

Annex to the  
Memorandum

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Survey Rist - Dr. Sciences France

LETTER FROM M. CHARLES RIST  
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President of the <sup>to Mr. Bergson</sup> Intellectual Cooperation Commission of the L. of N.

Reply to the Questionnaire of the Intellectual Cooperation Commission  
of the League of Nations

May - 1923

Mr. President :

You have been good enough to ask a certain number of questions with reference to the present status of the study of economies in France. I shall give you answers as precisely as possible in the order of the items of the questionnaire that you have kindly sent me.

As always happens when one is dealing with a subject on which men of very varied intellectual training and qualifications are working, there are at one and the same time signs of progress and evidence of retrogression.

If we confine our attention to the last ten or fifteen years, we find a real effort to apply scientific methods to the observation and analysis of economic phenomena. This aim is being realized particularly by the group of scholars working with M. Lucien MARCH, the distinguished director of the STATISTIQUE GENERALE DE LA FRANCE which has been publishing since 1910 the Bulletin de la Statistique Générale; and also by the Ecole des Hautes Etudes, under the inspiration of MM. LAUDRY, AUPETIT and SIMIAND. The same may be said of the various Facultés de Droit, thanks to the specialisation in the field of economies resulting from the creation in 1896 of the doctorate degree in Politics and Economies, and thanks to the creation 1895 of the special competi-

(1) Formerly Minister of Marine and Vice-President of the Chambre of Deputies; to-day member of Parliament for the Corse Island.

(concomitant <sup>of</sup> aggragation)

tition in political economy (leading to professorships, with its own publication and the Revue d'Economie Politique, edited by M. Charles GIDE. Finally progress in the application of scientific methods is being made at the Sorbonne under the influence of M. DURKHEIM and the contributions ~~to~~ <sup>of</sup> the Année Sociologique; and at the Ecole Normale where the Centre de Documentation Sociale recently founded by M. BOUGLE and efficiently directed by him is actively at work.

But there is another side to the picture. Under the threefold influence of expanding business, of political parties little given to an objective examination of facts, and of the war (during which it was thought right and proper, in the interest more or less well understood of the country to urge upon the public the most contradictory economic arguments according to the political needs of the moment), there arose a vast quantity of opportunist literature, which arrogated to itself scientific pretensions, but which in reality had not even the most elementary idea of science <sup>2</sup>/<sub>4</sub> any scruples about handling facts, ignoring the universally accepted verities of economics. This literature has exercised the most deplorable influence on public opinion. Naturally ~~they~~ are the only publications most politicians and journalists have time to read. It does not require any intellectual effort to understand them, and they rarely win over the reader by pandering to his political leanings, his interests and his préjudices.

The public is never able to distinguish between the two categories of writing : scientific production and journalism.

The general reader is rarely interested in anything but journalism. The dry subject matter of scientific treatises repels him. Even learned societies (Société de Statistique or Société d'Economie Politique) are receiving more papers dealing with questions of the economic politics of the day than articles of scientific nature.

However some business men (Bankers, Manufacturers and Merchants) are beginning to see the practical use of scientific methods applied to the interpretation of economic phenomena. The indices of business fluctuations which the statistical service of HARVARD University draws up and of which M. MARCH has been giving the French equivalent in the Revue Politique et Parlementaire for the last two months have aroused considerable interest in America. It is significant that the Federal Reserve Board of the United States (the most important Bank of issue in the world) has, from the time it was founded in 1913, instituted a splendid bureau of economic research to keep it informed in its work of supervising the credit policy of the American banks. In general, the bankers have most readily understood the practical necessity of scientific information. The Bank of France has an excellent bureau of economic research, but its investigations are not, like those Federal Reserve Board, made public by means of a monthly bulletin.

In fact it cannot be denied that those who wish to exercise a useful influence on the facts of economic life or to adjust themselves to these facts, are dependent upon organisations which undertake to observe economic phenomena scientifically and to interpret

them with any preconception . These organisations are alone in a position to give the legislation reliable and unbiased information. They only will be able to enlighten those interested (Manufacturers, Merchants and Workmen) with regard to general economic conditions which continually affect their individual fortunes and which the most astute are always studying.

