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Preface

THE QUARTER CENTURY of the National Bureau's life has witnessed a vast intensification of economic research in universities, government bureaus, private institutes, and business concerns. Economic theory has been reoriented at least twice during this period. The mathematical theory of statistics has been revolutionized. New and rich stores of statistical data have come into being, and an impressive body of empirically derived generalizations about economic life and its vicissitudes has been developed. No informed person can review these twenty-five years without feeling that economists have been working energetically, imaginatively, boldly.

The gain in analytic equipment and tested knowledge that can be credited to this period probably exceeds that of any similar period in the history of economic investigation. But the knowledge gained is still woefully inadequate to meet society's needs. How can the standard of living of the masses be raised? By what devices can a free society maintain a high and steadily rising level of employment? What are the economic prerequisites of permanent peace and how can they be realized in practice? To these fundamental questions economists continue to give conflicting answers. And so do we also in handling the more specific current issues through which the fundamental questions ordinarily come to our notice, such as the speeding up of reconversion, the achievement of industrial peace, the improvement of the Negro's economic position, the rehabilitation of foreign trade, the prevention of inflation, the relief of housing shortages, the control over monopoly, the reform of taxation, and so on.

Of course, many of the differences among economists arise from the fact that we are human beings as well as scientists; which means that although we seek truth eagerly and earnestly much of the time, our search is hampered by personal biases and wishes

of which we are often unconscious. But the main reason for our differences is that our knowledge of economic phenomena is surrounded by wide and vague margins of uncertainty. The development of a body of tested knowledge, adequate for coping with society's economic ills is bound to be a slow process. The view that systematically planned and organized research on economic problems can quickly solve our difficulties is an illusion. Nevertheless, carefully planned and objectively conducted investigations have made and promise to make still larger contributions to mankind's ability to conduct its affairs wisely.

Guided by this faith, the Directors and the staff of the National Bureau decided to mark the Bureau's Silver Anniversary in two ways: first, by planning brief monographs that summarize the results of investigations on subjects to which the Bureau has given special attention; second, by inviting a group of distinguished scholars and leaders of economic research to take counsel on the tantalizing question, how our knowledge of economic processes can best be improved, extended, and used in the interests of society.

The Anniversary Meeting was originally scheduled for June 1945, but restrictions on travel made necessary a postponement until June sixth and seventh of this year. About two hundred persons attended the meeting, which was addressed by a dozen representatives of private and public institutions. Each speaker devoted himself to some aspect of the general topic put before the group, *viz.*, Economic Research and the Development of Economic Science and Public Policy. The addresses are brought together in this volume in the sequence in which they were originally presented to a rapt audience that will long remember the occasion. The papers range from a projection of economic science in the future by the dean of American economists, to a moving plea for scientific integrity by the President of the American Economic Association, a reappraisal of British employment policy by one of its authors, a review of current research in France by a great continental historian of economic thought, and so

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forth. The unity of the papers lies not in their specific content, but in the faith of experienced economists from several countries in the practical as well as scientific value of thorough and systematic research on how our economic organization works. Current issues have their urgent appeal, but the world cannot afford to neglect research in fundamentals that underlie the ever shifting questions of the day.

The Anniversary Program was planned by a Committee on Arrangements consisting of W. J. Carson, W. L. Crum, O. W. Knauth, Shepard Morgan, Wesley C. Mitchell, Harry Scherman, George Soule, N. I. Stone, and Leo Wolman. The National Bureau is grateful to the entire committee, and especially to its chairman, Harry Scherman, and secretary, W. J. Carson, who attended to a mountain of detail without slip or murmur.

Arthur F. Burns
Director of Research

October 1, 1946

*Relation of the Directors to the Work and Publications
of the
National Bureau of Economic Research*

1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the Bureau is carried on in strict conformity with this object.

2. To this end the Board of Directors shall appoint one or more Directors of Research.

3. The Director or Directors of Research shall submit to the members of the Board, or to its Executive Committee, for their formal adoption, all specific proposals concerning researches to be instituted.

4. No report shall be published until the Director or Directors of Research shall have submitted to the Board a summary drawing attention to the character of the data and their utilization in the report, the nature and treatment of the problems involved, the main conclusions and such other information as in their opinion would serve to determine the suitability of the report for publication in accordance with the principles of the Bureau.

5. A copy of any manuscript proposed for publication shall also be submitted to each member of the Board. For each manuscript to be so submitted a special committee shall be appointed by the President, or at his designation by the Executive Director, consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when the summary and report described in paragraph (4) are sent to him. It shall be the duty of each member of the committee to read the manuscript. If each member of the special committee signifies his approval within thirty days, the manuscript may be published. If each member of the special committee has not signified his approval within thirty days of the transmittal of the report and manuscript, the Director of Research shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty additional days shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board and a two-thirds majority of those members of the Board who shall have voted on the proposal within the time fixed for the receipt of votes on the publication proposed shall have approved.

6. No manuscript may be published, though approved by each member of the special committee, until forty-five days have elapsed from the transmittal of the summary and report. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general, or of the special committee, have passed upon its validity in every detail.

7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau book.

(Resolution adopted October 25, 1926 and revised February 6, 1933 and February 24, 1941)

Because of its exceptional character and authorship, the present volume has been exempted by the Board from the above rules governing submission of manuscripts to, and critical review by, the Directors of the National Bureau.