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2005
Nat'l Bureau of Economic
Research

NATIONAL
BUREAU OF
ECONOMIC
RESEARCH

RF 33063
The officers recommend an appropriation of \$225,000 to the general budget of the National Bureau of Economic Research for use over a three-year period beginning January 1, 1934.

1. The Foundation has been contributing annually to the National Bureau of Economic Research since 1929. Grants from the former Laura Spelman Rockefeller Memorial provided \$25,000 annually to the Bureau from 1925 through 1932. At the time of the Foundation's grant (May 22, 1929), the reasons for increasing the budget and enlarging the program of the Bureau were given in the docket in some detail. The appropriation was made upon the conditional basis of \$1 from the Foundation for each \$1 secured from other sources to the amount of \$75,000 annually. In March, 1932, the action of the Board was amended to make available \$35,000 unconditionally during the calendar year 1932 and \$50,000 unconditionally during the calendar year 1933. The appropriation terminates on June 30, 1934.
2. The outlook for the satisfactory financing of the Bureau was quite different in 1929 from the outlook today. The Directors were confident that they could match any sums appropriated by the Foundation, since the number and amount of contributions were steadily rising. The nation-wide recognition which the Bureau had achieved seemed to insure increased opportunities for useful work and enlarged public support. By 1931 there was a perceptible decline in the number and amount of contributions, and in 1932 their amount was 36 per cent below the 1929 level. The particular significance of the loss was that it revealed the futility of the hope that a larger degree of permanent support for the Bureau could be obtained at the present time from private individuals.
3. The Bureau's expenditures in 1931 were \$177,964; in 1932 they were cut to \$119,773. The budget for 1933 is \$71,877, which represents sharp reductions in overhead and in salaries. The Directors feel that no further economies are possible and that the junior members of the staff should be restored to their former salary levels at the first opportunity. (It is of interest to note that \$54,185, or 75 per cent, of the 1933 budget is allocated for research and only \$14,692, 20 per cent, for administration and overhead.)
4. The Bureau's research program is well established at the present time and its accomplishments in the past ten years are, to considerable extent, in tangible form. Twenty-two volumes resulting from research studies have been published for general distribution. (A list of these volumes forms an Exhibit.) In addition the Bureau issues occasional "Bulletins" to its own subscribers. A series of six is planned for the current year to deal with the behavior of various economic factors during the depression: profits, production, employment, wages, prices, and income.

The program of research planned for the future emphasizes the continuance of certain studies with which the Bureau has been concerned from the start, "studies of the dynamic processes of modern economic life, especially those which can be measured, or whose variations in amplitude and timing can be estimated with approximate accuracy". Of this type are the estimates of the national income, its total amount and its distribution; studies of economic changes, including secular trends, seasonal variations and cyclical fluctuations; the study of prices and the relations between changes in the prices of different commodities; study of the labor market; and adaptation for practical use of the valuable materials compiled in the Biennial Censuses of Manufactures.

The Bureau wishes to include one new field of study - an analysis of national savings and the investment of capital - which is closely linked with the continuing investigations of national income and the physical volume of production. The Social Science Research Council has requested the Bureau to investigate the physical aspects of capital formation and has made a grant for this purpose.

5. The role of the National Bureau of Economic Research is one of primary importance in advancing research in the social sciences generally and in the field of economic stabilization specifically. The organization of the Bureau is distinguished for the broad representation of scientific interests through its directors, for the experienced staff it has assembled, and for the methods used to insure objectivity in all studies bearing its name. There is no research body in the field of the social sciences which has an equal record for scientific work of such consistently high quality. At the present time a particular interest attaches to the Bureau's studies since they are fundamental to an understanding of the depression. It would be a serious loss to have the Bureau rendered ineffective at the very time that its work promises to achieve greater fruitfulness.
6. In view of the valuable work which the Bureau has already done and in view of its importance as an organization for research in the specific field of economic stabilization, it is recommended that the Foundation continue the present level of its support for a period of three years. Before the expiration of the grant a searching review will be made to determine whether the results of the Bureau's research are of sufficient value to justify the continuance of liberal Foundation support, even if substantial contributions are not forthcoming from other sources.

The following resolution is proposed for favorable action:

\$225,000 to the National Bureau of Economic Research towards its general budget for the three-year period beginning Jan. 1, 1934 and ending Dec. 31, 1936; \$50,000 to be available unconditionally and \$25,000 unconditionally on the basis of \$1 for \$1 in each of the calendar years 1934, 1935 and 1936.

RF 29073 to be lapsed as of Dec. 31, 1933; the amount remaining being estimated as approximately \$80,000.