

vert. file "N"

1945

SCHOOL OF ECONOMICS AND POLITICS	Academic Organization
ECONOMICS	Academic Activities
NATIONAL BUREAU OF ECONOMIC RESEARCH	Foundations

Statement of nature and organization of N. B. E. R.
Filed in Vertical File under "N".

D, National Bureau of Economic Research

NATIONAL BUREAU OF ECONOMIC RESEARCH INCORPORATED

OFFICERS: N. I. Stone, *Chairman*; Shepard Morgan, *President*; H. M. Groves, *Vice-President*; G. B. Roberts, *Treasurer*; W. J. Carson, *Executive Director*; Martha Anderson, *Editor*

RESEARCH STAFF: Wesley C. Mitchell, *Director*; Moses Abramovitz, A. F. Burns, Solomon Fabricant, Milton Friedman, Thor Hultgren, Simon Kuznets, Ruth P. Mack, F. C. Mills, G. H. Moore, R. J. Saulnier, G. J. Stigler, Donald Thompson, Leo Wolman, R. A. Young

DIRECTORS AT LARGE: C. I. Barnard, David Friday, O. W. Knauth, H. W. Laidler, Shepard Morgan, G. B. Roberts, Beardsley Ruml, Harry Scherman, George Soule, N. I. Stone, J. Raymond Walsh, Leo Wolman

DIRECTORS BY UNIVERSITY APPOINTMENT: E. Wight Bakke, *Yale*; C. Canby Balderston, *Pennsylvania*; W. L. Crum, *Harvard*; G. S. Ford, *Minnesota*; H. M. Groves, *Wisconsin*; Clarence Heer, *North Carolina*; Wesley C. Mitchell, *Columbia*; Paul M. O'Leary, *Cornell*; T. O. Yntema, *Chicago*

DIRECTORS APPOINTED BY OTHER ORGANIZATIONS: P. F. Brundage, *American Institute of Accountants*; F. C. Mills, *American Statistical Association*; C. Reinold Noyes, *American Economic Association*; Boris Shishkin, *American Federation of Labor*; W. C. Waite, *American Farm Economic Association*

1819 BROADWAY, NEW YORK 23, N. Y. - COLUMBUS 5-3615 - 6; 5-3644

March 8, 1945

Dr. Frank Aydelotte, Director
Institute for Advanced Study
Princeton, N. J.

Dear Dr. Aydelotte:

On behalf of the Directors and staff of the National Bureau of Economic Research I hereby extend an invitation to the Institute for Advanced Study to become one of the organizations participating in the National Bureau's work, and to nominate a member and Director for the five-year term ending with the Annual Meeting in February 1950. This invitation is being extended in compliance with the action of the Board at the Annual Meeting held Monday, February 26, 1945, at which time a resolution designating the Institute to become a nominating organization was unanimously adopted.

The National Bureau, as you know, is an independent agency engaged in the study of economic organization and how it works. It is organized as a membership corporation under the laws of New York, its charter having been granted January 23, 1920. It cooperates actively with universities, government agencies, business enterprises, and associations and professional societies. The purposes of the Corporation are stated in its charter as follows:

The particular objects for which the corporation is formed are to encourage, in the broadest and most liberal manner, investigation, research and discovery, and the application of knowledge to the well-being of mankind; and in particular to conduct, or assist in the making of, exact and impartial investigations in the field of economic, social and industrial science, and to this end to cooperate with Governments, universities, learned societies and individuals.

Under the by-laws members and Directors are divided into three groups of twelve each:

Dr. Frank Aydelotte

March 8, 1945

- 2 -

- 1 Members and Directors at Large
- 2 Members and Directors by University Appointment
- 3 Members and Directors by Appointment of Other Organizations

Universities now nominating members and Directors are: Chicago, Columbia, Cornell, Harvard, Minnesota, North Carolina, Pennsylvania, Wisconsin, and Yale.

Other organizations nominating members and Directors include learned and scientific societies, and financial, industrial, commercial and labor associations. At present the participating organizations are: American Economic Association, American Farm Economic Association, American Federation of Labor, American Institute of Accountants, and American Statistical Association.

The duties and responsibilities of Directors are described in the attached resolution and memorandum entitled "Relation of Directors to the Work of the National Bureau" and "Responsibilities of Directors and Staff".

In the past the National Bureau has had the generous help of Messrs. Riefler, Stewart and Warren and others at the Institute in many of its investigations, and all of these are now in close touch with its current work. It is hoped now that the Institute will become one of the bodies collaborating formally in the National Bureau's work in the manner described above, and thereby provide for the continuation with members of its staff of the many pleasant and helpful associations that have developed in the past.

If additional information should be desired as to the National Bureau and its work, I shall be glad to write you or discuss it with you at your convenience at the Institute.

Very sincerely yours,


William J. Carson
Executive Director

WJC:RD

RESPONSIBILITIES OF THE DIRECTORS AND STAFF OF THE
NATIONAL BUREAU OF ECONOMIC RESEARCH

The following statement is presented to the annual meeting of the Directors in compliance with instructions given by the Executive Committee. It is designed for internal clarification, not for publication. At present we have no formulation of National Bureau policies, aside from the By-Laws, to put into the hands of new Directors, staff members, and collaborators. Misunderstandings may be prevented and consistency promoted by a summary of the interlocking responsibilities assumed by the groups that make up our organization.