The natural seat of such bureaux are the great Universities.

The official statistical Bureaux by virtue of their functions and their origin must generally confine themselves to investigation and the publication of bare facts. They must avoid taking up a position with regard to the problems of the day, however discretely, lest they be suspected of appearing (in countries where parliamentary government prevails) of serving the interests of one political party rather than another. The research staffs working for financial or industrial enterprises, however highly qualified staffs may be, will always be under the influence of the private interests of these concerns.

The scientific elaboration of data gathered by official organs; the interpretation of facts according to the best methods, ought to be put in the hands of special institutions whose natural place, let us say it again, is in the Universities, where similar organisations are at work in the natural sciences.

In France, such institutions built on the model of the one which at Harvard publishes the splendid Review of Economic Statistics, or like the one entitled the "Institute of Economics" which



the CARNEGIE FOUNDATION has just created in New-York, do not exist. If they do not exist, it is not so much because of lack of competent men (it would be easy to find men who, from to-day on, would be able to direct such organs), but because of lack of funds.

All scientific economic study presupposes, in fact, the use of the comparative method. Neither spontaneous economic phenomena nor economic institutions can be understood, if they are considered in one country alone. Let us take some chance examples : important demographic phenomena such as natality or emigration; important economic phenomena such as crises or unemployment; an important institution such as money market or commercial exchange. Who can possibly hope to understand them without studying their manifestations in the principal countries where they are to be found ?

Thus, as soon as one attempts to assemble and to elaborate international documents for a comparative study, the expenses are enormous. Let us not even mention the cost of acquiring these documents, the costly job of constructing graphic presentations and exact calculations which can only be done by highly qualified specialists, is necessary to make the slightest comparison possible. The exchange of letters, and, frequently, interviews and studies in the various countries are indispensable in order to grasp the mechanism of an institution, the psychological motives or the consequences of a law, in the same way, that botanical, geological, astronomical or simply historical researches often involve nowadays long and expensive journeys.

Up to the present time, governments and individuals have been willing to grant necessary funds for chemistry, physics, or natural history laboratories. There does not exist in France any institute of economic research such as we have in mind, because no one has yet considered that such a thing could be useful or necessary. The only institution of this kind is the Musée Social founded by M. CHAMBRON<sup>PT</sup> which has rendered great services in spite of the present insufficiency of funds. But the Musée Social confines its attention to social problems and institutions taken as distinct from purely economic problems and institutions. At the present time economic problems (monetary organisation, international commerce, price movements, the organisation of production and of credit) play too important a part in the daily cares of the world not to be treated also in accordance with scientific and critical methods. The "Comité National d'Action" has in a series of Bulletins<sup>(1)</sup> which it publishes regularly, created a precious instrument of work which is superior to anything we have had at our disposal hitherto. But at the present moment it is nothing but an organ of information and not a scientific elaboration such as we contemplate.

The number of economic problems is now so great that one wonders whether it would not be best to consecrate to each of the most important of them a specialized institute. Just as in medicine there are special research institutes for the study of cancer or of tuberculosis or of tropical diseases, etc..., so, in the same

(1) Financed by M. Albert Kahn, who has also given the necessary funds for the creation of the "Centre de Documentation Sociale."

way, special institutes might study monetary problems or international commercial relations, or questions of transports, unemployment, credit, etc... In Germany, the "Institut für Seeverkehr" directed by Professor HARMEX<sup>(I)</sup> is a specialised organisation of this kind. If, however we confine our attention to France and to the present status of scientific work in this country, it becomes obvious how chimerical such ambitious projects are. It would indeed be a great step in advance if <sup>an</sup> unspecialized institutes of economic research, like the Institut de Sociologie founded in Bruxelles by E. SOLWAY, could only be created and could demonstrate their importance and utility by their very working.

I shall indicate presently another method why specialized institutes for the moment be regarded as superfluous, it is the existence of international organization of this nature.

