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Organization and Finances

Directors and Officers

The annual meeting of the Board of Directors was held September 30, 1974, at the new research facility, NBER-West. The meeting was in conjunction with a three-day series of joint Board and Staff meetings held in Palo Alto, California, at which several phases of current and prospective research were reviewed. A special meeting of the Board was held May 2, 1975, in New York City. In addition, the Board's Executive Committee met three times during the fiscal year to consider and act upon research proposals, staff appointments, budgets, and financial arrangements, within the general policies established by the Board.

Directors also participated in supervision of particular activities through the following standing Board Committees: Audit, Development, Investment, Nominations, and Publications. At the May meeting a new Board Committee on Management Development and Compensation was established. Thirty-nine of the Directors served on one or more of the eighteen special reading committees that operated during the year to review manuscripts and consider their suitability for National Bureau publication.

Three new Directors at Large were elected at the annual meeting: Andrew F. Brimmer, succeeding J. Irwin Miller; Frank L. Fernbach, succeeding Joseph A. Beirne; and Rudolph A. Oswald, succeeding Boris Shishkin. Paul W. McCracken was elected to succeed W. Allen Wallis as Director by Appointment of the American Statistical Association. Among Directors by University Appointment, J. C. La Force, University of California, Los Angeles, was elected to succeed Thomas A. Wilson, University of Toronto.

Boris Shishkin, who had resigned from the Board for reasons of health, was elected a Director Emeritus. He had been first elected a

Director in 1943 upon the nomination of the American Federation of Labor, and he had been reelected to successive terms as representative Director of that organization until 1957 and subsequently as a Director at Large. His colleagues noted that he had also served the Board with terms as Vice President, President, and Chairman.

For 1974-1975, J. Wilson Newman was elected Chairman of the Board, succeeding Walter W. Heller. Moses Abramovitz was elected Vice Chairman.

Other officers elected at the annual meeting were: Arthur F. Burns, Honorary Chairman; John R. Meyer, President; Thomas D. Flynn, Treasurer; Douglas H. Eldridge, Vice President-Executive Secretary; Gary Fromm, Director, NBER-Washington; Victor R. Fuchs, Vice President-Research and Co-director, NBER-West; Edwin Kuh, Director, Computer Research Center; Hal B. Lary, Robert E. Lipsey, and Geoffrey H. Moore, Vice Presidents-Research; Sherman J. Maisel, Co-director, NBER-West; Edward K. Smith, Vice President; Donald R. Gilmore, Warren C. Lackstrom, and Robert T. Michael, Assistant Vice Presidents; Mark Eisner, Technical Director, Computer Research Center; and Charlotte Boschan, Director, Data Processing Department.

At the end of December, Hal B. Lary retired from his position as Vice President-Research, but remains as a part-time consultant on international studies. In April, Mark Eisner resigned from his position at the Computer Research Center. His former responsibilities were assumed by Richard Hill, as Technical Director, Computer Research Center, and by Gerald Ruderma, Director Systems Programming, Computer Research Center, who were elected as new officers.

Harvey J. McMains, formerly Director, Corporate Planning of the American Telephone and

Telegraph Company, joined the National Bureau staff full time in February, 1975, to continue work he and President Meyer had been conducting on the U.S.-U.S.S.R. program on scientific and technical cooperation and to do research in fields related to management and industrial organization. At the special spring meeting of the Board, he was elected a Vice President and also assumed executive responsibilities for the New York office.

In June two senior members of the administrative staff were also elected to positions as officers: Wilbur E. Mangas, Director of Publications, and Sam Parker, Assistant Treasurer and Controller.

For many years the staff has included a number of researchers who devote part of their time to National Bureau research projects but who are also associated with, and located at, universities in different parts of the country. During the past year, National Bureau research facilities and administration were further diversified geographically. NBER-West at Palo Alto, California, moved through the start-up stage to a fully functioning office of the National Bureau with Victor R. Fuchs and Sherman J. Maisel as Co-directors. The new office building was officially inaugurated on September 29, 1974, with an open house and reception attended by Directors, staff, and guests from the West Coast academic, research, and business communities. In June, 1975, the roster of those engaged in research in the building comprised thirty-five persons, and an additional thirty were engaged in projects administered from that office.

In July 1974, the National Bureau opened a new office in Washington, D.C., at 1750 New York Avenue, N.W. Edward K. Smith is the Vice President in charge of the office. The establishment of the office was in response to an expanding demand for National Bureau work and an increasing volume of grants and contracts, both government and private. By June 1975, twenty-one members of the staff were employed in this office.

By special resolutions adopted at the annual meeting, the Board of Directors with profound regret took note of the deaths of two of their members: Joseph A. Beirne on September 2, 1974, and Donald B. Woodward on September

23, 1974. Mr. Beirne, President of the Communications Workers of America, had served as a Director at Large since 1966. Mr. Woodward had been a Director at Large since 1955 and had also served distinctively on the Executive Committee, the Investment Committee, and as Treasurer. Their valued contributions to the work of the Bureau were gratefully acknowledged by their colleagues.

We also report with sorrow the death on June 24, 1975 of Wilbur E. Mangas, Director of Publications. He brought to the Bureau a broad background in planning and editing economic publications. His advice and genial presence will be sorely missed.

