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IV. Principles of Future Policy

THE preceding review of the National Bureau's first sixteen years indicates that it has been true to the specific purposes for which it was chartered: "to conduct, or to assist in the making of, exact and impartial investigations in the field of economic, social and industrial science, and to this end to cooperate with Governments, universities, learned societies and individuals."

The need for work of this sort is certainly not less now than it was in 1920. The country's economic record for the last decade is blotched by colossal errors of judgment during the boom years, by ineffective efforts to check the depression, and by inspirational attempts to stimulate recovery. That economics has not saved us from these blunders is due partly to the disregard of it by both individuals and officials, but this very disregard is chargeable largely to the uncertainties of economic knowledge. No sensible man supposes that fact finding will put economics upon a strictly scientific basis in short order, or stop wishful thinking. But neither does any sensible man deny that more exact knowledge of economic processes and their interrelations will contribute toward wiser economic behavior in proportion as it is applied to the problems that face us as individuals and as a nation. The need for more exact knowledge grows greater as our economic organization becomes more complex and as proposals for drastic changes multiply. That the National Bureau has been found by many an effective agency for meeting this need is shown by the uses made of its reports both in practical affairs and in scientific publications.

We believe that the National Bureau can render a larger service in the future than it has rendered in the past. Scientific

reputations are of slow growth and they are of great importance for getting a favorable hearing. The good-will which the National Bureau has won by its sixteen years of work makes it more valuable than a new institution consisting of precisely the same personnel could be. This standing is important not only in relation to the general public but also in relation to other research agencies, for it puts the National Bureau in a singularly favorable position for assisting in cooperative efforts to secure better planning of economic investigations. Finally the knowledge that the staff has gained through the work it has already done and the collections that the National Bureau has assembled should make the scientific work of the years to come increasingly fruitful. As will be shown in more detail presently, the inter-relations among economic activities are such that every advance in knowledge concerning one part of the field increases the effectiveness of the workers in attacking other parts. Our diverse investments are beginning to yield increasing returns upon the units of labor and capital currently expended in cultivating our fields.

What, then, should be the National Bureau's future policy? Four propositions seem to be so clearly established by our experience that they can be formulated with confidence.

1. ORGANIZATION

Among our most valuable assets are the balanced representation of different economic viewpoints and interests upon our Board of Directors, the certification of each nominee as "a person of scientific and judicial habit of thought, possessing knowledge and experience qualifying him to assist in the direction of exact and impartial investigation," and our practice of submitting all reports to the Directors for critical examination before publication. The rapid development of the arts of propaganda and the growing scepticism with which the public views "releases" give increasing value to this plan for assuring the impartiality and objectivity of our scientific work. Our first care must be to maintain the standard we have set.

From this proposition there follows a corollary of much importance for our future planning. The quantity of manuscript that we can expect the Directors to scrutinize limits the volume of the National Bureau's publications, and hence the scale of its undertakings. We cannot grow into an organization much larger than we have been, without changing and perhaps lowering our standard of Directors' responsibilities.

The one way of escaping the bounds thus set to our scale of operations, while keeping the most characteristic feature of our organization, is to provide a second board of review. It has been suggested that we organize a jury of thoroughly competent younger men, presumably nominated by the Board of Directors to make sure that different viewpoints are represented, who would perform the same type of service for manuscripts prepared by collaborators that our present Board performs for manuscripts prepared by the regular staff. This suggestion would facilitate the plans that are presented below for wider cooperation by the National Bureau with other research agencies, and will be mentioned again in that connection.

Another change in organization that merits consideration is the desirability of bringing universities into closer relations with us. If we accept the full implications of the name we chose in 1920, we must develop organic connections with the centers in which economic research flourishes in different parts of the country. While various governmental bureaus and a few independent institutions are making important contributions to economic knowledge, the universities are the agencies that can be counted upon with most confidence to maintain year after year the disinterested search for truth. From the start, university representatives have made up about one-third of the Board of Directors but we have not exploited their services to the full, nor have they all felt a large measure of responsibility for developing our policy. We hope that the appointment of the University Committee last spring means that our relations with university departments of economics and schools of business have entered upon a more active phase. What changes in organization this experiment may suggest no one yet knows;

but we shall be disappointed if our relations with economic research in the universities do not become so close that the university representatives will develop the desire to take a more active share in shaping our policies and sharing our responsibilities.

2. THE STAFF PROGRAM

So far, the National Bureau has divided its attention between investigations initiated by itself and those undertaken at the request of others. While we desire heartily to broaden our cooperation, we desire also to press further the program that the National Bureau has marked out for itself. If we threw all our energies into collaboration, our program would lose some of the unity and drive that has characterized it.

Had we dropped our first undertaking—estimating the national income—when our second volume appeared, a stimulating contribution to an important problem would have been made, but the estimates of many important items would have remained clouded in uncertainty. By progressive revisions of our first attempt, utilizing new data as they became available and improving our methods, we have lifted this whole field of study to a progressively higher level and stimulated the collection of materials that will make further progress possible. One of the prerequisites to developing economics into a science is to secure an ever higher degree of reliability in economic measurements. Our estimates of income are valuable not only for what they purport to show but also for the demonstration they afford of the possibility of making closer and closer approximations to the actual facts. What is popularly regarded as the scandal of economics — disagreements among economists — is not conspicuous nowadays in the field of income estimates. That scandal can be confined within narrower and narrower bounds if the National Bureau and similar agencies continue patiently to substitute ascertained facts for conjectures. Theorizing and social invention are valuable activities, but to attain their highest value they must rest upon a secure foundation of knowledge. In broadening and strengthening that foundation the National Bureau is performing a vastly im-

portant function, one that can be performed only by an organization with a considerable staff of assistants, and that is most usefully performed by an organization that commands the confidence of the public in its disinterestedness.

