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Foreword

The five qualities required of an economist, Alfred Marshall said in his *Principles of Economics*, are perception, imagination, reason, sympathy, and caution. It is against this standard that the reader will judge the volume now spread before him.

Here are Mr. Burns' reports, as Director of Research, on the work of the National Bureau of Economic Research, and related short pieces written by him during the past two decades. Because it includes papers prepared by him in his private capacity, the volume is not a National Bureau study in the usual sense. Nevertheless, it is a volume that we think will further the Bureau's object, "to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner."

The collection is not a miscellany to which only the professional economist will turn now and then for some particular piece. When a scientist has wholeheartedly devoted himself to his subject, even the essays he has written over a period of years and for a variety of occasions are bound to form a connected whole. When his focus is the course of economic change, which lies at the heart of the major economic problems of our day, and his pen is skillful, his audience will be wide. When he has cultivated the qualities of which Marshall spoke, and is armed with the support of a corps of coworkers, what is said in his essays will command attention. This is, therefore, a book for every intelligent reader who seeks a stimulating discussion of what we know—and do not know—about the origins and consequences of change in our economy.

The problem of economic instability is approached along the road solidly laid down by Wesley C. Mitchell, Director of Research at the National Bureau during its first twenty-five years. Drawing on and adding to the work of Mitchell and other colleagues, Burns paints a vivid picture of business cycles. Anyone reading his essays will find a realistic, yet comprehensible, portrayal of the round of prosperity and depression. Compared with the canvas thus created by wide observation, patient sifting of facts, careful analysis, and repeated testing of hypotheses, other and perhaps more popular portraits will seem oversimplified and incomplete.

While Burns deals most fully with the type of economic change called business cycles, this is by no means his only concern. The long cycles that characterize residential construction engaged his attention almost at the outset of his career. The species of change

economists know as 'secular trends' has been a major subject of investigation by the National Bureau throughout its existence. Change in the distribution of income, new habits of saving, alterations in economic organization, and productivity trends are among the many topics informatively discussed in the essays. When the reader has pursued these topics through the present volume, he will not wish to overlook the analysis of the process of economic growth in Burns' volume on *Production Trends in the United States since 1870*.

Burns emphasizes what we know about economic behavior, and the role played by systematic scientific work in the cumulation of economic knowledge. In his reports on the National Bureau's program of work and in his review of the work of others, he rightly points also to what we do not know. There are many reasons why our ignorance is great. "The development of a body of tested knowledge, adequate for coping with society's economic ills is bound to be a slow process."¹ Reaching for "warranted statements about the world in which men have to live—statements that can be tested by others, cumulatively improved, and applied to practice,"² is laborious; the success of any particular effort is unpredictable. Economic research encounters surprises, unpleasant as well as pleasant. The economic investigator will frequently be forced to detour, or even to return to his base camp to prepare for another try.

The reader will find himself sharing in the high adventure of working at the frontier of economic knowledge as he reads Burns' successive reports on the National Bureau's activities. The fact that the reports—like the rest of the essays—are reprinted virtually as they originally appeared, with all their questions and hopes and promises as well as their records of accomplishment, helps to convey this quality of adventure. The reader will sense also the camaraderie that from the National Bureau's very beginning has enriched the lives of those fortunate enough to participate in its activities; the analogy to an organized party of mountain climbers is not misplaced.

The reports recount the most recent chapter of the National Bureau's efforts at impartial and organized research in economics, a chapter that began when Burns succeeded Mitchell as Director of Research in 1945 and ended when Burns was granted a leave of

¹ A. F. Burns, preface to *Economic Research and the Development of Economic Science and Public Policy* (Twelve Papers Presented at the Twenty-fifth Anniversary Meeting of the National Bureau of Economic Research, 1946), p. viii.

² W. C. Mitchell, in the volume cited above, p. 11.

absence to enter the public service in 1953. This chapter is linked to those that came before. The National Bureau is a venture into the unknown on which a few bold and far-seeing men embarked over a generation ago. Wesley Mitchell, who mapped out the general course which the National Bureau has steadily followed, has described its character: "Those who assisted the launching of our experiment were prompted by public spirit. They could expect no personal advantage, for the National Bureau began its researches with a study of national income, in which all citizens have a common interest. It published its findings for the benefit of contributors and noncontributors alike. It expressed no moral judgments such as might give comfort to special groups, and it offered no practical advice on how to deal with current issues. Its function was solely to ascertain the ever changing state of affairs as precisely as possible, and put its findings at the disposal of anyone and everyone who cared to use them. Only those who believed that 'the truth shall make you free' had reason to lend a hand."³

This, then, is a book about the National Bureau, about what we know and do not know about the nature and causes of economic change. It is a book about the adventure of economic research, and particularly about one organized expedition's explorations in economics. Being these, it is a book also about Wesley Mitchell—and Arthur Burns.

S. F.

G. H. M.

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³ W. C. Mitchell, "The National Bureau's First Quarter Century," *Twenty-fifth Annual Report of the National Bureau of Economic Research* (May 1945), p. 11.