Douglas H. Eldridge

Finances and Sources of Support

Expenditures for the National Bureau's program of research, conferences, publications, and related activities were approximately \$6.5 million during the fiscal year ending June 30, 1975. Total income was \$6.2 million. The deficit of about \$300 thousand for current operations was partially financed by drawing on the principal of the National Bureau's sustaining funds.¹

Current income of the National Bureau is of two general types, restricted and unrestricted. Restricted income is derived from grants or contracts for whole or partial support of particular research projects in accordance with specific terms. Unrestricted income is comprised of revenues that are available for general program support and that are allocable by the Bureau to individual projects and activities as deemed appropriate by the Board of Directors.

In fiscal 1975, unrestricted income was about \$1.7 million, or one fourth of total income. Of this amount, general program support grants from the Ford Foundation and the Scherman Founda-

1. These are preliminary, preaudit figures. When this *Annual Report* was sent to press, the books of account had just been closed and the audit for the fiscal year had not been completed. When final figures are available, a balance sheet, statement of support, revenue, and expenses and changes in fund balances, and a statement of functional expenses with a report of independent certified public accountants will be published in the *National Bureau Report*, which is sent to all persons on the mailing list for the *Annual Report*. More detailed financial statements with a report of independent certified public accountants will also be available from the National Bureau on request.

tion provided \$325 thousand or 5 percent of total income. The annual contributions and subscriptions of business firms, banks, labor organizations, libraries, and individuals were about 8 percent of total income. Interest and dividends from the investment of sustaining funds and of current cash balances provided 8 percent of total income. Other unrestricted income, about 5 percent of total income, was received from the sales of publications and statistical materials and services.

Three fourths of fiscal 1975 income was obtained from restricted fund grants or contracts for support during the year of specified projects. The Computer Research Center for Economics and Management Science continued to be the largest single project or activity, and income of about \$1.4 million was received under grants from the National Science Foundation for operation of the Center. Sources of restricted fund support for other specific projects, which are discussed in the staff reports in the present volume, included the following:

American Association of Advertising Agencies—advertising and marketing studies.

American Bar Foundation—law and economics program.

American Enterprise Institute—international economic indicators.

American Life Insurance Association—effects of inflation on financial markets.

Ford Foundation—Human Behavior and Social Institutions Center studies of economics of population; Latin American research and computer workshops.

Hoover Institution—business cycles, inflation, and economic indicators.

IBM World Trade Corporation—Latin American research and computer workshops.

Investment Company Institute—individual investor portfolio performance.

Robert Wood Johnson Foundation—Human Behavior and Social Institutions Center studies of economics of health.

Population Council—conferences on population and fertility.

Rockefeller Foundation—Human Behavior and Social Institutions Center studies of education and income distribution; research fellowships for scholars from developing countries.

Scherman Foundation—international economic indicators; money, financial flows, and credit in the Soviet Union.

Alex C. Walker Educational and Charitable Foundation—monetary trends in the United States and the United Kingdom.

United States Government

Agency for International Development—foreign trade regimes and economic development; alternative trade strategies and employment.

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; (4) Economic Development Administration—model for evaluating alternative federal policies; analysis of federal economic development programs.

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—urban studies; NBER urban simulation model.

Department of Labor—income distribution and education.

National Commission on Water Quality—water quality study.

National Science Foundation—behavior of prices; measurement of economic and social performance; evaluation of forecasting performance of econometric models; income distribution and education; law and economics; returns to firm investment outlays; diffusion of product innovation; U.S.-U.S.S.R. scientific and technical program of cooperation; impact of multinational firms on technology and trade flows; role of prices in international trade; and several conference and workshop programs.

While the National Bureau relies on restricted fund grants and contracts from government

agencies and philanthropic foundations for the bulk of its income, the smaller share from unrestricted sources remains highly important. Many restricted grants require a sharing of project costs from the National Bureau's general funds. Grants for specific studies usually do not cover the full costs of initiating and developing research proposals, and most do not provide for publishing costs and costs involved in the general dissemination of results. Those projects approved by the Board of Directors for which restricted grants are not available are supported entirely from general, unrestricted income.

During 1975 the Development Committee, established by the Board of Directors, continued to acquaint businesses, trade associations, and others of the Bureau's program and needs. Through their efforts the total of net unrestricted contributions was again increased above the level of the prior year. James J. O'Leary, Vice Chairman, United States Trust Company of New York was Chairman of the Development Committee this year, and Robert V. Roosa, Partner, Brown Brothers, Harriman & Company was Vice Chairman. Other members of the Committee were:

Atherton Bean
Chairman, Executive Committee
International Multifoods Corporation

Thornton F. Bradshaw, President
Atlantic Richfield Company

W. Graham Claytor, Jr., President
Southern Railway System

W. J. De Lancey
President and Chief Executive
Republic Steel Corporation

James L. Ferguson
Chairman and President
General Foods Corporation

John T. Fey, Chairman
Equitable Life Assurance Company
of the U.S.

David A. Floreen
Chairman of the Boards
The Atlantic Companies

Thomas D. Flynn, Partner
Arthur Young & Company

Gabriel Hauge, Chairman
Manufacturers Hanover Trust Company

Gerard Piel, Publisher
Scientific American

Eli Shapiro
Chairman, Finance Committee
The Travelers Corporation

A. H. Sterne
Chairman and Chief Executive
Trust Company of Georgia

Harry J. Volk, Chairman
Union Bank

F. Perry Wilson
Chairman and Chief Executive
Union Carbide Corporation

The National Bureau is grateful to these leaders of business and finance for their interest in assisting the research program. The responses they received from contributors of unrestricted support for the Bureau are greatly appreciated.

Douglas H. Eldridge