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Nat'l Bureau of Economic  
Research

# NATIONAL BUREAU OF ECONOMIC RESEARCH INC

A NON-PROFIT MEMBERSHIP CORPORATION FOR  
IMPARTIAL INVESTIGATIONS IN THE FIELD OF  
ECONOMIC SOCIAL, AND INDUSTRIAL SCIENCE

51 MADISON AVENUE, NEW YORK  
(MADISON SQUARE)

March 16, 1932

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Mr. E. E. Day  
The Rockefeller Foundation  
61 Broadway  
New York City

Dear Day:

At a meeting of the Executive Committee of the National Bureau on Friday, March 11th, the serious financial situation of the National Bureau was carefully canvassed. As you know, the National Bureau had made an application to the Falk Foundation and had been given excellent grounds for believing that a grant would be made. If it had not been for this belief, revision of our budget would have been made to take effect the first of January. In any case certain economies have been made and the Bureau proposes to proceed further in the direction of cutting costs. In view of the situation, the Executive Committee requested me to make an application in behalf of the National Bureau to the Rockefeller Foundation for a release to the extent of \$ 50,000 of the Rockefeller Foundation's grant of \$ 75,000 from the matching condition, the balance of \$ 25,000 remaining available subject to matching. Meantime an application from the National Bureau to the Carnegie Corporation for an emergency grant of \$ 15,000 has been made to become available in 1932. I have just received word that the Carnegie Corporation has made this grant for one year.

*attached*  
I have drawn up a budget covering two possibilities; A, with the grant from the Rockefeller Foundation of \$50,000, that is, with the matching condition removed, and with the \$ 15,000 Carnegie Corporation grant, and B, with a similar grant from the Rockefeller Foundation without the grant from the Carnegie Corporation. In the first case the Bureau's receipts for 1932 would be a total of \$ 137,700, as compared with the total expenditure in 1931 of \$ 177,964.83. This would cover the expenditures already obligated up to the end of April, 1932, and the revised budget for the last eight months of the year of \$91,000. In the other case, with the

*\*(and with the remainder \$ 25,000. of the Rockefeller Foundation grant matchable).*

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grant from the Rockefeller Foundation but without the grant from the Carnegie Corporation, the total receipts for the year would be \$ 122,700, with \$ 76,000 available for the last eight months. A budget for expenditures in both these cases is also submitted.

It is planned in the first case, A, to make certain definite savings in the regular expenditures of the Bureau in order to permit the continuation of the Research Associates, an institution which was made possible by the Rockefeller Foundation grant of \$ 75,000, which has now been tested for two years and should be maintained, if possible, until the plan has had the testing out of the five year period. It will also enable a modest beginning to be made on two of the projects which have emerged from the Bureau's study of the past year and which seem to us of rather pressing importance, namely, the revision of the production statistics and a study of the flow of savings or capital investment. I may add that all the items of expenditure have been carefully examined and reduced wherever possible. The most notable reduction is the resignation of Mr. Pierce Williams, our Executive Director, which is to take effect on the first of July, 1932. We have also gone over the list of our computers and stenographers and are reducing the staff to the minimum which will permit effective operation of the National Bureau. You will note one item is somewhat increased, namely the appropriation for the estimate of national income. The revision and continuation of the National Bureau's first undertaking has been urgently called for. ~~for some time~~. It now has become possible to transfer Dr. Kuznets from his work with Professor Mitchell on business cycles to the long needed study of the national income. He has been at work at this since the beginning of 1932 and has already ~~outlined~~ ~~out~~ a plan for the resumption of these estimates.

I may add that in the event that the National Bureau's request to the Rockefeller Foundation cannot be granted a budget has been set up which will preserve the work of

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the National Bureau in skeleton form <sup>and</sup> which will call for a reduction of all staff salaries by ten percent and a cut of at least fifty percent in the salaries of the four or five principal <sup>ad</sup> men on the staff of the National Bureau. This heavy cut has been agreed upon in case of necessity but at just the time when the National Bureau's work is most needed it does not seem to me desirable to deprive it of its effective power. I speak for the Executive Committee of the National Bureau when I express the strong hope that the Rockefeller Foundation will be willing to come to our assistance in this serious and exceptional situation.

Yours very sincerely,



Edwin F. Gay

P.S. I enclose also a statement which shows the National Bureau's actual expenditure for 1931.



