they do, I think we should make it.

Dr. Robert Oppenheimer - p.2.

May 24, 1949.

If you will talk with Luella Trinterud, she can give you the exact figures, dates, and amounts to support these general statements.

Yours sincerely,

Dr. Robert Oppenheimer  
Institute for Advanced Study  
Princeton, New Jersey

COPY