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Organization and Finances

DIRECTORS AND OFFICERS

The Board of Directors held their annual meeting on September 15, 1976, in New York City and a special meeting on April 22, 1977, in Palo Alto, California.

At the annual meeting a number of changes occurred in the membership of the Board. Among Directors by University Appointment, Daniel L. McFadden was elected to succeed R. A. Gordon for the University of California, Berkeley, and John H. Kareken succeeded Francis M. Boddy for the University of Minnesota. G. Edward Schuh became Director by Appointment of the American Agricultural Economics Association, succeeding Harold G. Halcrow; Frank A. Lindsay succeeded Philip M. Klutznick for the Committee for Economic Development; Robert G. Dederick succeeded Roy E. Moor for the National Association of Business Economists; and James C. Van Horne succeeded Walter E. Hoadley for the American Finance Association. Messrs. Hoadley and Moor were re-elected to the Board as Directors at Large. Otis F. Brubaker and Peter G. Peterson were also elected Directors at Large, succeeding Frank L. Fernbach and Erwin D. Canham.

With this annual meeting, Theodore O. Yntema became a Director Emeritus. Dr. Yntema had been a member of the Board since 1941, first as a Director by Appointment of the University of Chicago, then as representative Director of the Committee for Economic Development, and subsequently as a Director at Large. He also served from 1965 through 1971 as Vice Chairman and Chairman of the Board.

By resolution the Board noted with great appreciation and gratitude the assistance

and contributions to the work of the NBER that had been given over the years by all those directors whose active service on the Board expired with the annual meeting.

Officers elected at the annual meeting in 1976 included Directors Arthur F. Burns, Honorary Chairman; J. Wilson Newman, Chairman of the Board; Moses Abramovitz and James J. O'Leary, Vice Chairmen; John R. Meyer, President; and Thomas D. Flynn, Treasurer.

President Meyer had earlier suggested to the Board that plans be made for his phasing out as President no later than the annual meeting in 1977, and earlier if this would facilitate succession and transition. In September 1976, J. Wilson Newman agreed to continue to serve as Chairman, despite an extensive schedule of other commitments, but with the condition that there be two or more Vice Chairmen who could fill the office from time to time as the occasion required.

At the special meeting in the spring, recommendations for successors to NBER top offices were received from the Board's Executive Committee and Committee on Management Development and Compensation, of which Chairman Newman and President Meyer were members. James J. O'Leary was thereupon elected Chairman of the Board of Directors and Martin Feldstein, President, as of April 22, 1977.

The Board also approved the appointment of Charles E. McLure, Jr., to become Executive Director for Research. In May, President Feldstein also designated the following to assist him in the conduct of NBER operations: Victor R. Fuchs, Vice President and Director, Palo Alto office;

Douglas H. Eldridge, Executive Secretary; Sam Parker, Director of Finance and Administration; Edwin Kuh, Director, Cambridge Computer Research Center;

Robert E. Lipsey, Director, New York office; Joel Popkin, Director, Washington office.

Douglas H. Eldridge

FINANCES AND SOURCES OF SUPPORT

The National Bureau's current income is of two general types, restricted and unrestricted, and is used for the conduct of the Bureau's program of research, conferences, publications, and related activities. Restricted income is derived from grants or contracts, principally from government agencies, for the support of specific research projects. Since all these grants and contracts are on the basis of reimbursement of the Bureau's cost, restricted income is equal to expenditures of restricted funds. Restricted funds not yet expended represent an obligation by the Bureau to expend such funds in the future for research, and consequently are not treated as income when grants are awarded or when funds are received in advance of expenditures. Unrestricted funds consist principally of unrestricted grants, contributions, income from the sustaining fund, sales of publications and statistical materials, and services. These funds are available for general program support, are allocable by the Bureau to individual projects as deemed appropriate by the administration and the Board of Directors, and are treated as income when received.

Current income—restricted and unrestricted—during fiscal 1976 was \$5.4 million and expenses were \$5.7 million, leaving an operating deficit of \$247,000. This compares with current income in the preceding year totaling \$6.2 million, expenses of \$6.5 million, and an operating deficit of \$318,000. These deficits were financed by drawing on the principal of the National Bureau's sustaining funds.

In fiscal 1976, unrestricted income was \$1.6 million, or 30 percent of total current income. In the preceding year, unrestricted income was \$1.7 million, or 27 percent of total current income. Income derived from grants

or contracts for the support of specific research projects (restricted income) in fiscal 1976 was \$3.8 million, or 70 percent of total current income, as compared to \$4.5 million (73 percent) in the preceding year. A substantial amount of this restricted income was obtained from government agencies: 87 percent (\$3.3 million) in fiscal 1976 and 91 percent (\$4.1 million) in fiscal 1975. We are closing our books for fiscal year 1977, and plan to have detailed financial statements, with a report of independent certified public accountants, available on request in late September 1977.