From studies of income the National Bureau's program was extended to include production, prices, employment and wages, the formation and consumption of capital, bond yields and interest rates. The interrelations among these various factors are so intimate that each of our investigations throws light upon the others. Also we have been studying the various types of change to which these factors and others are subject: their secular, cyclical and seasonal movements. Of course the studies of changes are organically related both to the central theme of national income and to the detailed investigations of production, prices and so on.

Thus our program has a deeper unity than appears upon the surface. Because of this underlying unity, our work is cumulative in its results. Every determination we make has a bearing upon other features of our program. Since the different subjects we are studying are parts of one whole, our work resembles the putting together of a picture puzzle. Each piece that we put in place aids in finding the next piece that we need. Critics who think that the process of refining statistical measurements in economics yields diminishing returns fail to realize that every good measurement affords a check upon other measurements, and shows more clearly how to attack the next problem. We believe that this cumulative feature of our work will yield us increasing returns, if we press steadily forward upon the campaign we have planned.

A high degree of unity in our program with its attendant advantages can scarcely be expected unless the National Bureau continues to plan the work of its staff. Accordingly a second proposition can be laid down: the Director of Research should continue to be responsible for preparing a systematic program of interrelated studies for the consideration of the Board of Directors and its Executive Committee.

3. COOPERATION

Far as the National Bureau has gone in cooperating with "Governments, universities, learned societies and individuals," it should go farther still. This is the third proposition which the preceding review of our past suggests as a guide to our future.

Heretofore we have waited for individuals to request access to our files, or for other organizations to request our services. We have invited representatives of other research agencies to attend our planning conferences, and our university directors have been kept fully informed of our activities. We have invited men from numerous universities, governmental bureaus and business enterprises to participate in our investigations for shorter or longer periods. But we have not attempted to promote the systematic organization of research outside our own program. We had, indeed, not realized that other investigators would welcome our initiative in such an undertaking. If the time has come when we have a moral obligation to extend the National Bureau's service in this direction it is because we have attained a standing of which we were scarcely aware. The response to our recent conferences, however, has been so cordial that we cannot doubt the desire for more systematic and active cooperation in economic research, or the feeling that the National Bureau may properly take the first steps.

Gratifying as the attitude of other research agencies is, and much as the National Bureau's own program may profit by cooperation on a wider front, we should not assume enlarged responsibilities without making reasonably sure that we can live up to them. A considerable increase in administrative work would have to be assumed if we became in any degree the coordinating center of numerous researches going on in universities and governmental bureaus. Committee meetings require time and travelling allowances. Our staff program would be subject to repeated interruptions. More schemes for research would have to be studied with critical care and more letters written. The pressure upon the National Bureau to

publish the results of our collaborations might become heavy. If we were to accept this responsibility our Directors would also have to assume a greater reading load, unless they were ready to accede to the suggestion made above that they nominate a junior board. Finally, the cost of these developments would necessitate the raising of additional funds.

These considerations are not justifications for avoiding an extension of our cooperative activities; but they are reasons for cautious experimental procedure. In large part cooperation involves no more than coordination among researches that would go on in any case, though with more overlapping of effort and less comparability among results than if the different pieces are planned with reference to one another. Coordination of this sort may leave each cooperating agency to finance its own share, and the modest costs of meetings to plan research—though they must be defrayed in advance—may be more than offset in the end by the reduction of duplicate labor. If new and expensive projects grow out of the cooperative program, presumably all the participants will join in securing funds, so that the financial burden assumed by any one agency will not be great. In so far as the administrative tasks imposed upon the central agency in a cooperative program call for scientific judgment and yield scientific returns the research staff of the National Bureau can devote time to it without undue sacrifice. In short we have found it possible to draw up a practicable plan for active cooperative effort along lines suggested by our University Committee—a plan that does not overtax our resources, that should test what we can accomplish in this direction, and so afford guidance to future planning.

4. FINANCES

The fourth proposition drawn from our past to guide our future is that we should try hard to broaden our financial support. We have become dependent upon one of the great foundations for far too large a portion of our income.

It is natural that the National Bureau should have looked to foundations for its major grants. Though we believe that we are making a much needed basic contribution to economic

welfare, that service is performed for the public at large instead of being confined to our subscribers. Anyone who buys such of our books and bulletins as interest him gets any direct benefits we can confer, and everybody shares in the indirect benefits that come from improvements in economic knowledge. Since we have no special and exclusive services that we can sell to get revenue, people who support us must do so because of their belief in the value of what we are doing for mankind. To appreciate this value requires an insight into the quandaries of modern society and a faith in the scientific method of dealing with difficulties that are not common among men. In comparison with the calls upon philanthropists to relieve human suffering, our cause seems pale. In comparison with the opportunities to promote research in natural science, our cause lacks prestige. It is not surprising that we have been unable to convince many individuals that we have a strong claim to share in their benefactions. But the foundations have staffs and directors who can appreciate the value of economic research, and who look for no return beyond service to society. Hence we have relied upon these exceptionally equipped givers for most of our funds, and we must continue to rely largely upon them in the future, unless we can secure from some philanthropist of insight an endowment of substantial proportions.

While all this is true, we have not been as energetic and systematic as we should be in finding those rare individuals who share our faith and enlisting their support. Money raising has devolved largely upon one or two members of the research staff with occasional help from a few of our Directors. As one of our Directors who has had much experience in such matters has observed, research men are rarely of much use in a financial campaign. The very qualities that make them good investigators make them poor salesmen. The time has come when we should consider organizing a systematic effort to secure a wider support for the National Bureau and putting that effort in charge of a man who has the qualifications that are called for.