The first two sections of the draft herewith submitted consist mainly of extracts from what may be called our statute law; the third section is mainly a codification of the supplementary common law that has grown out of our experience.

I. Objects of the National Bureau

The purposes for which the National Bureau was established are described as follows in the Certificate of Incorporation, filed on January 29, 1920:

"The particular objects for which the corporation is formed are to encourage, in the broadest and most liberal manner, investigation, research and discovery, and the application of knowledge to the well-being of mankind; and in particular to conduct, or assist in the making of, exact and impartial investigations in the field of economic, social and industrial science, and to this end to cooperate with governments, universities, learned societies, and individuals."

II. Responsibilities of the Directors

By a resolution adopted October 25, 1926, amended in February 6, 1933 and February 24, 1942 the Directors have defined their own responsibilities as follows:

- 2 -

"The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the Bureau is carried on in strict conformity with this object."

The methods by which the Directors ensure "that the work of the Bureau is carried on in strict conformity with this object" are set forth in the by-laws and formal resolutions passed by the Board.

1) Directors are "members of the corporation", and control the election of new members, whether candidates are nominated by universities, other organizations, or by Directors already in office. The Board determines the lists of nominating bodies, the number of members, and terms of service. It specifies the qualifications for membership: each nominee shall be certified "to be a person of scientific and judicial habit of thought, possessing knowledge and experience qualifying him to assist in the direction of exact and impartial investigations within the scope of the corporation's activities." (By-laws, Article I, 9.) In electing new members the Directors seek to preserve the National Bureau's impartial character by providing a balanced representation in the Board of different economic and social viewpoints.

2) Supervision over current operations is exercised by electing the Officers of the Corporation, and an Executive Committee, which acts for the Board between meetings. Among the Officers is a Director of Research who "shall, under the direction of the Executive Committee, have general charge of the research work of the corporation and of other work directly related thereto." (By-laws, Article XI.) The Officers report to the Directors at the annual meeting in February, and sometimes at special meetings.

3) Supervision over the selection of researches to be undertaken is ~~exercised~~ exercised by the Executive Committee, which "under the general direction

- 3 -

of the Board, shall, in particular, be responsible for determining the lines of research to be prosecuted by the Bureau; shall select such subjects for investigation as may be most pertinent to the economic, social, and industrial needs of the times; and shall at all times guard against any attempt or tendency to make the Bureau an agency for propaganda. It may, at its discretion, invite discussion and suggestions as to the possibilities for scientific determinations of facts bearing upon matters of controversy, and may publish the results of such discussions." (By-laws, Article XII, 2.)

4) Supervision over publications is secured by the provision that, "The Executive Committee shall establish such procedure as may be necessary to give reasonable opportunity for check and criticism of formal findings by the Directors before publication, and shall afford any Director, or Directors, reasonable opportunity for the publication of minority findings." (By-laws, Article XII, 3.) So important is this responsibility deemed that a copy of a resolution by the Board concerning the relation of the Directors to the work of the National Bureau is printed in each book issued.

5) Supervision over finances is secured through the election of a Treasurer, who, "subject to such regulations as may from time to time be prescribed by the Directors or the Executive Committee, shall have custody of the funds and securities of the corporation ... and shall also have the disbursement of its money." (By-laws, Article X.) Further, the President appoints each year an Auditing Committee, or an accountant, to examine the accounts. (By-laws, Article xiii.) The audit is made by a certified public accountant, whose report is presented to the Board at its annual meeting. The Executive Director, who need not be a member of the Board, prepares the budget, and submits it to the Executive Committee, whose

- 4 -

approval is necessary before expenditures can be made.

III. Responsibilities of the Staff and Collaborators

An above quoted by-law provides that the Director of Research "shall, under the direction of the Executive Committee, have general charge of the research work of the corporation and of other work directly related thereto." Since the Director of Research acts "under the direction of the Executive Committee," and the latter under the direction of the Board, the staff and its collaborators are ultimately responsible to the Directors of the National Bureau. Pre-publication reviews of reports by reading committees of Directors give them a check upon the work of individual investigators. Occasional special meetings provide personal contacts between members of the Board and staff, and acquaint the Directors with work in progress and plans for the future.

Out of these working relations among members of the Board, their Executive Committee, and the Staff, there have grown a series of understandings that may be formulated as follows:

1. The by-law that the Executive Committee "shall select such subjects for investigation as may be most pertinent to the economic, social, and industrial needs of the times" has been supplemented by understandings that (1) no subject shall be selected unless it be susceptible of treatment by objective methods on the basis of evidence; (2) the "economic, social, and industrial needs" to be met are those of a wide public; (3) "needs of the times" may on occasion justify selecting "problems of the day", but preference is given to problems of enduring significance; (4) the usefulness of the National Bureau is enhanced by preferring problems that grow out of or are related to the Bureau's past program, so that its researches may have cumulative force; (5) it is part of the responsibility of the staff to aid

- 5 -

the Executive Committee in selecting subjects by advising it upon the above-mentioned points, especially numbers (1) and (4).