In fiscal year 1977, sources of restricted support for projects discussed in this annual report included the following:

- American Association of Advertising Agencies, Educational Foundation—marketing and advertising studies; concentration and profit rates
- American Bar Foundation—law and economics program
- American Enterprise Institute—international economic indicators
- Carnegie Mellon University—Bayesian estimation
- Earhart Foundation—short-term economic forecasting
- Electric Power Research Institute—energy model integration
- Lilly Endowment, Inc.—family economics
- Ford Foundation—population and family economics; monetary trends in the United States and the United Kingdom
- Hoover Institute—business cycles and economic indicators; earnings and income mobility
- IBM World Trade Corporation—Latin American research, conference program, and computer workshops
- Investment Company Institute—individual investor portfolio performance

Japan Society, Inc.—Pacific Basin trade conference
 Robert Wood Johnson Foundation—Human Behavior and Social Institutions Center program in the economics of health
 J. Howard Pew Freedom Trust—monetary trends in the United States and the United Kingdom
 ReIm Foundation—international transmission of inflation
 Rockefeller Foundation—Human Behavior and Social Institutions Center studies of education and income distribution; research fellowship program for scholars from developing countries
 Scaife Family Charitable Trusts—international transmission of inflation
 Scherman Foundation—money, financial flows, and credit in the Soviet Union
 Alfred P. Sloan Foundation—study of family economics; research fellowships
 Alex C. Walker Educational and Charitable Foundation—monetary trends.

United States Government:

Agency for International Development—foreign trade regimes and economic development; alternative trade strategies and employment; population economics
 Department of Agriculture—international economic indicators
 Council on Wage and Price Stability—wholesale price index study; inflation study
 Department of Commerce: (1) Bureau of the Census—measurement of business inventories; seasonal analysis of economic time series; (2) Bureau of Economic Analysis—cyclical indicators; (3) Office of Competitive Assessment—international economic indicators; price-quantity relations in U.S. trade; (4) Economic Development Administration—analysis of federal economic development programs; modeling of the differential incidence of federal tax, transfer, and expenditure policy (IDIOM)
 Environmental Protection Agency—short-run costs of water pollution abatement; air pollution and health
 Department of Health, Education and

Welfare: (1) National Center for Health Services Research—economics of health; (2) National Institute of Child Health and Human Development—population and family economics
 Department of Housing and Urban Development—NBER urban simulation model
 Department of Labor—earnings and income distribution; female labor supply and wages; foreign influences on input costs and manufacturing prices; study of multinational firms
 Department of State—international economic indicators
 National Science Foundation—inflation study; research and development and firm productivity; evaluation of forecasting performance of econometric models; measurement of economic and social performance; lifetime indicators of well-being; law and economics program; earnings and income distribution; risks and capital adequacy in financial institutions; financial flows and economic activity; effects of product quality regulation on innovation; industrial demand for energy; technology and trade flows of multinational firms; international transmission of inflation; U.S.-U.S.S.R. scientific and technical program of cooperation; projects of the NBER Computer Research Center; Alaska model for Man in the Arctic Program; several conference and workshop programs
 Department of the Treasury—economics of taxation and social insurance; location of overseas manufacturing operations of multinational firms

The National Bureau was fortunate to have the help of a Development Committee composed of leaders in the business and financial communities who sought to maintain and increase the level of unrestricted income from the contributions of business firms and others. During 1977 Eli Shapiro, Vice Chairman, Travelers Insurance Companies, served as chairman of the Development Committee. James J. O'Leary, Vice Chairman, United States Trust Company of New York, was vice chairman. Other Development Committee members were:

William O. Bailey, President
Aetna Life & Casualty Company

Mr. Atherton Bean
Chairman, Executive Committee
International Multifoods Corporation

James E. Devitt, President
The Mutual Life Insurance Company of
New York

Thomas D. Flynn
Arthur Young & Company

Edward L. Ginzton
Chairman
Varian Associates

Maurice F. Granville
Chairman of the Board
Texaco, Inc.

Arthur W. Harrigan
Executive Vice President—Finance
International Paper Company

Walter E. Hoadley
Executive Vice President
Bank of America, N.T. & S.A.

Frederick G. Jaicks
Chairman and Chief Executive
Inland Steel Company

Jack C. Myles
President and Treasurer
Mechanics Savings Bank

Peter G. Peterson
Chairman and President
Lehman Brothers Incorporated

Irving S. Shapiro
Chairman
E. I. du Pont de Nemours

Richard L. Thomas
President
The First National Bank of Chicago

G. Robert Truex, Jr.
President
Rainier National Bank

The efforts of the Development Committee in enlisting the interest and support of businessmen and others are important to the National Bureau's program. Unrestricted income, although less than one-third of the total, is a critical factor for independent, objective, and innovative studies. It is used for the initiation and development of research proposals, for cost sharing on projects for which restricted funds provide only partial support, and for costs of publications and dissemination of results not covered by restricted grants. Several projects approved by the Board of Directors are supported, at least from time to time, entirely from unrestricted funds. Members of the Development Committee deserve much credit for broadening understanding of the significance of the Bureau's program and of the importance of support from the general public as well as from philanthropic foundations and government agencies.

Sam Parker