## National Bureau of Economic Research, Inc.

## Budget for 1932

Submitted to Executive Committee for Action  
March 28, 1932

	1931 Actual	1932 Actual Jan.-April	1932 Estimated May - Dec.	Total 1932
<b>I Scientific Work</b>				
Recent Economic Chgs.	\$50,067.39	\$ 7,500.00	\$ --	\$
Corporation Profits				
Ralph C. Epstein	14,468.40	1,050.00	3,150.00	
W. A. Paton	1,772.31	315.00	500.00	
Fixed Payment Med. Care	8,490.99	1,000.00	500.00	
Bus. Cycles (Mitchell)	10,344.54	5,000.00	8,253.00	
Income Study (Kuznets)	2,959.62	1,000.00	5,000.00	
Est. Natl. Income (Thorp)	3,644.86	2,000.00	2,600.00	
Seasonals (Kuznets)	2,855.00	1,075.00	--	
Interest Rates (Macaulay)	3,734.99	606.00	--	
The Labor Market (Wolman)	2,177.12	2,030.00	3,400.00	
Prices (Mills)	15,591.42	6,500.00	5,500.00	
Physical Volume of Production (Mills)	--	--	4,800.00	
Unemployment (Givens)	1,893.16	550.00	950.00	
Laboratory & Library	2,159.22	356.00	300.00	
Research Associates	18,716.95	6,280.00	8,500.00	
Director of Research	4,000.00	1,333.33	1,777.77	
Total Scientific	142,875.97	36,595.33	45,230.77	81,826.10
<b>II Administration</b>				
Salaries	19,706.11	9,590.00	13,934.87	23,524.87
Travel expense	248.31	375.00	500.00	
News Bulletin	177.69	265.00	300.00	
Rent and Current	11,698.05	--	11,000.00	
Printing & Stationery	862.79	265.00	500.00	
Telephone & Telegraph	1,037.19	260.00	650.00	
Postage and Envelopes	827.52	160.00	350.00	
Office Supplies	853.67	350.00	600.00	
Mimeograph Supplies	186.17	100.00	200.00	
Furniture & Equipment	482.77	--	--	
Expense of Meetings	631.85	150.00	100.00	
Accounting Fee	296.60	300.00	--	
Economic Foundation	580.14	--	580.00	
Total Administration	37,588.86	11,815.00	28,714.87	40,529.87
III Printing <sup>2</sup>	--	--	5,000.00	5,000.00
Total	\$180,464.83	\$48,410.33	\$78,945.64	\$127,355.97

Note: The above budget assumes that when Dr. Thorp has completed his report on estimates of income in different countries (June 30) his time will be concentrated on a preliminary survey of Census data in Washington, with a view to laying out in some detail, a study of the increasing control of business in the United States. It is believed that this preliminary survey would put the National Bureau in position to engage more actively on this study in 1933.

It will also be noted that Dr. F. C. Mills is diverting some of his staff to work having to do with the measurement of the physical volume of production in the United States. It is hoped that the work which will be done under Dr. Mills' direction on this project during the last eight months of 1932, will

prepare the way for more intensive work in 1933. It is hoped that resources available in 1933 will permit of engaging a new staff member to pick up this work at the point to which Dr. Mills brings it.

Out of the work which will be done during 1932 by Dr. Simon Kuznets on the study of national income, it is hoped that the way will be prepared for intensive study of the accumulation of savings and the formation of capital. If the budget for 1933 permits, it is hoped that a new staff member might be taken on to head up this particular study. In this connection it should be noted that the work on the physical volume of production which will be carried on under Dr. Mills' direction during 1932 will provide data for the study of accumulation and savings.

1. Two-thirds of salary of Director of Research charged to scientific work; one-third to Administration.
2. This expenditure will be more than recovered through the sale of books during 1933.

National Bureau of Economic Research, Inc.,  
Statement of Expected Receipts,  
1932.

Cash on Hand Jan. 1, 1932, . . . . .	\$ 2,200.
Subscriptions, . . . . .	13,720.
Economic Foundation, . . . . .	25,000.
Carnegie Corporation, . . . . .	15,000.
Committee on Recent Economic Changes, . . .	6,000.
Rockefeller Foundation (Matching), . . . .	30,720.*
Rockefeller Foundation (Special), . . . . .	<u>35,000.</u>
Total, . . . . .	<u>\$127,640.</u> ✓

*Carnegie Corporation,	\$15,000.
Subscriptions,	13,720.
Profit on Sale of Books	<u>2,000.</u>
Total,	<u>\$30,720.</u>

With respect to the accompanying Budget it should be noted that the two items at the top for Recent Economic Changes, and Corporation Profits (Ralph C. Epstein) totaling \$54,535.79, were financed out of money received from the Committee on Recent Economic Changes. In order to make the comparison between National Bureau regular budget for 1932 and 1932, the above amount should be deducted from the total. On the other hand there should be added to the expenditures for 1931 approximately \$28,000 representing time of the regular staff of the National Bureau put in on the study of Recent Economic Changes. This makes the normal expenditure of the National Bureau during 1931 \$153,929.04. This last mentioned amount should be compared with the Budget of \$127,355.97 for 1932.