2. The basic responsibility of the staff and their collaborators is to treat the subjects assigned them in a thorough, objective, and impartial manner - that is, to maintain a high standard of scientific integrity in carrying on their investigations and presenting their findings. The following rules may be regarded as implications of this basic responsibility.

3. Personal judgments on questions of policy and recommendations concerning courses of action should not be expressed in National Bureau publications.

4. When the materials at an investigator's disposal afford an objective basis for so doing, he may indicate what consequences are likely to be produced by alternative courses of action. Though a scientific statement of probable consequences implies no endorsement or condemnation, it may aid those who have to make difficult decisions on matters of policy.

5. While the National Bureau should not become a forecasting agency, the needs of the times sometimes require an effort to foresee probable future developments in specified directions. When such an effort is undertaken, the conclusions should be safeguarded by an explicit warning that unforeseen happenings outside the economic sphere, or within it, may so alter the course of events as to belie expectations rationally derived from analysis of past or current conditions.

6. Some problems can be treated scientifically when stated in the form: Given a specified end, by what means can it be attained? Our report on Fiscal Planning for Total War by Messrs. Crum, Fennelly and Seltzer illustrates both the possibilities and the difficulties of this approach.

- 6 -

Such problems refer to the future, and their treatment should be subject to the considerations regarding forecasting mentioned in paragraph 5.

It is recognized that the above statements have the character of general principles and that their application to particular cases may present difficult problems of interpretation.

February 23, 1944

Relation of the Directors to the Work and Publications
of the
National Bureau of Economic Research

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the Bureau is carried on in strict conformity with this object.

2. To this end the Board of Directors shall appoint one or more Directors of Research.

3. The Director or Directors of Research shall submit to the members of the Board, or to its Executive Committee, for their formal adoption, all specific proposals concerning researches to be instituted.

4. No report shall be published until the Director or Directors of Research shall have submitted to the Board a summary drawing attention to the character of the data and their utilization in the report, the nature and treatment of the problems involved, the main conclusions and such other information as in their opinion would serve to determine the suitability of the report for publication in accordance with the principles of the Bureau.

5. A copy of any manuscript proposed for publication shall also be submitted to each member of the Board. For each manuscript to be so submitted a special committee shall be appointed by the President, or at his designation by the Executive Director, consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when the summary and report described in paragraph (4) are sent to him. It shall be the duty of each member

- 2 -

of the committee to read the manuscript. If each member of the special committee signifies his approval within thirty days, the manuscript may be published. If each member of the special committee has not signified his approval within thirty days of the transmittal of the report and manuscript, the Director of Research shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty additional days shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board and a two-thirds majority of those members of the Board who shall have voted on the proposal within the time fixed for the receipt of votes on the publication proposed shall have approved.

6. No manuscript may be published, though approved by each member of the special committee, until forty-five days have elapsed from the transmittal of the summary and report. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general, or of the special committee, have passed upon its validity in every detail.

7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau book.

(Resolution adopted October 25, 1926 and revised
February 6, 1933 and February 24, 1941)

Nursery School

To Dr. A. J. Ayer, Dr. J. R. Oppenheimer, September 24, 1947
From Bernetta A. Miller

REGARDING NURSERY SCHOOL FOR INSTITUTE
CHILDREN IN THE INSTITUTE VILLAGE

A committee of two mothers came to me the other evening concerning space for a nursery school. There are now 34 children on the project of whom 15 are of nursery school age. The schools in town have reached their capacity and are expensive in any case.

Without a doubt the matter is urgent if the parents are to have reasonable quiet at home and there are many scholars who now have to work in their apartments.

Mrs. Oppenheimer has offered the use of the second floor of Olden Manor Garage. Mrs. Richard Melville has volunteered to run the school in cooperation with the mothers. Miss Pleijel is also a teacher.

Following are the items they list as necessary if the garage is to be made usable:

1. Insulating wall
2. Heating system
3. Rail for stairs
4. Safety gate at top of stairs
5. Smooth washable floor
6. Lights
7. Shelves and cupboards for storing equipment
8. Lockers or hooks for outer clothing of children
9. Fire escape
10. Toilet (the one now there is for grounds men and is the only one available for their use).

WeStells me that the cost of this will probably be \$3,000 or more.

While I agree that it is a necessity and that the garage is a fine place, I am not at all certain that the zoning law will permit it. Nearly everything of this kind requires the consent of every neighbor for quite a distance i. e. if the zoning law is to be side-tracked.

I recollect the difficulty that a nearby neighbor had to convert the upstairs of her garage for the use of her grand-children. The opposing neighbor who was finally won over against his will, is a very near neighbor of Olden Manor.

I have learned from Mrs. Taub (one of the mothers) that there was once a nursery School on Newlin Road. That might help in getting permission if such is necessary from the Township.

SPACE IS THE CHIEF REQUISITE. WE HAVE THE TEACHERS AND THE CHILDREN.

Respectfully submitted,

Bernetta A. Miller