Before entering upon the international aspect of the question, I should like to remark that the existing university institutes would be able to solve a certain number of the problems to which the Questionnaire of the League of Nations which we are considering refers, - for instance the problem of <sup>finding and</sup> training ~~and~~ specialist in Economic Questions. These specialists rarely have an opportunity to do any practical work which would help them in their future tasks.

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(I) The object of this institute is to study problems of international economic relations (merchant marine, international exchanges, etc.).

To-day, we often find, in reading the reports of the Chambers of Commerce and even Government and parliamentary reports, that those who have drawn them up lack the necessary technical training which the study of economic problems demands. The University institutes which I have described would be Laboratories for practical study where students in the field would naturally be trained. All the important economic groups (Employers associations, Labor Unions, Chambers of Commerce, Cooperative Societies, etc...) which at the present time have only a force of poorly educated secretaries would ~~very~~ very quickly grasp the advantages of a staff well trained in the study of economic problems. The results would be that the large number of intelligent young men who are interested in economic problems more than in anything else, and for whom this field of study is at the present only a luxury, would at last be able to find jobs where their training would be of real use to them. Economic and financials journals, whose personnel is so often unsatisfactory, would also reap the benefits of such university institutes. The captains of industry would also (some of them already do) come to understand the importance for them and their co-workers the value of this kind of training. Thus there would be formed an executive staff of highly trained economists <sup>ose</sup> ~~where~~ influence on public opinion would be of inestimable utility. Let us add that the public would find in the economic data published by these institutes (naturally provided that they show themselves worthy of the confidence shown them) sign-posts that would <sup>put</sup> them on their guard against the mass of misinformation which is distributed in quantities by an irresponsa-<sup>ible</sup>



and venal press. Only absolutely independent institutes such as university institutes of a scientific character can have the freedom of expression and the calm necessary to them if they are to play a part.

I have now only to say a few words as to the international aspect of the problem put by the Intellectual Cooperation Commission of the League of Nations.

What we have said about the method of international comparisons being the scientific basis of all real economic research is a sufficient answer to the fifth item of the questionnaire which I have before me. Easy access to researches and publications done abroad are the sine qua non of a national solution of a national economic problem. The creation in every country of economic institutes such as we have described (in some countries they exist already such as we have already noted - the SOLWAY Institute and the one at Harvard University) would certainly forward by the relations which must necessarily be established between these organisations, the reciprocal exchange of information and results of researches. Meetings between the representatives of these institutes would be particularly useful to clear the way for the study of some of the most important questions.

But notice that a very interesting embryonic international organization exists already; it would suffice to expand it. To-day a group of international institutes is at work, and between them a division of tasks has been established such as we should like to see between national institutes. The following have already

rendered

excellent service : The International Institute of Statistics; the International Institute of Agriculture in Rome; the International Institute of Commerce in Brussels and the International Labor Bureau are supplying economists with splendidly elaborated material. However, the official character of these institutes makes it necessary for them to confine themselves for the most part to gathering documents together rather than elaborating them.

Other organisations of a private character such as the International League against Unemployment and the International Association for the legal Protection of Workmen, have undertaken well defined tasks and have obtained good practical and scientific results. International coopération, it seems to us, would be best continued and developed in this private form. Indeed, in many of these groups scientific research is closely associated with practical achievements. One may be tempted to criticise such an association. We believe, however, that in so far as social and political economy is concerned, the practical and theoretical points of view are as inseparable as they are in medicine, and that there is more advantage than disadvantage in combining the two. A cancer institute or a tuberculosis institute combine intimately humanitarian preoccupations with scientific research. It is equally impossible to study question of money, crises, international exchange, the distribution of income immigration and emigration without keeping in view the welfare of social groups within which these phenomena are to be observed. Thus the usefulness of international associations for the study of certain

economic questions is undeniable. But these international organizations should be rooted in national institutes of research such as we have described above. Once they are created and are working satisfactorily there is no doubt that they will easily find means to collaborate internationally. The personal contacts between scholars inspired with the same burning desire to serve science as well as humanity and as well as their country will be sufficient to bring the results of their researches into a common fund for the good fall.

I remain, Mr. President, yours faithfully,

Signed : Charles RIST

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of Law of the University of Paris.